

SALES PROS RARELY LACK CONFIDENCE...UNTIL IT'S FORECASTING TIME

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Report Highlights

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There are 10 times more CMOs than CROs on LinkedIn. But this is likely to change.

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Best-in-Class sales organizations are 40% more likely to be managed as profit-sensitive, not just top-line-oriented.

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Do you weight your sales forecast or just take the rep's word for it? The Best-in-Class are 49% more likely to be skeptical, and for good reason.

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Users of predictive sales analytics report an average of 51% stronger year-over-year performance metrics.

While tremendous shifts are underway in modern B2B selling, some things never change, such as the persona-appropriate hubris inherent to the responsibilities and skill sets we associate with salespeople. A small dose of arrogance may indeed be desirable in the quota-carriers we employ. However, this confidence gene can negatively impact enterprise performance if it is independently allowed to inform formal sales forecasting and corporate planning.

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SVPs and EVPs of Sales are increasingly becoming identified with the ability to run a business within the business.

A quick query on LinkedIn shows that there are approximately 4,500 Chief Revenue Officers within the online community —78% of them in the US. This title was virtually nonexistent a few years ago, so where did it come from? We know from new Aberdeen Group research published in *[No Longer Sitting at the Kids' Table: Sales Management Finally Grows Up](#)* (June 2015), that a recent and striking evolution among business-to-business (B2B) sales leaders showcases more big-picture thinking and corporate responsibility coloring their management decisions, compared with just earlier in this decade. Much as the Chief Marketing Officer (CMO) role — 43,000 LinkedIn members — earlier evolved from mere VP into a C-suite executive position charged with Return on Marketing Investment (ROMI), so too are SVPs and EVPs of Sales increasingly becoming identified with the ability to run a business within the business.

You Can Only Sell Your Way So Far Up the Ladder

This is an understandable, if not overdue, phenomenon. Most enterprise sales leaders have earned their stripes in the field, demonstrating a repetitive ability to meet and beat individual quota, and then scaling their success as they move up the ranks to regional, divisional, and executive management positions. Considering all the traditional alpha behavior that drives B2B selling and its practitioners, it's safe to assume that heavy doses of confidence, ambition, and drive apply not only toward beating sales goals and promoting products, but also to the career arcs of sales leaders themselves. Hence, any opportunity to inch closer toward the “big chair” of the CEO role is naturally hard to resist, and the new CRO position provides just the right steppingstone for any sales executive hoping to move up the food chain.

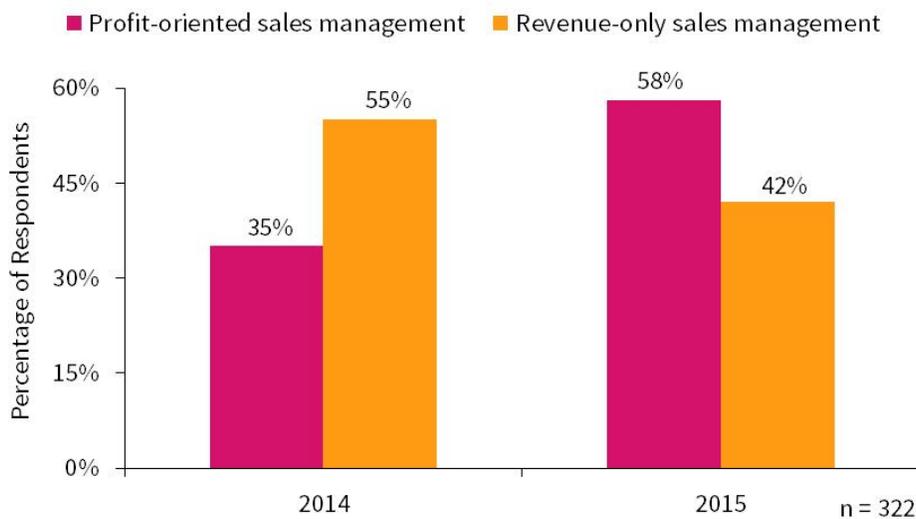
A C-suite title, however, is easier said than done. For years now, CMOs have earned their moniker by transitioning their

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performance metrics from activities to results. As we know from Aberdeen's [research](#), marketers who once were judged by the volume of clicks, registrants, or eyeballs, are now culpable for how much sales pipeline they create, as well as how much revenue each of their campaign dollars yields for the organization as a whole. With more measurable value-add to the enterprise as a whole, business-minded marketing, and now sales leaders, have as much opportunity to aspire to the top corporate rung as their counterparts in finance, operations, and supply chain.

