

The Definitive Guide to Accurate Forecasting





Introduction

It's not a secret: Sales forecasting has a plethora of benefits. From making better business decisions to planning, budgeting, and managing risk, sales forecasting allows companies to better manage their cash flow and allocate resources for future growth.

Easier said than done, right?

Regardless of the sheer amount of data coming their way, sales teams still slip on forecasting from time to time. Why? A handful of reasons:

- **Overdependence on “gut feelings”**
- **Lack of tight forecast processes**
- **Untracked forecasting KPIs**
- **Lack of insight into opportunity risks**
- **Incomplete or ignored data**
- **Lack of insight and visibility into pipeline**

When a team lands under their forecast, they can experience decreases in revenue, company value, credibility, and team morale. In contrast, landing over could mean an overabundance of customers, increased stress on sales, inefficient spending, and missed opportunities.



So how does a team find that middle ground of accurate forecasting?

To achieve +/- 5 percent accuracy, you need to understand and utilize your current and historical sales data. When you can compare the current performance of your team with past trends, you gain insight into the future.

However, analyzing this massive amount of data consumes significant resources. Instead, **incorporate an AI-driven platform, such as BoostUp**, that collects your crucial sales data and creates visualizations for accurate forecasting.

When it comes to AI-driven, accurate forecasting, the top three principles are:

- 1 A well-run process** to obtain and audit the forecasts on time.
- 2 Excellent data discipline** to generate accurate and complete data for the creation and verification of forecasts.
- 3 Proper forecast KPIs** to verify forecast accuracy and understand the forecasting behaviors of reps and managers.

To help you implement these principles, we have created a guide that is broken down into three main topics:

- ✔ **A scientific approach to KPIs** that you should use to create and verify forecasts.
- ✔ **Using AI to predict sales outcomes** more accurately.
- ✔ **The best forecasting process** that yields the most accurate data collection, process adoption, and results.

Ready to dive into the future of accurate forecasting? Let's get going.



Incorporate an AI-driven platform, such as BoostUp, that collects your crucial sales data and creates visualizations for accurate forecasting.

A Scientific Approach to KPIs That Create and Verify Forecasts

The process of submitting a forecast can happen in a few different ways. Reps can submit their own forecasts that are compiled by managers, or managers can create the forecasts for their entire teams. The actionable insights gleaned from this activity help teams inspect more deals accurately for a tighter, more precise forecast.

There is a science to choosing what data to use out of the massive amount that is available. You must select the right KPIs that fit your business model. So which ones should be tracked?

The five KPIs you can start tracking now to build confidence, trust, and alignment in your forecasts are:

- 1 Current quarter pacing against weighted targets.
- 2 Historical accuracy on committed pipeline and forecasts.
- 3 Pipeline coverage gap for the current and next quarter.
- 4 Pipeline creation pace and contribution from in-quarter pipeline.
- 5 Deal-by-deal risk assessment and risk-weighted pipeline.

