

Best Practices for Predictive Revenue Forecasting

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What's Inside

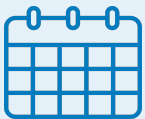
1.0 Introduction	3
2.0 Best Practices	3
3.0 Case Study of RelationEdge	10

1.0 Introduction

This is an age where sales professionals must continuously coordinate with diverse stakeholders, while managing unexpected delays, market or customer changes, and managing risks – all within a finite time period. So how can Chief Sales Revenue Officers (CROs) ensure a sales forecasting outcome that is consistently accurate? The trick is to bring greater accuracy in sales planning practices, reducing the inconsistencies, and leveraging tools that you can trust.

Predictive revenue forecasting software tools are valuable to sales professionals by empowering them to focus more on doing the right things versus the wrong things. With the advent of advanced Artificial Intelligence (AI) and Machine Learning (ML) tools, predictive sales forecasting accuracy is in every B2B company's reach. This white paper discusses best practices in utilizing sales data, managing people and leveraging sales processes that can help sales leaders get the most accurate outlook on their sales forecasts.

2.0 Best Practices



Do not commit to a deal prematurely

Misguided commitment leads sales teams to false hopes and misplaced efforts, which can easily damage not only your relationship with customers, but also the morale of sales teams. To avoid this, we must first know our closed and projected performance against current quota or targets, and ensure automated visibility into changes as they happen. This will help prevent wasting time fishing for information that is not current. With current data easily accessible, we must then prioritize deals in order of their importance and our confidence on the likelihood of winning them. One example of how that looks is the image below, depicting how SalesChoice does this seamlessly.

All Opportunities								
Account	Opportunity	Owner	Amount	Stage	Prediction	Rating	FC	Close Date
+	Progen	Direct Response (Tx)	Alain Moreau	\$1,272,897	Perception Analysis (80%)	54%	B	Best Case 2017-06-27
+	Sygen	Fleet Management	Alain Moreau	\$0	Proposal/Price Quote (100%)	59%	B	Commit 2017-06-12
+	Tekcomm	Contextual Analytics	Andrew Healey	\$0	Proposal/Price Quote (100%)	61%	B	Commit 2017-06-21



Reduce subjectivity, but trust insights from sales people in field to get interpretational context

Sales people, in the field, often pick up on cues that are simply invisible otherwise. Notes entered in CRM databases and information on touch points can only reveal so much. Even in a system of quantified analysis, casual conversations, body language, environmental cues or unspoken hints from a prospective customer are sheer gems that often go amiss. This is also why it is important to use historical data judiciously. In-field information of customer or sales people past behaviours can help us understand what are the factors underlying our sales operating processes. These fact-based historical patterns, with sufficient volume, can identify powerful breadcrumbs that predict future outcomes. The patterns are there. Seeing them and acting on them is what is key.



Conduct regular reviews & look at diagnostic analytics

In reviewing a sales opportunity, while certain basic measures can help us understand whether something is wrong, a good analytical tool goes beyond that to also tell us why something is wrong. The idea is to verify that a given opportunity is progressing in line with our forecast. It also helps determine whether the buyer's needs are being met and the sales process is being appropriately followed. Such needs often change over time, opening or closing a door without warning. That can either require a sales person to immediately alter the offering, or present a new

opportunity to up-sell/cross-sell. If we can catch any inflection pattern early, it gives us time to capitalize on an unseen opportunity, alter a commit, as reliable patterns are not lining up to human judgments, or provide a more realistic sales forecast, taking into account the patterns from the diagnostic analytics.



