BoostUp

Best Practices for Improving Sales Forecast Accuracy.

Top sales and revenue operations leaders share their modern forecasting best practices for improving forecast accuracy.

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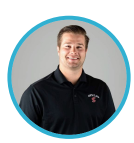

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Introduction

Digital selling, data from digital selling, and remote interactions between buyers, sellers, and sales managers have created conditions to catalyze the shift towards modern web-based, collaborative digital forecasting that is both predictive and prescriptive and built in a data-first paradigm.

A recent Gartner report, “The Future of Sales,” suggests that an exponential rise in digital interactions between buyers and suppliers will break traditional sales models over the next five years. This digital shift has rendered current non-digital forecasting methods, in spreadsheets or CRMs, out-of-date, inefficient, and inaccurate.

DID YOU KNOW?
98% of sales ops professionals and sales leadership indicate that AI has improved their forecasting accuracy.

*2020 SFDC Report: https://www.salesforce.com/resources/research-reports/state-of-sales/

Learn the best practices for improving sales forecasting accuracy from sales and revenue operations leaders.

Three objective metrics to build confidence in your forecast.

There are three objective metrics you can start tracking right now to build confidence, trust, and alignment in your forecasts earlier in the quarter.

Create weekly and quarterly pacing against weighted targets.
To avoid the hockey stick problem, set percentage attainment targets for each month and even week of the quarter, and track how your reps are pacing against those granular targets. Weekly/monthly pacing targets help you know how your sales reps are trending towards their quarterly forecast projections, who is ahead, who is behind, and have those early, actionable, and informed deal and forecast conversations. An example of weighted monthly targets could be: Month 1 - 20%, Month 2 - 30%, Month 3 - 50%.

> “ If you are looking to build confidence in your forecast, I’d recommend you start tracking weighted pacing targets, historical accuracy trends and pipeline coverage conversion rates.

Branden Baldwin
Sr, Director of Revenue Operations at Birdeye

View historical accuracy on commit and forecasts.
For each rep, track what percentage of their previous quarters' attainment came from their commit and best case deals. For example, if a rep achieves 80% of their target from their committed deals, they should have enough to contribute 80% to their target. To do this, turn on the historical tracking in Salesforce and start snapshotting commit and best case values. Bottoms-up accuracy of commit and best case conversion is a critical lens to assess your forecast's health.

Assess pipeline coverage gaps for the current quarter and next.
Track pipeline coverage early in the quarter as it is a strong predictor of where a rep will end the quarter. For each rep, use historical quarter data to compute the in-quarter pipeline conversion rate. Applying this pipeline conversion percentage will give you a sense of how much pipeline each rep needs to hit their forecast.

Best Practices in Modern Forecasting.

Break down the information silos and set clear expectations. [Ben Schafer]
The role of sales and revenue operations is to break down the silos that may exist between departments that make up the GTM team, including sales, marketing, and customer success. Set clear expectations across the GTM leadership team to ensure consistency, higher return of participation, and more certainty in the forecasting process.

Set clear expectations across the GTM leadership team. Ensure everyone is on the same page, and all align their revenue goals towards the corporate objectives and revenue goals put in place. That foundation allows for a more tightly aligned forecasting process.

Ben Schafer
Revenue Operations Leader at Udemy

Own the sales forecasting process. [Ben Schafer]
Own the process, lead the forecast calls, ensure compliance of the process and drive the execution of the process. Be responsible for the sales forecasting process, remove the biases, and be the impartial third party judge and jury.

Forecast from the top-down and bottom-up. [Ben Schafer]
Ensure your forecast goals align to the company defined revenue targets and overall objectives. The end goals need to be defined and need to be in sight, so all team members know the targets they need to hit. But the foundation needs put in place to hit those goals. The forecast process should align with the sales process and ultimately help reps advance their deals forward to close.

Revenue Operations leaders need to own the forecasting process, drive the execution of the process, and ensure compliance.

