

How to Assess Your Sales and Marketing Guide to Self Audit the Sales and Marketing in a Small Business

By BizMove Management Training Institute

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1. Introduction

Small businesses often fail because owners are unaware of the many elements that can prevent the business from growing and being successful. Often, small businesses are organized around the manager's specific area of expertise, such as marketing, accounting or production. This specialized expertise often prevents the business owner from recognizing problems that may arise in other parts of the business.

This guide will provide you, the small business entrepreneur, with the essentials for conducting a comprehensive search for existing or potential problems in your sales and marketing. This guide was designed with small businesses in mind and addresses their unique problems and opportunities.

The author has combined case evidence, logical procedures, expert advice and systematic thinking to create this planning assessment guide. This instrument is not exhaustive, i.e., the business owner/manager still must rely on personal judgment and past experience. However, it does provide a systematic framework to ensure that critical areas have been addressed before action is taken. This guide is a tool, not a replacement for good management skill. Audits and handbooks cannot do the manager's job; however, effectively designed instruments, such as this audit, can save valuable time for the seasoned as well as the novice small business manager.

How to Use This Guide

In order to gain maximum effectiveness from this guide, you should answer all questions in the audit, with an affirmative answer indicating no problem and a negative answer indicating the presence of a problem in a specific area.

After completing answering the preliminary questions, you can proceed to review the analysis of each section of the audit that follows to determine what action is most appropriate. The audit analysis provides an overview of how the various elements of the audit are related. This audit covers the critical function of Sales and Marketing in a small business..

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2. Preliminary Questions

Please answer each of the following questions with a 'Yes' or a 'No', then proceed to the analysis section:

A. The owner knows exactly what the business is.

1. The owner knows exactly who the customer is.
2. Potential customers know about the business.
3. Location is appropriate for the business.
4. The market is clearly defined.

B. The owner knows competitors and their location.

1. The owner knows how his or her prices compare with the competitions'.
2. The owner knows how the competition is regarded.
3. Census data are used for strategic marketing.
4. The owner knows the county sales patterns.

C. The owner and employees focus on customer needs.

1. The owner and employees treat customers courteously.
2. The customer's concerns, complaints and suggestions are listened to carefully.
3. Customers are provided with quick reliable service.
4. The owner is considered knowledgeable by customers.
5. Appropriate housekeeping procedures for the business are followed.

D. The owner is aware of customer needs.

1. Feedback is requested from customers.
2. Sales receipts are monitored.
3. Sales receipts are compared to those from previous years.
4. Seasonal variations are taken into account.

E. The company needs to increase sales volume.

1. There is a sales plan in effect.
2. Sales goals are being met.
3. Effective sales presentations are being made to potential customers.
4. Names of prospects are kept in a follow-up file.
5. Sales are closed effectively.

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3. Sales and Marketing Assessment Analysis

A. The owner knows exactly what the business is.

Surprisingly, many owners don't know what business they are in. As stated earlier in the basic planning section, very few businesses are original, which is why it is essential to find an appropriate market niche. Small businesses must meet some unique need if they are going to be successful. Knowing what business you are in simplifies decision making; helps focus sales and marketing efforts; and communicates to customers, suppliers and loan officers that the business is a viable one.

1. The owner knows exactly who the customer is.

Who makes the buying decision? Often the true customer is not apparent. Valuable time is wasted talking to non-decision makers. Knowing who the customer is also helps with

such facets of the business as product or service mix, advertising approaches and customer satisfaction.

2. Potential customers know about the business.

Continually identifying potential customers and educating them about the business is the hallmark of a prosperous operation. A quick survey of potential customers is adequate for determining if the business is known. If prospective consumers are not aware of the business, the owner should evaluate present promotional efforts and develop supplemental forms of advertising.

3. Location is appropriate for the business.

One of the major reasons for poor business performance in the cases studied was poor business location and inadequate facilities. A given location may not be suited for all kinds of businesses. When the location is not appropriate, it may be necessary either to find a new one, to redefine the business or even to go into a new business entirely.

4. The market is clearly defined.

Having a clear understanding of the trade area and clientele can save both time and money. Ill-defined markets distort reality and lead to poor decision making in operations as well as sales.

B. The owner knows his or her competitors and their location.

That a business owner should know about the competition seems obvious, but small businesses often find it difficult to get this information. A quick check of the Yellow Pages will provide the location of the competition, and often a great deal can be learned about them through suppliers and sales representatives.

1. The owner knows how his or her prices compare with the competitions'.

Being price competitive is essential in most businesses; however, comparative pricing is not always a simple matter. To know if prices are truly competitive requires an awareness of quality, service and customer relations.

2. The owner knows how the competition is regarded.

A business's suppliers and customers can provide valuable information about that business's competition. If asked, these people are surprisingly eager to discuss the competition. The local Chamber of Commerce can also provide valuable information.

