

## **Sales forecast**

The sales forecast is exactly what it sounds like: your projections, or forecast, of what you think you will sell in a given period. Your sales forecast is an incredibly important part of your business plan, especially when lenders or investors are involved, and should be an ongoing part of your business planning process. Your sales forecast should be an ongoing part of your business planning process.

You should create a forecast that is consistent with the sales number you use in your profit and loss statement. There isn't a one-size-fits-all kind of sales forecast—every business will have different needs. How you segment and organize your forecast depends on what kind of business you have and how thoroughly you want to track your sales. Generally, you'll want to break down your sales forecast into segments that are helpful to you for planning and marketing purposes.

If you own a restaurant, for example, you'll want to separate your forecasts for dinner and lunch sales. But a gym owner may find it helpful to differentiate between the membership types. If you want to get really specific, you might even break your forecast down by product, with a separate line for every product you sell.

Along with each segment of forecasted sales, you'll want to include that segment's "cost of goods sold" (COGS). The difference between your forecasted revenue and your forecasted COGS is your forecasted gross margin.