Ben Schafer, Revenue Operations Leader at Udemy

Three layers of forecasting. [Laurie Schrager]

1. The first layer happens at the individual deal and is the forecast between the rep and their manager. The most important thing to me is recognizing that sales stages are different from a forecast. A sales stage is defined by your engagement with the customer and the actions you are taking. In contrast, the forecast category is based on the deal's specific details, like momentum, deal complexity, competitive situation, and other dynamics that give you confidence in forecasting the deal. It is on the rep to maintain CRM hygiene - with clean data about a deal - stage, amount, close date, forecast category. And it is on the front line manager to examine these data points to confirm accuracy.
2. The second layer happens at the front line manager level. This is the forecast between them and their second line manager. In this tier, we are one step removed from the deals but close enough to still think about the forecast by considering the "inventory" of deals available. This basket contains those high confident deals. I have seen work well here because inspection needs to happen around the largest opportunities and those with the most confidence.
3. The final tier of forecasting obfuscates the deals entirely and relies on historical performance and conversion math. There need to be enough transactions and enough conversion history that the math supersedes any pipeline lumpiness to do this well. There are several metrics that you can use here - depending on the dynamics of your deal flow. I would recommend using several of these to figure out which one is most predictive for you. Here are a few places to start:
    a. **Total pipeline**: Good for those not using the sales process correctly.
    b. **Conversion by stage** (looking at entire pipeline): If the team uses stages well, this should work well.
    c. **In-quarter pipeline/conversion by stage**: This is even more predictive, especially if the team is good about placing opportunities in the right month/quarter of inventory.

With the wave of AI forecasting tools in the marketplace today, these activities become easier. The tools help a front line manager do a better inspection and call out data points that don't seem right. The tools allow for clean roll-ups of forecasts between the layers - and provides easier inspection on what is in the inventory - especially as more layers of management are added. And finally, they do the top-down math to forecast based on historical metrics and conversion rates. From my perspective, what's important is using the tools effectively and not letting go of the importance of each of these "forecasting layers" and why we do them. It's the management actions that drive the behavior to improve performance.

Laurie Schrager
VP, Global Revenue Operations and Enablement
Tealium

Revisit your forecasting factors that affect accuracy. [Channing Ferrer]
Lots of changing factors require you to revisit your forecasting approach. These could include changes to your sales staff, comp changes, territory shifts, changes in economic conditions and competitive landscape are just a few of them. Staying on top of these changes and making the necessary adjustments will ensure you are forecasting optimally.

Choose the right forecasting method for your company. [Channing Ferrer]
There is not one single approach to forecasting that works for every company. Make sure you invest the time to select the approach that works for your company and how your business operates. A few forecasting methods that I have seen work well are:

- **Opportunity Stage Forecasting**: Assigning percentage to close rates based on the sales stage.
- **Historical Run-Rate Forecasting**: Forecasting based on historical averages (weekly, quarterly, or yearly). You can also break this down by rep, by region, by product line.
- **Multi-variable Forecasting**: Leverage data and predictive analytics to inform your decisions at the opportunity and account level.

Forecasting our business is extremely challenging but more critical than ever these days. Every year we run into new variables, risks and experiences that have a noticeable impact on our ability to accurately predict our revenue. We are constantly adjusting our models and approach in order to solve for these changes. Inaccurate forecasting causes us to mis set expectations with finance which may lead to restrictions on hiring, spending etc. Our sales leaders ultimately benefit the most from an accurate forecast.

Channing Ferrer
Vice President, Sales and Operations Strategy
HubSpot

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Smaller companies must rely on a bottoms-up approach (deal by deal review in the pipeline, with a robust qualification methodology such as MEDDPIC). Larger companies can use probabilistic methods based on past results and metrics that have been proven successful over time. If you are a smaller company, in addition to your QBR-driven bottoms-up forecast, sharpen your skills by building a probabilistic model that you can use to compare to your bottoms-up view. While we are all obsessed by current month/quarter bookings, push yourself to create a forward-looking outlook for the next quarter -- your sales leader and your exec team will love you for it.