Establish a culture of honesty, accountability and collaboration

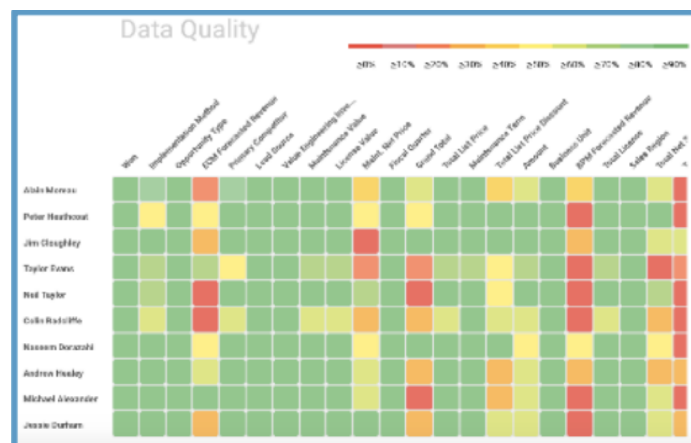
This is true for any organization. In sales teams, issues normally arise due to misplaced incentives where a sales person does not relay complete information to his colleague in order to protect a lead, or to a superior if there is a lapse in a sales pursuit. Sales teams often work best when people capitalize on each other's networks and insights. That requires collaboration. Likewise, if true reasons behind a collapsed deal cannot be conveyed accurately to a manager, he or she will remain powerless to prevent similar errors in the future or to provide the right coaching. This is why accountability should be encouraged without instilling fear of a backlash in a team.



Train and coach sales people and set appropriate expectations

Coaching requires timely and accurate insight on where weaknesses lie in any sales team. For instance, if a sales person has not been entering data correctly and in a timely manner, any analytical tool would be handicapped in its predictions. For a sales manager or VP, it is critical to have the ability to track such lapses so that he or

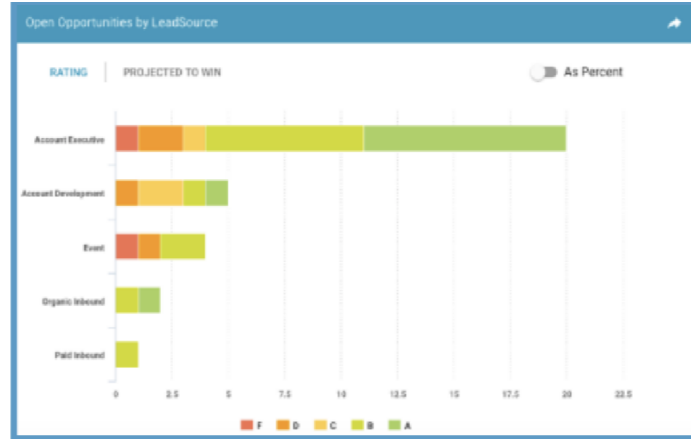
she can provide timely coaching to correct behaviours that do not support valuing quality data as a strategic asset. The image above shows how SalesChoice tracks the completeness of your dataset, guiding sales professionals to be accountable. It also helps to market, or the sales team's experience with selling the product. It also helps to have a consistent (& even repetitive) process in writing, particularly one that focuses on strategic deals. For example, teams can make updating the forecast easy and mandatory. This is also why it is equally important to set appropriate expectations early on so that sales people understand the importance of the sales forecasting operating practice, and the implications of not consistently inputting sales opportunities, with current, and complete data.



Good leads are different for different markets and products

Sale cycles differ for different markets and products. Yet, few sales teams take this insight into their forecasts. The level of automation that allows for predictive forecasts often tends to follow a static sales logic that does not weigh in sales cycles and market conditions for different products.

Such customization is important to see our forecasts in perspective. While some aspects that underlie the definition of a “good lead” are subjective, most simply require due consideration to situational factors at play, such as the particular client's past and recent behavior, historical patterns of deals in the market, or the sales team's experience with selling the product. Being able to understand all the nuances and unique variances for products and industries is an area that predictive analytics tools are very effective and efficient in, as they can crunch thousands, if not billions, of data patterns to provide insights that would take humans months vs. seconds.