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Figure 1: Tidal Changes are Happening in Modern Selling



Source: Aberdeen Group, July 2015

In Figure 1, we see a dramatic illustration of this new phenomenon in sales management. Throughout six years of Aberdeen's [Sales Effectiveness](#) market research, only now is the concept of margin-centric sales management beginning to emerge. Just a year ago, in fact, sales leaders were still predominantly held accountable for simply selling more product, focusing only on the top line number — just hit quota, and worry about profits and throughput later on. Suddenly,

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The Sales Effectiveness Best-in-Class Defined

In March through May 2015, Aberdeen surveyed 322 end-user organizations to understand their sales effectiveness best practices. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggard (bottom 30%) among these sales teams are:

- 72% of sales reps achieving quota, vs. 48% among Industry Average and 37% for Laggard firms
 - 7.4% average year-over-year increase in average deal size, vs. a 2.8% increase for the Industry Average and a 5.7% decline among Laggard respondents
 - 6.7% average year-over-year improvement in (reduction of) the average sales cycle, vs. 0.4% and 15.8% worsening of (growth in) cycles, respectively, for Industry Average and Laggard respondents
-

however, we see a 38% delta (58% vs. 42%) in how sales leadership is abandoning top-down management style in favor of bottom-up, performance-sensitive business approaches. Furthermore, the research reveals that Best-in-Class companies (sidebar) report a 74% rate of profit-oriented sales management, compared with 53% among All Other firms. If the most successful organizations are now considering the sales function as an additional P&L business unit, it follows that their best practices are worth adopting by all practitioners seeking that coveted C-level sales management title.

Enterprise Sales Forecasts are More Crucial than Ever

Understanding that sales leaders need to run a more business-centric team, it follows that they need to adopt more of the data-driven practices and systems of their line-of-business peers at the executive table. Perhaps the most crucial communication that sales provides to the rest of the enterprise is that of the forecasted revenue to be brought in by inside, field, and channel representatives during any particular selling window in the calendar. And yet, in many organizations even today, the internally published sales forecast is considered a joke by the rest of the company's line-of-business leaders; too often, it represents emotionally driven aspirations rather than logically predicted sales outcomes. In other words, the overflow of confidence that informs a typical sales professional's everyday demeanor, does not translate effectively enough into the hard facts required for companies to plan around the actual results of those same sales activities after the month closes.

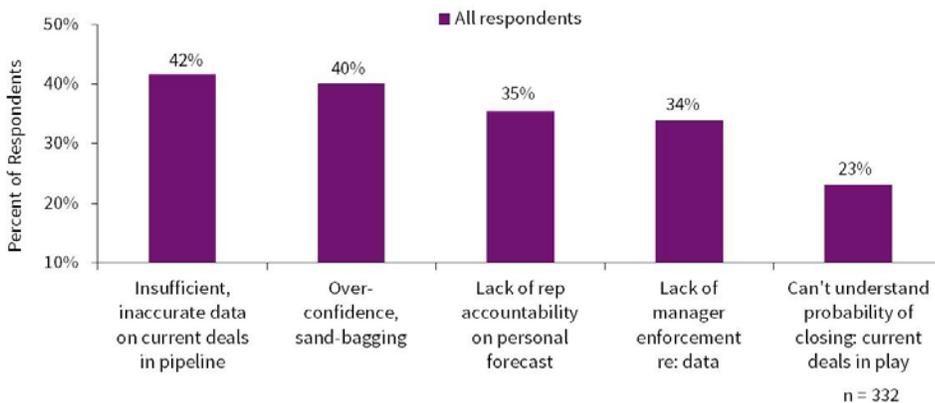
We already know from the [research](#) that more accurate sales forecasts are directly associated with Best-in-Class business results, and that companies focusing on delivering more precise internal data out-perform those who don't prioritize forecasting accuracy. They also instill more confidence from other line-of-

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business leaders — potential C-suite-mates — who rely on the sales team to feed mission-critical data to other departments. In the context of more business-centric and mature sales management, consider a remarkable finding from [What Do You Mean, “There's a Debit on My Commission Check”?](#) (July 2015): Best-in-Class companies are 50% more likely than under-performers (43% vs. 29%) to indicate that *“some portion of sales managers’ compensation is impacted by the accuracy of their team’s forecast,”* and 23% more so (29% vs. 23%) to carry the same approach forward to individual contributors themselves. As the provocative title of this report implies, even the time-honored sanctity of variable sales compensation is no longer immune from the importance of managing a data-driven sales organization imbued with accurate forecasting and management decisions.