Volney Spalding
Vice President Sales Strategy, Operations, and Enablement at Invoca

Important variables to consider to improve forecast accuracy. [Volney Spalding]
To improve your forecast accuracy there are a number of critical variables to consider that can’t be overlooked.

1. How much pipeline from the current quarter will flow to your next quarter?
2. How much pipeline sitting in your next quarter will push into the next quarter during the first week of that quarter when your reps get serious about cleaning their pipeline.
3. How much increase will your pipeline realize due to maturation of opportunities from an early-stage qualification to closed-won?
4. How much pipeline is invisible to you today, but will be created and closed in the same quarter?

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Once you have a value for your next quarter pipeline, estimate how much of it will likely go to closed-won. From there do the math and provide your outlook. Do this exercise for 2-3 quarters and refine your methods. And of course compare to actual quarterly outcomes and course-correct as needed.

Volney Spalding
Vice President Sales Strategy, Operations, and Enablement
Invoca

Understand your metrics and KPIs. [Mike Warren]
Understand the composition of what it is you are forecasting. For Zoom, when we look at our internal Sales forecast, we are looking at bookings, which is a combination of various factors (bookings from opportunities, bookings from online orders, debooks/churn, etc). Knowing these elements and understanding where they come from is critical. How can you be accurate if you're only looking at one piece of the puzzle? This understanding also allows us to establish some key metrics and KPI's that we can begin to measure against. Any time those metrics are missed, it's a signal to the company what needs to be addressed and serves as a lever to pull us back on track. Ultimately, the more refined your metrics are, the more accurate your forecast will get.

Get buy-in from across the revenue team. [Mike Warren]
One of our earlier challenges at Zoom was getting people bought into the forecasting process, especially from our sales reps. To many, forecasting was a "manager" function and just an extra step that got in the way of their selling. The result - inaccurate forecasting that our managers and directors ultimately had to account for (ie, more risky, less reliable forecasting). To combat this, we spent a lot of time and resources simplifying our process and explaining the importance of forecasting, but through a rep perspective. Yes, accurate forecasting is important to the company in terms of street guidance, and, yes, it helps the business know where to invest. Still, from a rep standpoint going through the forecast exercise is also a great opportunity to gauge where they are in their quota and identify any red flags that prevent them from getting there. Once they were able to see that value and see how it made them more successful, our forecast accuracy and overall engagement improved dramatically. Finally, make sure leadership was bought in and was pushing the same rhetoric was big in establishing accountability. The more buy-in, the more accurate our forecasts became, and eventually, we saw smaller discrepancies between our rep rollups, versus our manager rollups, versus our director level rollups.

Create alignment and visibility. [Mike Warren]
Once the metrics and KPIs are established, and once the sales team is bought in, it's essential to make sure that folks are looking at the same things across the organization. For us, that was rallying behind the same tools, expanding visibility into the metrics that we know impact our bookings, and ultimately turning forecasting into a true go-to-market effort. That meant engaging our product teams more heavily, pulling in our channel group, better understanding our renewal and churn rates, working closely with our marketing, staying close to our recruiting team, etc. That also meant making sure our KPI's and analytics were readily available and accessible so that everyone stays on the same page. Not only did this provide us with additional insights, but it served as a way to pressure test our forecasts with a wider lens.

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While these concepts aren't anything new, they are, in my mind, necessary practices for establishing an accurate forecast. You can purchase all the forecasting tools, look at all the various methodologies, adopt all the metrics that are out there, but there is no replacement for process and that includes understanding *what* truly drives your number, getting the right buy-in from the top down, and moving away from siloed teams and analytics so that the company is looking at the same important metrics that drive predictable revenue for the business.

Mike Warren
GTM Insights and RevOps Manager
at Zoom

Triangulate. Important factors that affect your forecast accuracy. [Kostja Mirkovic]

To improve your forecast accuracy, you must triangulate, triangulate, triangulate. Every good forecast comes from complete insights into everything that is happening in the sale process. Asking and ultimately addressing these questions will make you more accurate in your forecast.