Kenny Hsu

VP Revenue Operations | Auditboard



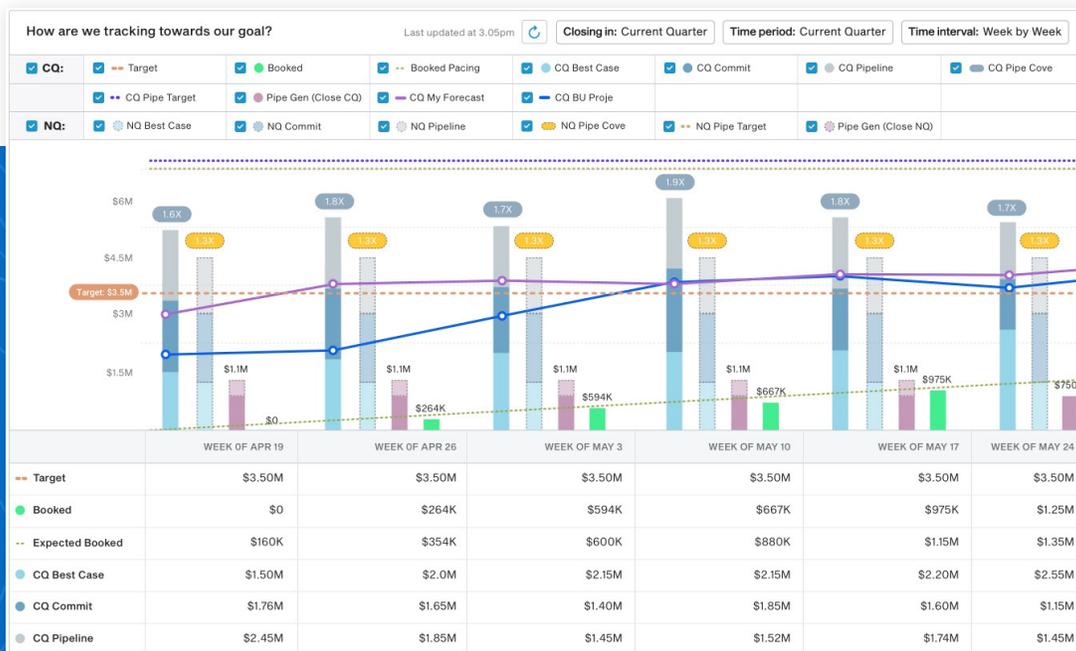
BoostUp was clearly build by people who know what is required to call a forecast. They've put at my fingertips the intelligence I need to call the right number accurately.

Current Monthly/Weekly Quarter Pacing Against Weighted Targets

To build this KPI, follow this step-by-step process, making adjustments where it makes sense to do so for your team:

- 1 Build each salesperson's weighted or linear target on a monthly or weekly basis.
- 2 Track their attainment of those goals.
- 3 View who is pacing ahead of or behind their goals and by how much.
- 4 For those missing their quota, this KPI allows you to spot it before they completely miss the goal.

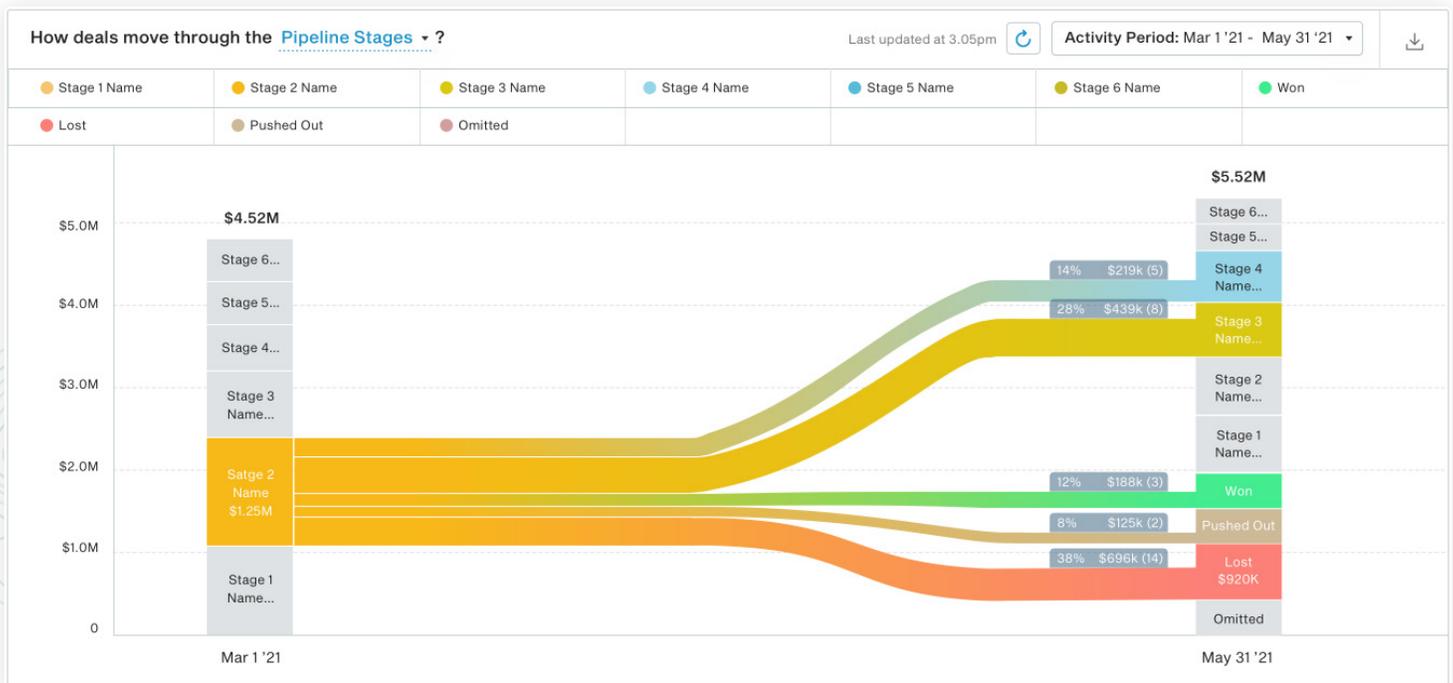
This KPI not only contributes to forecast accuracy but also provides sales management with direct areas of coaching to help reps become successful and pull in more revenue.



