

Commercial and Marketing Management M16

Presenter : Dr. Leul Girma



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Course & Class Information

Course: **Commercial and Marketing Management**

Program: **Business Administration and Management**

Credits: **6 ECTS**

Mode: **Onsite / Blended**

Class 2: Commercial Planning and Sales Forecasting

Instructor: **Dr. Leul Girma**

Objective and Learning Outcomes

Objective:

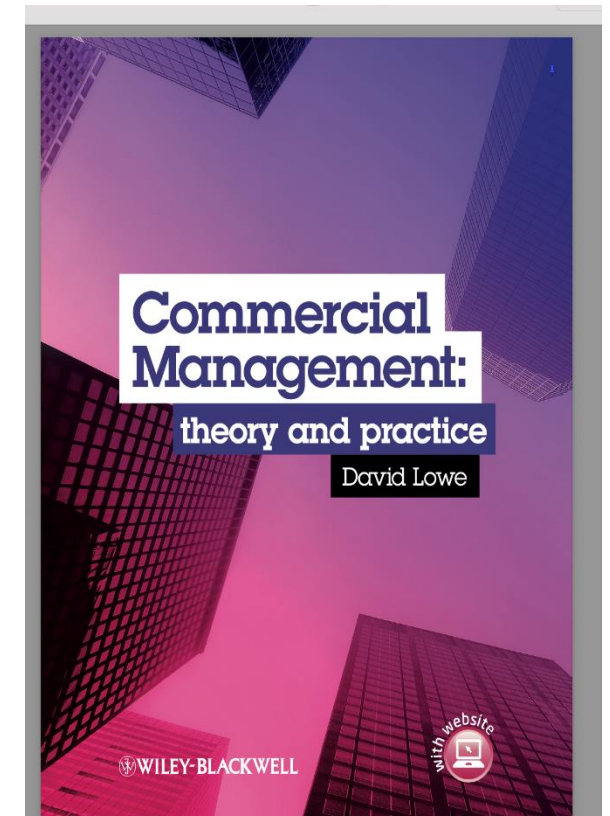
To develop understanding of commercial planning and sales forecasting processes and how they support business performance and revenue growth.

By the end of this class, students will be able to:

- Explain the role of commercial planning in business strategy
- Understand key sales forecasting methods and approaches
- Analyze market and sales data for planning purposes
- Set realistic sales targets and budgets
- Recognize the importance of aligning forecasting with business objectives

Main Teaching & Learning Materials

- Core textbook : Commercial Management theory and practice © 2013 David Lowe
- Academic articles
- Real company cases



Commercial Planning

What is Commercial Planning?

Commercial management focuses on **sales activities, customer relationships, and revenue generation** to achieve business objectives (Bright et al., 2019).

It focuses on:

- Structured approach and guide business direction
- Expansion, market opportunities and strategic goals
- Achieving financial targets and sustainable income



Importance of Commercial Planning

Commercial planning is essential for **reducing uncertainty**, **improving decision-making**, and ensuring **alignment of business activities** toward achieving organizational goals (Bright et al., 2019).

It focuses on:



- **Reduces uncertainty** prepares for market changes
- **Improves decision-making** supports informed choices
- **Aligns teams and resources** ensures coordinated actions

Key Components of Commercial Planning

Commercial planning is structured through core components that translate strategy into **actionable plans and measurable outcomes** (Bright et al., 2019).

It focuses on:

- **Sales targets:** measurable performance benchmarks
- **Budgeting:** financial planning and cost control
- **Resource allocation:** distribution of sales capacity
- **Market assumptions:** external factors shaping plans



Commercial Planning Process

Commercial planning follows a structured process that translates business objectives into **coordinated actions and measurable results** (Kotler et al., 2017; Armstrong & Kotler, 2020).