1. What do you learn from the sales managers in the forecast meeting?
   a. Equally important is what you don't learn. Ensure you ask pertinent questions to assess their grasp of his/her team's deals and pipeline.
2. What does your regression model tell you?
3. What do your reps say on swing deals?
4. How does historical accuracy by the manager inform your decision to add/remove buffers?
5. What does listening to sales conversations indicate on the pipeline?
   a. Call Insights helps identify trends and objections that will help your deals perform better and be more accurate in their forecast.
6. What is the impact of macro shift for this quarter not captured through normal channels?
7. What is the driving the difference between the manager/team covering the same segment in different regions?

“ To land within 3% of your forecast plans, you must consistently “triangulate, triangulate, triangulate” meaning never stop redefining and improving your sales and forecasting process. Find the tools that work most effectively for your sales team and continually work to improve the process, improve team communication, improve reporting, and that will lead to higher accuracies.

Kostja Mirkovic

Revenue Strategy and Operations Leader,
Startup GTM Advisor, Strategy and GTM Advisor at G2

“ To forecast accurately, you must have a clearly defined sales process with gating and move-forward criteria established. Leverage your sales methodology to identify risks in your opportunities. If the process is not followed or has poor metrics, those deals will likely slip. It is essential to get in front of them early and course-correct as needed.

Jeff Austin
Vice President of Sales Operations at xMatters, Inc.

Have a clearly defined sales process. [Jeff Austin]
Ensure you have a clearly defined sales process outlined, communicated, and ensure your sales reps get adequate training. Outline and document move forward criteria for each step. Have a method for collecting forecast numbers from each sales rep to your head of sales.

Define your sales methodology. [Jeff Austin]
Leverage a sales methodology to identify risks in your pipeline. Quickly identify deals that have poor metrics as those deals will likely slip. Get involved in those deals and de-risk them.

Define sales stages, milestones, and forecast categories. [Jeff Ignacio]
Establish clear-cut sales stages and ensure that you tie appropriate milestones to each stage. Define your forecast categories and your forecasting rhythm, which includes 1:1s, deal reviews, and weekly forecast calls.

Forecasting precision is critical to a business's success. Making a call where the company is going to land is never easy. Having a thoughtful framework that leverages historical data in combination with bottoms-up feedback from the people who are in the best position to feel the market out leads to greater accuracy. ”

Jeff Ignacio
Head of Revenue and Growth Operations at UpKeep

Identify sales behavior and personalities. [Don Otvos]
Create a process for identifying sales personality traits - which ones are “sandbaggers” and which ones have “happy ears.”

Sandbagging is used to describe a rep that holds back his deals to another quarter and/or fools their manager into thinking their forecast is worse than it actually is. Sandbagging hurts sales pipeline visibility and your forecast accuracy, as you can be surprised at the end of the quarter. By looking closely at the reps’ activity data, you can identify potential sandbagging behavior. An example could be an opportunity that has a lot of activity, completed all gates, and has a lot of ready to buy signals that would include meetings with decision-makers.

Happy ears are when a sales rep is overly optimistic about a deal based on a recent conversation, but it is not based on actual gating criteria and qualification criteria. To avoid this scenario, ask probing questions that help identify if the deal is going well, seek out red flags (ex: decision-maker not involved in the deal), and get an outside opinion from another rep.

Avoid single-threaded deals. [Don Otvos]
Single-threaded deals in the B2B world do not happen. Deals involve multiple stakeholders, multiple decision-makers, so if a deal is single-threaded, that deal is either at risk or not going anywhere. Know who should be involved in the sales process, who is part of the buying committee, and make sure your reps have engaged them multiple times during the sales process.

Ensure a next step is always documented. [Don Otvos]
When reviewing deals, always ensure that a next step, a future meeting is documented and on the calendar. This demonstrates forward progress on a deal, which is critical for deals to advance and close on time.