Historical Accuracy on Committed Pipeline and Forecasts

Historical conversion rates allow you to understand the percentage of committed, best-case, and forecasted pipeline that actually turns into booked deals within each quarter:

- **Committed pipeline** is the category for opportunities that you are confident will lead to a successful outcome with an expectation that 90 percent of the deals will be closed.
- **Best-case pipeline** is the category for opportunities that need additional work and contact with an expectation that between a third and half of the deals will be closed.
- **Forecasted pipeline** is a category in which only a small number of opportunities will close successfully within the quarter because the customers are in the early stages of the buying process. Expect only a quarter of these deals to close.



To track your historical accuracy:

- 1 Activate the historical tracking option in Salesforce.
- 2 Snapshot total pipeline, committed pipeline, and best-case values over a given period of time.
- 3 Average the gap between committed and booked for each week in the quarter.

This provides a bottom-up view of the accuracy of your committed and best-case pipeline to help assess the health of your forecast.



Holly Phillips

Vice President, Enterprise Sales | Degreed



“Since adopting BoostUp, we’ve noticed that our sales reps have stronger pipelines. Since we have so much more insight, reps are seeing where they have gaps, and how they can improve. It’s really given us such great visibility into our deals and when they are going to close.”

Pipeline Coverage Gap for the Current and Next Quarter

This metric allows you to diagnose pipeline coverage for the current and next quarter. Here's what your step-by-step process looks like:

- 1 Create an average of the desired pipeline coverage for several previous quarters.
- 2 Average the total pipeline booked for the same quarters.
- 3 The ratio of pipeline coverage needed to total booked allows you to see the true coverage each has generated historically.
- 4 Apply the percentage to each rep in your current quarter to determine if they are ahead, behind, or on pace.

| WEEK OF SEPT 13 | | | | | | | | | | |
|-------------------|-----------|------------------|---------------|-----------|-----------|-------------|-------------|-----------------|-----------|-----------|
| SELLER | TARGET | BOOKED | BOOKED PACE | COMMIT | BEST CASE | PIPELINE | TOTAL PIPE | PIPELINE COV... | TARGET | BOO |
| Brett Turner | \$850,000 | \$450,000 56% | Ahead by 6% | \$320,000 | \$510,000 | \$1,280,000 | \$2,110,000 | 108% | \$850,000 | \$400,000 |
| Joseph Stevenson | \$820,000 | \$450,000 55% | Ahead by 5% | \$340,000 | \$490,000 | \$1,230,000 | \$2,050,000 | 97% | \$820,000 | \$390,000 |
| Lee Hicks | \$850,000 | \$425,000 50% | At pace | \$325,000 | \$565,000 | \$1,215,000 | \$2,105,000 | 103% | \$850,000 | \$365,000 |
| Lillie Bowen | \$800,000 | \$380,000 47% | Behind by 3% | \$350,000 | \$555,000 | \$1,175,000 | \$2,080,000 | 98% | \$800,000 | \$380,000 |
| Lelia Chambers | \$800,000 | \$350,000 44% | Behind by 6% | \$360,000 | \$490,000 | \$1,148,000 | \$1,998,000 | 92% | \$800,000 | \$350,000 |
| Alta Ramsey | \$800,000 | \$320,000 40% | Behind by 10% | \$340,000 | \$480,000 | \$1,110,000 | \$1,930,000 | 102% | \$800,000 | \$320,000 |
| John Hamilton | \$820,000 | \$310,000 38% | Behind by 12% | \$330,000 | \$490,000 | \$990,000 | \$1,810,000 | 95% | \$820,000 | \$310,000 |
| Inez Gibbs | \$850,000 | \$315,000 37% | Behind by 13% | \$320,000 | \$480,000 | \$1,305,000 | \$2,105,000 | 103% | \$850,000 | \$315,000 |
| Victoria Alvarado | \$800,000 | \$287,000 37% | Behind by 13% | \$350,000 | \$410,000 | \$1,020,000 | \$1,780,000 | 98% | \$800,000 | \$287,000 |

