The Next Frontier in Predictive Forecasting: Deal-by-Deal Forecasting

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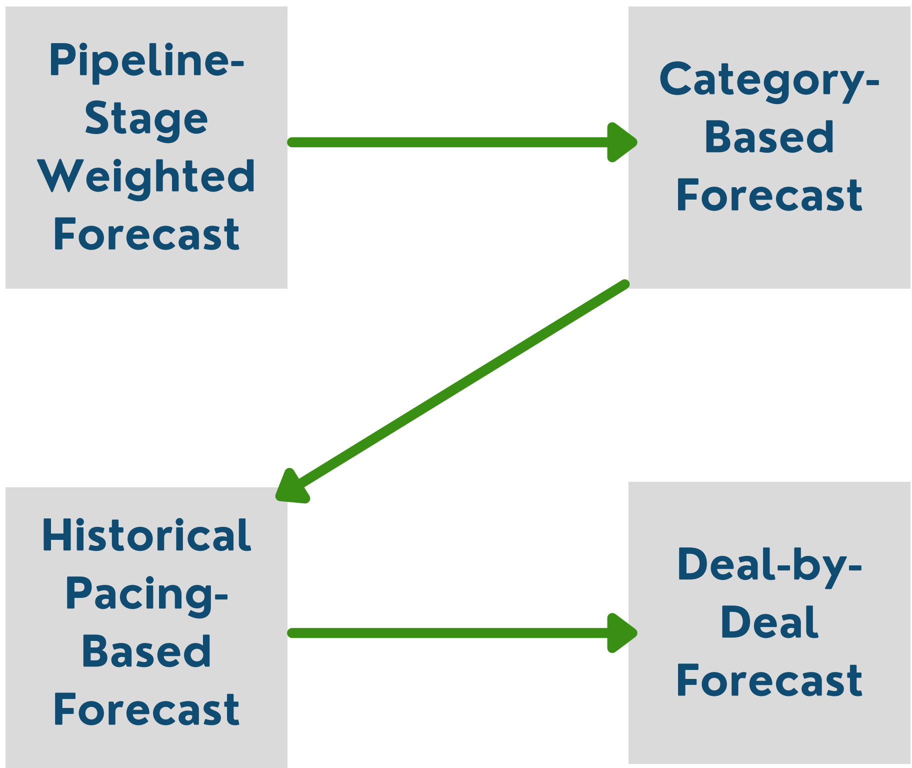
THE EVOLUTION OF FORECASTING

The complexities of modern business have made sales forecasting more difficult than ever. Past models like pipeline, category, and pacing-based forecasting are beyond inaccurate, to the point where they have become a waste of resources.

A study by Upland Software concluded that, **"We've established that salespeople spend about 2.5 hours each week on sales forecasting, and for most companies, the forecasts are less than 75% accurate. When success or failure is usually measured in margins far less than 25% – these forecasts are truly worthless."**

Thankfully, the current state of technology now allows for the most accurate forecasting method to be employed at scale. So how can companies get the most accurate forecast possible? Teams must invest in deal-by-deal forecasting.



Pipeline Stage Weighted Forecasts

The pipeline stage-weighted method is one of the most elemental forms of forecasting. It provides a fast, easy, and simple way to predict where your sales numbers will land. But, it does not take into account the many factors that can impact a deal and is therefore relatively inaccurate.

In a pipeline stage-weighted forecast, deals in each stage of your pipeline are given a gradually increasing chance of closing as they progress. For example, if your sales process has 3 stages, the first stage may have a 5% chance of close, the middle stage has a 50% chance, and the final stage has a 90% chance.

Bob Suh
Founder & CEO
OnCorps

"I have yet to find a team that continuously and accurately tracks the actual outcomes of postings at any given stage. For example, if there were 100 deals in a stage that automatically assigns a 25% weighting, did 25 deals actually close?"

Forecast Category-Based Forecasts

The category-based forecast retains most of the simplicity of a stage weighted forecast but improves it with a better deal inspection method. Rather than predicting the outcome of a deal based on the sales stage, the category forecast relies on the individual sellers' intuition.