3. Census data are used for strategic marketing.

This is the most overlooked source of marketing information. Demographic data can provide nearly unlimited information about general trends. Using these data for strategic marketing decisions can often provide competitive positioning. Being in the right place at the right time with the right product increases sales, reduces costs of sales and develops goodwill that adds to future sales.

4. The owner knows county sales patterns.

This information is probably most essential when deciding where to locate a business.

C. Owner and employees treat customers courteously.

Good customer relations are a highly subjective matter, but common courtesy seems to be essential to business success. Simple things like thanking the customer for doing business, being responsive to customer requests and providing requested information in a timely manner are some of the basics.

1. Customers' concerns, complaints and suggestions are listened to carefully.

In this fast-paced society, people don't take time to listen to each other. The business owner who listens to customers often finds repeat business and excellent suggestions on improving customer relations by better meeting the customers' needs.

2. Customers are provided with quick, reliable service.

People like quick, reliable service. For most of the public you are likely to serve, quality and service are often more important than price and can be your best form of advertising. Also, it is virtually impossible to beat the large conglomerates on a pure price basis; therefore, the small business has to provide a value added to its goods and services or it simply won't get customers.

3. The owner is considered knowledgeable by customers.

Very often the reason people visit a small business is because they are buying knowledge as well as a product or service. This is just another reason why it is crucial to know what the customer wants.

4. Appropriate housekeeping procedures for the business are followed.

Every type of business has standards of cleanliness. The small business must at least meet industrial standards. Often the small business that prides itself on cleanliness finds a unique market niche because it gets a reputation for cleanliness. This is especially true in the food and hospitality industries, but it can be just as important in garden and hardware stores.

D. The owner is aware of customer needs.

Too often, business owners are not in touch with customer needs. When sales are growing, it is generally a good sign that the business is meeting its customers' needs. Decreasing sales are a concrete sign that customer demands are not being met. The customer is always right; if one business does not provide what the customer seeks, he or she will go to a business that is more satisfying or accommodating.

1. Feedback is requested from customers.

The only way to find out what customers need is to ask. There are many ways to ask; for example, marketing specialists can be retained. However, the simple question, How

can I help you? will generally get the needed information. The courteous question sincerely asked is still the most effective way to find out what the customer needs and wants.

2. Sales receipts are monitored.

An effective, unobtrusive way of identifying customer needs and preferences is to monitor sales receipts. It is relatively easy to discover customer preference by keeping a record of types of sales, brand names bought or requested, etc. Some businesses also keep a record of customer requests for unstocked items as a means of identifying new product lines.

3. Sales receipts are compared to those from previous years.

Annual comparisons of sales receipts often can be used to anticipate emerging trends. Changes in volume, quantity, quality and seasonal shifts in sales can be anticipated, thus allowing for modifications in inventory levels, advertising and promotional planning. Comparing sales receipts can provide valuable planning information, which can increase savings and profits. The business's records are full of information that, if used, can make a difference in profitability.

4. Seasonal variations are taken into account.

Knowing turnover rates of inventory, stocking for seasonal variations and monitoring seasonal sales are integral to effective cash-flow management as well as for profit maximization.

E. The company needs to increase sales volume.

An increase in sales volume was required in all the cases analyzed. Nothing happens until the sale is made. Sales volume is directly related to sales planning and execution. In some cases, the owner simply did not know how to sell, but this did not appear to be the major problem. Poor or inadequate planning seemed to be the major culprit.

1. There is a sales plan in effect.

Sales don't just happen, they are planned. A good sales plan takes into account the fact that sales cost money. Advertising, promotion and personal selling all consume scarce resources. Personal selling is generally the most expensive, but for the businesses represented in the study, effective personal selling was found to be an imperative.

2. Sales goals are being met.

Sales performance is basic. If sales goals are not being met, something is wrong. Either the goals are not realistic or faulty decisions are being made about what or to whom to sell. The annual budget is built on sales forecasts; if sales are being overprojected, spending must be reduced proportionately or the business will soon be in the red.

3. Effective sales presentations are being made to potential customers.

Many small businesspersons don't know how to make an effective sales presentation. If this is the case, sales training should be undertaken immediately. There are many workshops, seminars, tapes and books on how to conduct a sales presentation. Customers will provide valuable feedback on selling techniques when asked. Practicing a sales presentation before a mirror or having a presentation videotaped can provide powerful instruction. Joining a group such as Toastmasters or volunteering for community service committees also can teach the business owner how to make effective sales presentations.

4. Names of prospects are kept in a follow up file.

Keeping a tickler or follow-up file on prospects is an indispensable selling tool. A simple file box with a calendar filing system and a stack of index cards is all that is needed for this.

5. Sales are closed effectively.

Closing the sale is often the most difficult aspect of personal selling. It is a matter of timing and being attuned to the customer's body language. Overselling puts the customer off, even if the decision has already been made to buy. Trying to push for the sale too early turns off the cautious customer. Good selling is a matter of practice. Getting feedback from a professional salesperson is the most effective way of learning how to close effectively.

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