Pipeline Creation Pace and Contribution from In-Quarter Pipeline

With this metric, you can:

- See how each rep has contributed to the current pipeline and at what pace.
- See which opportunities were created within the quarter.
- Calculate the percentage of pipeline that was generated.
- Create a specific target for in-quarter deals and track progress against that goal.



| REPS | AVG. PIPELINE CREATED WITHIN QUARTER | AVG. CONTRIBUTION TO TARGET | EXPECTED PIPELINE CREATION | PIPELINE CREATED SO FAR | PIPELINE CREATION PACE GAP |
|---------------------|--------------------------------------|-----------------------------|----------------------------|-------------------------|----------------------------|
| Addie Copeland | \$1,620,000 | 77% | \$2,100,000 | \$1,220,000 | Ahead by 11% |
| Kevin Flowers | \$1,750,000 | 80% | \$2,200,000 | \$1,050,000 | Behind by 13% |
| Elva Neal | \$1,810,000 | 88% | \$2,050,000 | \$1,100,000 | Behind by 14% |
| Martin Jones | \$1,700,000 | 77% | \$2,210,000 | \$920,000 | Behind by 34% |
| Daisy McGee | \$1,550,000 | 79% | \$1,950,000 | \$1,020,000 | Behind by 9% |
| Matthew Christensen | \$1,605,000 | 76% | \$2,150,000 | \$1,350,000 | Ahead by 13% |
| Eunice Luna | \$1,720,000 | 87% | \$1,980,000 | \$980,000 | Behind by 4% |
| Matthew Tate | \$1,500,000 | 73% | \$2,050,000 | \$1,010,000 | Behind by 8% |
| Roxie Sherman | \$1,680,000 | 80% | \$2,100,000 | \$1,200,000 | Ahead by 8% |

Deal-by-Deal Risk Assessment and Risk-Weighted Pipeline

With a combination of evidence-based deal qualification methods like MEDDIC and forecast risk analysis tools like BoostUp, you can create a forecast that reflects the current quality of the deals in your pipeline. To do this:

- Score each deal on a risk spectrum from 1-100, with 100 being the riskiest.
- Aggregate the value of pipeline risk calculated based on the deal within it.
- Witness categorization of each deal based on high, medium, or low risk.

From there, you can select each category to see the risk score and deal insights, which inform you of the **reasons** the opportunity is in the risk category:

- **Have only a few contacts at the company been engaged?**
- **Is the number of meetings low?**
- **Was the ROI document not yet sent?**

Providing answers to these questions can either inform a sales rep of their focus areas or prompt the sales rep to abandon the deal to focus on opportunities that are more likely to convert into closed deals.

The screenshot displays a CRM dashboard with a search bar at the top. Below the search bar are filters for 'View: All Opportunities', 'Closing in: Current Quarter', 'Changes Since: Last 7 days', 'Users: All', 'User Role: All', and 'Deal Stage: Qualification (+14)'. There is a 'Save View' button. Below these are more filters: 'Forecast Category: All', 'Opportunity Type: All', 'Risk Score: All', 'Risk Category: All', 'Competitors: All', and 'Amount: \$25k-\$210k', with a 'Reset to Default' button.

Summary metrics are shown in a row of five boxes:

- Booked (60 deals): \$5.2M (+\$435k)
- Commit (28 deals): \$2.3M (-\$185k)
- Best Case (78 deals): \$6.28M (+\$105k)
- Pipeline (146 deals): \$9.9M (-\$185k)
- Total (206 deals): \$15.7M (-\$385k)

A 'Hide Metrics' button is located below the summary metrics.