To ensure forecast accuracy, I like to make sure all opportunities have a next step and meeting documented to show progression and ensure that all deals are multi-threaded and have the right stakeholders involved from the buying committee. It’s also important to know your sales reps’ behaviors personally to avoid sandbagging behavior or happy ear syndrome.

Don Otvos
VP of Revenue Operations at LeanData

Create process for data integrity. [Melanie Foreman]
Build process for the sake of process, not forecasting. Forecasting accuracy is subject to the integrity of your data. Process lays foundation. Forecasting can expand on a process but not set precedent for it.

Build on your processes. [Melanie Foreman]
Always backfill your data when enhancing or expanding on your processes. Historical data is a key forecasting component, treat it with the same level of care as a new bookings.

Ensure you have a seat at the table. [Melanie Foreman]
Revenue Operations should always have a seat at the deal desk table. Unless you work for an uninspired company you are likely executing unique deals. In order to forecast on those deals and eventually recognize revenue, rev ops needs to be able to isolate and react to data abnormalities in real time.

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Performance metrics used in forecasting should never be considered solely at an individual level, rather the performance of a team as a whole. Defining a person's efficiency in their respective field to a single metric is more often than not futile, and in my opinion, lacking in humility. Chances are that person understands not only the metric better than yourself, but how to manipulate it as well. These people are a consistently under-utilized resource for feedback when considering the success of a metric, and as a result, your forecast. Be transparent in what you will be using the metric for. Remove emotional feedback by not going to granular, and chances are "the measured" will happily point out some blind spots you hadn't considered in your forecast.

Melanie Foreman
Revenue Operations Leader,
Slack

Create accountability across the sales team. Ensure they completely understand what fields are being used to forecast.

Nash Wyatt
Vice President, Head of Sales Operations at Fintech Org

Ensure sales understand how the CRM data is being used. [Nash Wyatt]
Make sure your sales reps understand what fields and what data is being used for forecast submissions and projections. Create accountability across the entire sales organization.

DID YOU KNOW?
84% of sales ops professionals say digital transformation has accelerated since 2019.

*2020 SFDC Report: https://www.salesforce.com/resources/research-reports/state-of-sales/

Don’t rely on manual forecasting. [Todd Rode]
Relying only on manual forecasting from your reps leads to inaccuracies in your forecast. To ensure a most accurate and reliable forecast, build in at least one data-based method to cross-check against the reps’ forecast submission.

Create a backup on your CRM data. [Todd Rode]
Prepare for the unforeseen. Always create a backup of your CRM opportunity data and do it regularly. Having a backup (deal stages, values, closed dates, etc.) means you won’t have to guess or rely on anecdotal data from your sales team to gain confidence in your forecast.

Don’t rely solely on manual forecasting from your AE’s. Have at least one data-based method to cross-check. I also recommend you backup your opportunity data regularly.

Todd Rode
Vice President of Sales Operations at Stratasan

Make sure your forecast in rooted in factual market data. [Eric Buckner]
Make sure your forecast is rooted in factual market data and aligned to the reality of your resources:

- Sales teams are a vital part of the forecasting process and not simply the blunt instrument used to achieve revenue goals. Supporting your team with training and tools to help find the edges of the market where your organization operates and how much market share you have will significantly improve your organization's ability to forecast accurately.

- Use the market information you collect to align functional groups in your organization to one set of facts. This helps create a culture and budgets that do not outpace the abilities of your resources. Instead, they set challenging but achievable goals based on market share growth and profit-producing growth.

Create more accurate rep targets by redefining competition [Eric Buckner]
To better quantify opportunity and create more accurate rep targets; redefine competition:

- Competition is often thought of as other sales organizations in the same market. Competition can be understood in a broader context: what potential customers budget for the service you sell and where that budget is spent.