Typically, each sales rep places the opportunities they are working in one of five categories: pipeline, best case, committed, omitted, and closed. Therefore, teams can create distinct forecasts like a best-case or worst-case scenario and understand exactly what deals lie within them. This opens the door to a deal-by-deal examination of a forecast. However, since the forecast relies on seller expectations, it is prone to inaccuracies and over-confidence.

Historial Pacing-Based Forecasts

Far more accurate than intuition-based predictions, the historical forecast relies only on data from prior time periods. It is also typically used by organizations large enough to have data teams to analyse the involved numbers.

This forecast is also the first time we see true data being utilized to create models. This method is far more accurate than prior models, but since it relies on historical data, it does not take into account current business conditions or market events.

Deal-by-Deal Forecasts

Regarded as the most accurate model, deal-by-deal forecasting goes beyond "gut" forecasts and error-prone manual data entry. It uses hard data, automatically collected sales activity information to create a 360-degree view of any given opportunity.

WHAT IS DEAL-BY-DEAL FORECASTING?

Sales forecasting has long been broken. As it has evolved, it has become more involved. Sales reps, their managers, and operations teams spend more and more time with increasingly complex, resource-draining forecasts, only to continue to struggle with their accuracy.

Rather than assumptions (based on data or intuition), deal-by-deal forecasting creates sales forecasts from the true sales activities, conversations, engagements, and progress of each individual deal.

It considers what people and roles are involved, how engaged and responsive they are, and how much momentum the deal has. It also creates a true image of risk. What the factors are, their significance, and what actions or expected outcomes have not occurred within the deal that should have.

It is to be expected that deal-by-deal forecasting was not possible before today. To be done at scale, deal-by-deal forecasting requires extensive data collection, analysis, and even the help of AI.

"Opinion-based forecasts have low predictability and accuracy, are prone to bias and manipulation, and yield limited value to the B2B organizations that adopt them. Fortunately, artificial intelligence is infusing and enhancing B2B sales forecasting."

Brandon Purcell
Principal Analyst, Forrester

How Deal-by-Deal Forecasting Works

Deal-by-deal forecasting at first functions like the prior evolutions of sales forecasting. First, within the sales team's CRM or Revenue Intelligence Platform, salespeople commit each one of their deals based on their own perception or a standard set of criteria set forth by their team.

Sales Managers then review each of those deals. These managers have the ability to override any of the commitments that their reps have made, and can include or exclude deals from the forecast based on their knowledge or perceptions of the opportunity.

With Revenue Intelligence platforms, artificial intelligence also lends a hand. The AI analyzes automatically-collected sales activities, meetings, and engagements to determine what has occurred within each deal. Then, it compares that to a model of the organization's best-case scenario to determine what individual risk factors exist for each deal. The platform then displays this risk so every level of the organization can make better decisions around the forecast.

Craig Riley
Senior Principle Analyst,
Gartner

"Heads of sales operations are under constant pressure to produce accurate forecasts to help shape decision-making. Unfortunately, sales forecasting isn't getting easier — as expanding product portfolios and shifting market conditions exacerbate the issue."

Why is Deal-by-Deal Forecasting Becoming so Popular?

With the pace of business faster than ever before, companies (and their sales teams) must evolve, shift, and adapt to remain competitive. Crucial decisions are made on sales forecasts, and therefore the forecasting methods used must also evolve to be as accurate as possible. Past forecasting methods just don't allow for that.

CSO Insights has found that less than half of forecasted opportunities actually translate to a sales win.

Today, deal-by-deal forecasting is the most accurate and effective forecasting method, and businesses must use it if they want to be successful.

Deal-by-deal forecasting solves for many of the problems that cause inaccuracies in the other forecasting methods. Some business closes more in some quarters than others, headcount ebbs and flows, new managers or salespeople impact forecasts, new sales tools impact productivity.

Any time there is any change in markets, products, competitors, or elsewhere, historical forecasts and weighted forecasts are just not reliable, and deal-by-deal forecasting is the most reliable and robust method of forecasting.

Deal-by-deal forecasting addresses every need of the modern sales organization, assisted by AI to make it as efficient as possible.