Suddenly, sales leadership is abandoning top-down management style in favor of bottom-up, performance-sensitive business approaches.

Figure 2: Why Can't We Forecast Accurately?



Source: Aberdeen Group, July 2015

Why are accurate sales forecasts so difficult to create, anyway? When survey respondents were asked to identify the top barriers in doing so, the results in Figure 2 reveal a clear theme — the human factor, so important in accomplishing the business of B2B sales, actually gets in the way of driving business’ need to

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understand their own short-and long term activities with precision.

Let's face it: Unless there is a specific carrot or stick (such as the above example) involved, sales reps have little motivation to spend time accurately predicting their future. Neither do their managers, who are just as focused on meeting quota, attaining President's Club status, or simply keeping their jobs.

All of this changes, however, when we introduce the concept of profit-oriented sales management trends from Figure 1 above. If ambitious sales leaders seek to prove their worth beyond just hitting a gross revenue number, they need to do a better job in holistically managing their portion of the company's business. That requires controlling the cost-of-sale, and growing the bottom line at a slower rate than that of the top line. Both initiatives are, of course, crucial — they represent the top-two goals among all [Sales Effectiveness](#) survey respondents. But it is only around the concept of growing profits do Best-in-Class companies lead under-performers, with 63% compared to 56% of companies, in prioritizing how they manage their team.

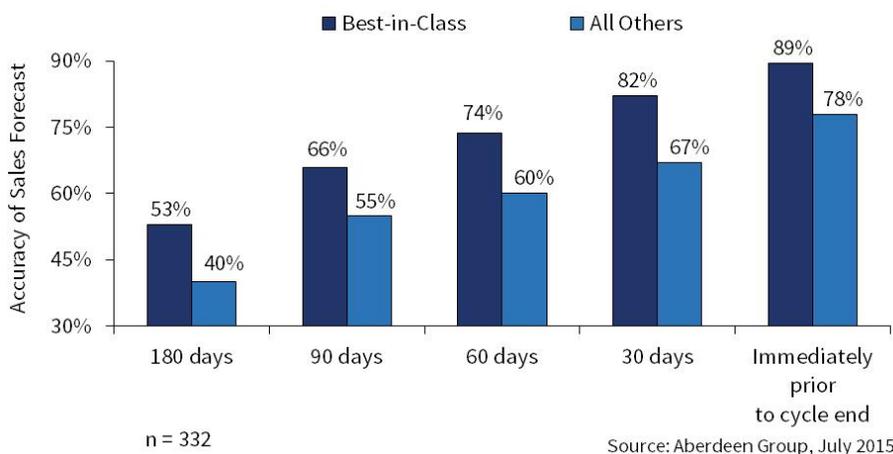
I Need a More Confident Forecast. What Should I Do?

A clear leading indicator of better-run sales organizations, then, falls to understanding that more accurate, tighter sales forecasts are directly associated with stronger performance. In Figure 3 below, we see that at every stage of a typical B2B sales cycle, Best-in-Class companies report stronger results around the accuracy of their forecasting data. While not every survey respondent has sales cycles of six months or greater, it is safe to deduce that driving efficient bottom-line sales management cannot happen in the last minutes or days of the quarter. At some point early in the cycle, and then the following that point through to the ultimate dispensation of won or lost deals, sales

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operations practitioners need reliable and credible forecasts early enough in their buyers' journeys to make the right management decisions. These judgment calls can include adding extra resources to certain deals, such as advanced product demos, executive involvement, or customer references. They can also involve holding firm on discounting or bundling for those opportunities proven, by the predictive data found in B2B forecasting software solutions, to offering thinner margins that should not be exacerbated in a bottom-line sales management environment.