- If you are selling an AI solution to aid in strategy development, you might view your opportunity based on other groups selling competing solutions. Don't forget that what an organization spends on its business development and strategy teams is a better measurement of opportunity. This allows you to understand better what potential customers are willing to budget for your service and apply it to forecast your revenue goals more appropriately.

Your organization's pricing strategy, sales forecasts, and resource allocation will be more accurate when you start to think of customers as potential competition. Use that information in your planning process.

Eric Buckner
Global Sales and Operations Leader

Standardize your forecast submission process. [Michael Watt]
Remove the guessing game from your sales forecast by implementing a modern forecast model and approach. Standardize your weekly, monthly, and quarterly forecast submissions process.

> Standardize your forecast submission process, define the forecast reports needed, and create a formalized forecasting review process to identify opportunities to improve your forecast accuracy.

Michael Watt
Vice President, Enterprise Sales and Operations at expert.ai

Define the different types of reporting needed. [Michael Watt]
Identify and standardize the different types of forecasting reports needed across your organization. Ensure you collect the right data points in the correct format so that you can report consistently, accurately, and make updates quickly.

Create a formalized forecasting review process. [Michael Watt]
Meet as a collective revenue team to review the quarterly reports. Create after-action reviews to develop an iterative process to id common forecasting mistakes and inaccuracy trends. Build a method of incorporating all net new learnings back into your sales forecasting process.

DID YOU KNOW?
89% of sales professionals say sales ops plays a critical role in growing the business.

*2020 SFDC Report:https://www.salesforce.com/resources/research-reports/state-of-sales/

Use cohort analyses to improve forecast accuracy. [Mallory Lee]
Leverage cohort analyses to develop a more accurate probability to close metrics from each state of the sales cycle. Leverage this weighting to get your weighted pipeline forecast.

Understand your pipeline health and strength. [Mallory Lee]
Know where your opportunities are in the sales funnel. Identify where your pipeline gaps are and align your seller and marketing activity toward generating new pipeline to fill those gaps.

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Creating an accurate sales forecast cannot be based on just one approach. At the beginning of a quarter, you need to rely on benchmarks and weighted pipeline positions to assess any gaps. As the quarter progresses, sales leaders will begin committing their deals. At this point, operations can position the forecast with these two figures as end posts. In the final weeks of the quarter, moving to a deal-by-deal, bottom-up forecasting will assist your team in landing right on target.

Mallory Lee
Sr. Director, Revenue Operations at Terminus

Create a pipeline review council. [Mallory Lee]
Meet weekly with your pipeline council, a combination of sales and marketing leaders who come together to review pipeline status, opportunity generation, and marketing programs to ensure you have a healthy pipeline. Measure percent engagement into sales’ target accounts lists and build demand generation programs to help progress the existing pipeline forward.

Review waterfall charts as a team, [Mallory Lee]
Reviewing a pipeline waterfall chart weekly helps us see how much pipeline was created during the week, what increased, what was lost, and what was pushed in the previous week. This allows us to inspect pipeline progress and course-correct as needed.

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Pipeline generation is a team sport. Get your marketing leaders involved in a Pipeline Council that frequently meets to discuss the state of our pipeline, demand gen programs, and any gaps that need to be filled within the quarter.

Mallory Lee
Sr. Director, Revenue Operations at Terminus

Define a forecasting cadence/schedule. [Jason Westerberg]
Outline and train the team on what's expected of them and highlight the various outputs from individual contributors to your revenue leaders/teams.

Simplify the submission process. [Jason Westerberg]
Simplify your forecasting submission process as much as possible and ensure your data is updating in your CRM. Create accountability in forecast accuracy at the manager and even the rep level. Use this a metric that each manager and rep is accountable for and is tracked against.

Publish forecast accuracy. [Jason Westerberg]
Publish forecast accuracy to drive awareness. (+/- 5-10% of forecast projections). This is a great metric to add to your annual/quarterly business reviews - track and measure progress towards improving the number each quarter, regardless of how accurate you are.