The main section is titled 'OPPORTUNITIES (146)' and contains a table with columns: DEAL NAME, TO DO'S, ACCOUNT, USER, ENGAGEMENT RISK, FORECAST RISK, CATEGORY, STAGE, DEAL AMOUNT, and CLOSE DATE. The table lists several deals, including Acme Global, Acme Sales, Wonkaindustries, Sterling Cooper, Axecapital Sales Team, Duffcorp, Gekkoandco ecom, Hooli Sales Team, Oceanicairlines UK, and Polycon.

An overlay window is open over the 'Acme Sales' row, showing 'All (7)' deals with a breakdown of (4) red, (0) yellow, and (3) green. The overlay lists several reasons for the deal's status:

- Competitor 'Clari' mentioned 3 times
- Current meeting rescheduled thrice
- Most recent champion dis-engaged for 10 days
- IT not responsive for last 2 weeks
- Next meeting upcoming in 4 days
- POC mentioned 3 times
- CIO accepted meeting

A 'View deal insights' link is visible at the bottom of the overlay.



Using AI to Predict Sales Outcomes More Accurately

The use of AI has rapidly spread throughout every industry. And for good reason: AI provides more robust project management, data tracking to allow for useful insights, nonstop operation, and so much more.

AI-driven platforms, such as BoostUp, use artificial intelligence to create forecasting science through collection, analysis, and reporting of your data implementation. Though this is achievable with an in-house RevOps team, the results are subject to human error and are performed at a much slower pace. Inaccuracies in forecasting can result in lost revenue for your company and dissatisfaction for your clients.

Dan Brayton

Vice President, Revenue Operations | [Iterable](#)



“With BoostUp, we are easily 25% more accurate in our forecast prediction, and we have greater visibility into our deal health. Before BoostUp, we used spreadsheets and other systems, making this process very difficult and inaccurate. With BoostUp, we have a new level of clarity, and we’re never going back!”

Accurate forecasting is determined by data discipline, snapshots, and historical data. Here's how BoostUp's AI-driven platform helps:



Manages all of the scientific forecast KPIs, including rep pacing, historical conversion rates, rep-by-rep pipeline coverage, and rep-by-rep in-quarter pipeline creation rates.



Provides data collection, analysis, and metrics tracking in place of manual performance of these tasks.



Provides automatic snapshots of data on a regular basis.



Can be customized to deliver the insights that matter most to your team, including business type and deal size.



Self-learns to predict a team's needs with accuracy.

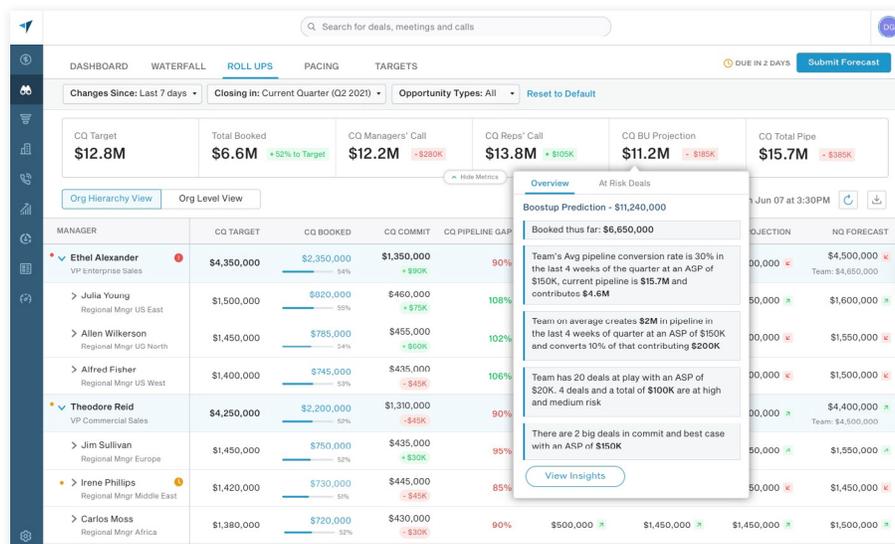


Undergoes optimization every quarter for better predictive features.