Figure 3: Better Forecasts = Better Business Results



It should not go without mention that even at 11:59 PM on the last day of the month or quarter, Best-in-Class companies report only an 89% forecast accuracy result. Whether or not driving that visibility number to 100% is valid or worth the effort, however, is less significant than recognizing that the average 22% delta in sales forecast accuracy, between top performers and all other firms, as more important for sales leaders seeking that coveted CRO title. Now, let's learn specifically how Best-in-Class companies reduce the impact of gut feelings and emotional judgment when creating more confidence in their forecast and managing better team-wide performance.

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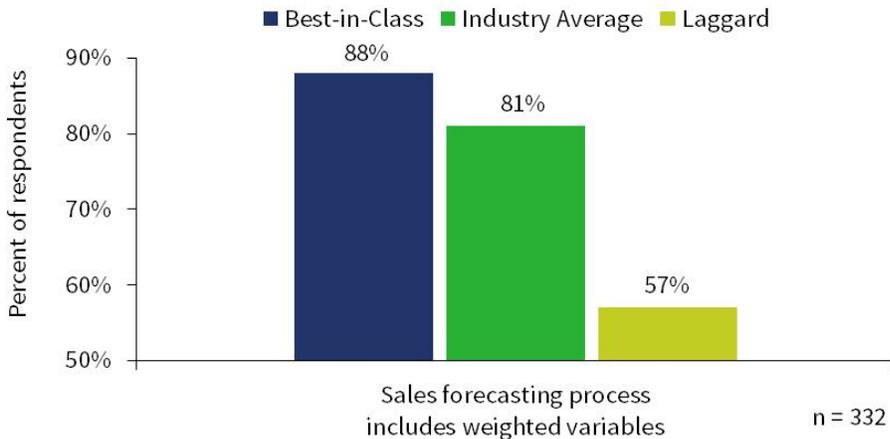
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Best-in-Class companies support their sales leadership with the tools they need to forecast more accurately, and deploy that data in the cause of running a more profitable business within the business.

Less Captain Kirk, More Mr. Spock

Leveraging the advantages of commercially available B2B sales forecasting and analytics solutions, Best-in-Class companies support their sales leadership with the tools they need to forecast more accurately, and deploy that data in the cause of running a more profitable business within the business. Starting with the findings in Figure 4, we see that top performers are far more likely than other companies to politely but firmly reject the beliefs of individual practitioners about their current opportunities in the pipeline. When the deal is going to close, for how much gross and net revenue, including which payment terms and other contractual, last-sales-mile details, represent a series of future occurrences that even “Back to the Future’s” Doc Brown would have trouble predicting without data to support his thinking.

Figure 4: Why “Likelihood to Close” Needs More Than a Sales Rep’s “I’ve Got a Good Feeling About This Deal”



Source: Aberdeen Group, July 2015

And let's face it: Even today's B2B sales professionals continue to earn the reputation of occasionally being short on attention to detail, in favor of closing deals based on their personality or golf

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handicap. As a result, the majority of companies are now wise enough to add weighted variables to the raw forecasting data received from the field — even more so for the top performers. Indeed, by segmenting those companies that weight the forecast against those who rely solely on sales rep input, the former cohort outperforms non-weighters on a year-over-year basis around growing revenue, improving customer retention, and, predictably, better sales forecasting accuracy.

What, exactly, are the weights that enterprises should utilize in adapting raw opportunity data to a more refined forecast truth? In descending order of popularity, here is the list of variables that survey respondents report:

- ➔ Sales rep input regarding individual opportunities
- ➔ Sales manager input regarding individual opportunities
- ➔ Type of product, service, or solution for individual opportunities
- ➔ Geography solution for individual opportunities
- ➔ Previous forecast accuracy of rep, manager, product, OR geography
- ➔ Senior company executive input
- ➔ Customer spend history
- ➔ Cadence of individual deals: slower or faster than average
- ➔ Customer finances, payment patterns, or credit history

Note that the two most popular variables do, in fact, involve the human factor. No one knows a deal better than a rep or their manager, but removing the rose-colored glasses or sandbagging paranoia from the equation by complementing their beliefs with a data-driven forecast weighting creates a win-win for everyone involved. If any other proof is necessary to drive home the importance of weighted forecast variables, it is this: On average,

When the deal is going to close, for how much gross and net revenue, including which payment terms and other contractual, last-sales-mile details, represent a series of future occurrences that even Doc Brown (it is 2015, of course) would have trouble predicting without data to support his thinking.