Recommendation

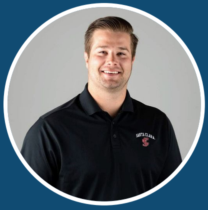
Stop complicating how you forecast - it doesn't need to be complicated.

- Step 1: Know your deals and be able to identify those that have risk.
- Step 2: Understand what information is expected from you and when.
- Step 3: Learn from your success (to repeat) and failures (to not repeat).

Key Metrics to Track

- **Pipeline Evolution:** Pipeline changes over a given period of time. Understand how much pipeline is needed to hit your projections and why your pipeline has changed.
- **Pipeline Coverage:** How much pipeline did we close as of “x” date, typically day 1 and then weekly, monthly depending on your business.
- **Slipped / Pushed Deals:** This is the percentage and number of “committed” or “forecasted” deals that don’t close but push out to another quarter. Track this percentage every quarter and identify if this is an issue with your sales team.
- Forecast Accuracy: Measure the percentage error week over week and the end of the quarter. Use this metric as an opportunity to improve your process.
- **Quota vs. Attainment vs. Forecast:** Same as above, but add a measure to track against the “tenure/ramp.” Rookies: Less than 6 months at the company. Conversion: Reps 6-12 months at the company). Veteran: 12 plus months at the company.

> “ The more education/enablement and visibility you have around your forecasting process and outcomes, the more efficient and streamlined your process will be. Your forecasting approach should be continually revisited, adjusted, and approved quarter after quarter. No matt how accurate you are, there is always room for improvement.



Jason Westerberg
Head of Revenue Operations at Mixmax

Don’t let reps under-forecast. [Jordan Henderson]
The intention of forecasting is not only to provide insight into where reps and managers need to focus but also to provide a level of predictable revenue to the business. Under-forecasting creates problems with regard to both.

Leverage sales enablement to improve your forecasting. [Jordan Henderson]
Rarely do Sales Managers think of inaccurate forecasting as an enablement problem, but reps need to not only understand the sales process but also be trained on indicators in the process that affect their forecast. Train your reps to be better forecasters, don’t just give them a framework to do it.

Break your forecast down by deal sources and deal ages. [Jordan Henderson]
Your sales team has different win rates and deal close cycles based on the deal source. The ability to break your forecast data down by deal source and deal age will vastly improve your data-driven approach to forecasting.

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Forecasting should not just be about the “won” revenue target. Your forecast should look at the entire sales funnel to help managers better identify where reps are losing deals or are getting stuck and allow managers to coach against it.

Jordan Henderson
Director of Revenue Operations at ringDNA

> Using leading indicators for some businesses to forecast more accurately has been relatively uncommon. This is partly because traditional time series methods do not readily allow us to incorporate external variables. With new technology, we have an abundance of useful indicators, and there is evidence that utilizing relevant ones in a forecasting model can significantly improve forecast accuracy, confidence, and transparency.

Cailin Radcliffe
Sr. Director, Revenue Operations at Loopio

Forecast leveraging leading indicators paired with market trends. [Cailin Radcliffe]
Use leading indicators (top-of-the-funnel) paired with market trends to augment historical performance data quarterly to improve top-down forecast accuracy.

- Use rep/manager level forecasting to confirm/challenge your data based forecast model, not the other way around.
- Map your sales stages to your forecast categories to reinforce your processes.
- Involve leaders by requiring quarterly bottoms-up forecasts in addition to your data-driven top-down forecast.

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To improve forecast accuracy, you need to align forecast categories to specific forecast calls (worst case, most likely, best-case scenarios). Additionally, get forecasts from all sales team members, reps, front-line managers, and leadership, and track monthly-close metrics, even if monthly targets are not set.

Andrew Gildin
Vice President, Strategic Sales Operations at Sphera

Create an appropriate incentive structure. [Nash Wyatt]
Create an incentive structure that leads to the best-unbiased forecast estimates from your sales team. Doing so helps avoid sandbagging behavior and leads to more accurate forecasting.

