

Sales Forecast Lesson

Your Sales Forecast assignment should include the following:

- Sales by month for the first 12 months, which provides the first year total
- Sales projections by year for the remaining years in your plan
- A text explanation about the forecast and how you decided on those numbers.

12-Month Forecast

Your first-year forecast will be broken down into months. As you enter your monthly projections, your spreadsheet will automatically calculate the first-year total.

We recommend that you break down your forecast into units. This can be individual products or categories of products, or it may be hours worked if you are a service company. Units forecasting gives you the most flexibility to track what you sell and what it costs you to create that product or service.

In this part of the lesson, you will estimate your sales for each month of the first year. Finally, you will estimate annual sales for the remaining years.

Create Product/Service List

The first step is to create a list of the products/services (or you can organize by categories, if you have a large number of products) in your Sales Forecast.

- Log in to your [LivePlan](#) account
- Open your business plan
- Locate and open the “Financial Plan” chapter in the outline
- Open the “Sales Forecast” in the outline
- Launch the Sales Forecast step-by-step table builder

Sales Forecast Table ✕

What do you sell?

Break down what you sell into groups of products or services. You might group offerings together based on price, how you provide them, or which kind of customer buys them. For example, a fitness center might separate sales of group memberships, individual memberships, and personal training services. A shoe store might list sneakers, dress shoes, children's shoes, and waterproof sealer.

Keep this list short. Trying to list dozens of individual products will make your forecast difficult to predict, maintain, and understand. Roll up your offerings into half a dozen categories or fewer.

↑ ↓ 🗑️ Forecast


[Add another product or service](#)

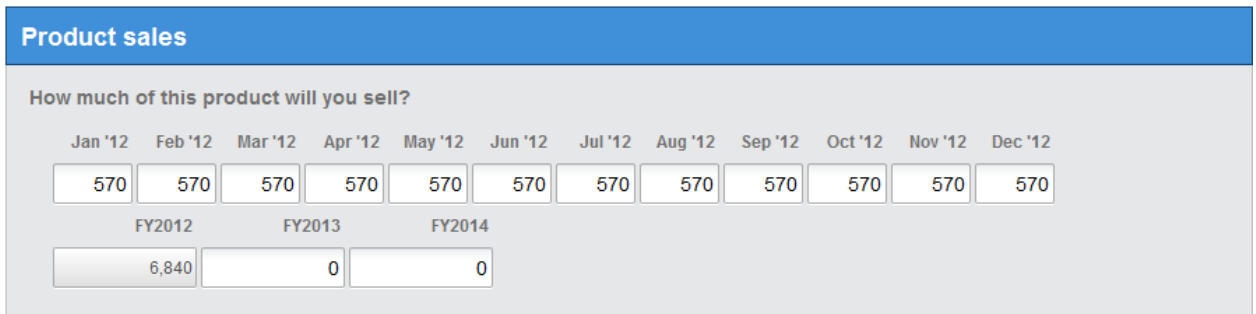
Do not print header **I'm Done**

- Enter a new title for your product or service
- Click “Add another product or service” link to add any additional product or service rows for your forecast

Forecast Your Sales

Now that you have your list of products/services, you're ready to begin creating monthly and annual forecasts for each. The following images are examples; you will want to enter your own forecast estimates into your plan:

- Click the  button for your first product
- Type in monthly estimates for the first year, then annual estimates for the remaining years in your plan

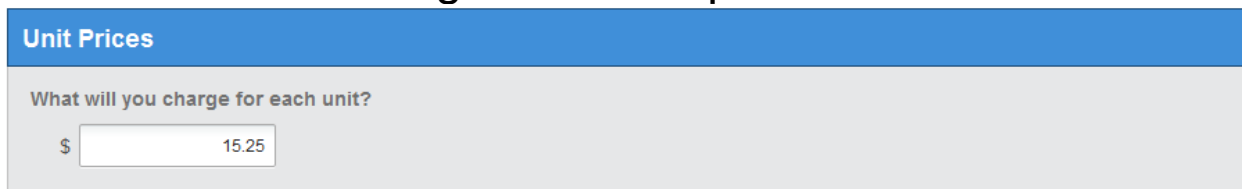


Product sales												
How much of this product will you sell?												
Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	
570	570	570	570	570	570	570	570	570	570	570	570	570
FY2012			FY2013			FY2014						
6,840			0			0						

- Repeat this step for each product or service row

Estimate Unit Prices

The Prices tab in the Sales Forecast is where you estimate your price per unit for each product, category of product or service. The following is an example:



Unit Prices	
What will you charge for each unit?	
\$	15.25

The unit price will be calculated with the total number of unit sales, to give you total sales value.

Estimate Unit Costs

In the Costs tab of the Sales Forecast, you will estimate what the direct costs are per unit for the product or service. Again, this will depend on what you sell. Unit costs might be materials needed to build each product unit, or administrative costs to provide the service.

Direct costs

1 Are your costs a flat rate or a percentage of sales?

a number % of sales

2 How much will it cost you just to provide each unit?

\$

Sales Tax

If required, you can add in a tax rate for sales tax, value-added tax, etc. in the Sales Tax tab of your Sales Forecast.

Sales tax collection

1 Do you collect GST, VAT, or other sales taxes for this product or service?

Yes No

- Repeat these steps for each product/service in your Forecast.
- Click the **I'm Done** button

Sales Forecast Description

Once you have completed your Sales Forecast, use the “About the Sales Forecast” item in your outline to explain how you came up with your estimates. Why is your forecast this amount and not double, or half? In the restaurant example, the Sales Forecast was based on the number of chairs and tables and occupancy as well as times of the year (seasonality).