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The majority of companies are now wise enough to add weighted variables to the raw forecasting data received from the field — especially the top performers.

Best-in-Class companies utilize these data points 49% more aggressively than under-performing sales organizations. They better understand that data-driven predictive analytics can outperform human nature when it comes to modeling potential future sales outcomes based on historical sales and business realities.

On a tactical basis, most sales managers are faced with, at month-end, a barrage of one-yard-line deals that their reps insist need just a little bit more help to push them over the goal line. Knowing before the last minute where to focus appropriate resources yields not only a more accurate forecast, but also better bottom-line business results for the future CRO. In fact, when we compare companies using sales analytics solutions to non-adopters, we see the former cohort reporting stronger competencies around these exact points, when compared to the latter: 93% better at walking away from bad deals, 33% stronger at understanding which opportunities are most and least likely to close, and 27% more competent at adding extra resources to deals most deserving of that goal-line push.

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Table 1: Business Performance Results: Showcasing the Benefits of Sales Analytics Solutions

Sales Performance Metric	Analytics-Enabled Sales Teams	Non-Users
“80%+ likely to close” deals resulting in sales revenue	80%	72%
Total team attainment of annual sales quota	66%	61%
Customer retention rate	57%	52%
Percent of sales reps achieving annual quota	53%	48%

Moreover, companies deploying these predictive analytics solutions report better year-over-year performance improvements than non-users around total company revenue, customer relationship management (CRM) adoption, overall team attainment of sales quota, and, predictably, sales forecast accuracy. In real-time, they also achieve enviable current metrics results (Table 1).

Can My Reps Handle This Kind of Data?

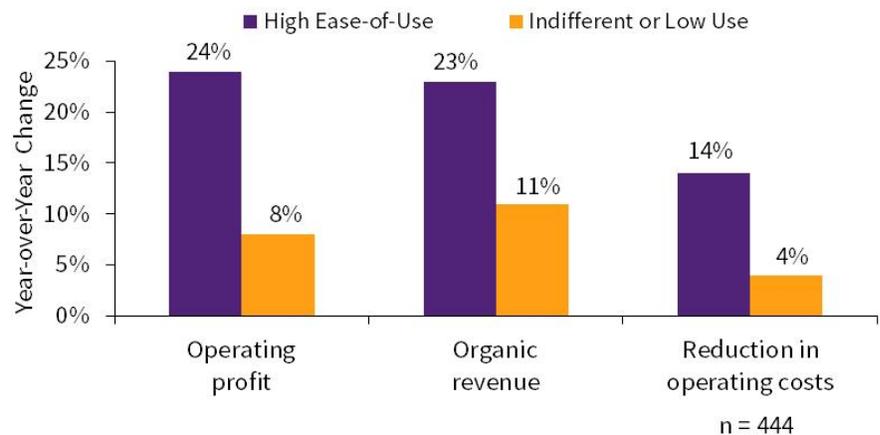
While some might still believe that sales professionals are less capable than other personas of comprehending or utilizing 21st century technology, the research begs to differ. As we know from [Would You Buy from a 20th-Century Sales Rep?](#) (August 2014), Best-in-Class organizations are far more aggressive than under-performers in arming their market-facing sales staff with contemporary technology applications and form factors that help them do their job more efficiently, as well as impress potential buyers with their own technical savvy. Indeed, Aberdeen's [Business Intelligence](#) research practice frequently delves into the minutia of data management within the enterprise, and consistently finds that comfort levels with data

Best-in-Class companies better understand that data-driven predictive analytics can out-perform human nature when it comes to modeling potential future sales outcomes based on historical sales and business realities.

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and applications extend far down the traditional corporate food chain, all the way to the individual practitioner level.