Implement a data-driven forecast strategy. [Nash Wyatt]
Create a data model that makes it easy to review actual and compare them to prior forecasts. Analyze trends and identify areas for improvement. When individuals forecasts are significantly off projections, dig in further to analyze the causes to prevent from happening in the future.

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To improve forecast accuracy and consistency, we create an appropriate incentive structure that promotes accuracy, and we implement a data-driven approach to reviewing forecast accuracy. When there are significant gaps in expectations versus reality, then dig in and investigate.

Nash Wyatt
Vice President, Head of Sales Operations at Fintech Org

Understand the demand generation and demand waterfall. [Tsvika Vishnievsky]
Obtain a great understanding of the demand generation and demand waterfall of our business. It should be examined from two angles:

- Demand generation
- Funnel conversion

It should be analyzed according to your business's different demand channels (outbound, partners, marketing, product). How many leads, MQLs, SQLs, SALs are generated per period - broken into the business's different segments and the relevant conversions (cohort analysis).

Establish a sales pipeline hygiene and pipeline governance. [Tsvika Vishnievsky]
A key component for accurate forecasting is sales pipeline hygiene and pipeline governance. Without a clear understanding of how your "real" pipeline looks like, accuracy challenges will arise. The pipeline should be as clean as possible, without "old" or "irrelevant" opportunities. Determine a process for cleaning out active opportunities that are no longer being worked. The projected close date needs to be updated by sellers and account managers per opportunity, regularly.

Understand key levers of your dollar bookings. [Tsvika Vishnievsky]
Document and understand the key levers that affect pipeline management and forecast accuracy. A lot of time this is on the deal side and includes things like win rates, deal momentum, and sales velocity (sales cycle for won and lost deals).

“

What I just described are the basics for a data-driven forecasting approach. You should always have a parallel “commitment process” from your sales management to complete and validate the insights driven from the data-driven model.

Tsvika Vishnievsky
VP Revenue Operations at Yotpo

“

It is not enough to rely solely on data, historical, and predictive insights. You must balance that with creating a culture of accountability across your sales team. Marry those two together, and you will drive predictive revenue and accurate forecast, quarter after quarter.

Branden Baldwin
Sr. Director of Revenue Operations at Birdeye

Create visibility in your forecast and review it often. [Branden Baldwin]
Create visibility into your forecast approach and review it often. Treat it as more than an exercise, you check off but as a way of re-evaluating and improving your forecast process.

Drive accountability across your sales teams. [Branden Baldwin]
Leveraging data, AI-driven insights, and predictions is a great way to generate accountability across your team. It creates complete visibility and transparency across all interactions between your sales rep and buyer. But you can’t rely on that alone. Use that data in concert with the seller feedback to improve forecast accuracy.

DID YOU KNOW?
85% of sales professionals say sales ops is becoming increasingly more strategic.

*2020 SFDC Report: https://www.salesforce.com/resources/research-reports/state-of-sales/

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Conclusion

Improving forecasting accuracy and overall confidence in the process is essential for every organization. Revenue and Sales Operations typically take charge in developing the strategy and approach, implement the proper tools, and report on forecast accuracy. When selecting the right forecasting tool, first define your requirements and then secure the best tool for your process - one that is flexible and can evolve as your business changes.

About BoostUp

BoostUp's sales and revenue intelligence platform is used by sales organizations to achieve revenue excellence. Our platform standardizes the forecasting process, makes it predictive and more accurate while giving the entire revenue team hours back each week. We give you confidence in your forecast projections by providing AI-driven guidance based on historical and current sales patterns, real-time forecast and pipeline change histories, deal-level risk intelligence, and alerts based on early warning indicators. The secret is actionable insights and predictions extracted from contact and conversation data, typically not found in the CRM. BoostUp provides revenue teams with a flexible, unified platform that boosts revenue and sales performance.

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Capterra

Rated 4.7 stars on G2 Crowd (Sales Intelligence and Sales Analytics).

Rated 4.5 stars on Capterra (Sales Forecasting).