The Harvard Business Review advises that, "The selection of a [forecast] method depends on many factors—the context of the forecast, the relevance and availability of historical data, the degree of accuracy desirable, the time period to be forecast, the cost/ benefit (or value) of the forecast to the company, and the time available for making the analysis." Now, you can get the most accurate forecast while using the least amount of resources.

The Benefits of Deal-by-Deal Forecasts

So what is the result of deal-by-deal forecasting? In short, far more granular predictability and deal inspection, and a higher forecast confidence. Those who use deal-by-deal forecasting methods in conjunction with a Revenue Intelligence Platform and AI see so much accuracy that they actually come within 5 percent of their goal forecasts, quarter after quarter.

The granularity of deal-by-deal forecasting combined with AI risk assessment grants teams with the ability to detect pipeline problems early on. They can save deals from slipping, address the specific needs within each deal, coach reps on the areas where they actually need it to increase sales performance without the cost of additional headcount. It also allows teams to realize more ROI from their coaching and training programs.

The result is so dramatic that 97% of companies that implemented a series of best-in-class forecasting processes achieved their sales quotas.

"Only 45% of sales leaders and sellers have high confidence in their organization's forecasting accuracy. This level of skepticism can result in actions that are based on intuition instead of evidence, which often results in reduced commercial outcomes."

Gartner State of Sales Report

HOW TO DEAL-BY-DEAL FORECAST IN SALESFORCE

Deal-by-deal forecasting is possible with just your CRM, but it is not optimal.

Technical:

1. Create custom fields for opportunities. These fields should be for deal inclusion (in the forecast) and deal amount.
2. Using role-based access, these fields should only be viewable and editable by Managers and above.
3. In your reports, create aggregate metrics based on the custom fields. Metrics can include the total deal amount committed by reps vs. overridden by managers, what reps have committed to their forecast vs. what managers believe they should commit, and what deals were excluded.
4. Using field histories, track the changes between what the sales reps call, and what their managers call for comparison.

In practice:

1. As reps commit deals and their amounts to their forecasts, their managers review their inputs.
2. Based on conversations with sales reps, as well as their own intuition, managers adjust their custom forms to show what they believe will close and for how much.
3. Then, track the differences between what the reps believe and what their managers believe.
4. Large gaps signal there is a potential issue with an opportunity that needs to be addressed.

This process can be time-consuming and impractical.

This is why teams now must invest in Revenue Intelligence Platforms like BoostUp.ai, which provides this same functionality, combined with AI-driven risk evaluation, out of the box.

CURRENT REVENUE INTELLIGENCE TOOLS FOR DEAL BY DEAL FORECASTING

Tool	Deal-by-Deal Forecasting Functionality	Missing Functionality
Tableau	Only Sales Rep Commit Based	No Manager Overrides
Salesforce	Only Sales Rep Commit Based	No Manager Overrides
Clari	Sales Rep Commit Based, Manager Overrides, and Deal Inclusion/Exclusion	No AI Analysis for Deal-by-Deal Forecasting Risk Factors
BoostUp.ai	Sales Rep Commit Based, Manager Overrides, and Deal Inclusion/Exclusion. Deal-by-Deal Forecasting AI.	None

DEAL-BY-DEAL FORECASTING WITH AI IN BOOSTUP

BoostUp is built around deal-by-deal forecasting. With BoostUp's automated sales activity collection and AI-driven insights, teams get the most accurate, effective, and efficient deal-by-deal forecasting available.

BoostUp analyzes more than just what activity took place and when. It looks beyond "email sent," "call placed," or "meeting held" to examine what was said, what was the sentiment, the context of the activity, who engaged, and what occurred within it. BoostUp understands what the email said, who it was sent to, who replied, and what their role is to build a clear understanding of precisely what is occurring inside each deal. This is the type of deep,deal-by-deal analysis that is needed.

With this information, the AI calculates an engagement-based risk score based not only on what has happened but also on what has not happened. As a result, sales teams get early detection of issues and the steps needed to remedy them to close as many deals as possible.

It also provides granular inspections, with the ability to drill all the way down from the pipeline into a deal, and the individual activities that occurred within it to understand exactly what influences outcomes.