Provides user-friendly visualizations and reports that allow anyone to easily understand the data.

Ultimately, AI platforms provide deeper insights, allowing managers to dive into deals and inspect each prospect interaction to understand exactly how sales interactions are impacting overall performance.



The Best Forecasting Process Yielding the Most Accurate Data Collection, Process Adoption, and Results

You might have heard that “data is the new oil.” And just like oil, raw data isn’t valuable by itself; instead, data becomes valuable when it is analyzed and turned into valuable insights.

As we have mentioned, an AI-driven platform collects this data on a basis you determine and shapes the data into visualizations that can be easily understood.

So, as a sales manager, what do you do with all that information? You put it to good use:



Hold effective forecast review meetings with each rep during which forecast and plans are discussed.



Examine what has changed and why, and determine necessary fixes.



Streamline forecast creation and analysis with the forecast platform.



Effective Forecast Review Meetings

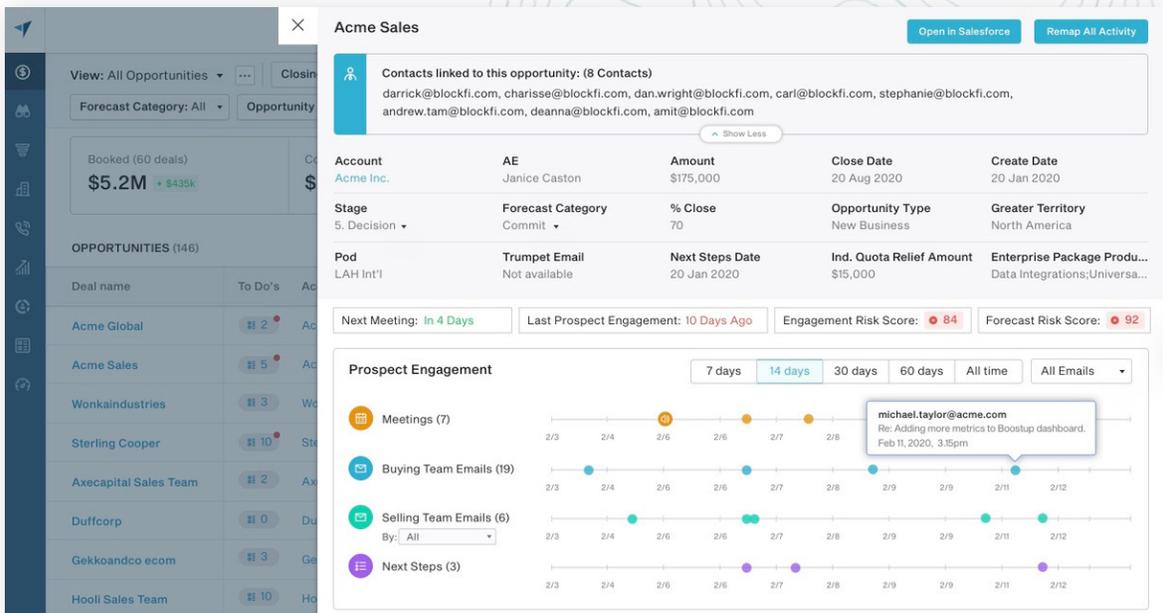
Collecting monthly and quarterly forecasts to evaluate targets and identify problems with reps and managers mitigates potential issues before they become cause for serious concern.

To keep reps focused on selling, their review should be based on committed and best-case deals:

- Avoid overwhelming reps with data; not only is it not constructive but it can also take away attention from the areas that they need to develop.
- Instead, providing coaching in areas where sales reps are lacking can create better-quality forecasts in the long run.



➤ **Data becomes valuable when it is analyzed and turned into valuable insights.**





Cast into the Future with BoostUp

You want the easiest, most accurate way to predict revenue for your business. So why not implement an AI-driven platform to create forecasting for your sales team?

BoostUp is a revenue engine that collects data on team activity and turns it into helpful sales insights. BoostUp provides predictable, 95-percent-or-more accuracy that scales deal reviews and mitigates pipeline risk in its centralized, AI-based platform. This keeps workflows seamless and revenue growing.

BoostUp[!]

Ready to give BoostUp a go?
Get your free demo today.

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