Key Sales Indicators

by Randy Scott

Many sales managers only consider how their sales measure up against established sales targets. If the revenue received matches or exceeds the goals, they think this is sufficient. There are, however, a number of sales indicators, apart from net receipts, that are also important. Consider such items as profitability, the ratios between front and backlist sales, and the performance of each distribution channel. Whenever those items do not meet expectations, the company might have a serious problem.

Measure return on investment. If a publishing house is going to do a marketing campaign on a particular title or a series of books, it needs to have some objectives as to what kind of sales it aims to increase and how many units it needs to sell. For example, measure the number of orders resulting from a direct mail campaign. If the average return for such efforts is two percent and responses received are fewer, there is a problem with that particular promotion. Every marketing program should be designed for a particular market segment, and should include measurable goals.

Measure sales productivity. This is one of a publisher's biggest challenges. There are always a million reasons to explain a lack of sales. Is the sales force doing the job that they should do? To ensure performance, set sales objectives for each channel. The sales force for a publisher in the United States, for example, might visit 1,700 to 1,800 stores four times each a year. Suppose it takes two to three hours to present the product line. If the publisher's individual sales persons are not making at least ten appointments a week, or two a day, they will likely not sell sufficient product. Monitor the number of sales calls as well as actual appointments. When a particular staff person's numbers fall below expectations, find out why. Perhaps he or she needs to be better trained on how to make appointments. Track the revenue generated by each salesperson, as well as the average income per order.

Track product profitability. Do not consider only total sales, or total units sold, but whether the particular product sold is profitable or not. Maintain profit and loss statements per product. In addition, review warehousing and customer service costs. When support areas do not perform properly, a publisher can quickly run into trouble. Are products shipped correctly? Is the customer service department treating customers well? Is a particular product generating an unusual amount of complaints, and contributing to mounting costs?

Review the product mix. The term "frontlist" refers to new titles, published within the past year. The "backlist" consists of titles that have been on the market for a full year. In the United States, usually 70 percent of a publisher's sales come from the backlist and 30 percent from the frontlist. Perhaps the proportion between these figures is different in other regions. Whatever the case, the key is to monitor the ratio and to maintain the sales levels necessary to generate budgeted profits. Review which titles are generating the most sales and the most revenues, and ensure that it is those titles that are being sold to the bookstores and emphasized in your merchandising.❖

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