Reweigh importance for different stages in the sales process

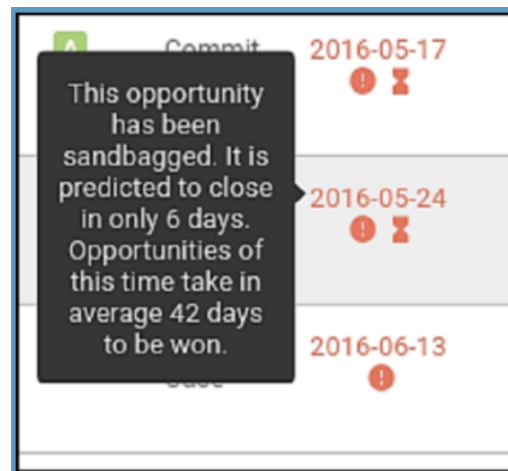
From prospecting a lead to qualifying the prospect to weighing perceptions to closing the deal, not all stages are equally spaced in time taken or rate of increase in likelihood of success. If there are five core stages to a sales cycle, finishing the first two stages does not imply that the job is 40% done. Sales teams should remain cognizant of this fact and assign suitable relative weightage to each stage of their sales cycle. This is why proper algorithms are absolutely necessary to ensuring the probabilities calculated accurately reflect the chance of closing a deal, as well as the time it is going to take to do so.

Account	Opportunity	AE	Value	Stage	Progress	Next Stage	Due Date
Account 1	Opportunity 1	AE11	\$27,936	5. Propose Solution (80%)	64%	Commit	2015-12-18
Account2	Opportunity 2	AE12	\$46,711	4. Develop Solution (65%)	60%	Pipeline	2015-12-18
Account3	Opportunity 3	AE13	\$670,182	5. Propose Solution (80%)	54%	Best Case	2015-12-11
Account 4	Opportunity 4	AE14	\$77,475	5. Propose Solution (80%)	53%	Best Case	2015-12-18
Account 5	Opportunity 5	AE 15	\$511,310	6. Secure Agreement (100%)	49%	Commit	2015-12-31
Account 6	Opportunity 6	AE16	\$61,294	6. Secure Agreement (100%)	48%	Commit	2015-12-31



Beware of the effect of too early or too late predictive wins

Sandbagging or extraordinary delays are both red flags in a sales cycle. If a sales person predicts a deal to close in 15 days when it normally takes 180 days to close, it can signal overconfidence or a clear misreading of the situation. This can be a result of a host of individual or situational factors. Likewise, overly long delays in closing a deal, relative to its normal sales cycle, demands immediate investigation. Sales teams face such situations all the time but do not realize in the absence of a standard measure for a particular client or opportunity. This is why it is important to not only track such variances from the norm in closing deals, but also the value of having an analytical tool that can provide sales professionals with a reference timeline that automatically calibrates to each unique opportunity.



Have a constant eye on new technology/practices

Technology is always developing and a common issue VPs, managers or sales reps face is having too many tools without an appropriate understanding of how they play a role in making the job easier. It is like having an iOS or Android bursting with apps, many of which we rarely use. For a VP, this implies two things. First, he or she must step back and assess the objectives met from a current portfolio of tools. Chances are that there will only be few truly useful to the team's strategy on the one hand, while

on the other hand, there will be objectives that no one tool would suitably meet. Second, sales professionals must not get overwhelmed by the tools at their disposal because there will always be a new technology app that can replace a number of older ones. Receptivity to new knowledge is key, as is being willing to experiment and innovate. The trick to stay ahead of the curve is to adapt and be agile with clarity and conviction to sustain new ways of working.



Learn about the significance of Big Data, Little Data, and Impacts of No Data

Today there is no imperative greater than being more informed about your customers, partners and employees. Every company needs AI in their sales product roadmap. Customers' purchasing decisions have moved further upstream, and when they are ready to purchase, they are often already 50-60% committed to a decision. The patterns for acquiring a new customer requires moderating conversations where your customers are speaking, attending forums they are active in, knowing their business models, their customers, and suppliers to demonstrate that you care and are bringing value to their overloaded days. Developing an organizational culture that values quality data, and quality sales processes will help your organization take advantage of data to help it secure a competitive advantage.



Keep track of the timing and momentum of a deal

It is important to capture the process and timing from the prospect's point of view – something that traditional approaches have often ignored. This involves determining what a prospect needs to happen, and in what timeframe, in order to close the deal. One approach that helps with this is called “Path to Closure,” developed by sales and marketing Guru, Karen Hayward¹. It simply puts us on the “path” to gauging a prospect's engagement and interest in closing the sale, instead of relying upon an assumption or inference on the sales rep's behalf. As a result, sales reps can recalibrate their expectations and act accordingly.