"With BoostUp, I can inspect pipeline in 1/10th of the time, call deals 2x more accurately, which helps us as an organization forecast more efficiently and reliably. Our sales leaders now have an excellent lens to evaluate deal risks instantly."

Stephen Daniels
Head of Revenue Operations
Branch

Benefits of Deal-by-Deal Forecasting in BoostUp

In a study of sales teams using BoostUp, it was found that AI-driven deal-by-deal insights saved an average of 20 hours each week, resulted in three more won deals each quarter with no additional headcount or hiring, and teams consistently landed within five percent of their forecast.

Teams were empowered with their full deal insights and the ability to inspect each deal to the keyword level. With BoostUp, as managers review deals, they can understand which competitors were mentioned, what requirements are, and what factors make or break a deal. They can then guide reps through the process better to guarantee a win.

15%
Productivity gain

3-5
Hours saved each week

10-50
More deals reviewed per week

1-5
More opportunities progressed per quarter

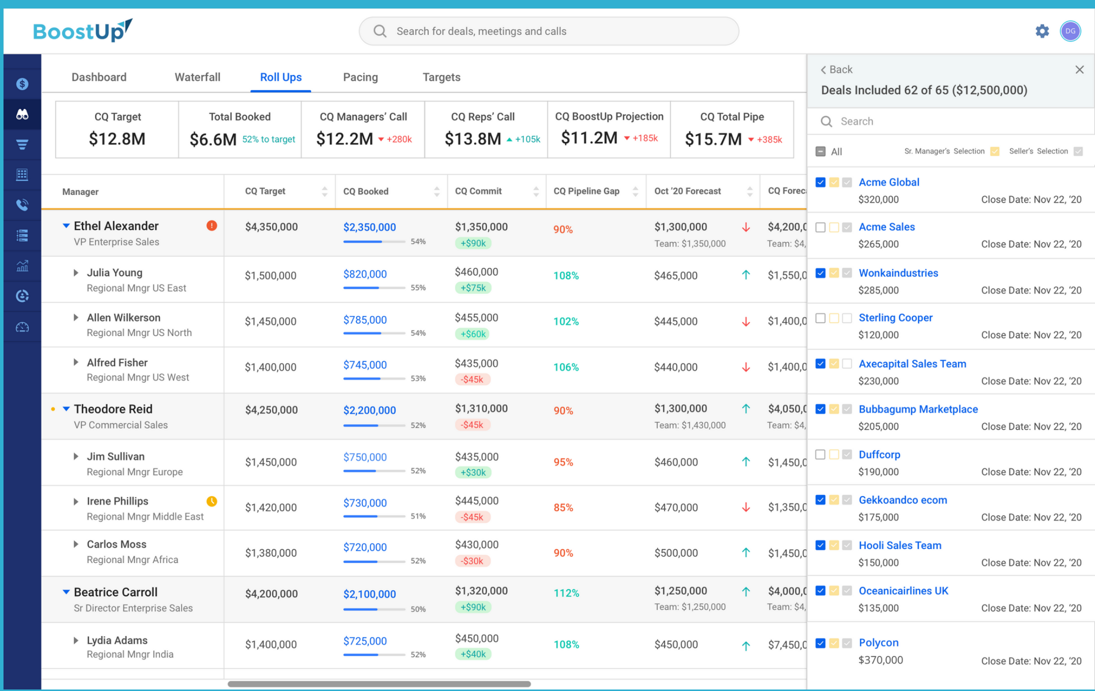
1-3
Deals saved from slipping per quarter

1-3
More deals won each quarter

How Deal-by-Deal Forecasting works in BoostUp

In BoostUp, there is no extra work to be done. The AI automatically analyzes deals to create an accurate picture of your pipeline. All managers have to do is keep an eye on their deals.

When creating their forecasts, reps and managers can easily include or exclude deals through simple drop-downs. As more frequent forecasting results in better performance, teams can easily forecast several times a month without drawing from precious selling time.

