



## CASE STUDY

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# Distribution Company

## Forecasting and Goal Setting

### Situation

- A large distributor reorganized its sales force to capture its share of new business opportunities in an expanding market by targeting national retail drugstore chains and institutional sales, such as hospitals and long-term care facilities
- Consultant was hired to help the company segment its customer base, establish strategic sales channels, redefine selling and services roles, and map sales coverage
- We also developed a new incentive compensation plan that would be tied to specific performance measures (revenue and new business)
- Now all the company needed to do was employ these changes to produce desired results

### Challenges

- Successful implementation of the new sales reorganization and compensation plan, however, depended on the company's ability to capture and report sales productivity and performance across all levels of the organization
- But processes for collecting this information were manual, and data wasn't easily disseminated
- Also, historically, the company deployed a top-down, goal-setting model
- Regional sales managers, who were given greater responsibility in the new structure, had no idea how to set individual sales reps' targets or determine incentive compensation payout because they had never done it

### Actions

- Collaborated with the client's sales operations team to develop a software solution for tracking revenue and new business – by account, assignment, district, and region
- We also included a sales forecasting capability, allowing sales reps to enter bottom-up sales forecasts by account, which could then be rolled into district, region, and ultimately organization-wide projections
- We worked with the executive team to develop an annual schedule for bottom-up/top-down forecasting and goal setting
- To keep the system humming and provide administrative support to the sales force, we identified the appropriate roles and necessary infrastructure
- Based on the feedback we received, we developed a "Train the Trainer" program for sales managers
- This allowed them to train their team in utilizing the performance management tool for forecasting to achieve their individual sales goals

### Results

- For the first time in the company's history, it has maintained all sales productivity and performance data in one database that reaches across all geographic locations and customer segments, and truly links pay with performance
- Sales reps can log into the system at any time to view their individual performance to date
- Management uses the system and the monthly reports it generates to align sales team's performance with goals
- And executives have more accurate information with which to support the fiscal financial planning process