Figure 5: Democratizing the Tools of Data Management Pays Off



Source: Aberdeen Group, July 2015

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The recent *Easy Breezy BI: Simplicity Drives Success* (May 2015) provides validation of this trend, with Figure 5 illustrating the measurably better corporate performance of companies that put data-oriented tools directly into the hands of ground-level employees. The profit and operating cost metrics, in particular, are very appealing to a sales leader faced with a steep learning curve around how to run their business efficiently, after a lifetime of being told simply to “sell more stuff.” Plus, considering the well-known trends today around the consumerization of B2B applications, it is downright foolish to assume that salespeople or any other individual contributors from the Millennial generation are not adept with any kind of technology platform, application, or data management functionality.

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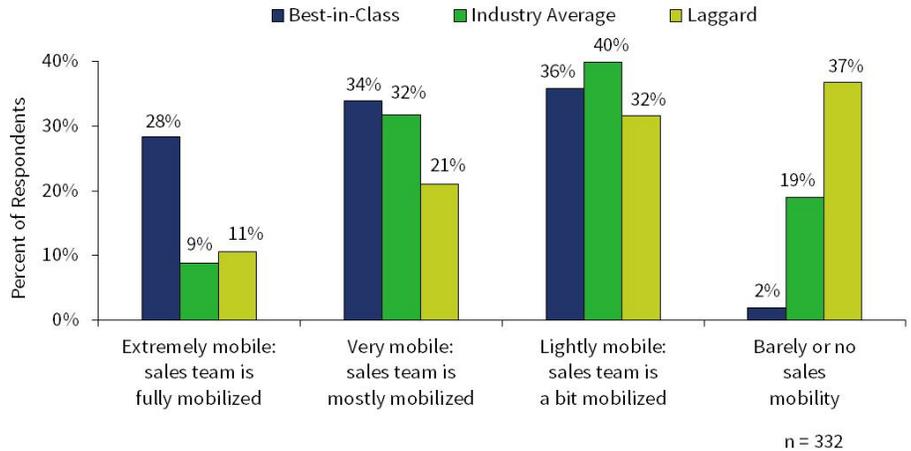
Modern Selling: Anywhere, Anytime, Any Device

We have so far learned that Best-in-Class companies emphasize variable weighting and employee-friendly data availability, in search of creating the optimized sales forecasting experience with which to better run their business. The next logical step for companies seeking to emulate the top- and bottom-line sales results of these top performers is to ensure that the functionality of their forecasting application — and, frankly, all sales effectiveness technologies — is mobile-friendly and easy to use.

As we see in Figure 6, which essentially shows a 1–4 scale of mobile selling maturity among all survey respondents, most companies are clustered toward the middle of the bell shaped curve, yet Best-in-Class organizations are far more likely to emphasize the lessons of [*CRM + Sales Mobility: Enabling Your Multi-Screen Seller*](#) (February 2015). Frankly, the days of expecting any sales professional, whether their position is that of inside rep, outside closer, or channel partner, to wait until day's end to enter CRM or forecasting data, are either already gone or should finally be eliminated. It's now just a silly way to structure sales team workflow.

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Figure 6: Successful Sales Teams are Location-, Time-, Device-, and Connectivity-Agnostic



Source: Aberdeen Group, July 2015

It is downright foolish to assume that salespeople or any other individual contributors from the Millennial generation are not adept with any kind of technology platform, application, or data management functionality.

The research shows that B2B sales enterprises financially support, on average, 2.4 devices per sales staffer, so these data do not imply that all sales activities should be reduced to a single mobile device. Rather, ensuring that a consistent user experience for our customer-facing employees is a priority that impacts both controlling sales team turnover (see Figure 7 below) and running an efficient business in which we are able to capture rep-initiated data — without making the task any more difficult. The good news, for companies seeking to upgrade their forecasting accuracy and bottom-line sales management results, is that most sales analytics solutions for the enterprise include native mobility functionality that supports role-specific access to and data entry for most standard sales forecast reports. As for convincing IT to play along, the Best-in-Class business results illustrated above should provide ample support for the tech folks to play along with sales leaders.