It focuses on:



- **Situation analysis:** assess market and internal conditions
- **Objective setting:** define clear and measurable goals
- **Strategy development:** design actions to achieve targets
- **Execution and monitoring:** implement and track performance

Example 1 Commercial Plan:

1. Market Focus: Target **young professionals in Berlin** with high purchasing power

2. Sales Strategy: Expand sales channels (online + retail partners)

Increase sales team from **5 to 8 representatives**

3. Marketing Support: Launch **digital campaigns** and promotional offers

4. Budget: Allocate **€150,000** across marketing, sales, and distribution

5. Sales Targets: Set monthly targets for each sales representative

Sales Methods

Market Analysis in Planning

Market analysis supports commercial planning by **providing insights into market trends, customer demand, and competitive conditions** that influence decision-making (Kotler et al., 2017; Chaffey & Ellis-Chadwick, 2019).

It focuses on:

- **Market size and trends:** identify **growth opportunities**
- **Customer demand:** understand **needs and preferences**
- **Competitive landscape:** assess **competitors and positioning**



Sales Forecasting Overview

Sales forecasting involves estimating future sales based on **historical data**, **market analysis**, and **business assumptions** to support planning and decision-making (Armstrong & Kotler, 2020; Jobber & Ellis-Chadwick, 2020).



It focuses on:

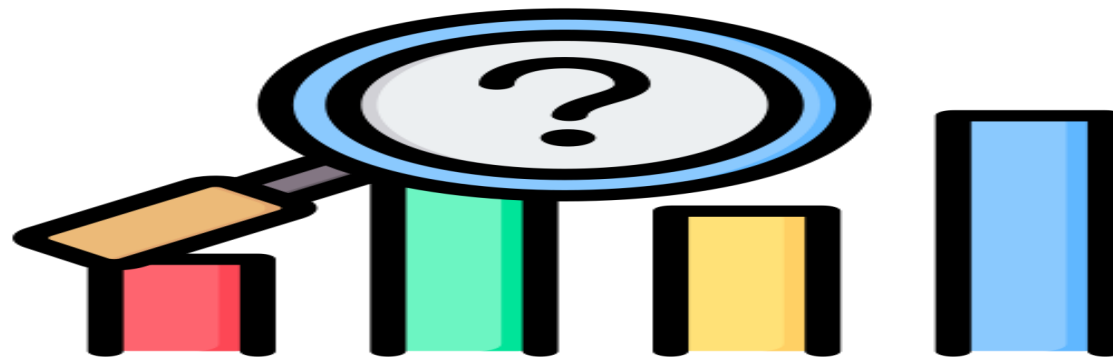
- Predicting future sales performance
- Supports planning and control
- Improves decision reliability

Types of Sales Forecasts

Sales forecasts can be classified based on **time horizon**, **methodology**, and **approach**, helping organizations plan under different conditions (Jobber & Ellis-Chadwick, 2020).

It focuses on:

- Short-term vs long-term: operational vs strategic planning
- Quantitative vs qualitative: data-based vs judgment-based methods
- Top-down vs bottom-up: management-driven vs sales-driven estimates



Quantitative Forecasting Methods

Quantitative forecasting uses **numerical data** and **statistical techniques** to predict future sales trends and patterns (Chaffey & Ellis-Chadwick, 2019; Armstrong & Kotler, 2020).



It focuses on:

- **Time series analysis** identifies patterns over time
- **Moving averages** smooths short-term fluctuations
- **Regression models:** examines relationships between variables

Qualitative Forecasting Methods

Qualitative forecasting relies on **expert judgment**, **experience**, and **market insights** when historical data is limited or uncertain (Jobber & Ellis-Chadwick, 2020).

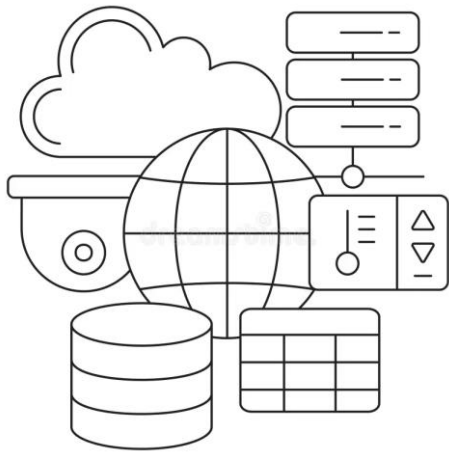
It focuses on:

- **Expert opinion:** insights from industry specialists
- **Sales force estimates:** input from sales teams



Data Sources for Forecasting

Accurate forecasting depends on reliable data from **internal** and **external sources** to support informed decisions (Chaffey & Ellis-Chadwick, 2019).