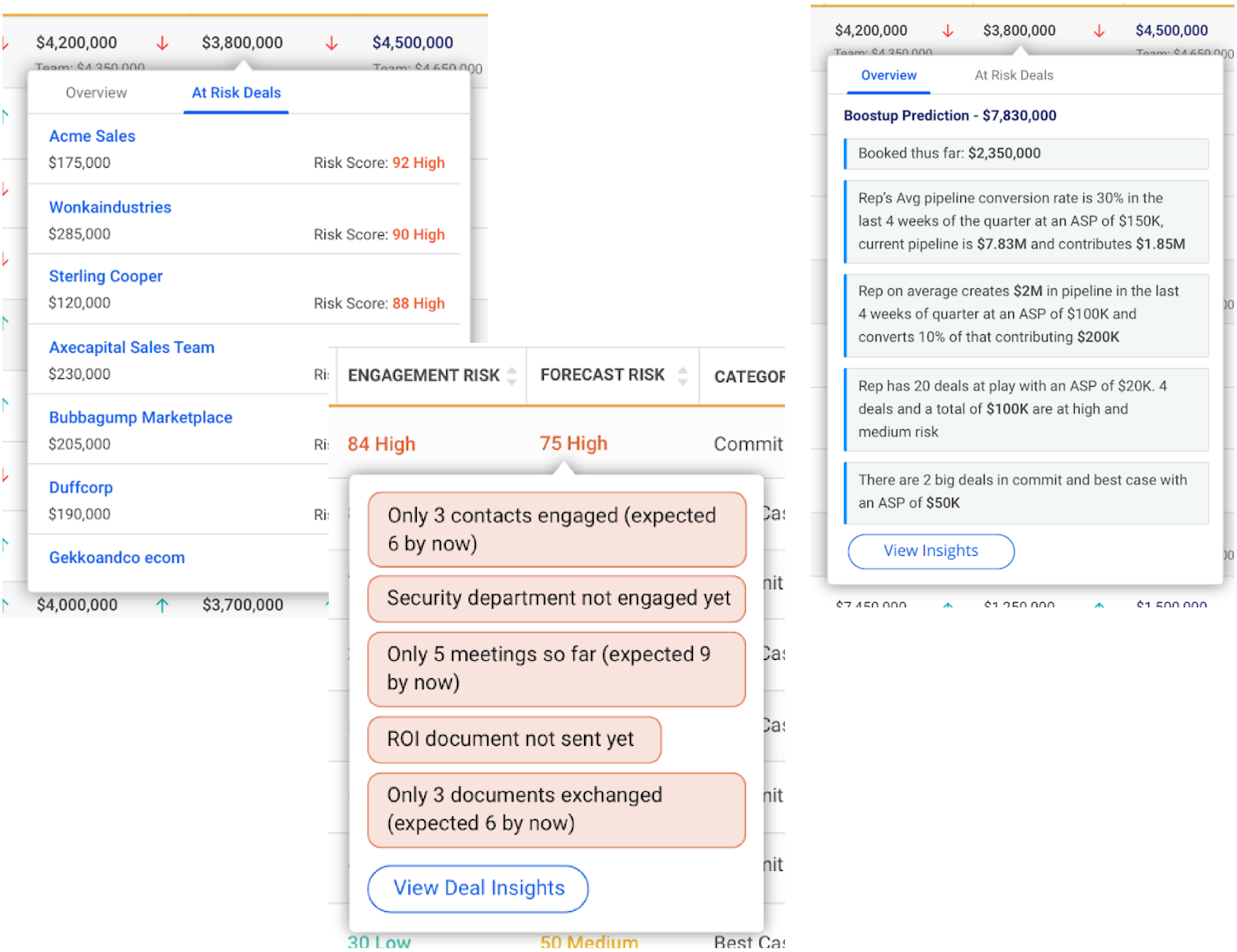


Managers can easily view which deals have been included or excluded, as well as the historical actions against that deal. All inclusions and exclusions are tracked for easy reconciliation of forecasts.