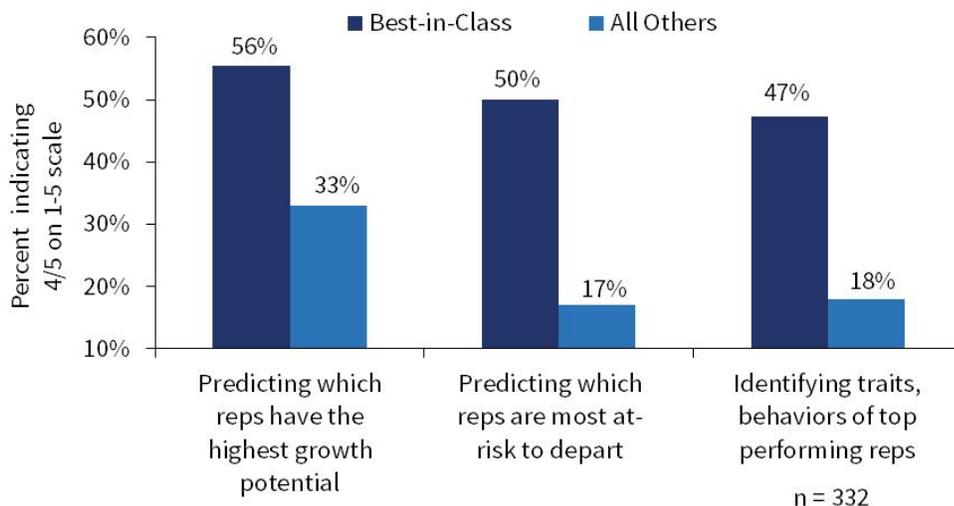
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Conclusion and Recommendations

While we have spent the majority of this Research Report seeking to minimize the negative impact of human emotion on achieving better sales forecasts and stronger business results, there is little likelihood that futuristic predictions of “the demise of the professional salesperson” are likely to come true anytime soon. After all, people buy from people, and the elements of trust, integrity, communications, and yes, even that invitation to the luxury suite CEO schmoozing party at Fenway Park, all still play a dominant role in why B2B sales remain a personality-centric business. In reality, human capital costs remain the leading expense item that modern, profit-aware sales leaders incur, and we know from Aberdeen's [Sales Performance Management](#) research that replacing a typical B2B rep costs over \$29,000 and 7.3 months' time, during which their territory is therefore under-fulfilled and their quota left unmet.

The days of expecting any sales professional to wait until day's end to enter CRM or forecasting data, are either already gone or should finally be eliminated.

Figure 7: Not Quite “Minority Report”...But You Get the Point



Source: Aberdeen Group, July 2015

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Running an efficient sales enterprise is within reach for those companies wise enough to adopt a data-driven approach to their business development teams.

In a time when sales management priorities are shifting faster than whoever is the current top-polling presidential candidate, it should be comforting to know that running an efficient sales enterprise is within reach for companies wise enough to adopt a data-driven approach to their business development teams.

Figure 7 showcases a final set of competencies in which Best-in-Class companies again lead under-performers — all of which are associated with selecting, training, and especially supporting the most effective sales reps and channel partners most likely to improve all aspects of our business results. While Laggards and Industry Average firms report year-over-year increases in sales employee turnover of 7.2% and 0.7% respectively, the Best-in-Class are able to reduce the devastating effects of such human capital management inefficiencies by 1.2% on an annualized basis. While a small degree of turnover is acceptable in performance-driven job roles such as sales — even Best-in-Class companies indicate that 8.15% turnover is ideal, not 0% — there may be no more telling a statistic that proves the value of predictive analytics solutions and driving stronger sales forecasts, better business results, and a well-earned promotion to Chief Revenue Officer.

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For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

<i>Sales Effectiveness 2015: How in the World Are We Going to Hit Our Number?</i> ; June 2015	<i>Sheldon Cooper, Sales Whisperer: Applying the Science of Data to the Art of Selling</i> ; September 2014
<i>Flash Forward: Remember When we Called it "Predictive" Analytics?</i> ; April 2015	<i>Would You Buy from a 20th-Century Sales Rep?</i> ; August 2014
<i>Six Ways to Guarantee You're a Social Selling Failure</i> ; April 2015	<i>Mobile Sales Engagement: The End of "I'll Get Back to You"</i> ; August 2014
<i>Making Sales Enablement Work: Nine Must-Haves for the Modern Sales Ops Leader</i> ; March 2015	<i>The 21st Century Buying Experience: Say Farewell to the Sales Cycle</i> ; July 2014
<i>CRM + Sales Leadership: Building a Platform for More "A" Players</i> ; February 2015	<i>Big Data for Sales: Are We Ready?</i> ; March 2014

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About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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