It focuses on:

- **Historical sales data:** past performance trends
- **Market research:** industry and customer data
- **Customer insights:** behavior and preferences
- **Industry reports:** external market information

Forecasting Challenges

Sales forecasting is affected by **uncertainty**, **data limitations**, and **human bias**, which can reduce accuracy (Armstrong & Kotler, 2020).

It focuses on:

- **Market volatility:** unpredictable changes
- Use of **tools and processes**
- **Human bias:** subjective judgment errors



Setting Goals

Setting Sales Targets

Setting sales targets translates forecasts into **measurable goals** that guide sales performance and business outcomes (Jobber & Ellis-Chadwick, 2020).

It focuses on:

- **SMART targets:** specific, measurable, achievable, relevant, time-bound
- **Linking forecasts to targets:** align expectations with data



Example: SMART Sales Target



Objective: Increase product sales in the Berlin market

Specific: Increase sales of Product X in Berlin

Measurable: Achieve **+15% sales growth**

Achievable: Based on last year's 10% growth and expanded sales team

Relevant: Supports overall company revenue growth strategy

Time-bound: Within the **next 6 months**

Budgeting in Commercial Planning

Budgeting supports commercial planning by allocating **financial resources** to achieve sales and marketing objectives efficiently (Kotler et al., 2017).

It focuses on:

- **Revenue projections:** expected income from sales
- **Cost estimation:** planning operational expenses
- **Profit expectations:** ensuring financial viability



Budgeting in Commercial Planning

Objective: Launch Product X in the Berlin market

Total Budget: €100,000

Marketing (40% – €40,000): digital ads, social media campaigns, content creation

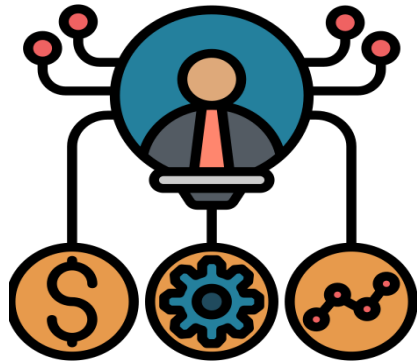
Sales Team (30% – €30,000): salaries, incentives, training

Distribution (20% – €20,000): logistics, warehousing, delivery

Contingency (10% – €10,000): unexpected costs and adjustments

Resource Allocation

Resource allocation ensures effective use of people, budget, and tools to support sales performance and planning execution (Armstrong & Kotler, 2020).



It focuses on:

- **Sales team allocation:** assigning roles and territories
- **Marketing support:** aligning promotional efforts
- **Budget distribution:** prioritizing key activities

Example: Resource Allocation in Commercial Planning

Objective: Increase sales of Product X in Berlin by 15% in 6 months

Resource Allocation Plan:

- **Sales Team:** Assign **3 sales representatives** to key districts with high demand
- **Marketing Support:** Allocate budget for **digital campaigns and local promotions**
- **Budget Distribution:** €30,000 for sales activities, €40,000 for marketing, €20,000 for distribution
- **Tools and Technology:** Use **CRM system** to track leads and sales performance

Further reading

Bright, D. S., Cortes, A. H., Hartmann, E., Parboteeah, K. P., Pierce, J. L., Reece, M., Shah, A., Terjesen, S., Weiss, J., White, M. A., Gardner, D. G., Lambert, J., Leduc, L. M., Leopold, J., Muldoon, J., & O'Rourke, J. S. (2019). *Principles of Management*

Kotler, P., Keller, K. L., Brady, M., Goodman, M., & Hansen, T. (2017). *Marketing Management*

Chaffey, D., & Ellis-Chadwick, F. (2019). *Digital Marketing*

Thank you



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