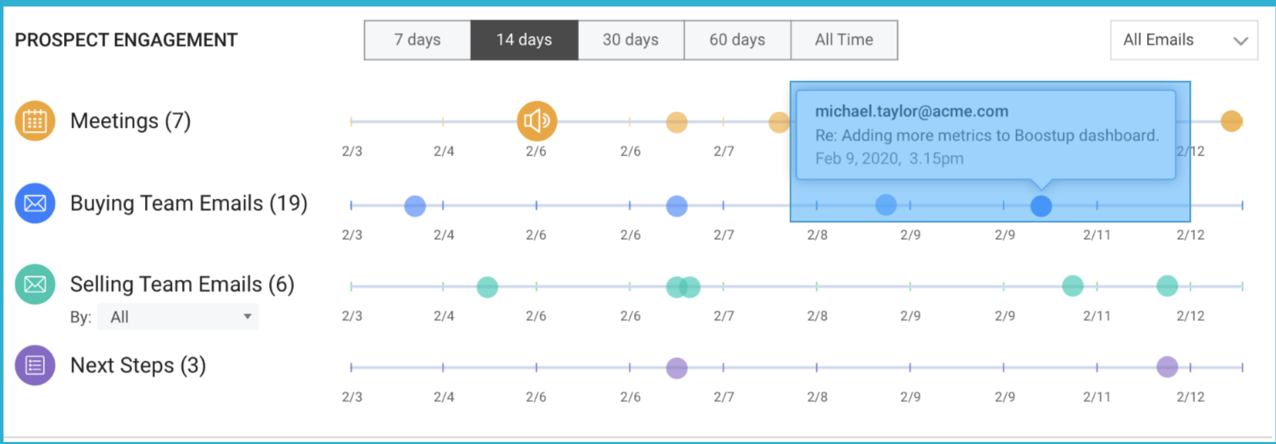
BoostUp's AI gives managers its own perspectives on rep quota attainment based on prior performance data and deal engagement. Managers can understand exactly where each of their reps stand in relation to their quota and can see where they need to improve.

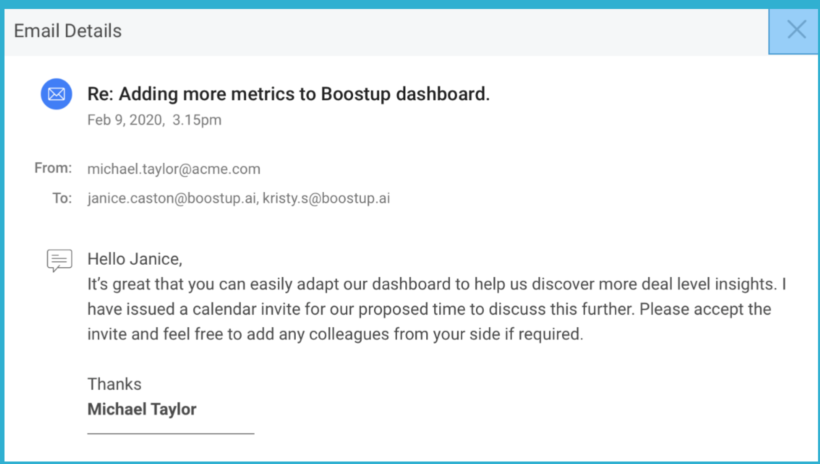
At the deal level, opportunities are analyzed to determine their risk scores based on engagement email, phone, and meeting engagement. This allows for specific actions to be taken to increase sales performance. All of this is also accessible within the BoostUp platform, so managers do not have to work across several tools and can draw conclusions rapidly.

Risk factors are condensed for maximum actionability. Managers and reps can work together to address issues within a deal before they result in a loss.



Managers can then drill down into each deal to view engagement, actions, and even the keywords that were mentioned within different conversations. They can understand exactly where a rep needs to improve, and how. This maximizes coaching and enables managers to work with more reps in a given amount of time, increasing overall sales performance.





MORE ABOUT BOOSTUP

BoostUp is the only end-to-end 'Connected Revenue Intelligence' platform. It provides the entirety of your revenue team, from sales development, through sales, operations, and even customer success with forecasting, sales analytics, business intelligence, performance metrics, and deal, activity, and call insights.

BoostUp's complete, real-time platform is the complete enterprise revenue data platform, merging data collection, analysis, and AI learning to empower teams to be more effective than ever before.

To schedule a consultation and learn more about what BoostUp can do for your sales team, contact us at demo@boostup.ai.

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