3.0 Case Study of RelationEdge

DOMAIN EXPERTISE CASE STUDY 1

Company Overview: RelationEdge (HQ: CA) is a professional services company, with offices across the USA. They specialize in implementing technology solutions that are simple to use, but provide powerful information that drives their clients' business to higher performance levels.

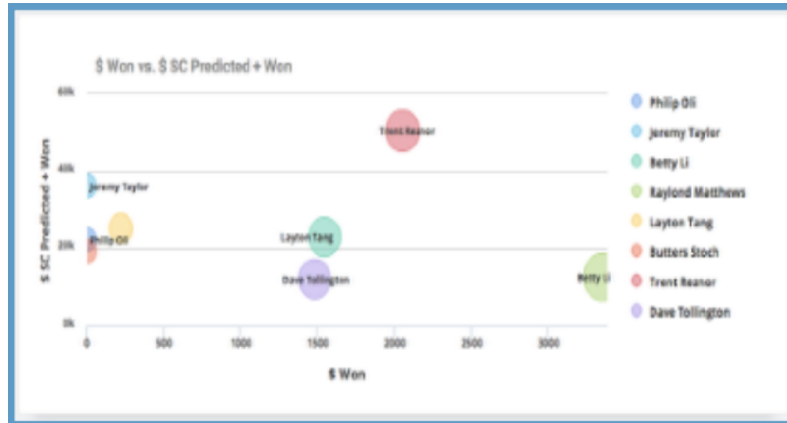
The Challenge To have accurate forecasts and ensure resource requirements can keep pace with over 70% year-over-year growth.

The Solution:

- A simplified, predictive and >90% accurate sales pipeline
- Improved conversion or opportunity win rates
- Reduced cycle time or COS by 20%-30%
- Enhanced ability to provide 7X24 coaching with insights for guided selling.

The Impact: Clients could focus less time on forecast reviews and invest more time on situational coaching and growing the business at ROI of over 250%.

¹ **Karen Hayward** is Managing Partner & CMO at Chief Outsiders. For more information on Path to Closure, view our recent webinar interviewing Karen Hayward with Dr. Cindy Gordon, CEO, SalesChoice and Dr. Kevin Francis, Chairman, SalesChoice. <http://www.saleschoice.com/predictive-world-data-sciences-forum/>



SalesChoice Inc.

SalesChoice Inc. is a company specializing in Cognitive Sciences and Artificial Intelligence (AI) to advance the growth of sales top line revenue and improve sales productivity by 20-30% using augmented intelligence. A certified ISV partner of Salesforce, our products are integrated with Salesforce, but we also have an open API, enabling integration with other leading CRMs, or other software solutions. The company has four products in market: Insight Engine™ - Predictive Analytics, Prescriptive Analytics, Propensity to Purchase and Einstein Analytics Solutions. SalesChoice can rate all your current sales opportunities in order of likelihood of closing, help sales teams prioritize and allow them to focus and convert the right opportunities with increased sales forecasting accuracy.

About SalesChoice

SalesChoice Insight Engine™ is an Artificial Intelligence (AI) driven sales forecasting platform that predicts sales outcomes reliably at up to 95% accuracy.

Benefits

- ✓ In an age where 40%-60% of sales professionals are wrong in predicting accurate sales forecasts, driving huge negative impacts on a company's financial performance, our software reduces your forecasts risks by predicting sales much more accurately.
- ✓ Insight Engine™, SalesChoice's Artificial Intelligence (AI) forecasting solution for your CRM, tells sales leaders whether they are at risk of not meeting the numbers in any chosen time period while allowing them to run a What-If analysis to explore how the prediction changes with change in target quota.
- ✓ The software forecasts which opportunities are most likely to be won or lost with up to 95% accuracy, while guiding account executives on accurate close date estimates and on controllable and uncontrollable factors determining sales outcomes, to help them take corrective action and ensure more efficient forecasting.

Targeted Users

The solution is geared towards sales leaders and account executives in both mid-market B2B organizations and large B2B enterprises using Salesforce or NetSuite. SalesChoice has an open API and can work on other CRMs too.



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Analytics Certified



SI PARTNER

NETSUITE

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