

Disrupting Forecast Management

6 New Data-Driven Approaches for Delivering Accurate Sales Forecasts



Introduction

Delivering accurate sales forecasts is difficult. Each week, month, and quarter, sales leaders are asked to predict how much revenue their sales teams will produce.

Despite the frequency of this activity, many companies still struggle to get it right.

- In 2017, CSO Insights reported that of the sales people they surveyed, only 40% felt their ability to accurately forecast deals met or exceeded expectations.
- Research also shows that results do not improve with experience. 48% of sales leaders reported that they were accurate only half of the time when predicting deal amounts and close date time frames. This means that the current state of B2B enterprise sales forecasting is no more accurate than simply tossing a coin.

Despite knowing how critical it is to deliver an accurate number, a shocking number of organizations still trust their forecast to legacy systems and processes. The majority of sales teams still use CRM reports and spreadsheets — even when research shows that **90% of spreadsheets contain errors that can compromise forecasts**. Equally problematic, spreadsheet forecasting relies on intuition-based human predictions that have proven to be inaccurate.

Relying on legacy tools often results in missed forecasts, which has serious consequences, including:

- Inability to match spending levels with constantly changing forecasts
- Erosion of credibility with other executives and teams internally
- External stakeholders, including investors, lose confidence in company management

According to Aberdeen Group, accurate sales forecasts are directly associated with stronger performance. So, what can you do to improve forecast accuracy? The answer is simple.

Enterprise sales teams need to move beyond traditional, legacy tools and adopt a data-driven forecasting solution that leverages Artificial Intelligence to complement human judgment.

In this guide, we will discuss why leading tech companies are opting to replace legacy tools with a data-driven forecasting solution. We will also provide six new AI-driven best practices for consistently delivering a reliable forecast.

Forecasting Today: Spreadsheets and CRM Systems Fall Short

Spreadsheet blunders have cost companies millions.
Using outdated tools puts forecasts at-risk.

Top risks of using CRM reports and spreadsheets to produce sales forecasts:

Spreadsheets are solely reliant on human-based intuition.

As discussed in the introduction, human judgment alone is a poor source on which to base forecasts. Spreadsheets rely on a complex rollup of input based on gut feelings from salespeople about when a deal will close and for how much.

Judgment is added by many levels of management, adding further bias as the forecast moves up the chain. Visibility is often obscured, giving leadership no context on the deal or clear indication of which of the numbers provided is the most accurate.

Spreadsheets offer a limited view of forecast strengths and weaknesses across segments.

As technology moves to a subscription-based business model, distinct sales types, including renewals, upsells and new name account sales, have emerged. Each of the sales types has a different sales process and sales cycle, and yet CRM and forecasting systems tend to lump them together, making analysis difficult.

In spreadsheets, the forecast is usually rolled up by sales manager or by rep. Unfortunately, while reps usually sell multiple products and business types, the forecast cannot be viewed by product line, business type or business segment.

This makes it difficult to determine how well a specific product line or business segment is doing versus quota, or how it changed week-to-week.

Formula and data entry errors compromise forecasts.

As companies grow, product lines and business units are added. The more complex the organization becomes, the more complex the spreadsheet that houses all deal information becomes — and the higher the likelihood that the forecast will be compromised due to human error.

Formula and data entry errors creep into spreadsheets, which severely and materially impacts forecast accuracy. Accounting for split deals, currency conversions, and sales crediting issues make data entry mistakes common.

Additionally, errors creep into the spreadsheet as the sales organization changes. Spreadsheets are often designed to handle a specific organizational rollup. As sales reps churn, and new reps and overlays are added, spreadsheets can't always easily adapt, resulting in deals or numbers getting "double counted."

Continued on next page

Forecasting Today: Spreadsheets and CRM Systems Fall Short

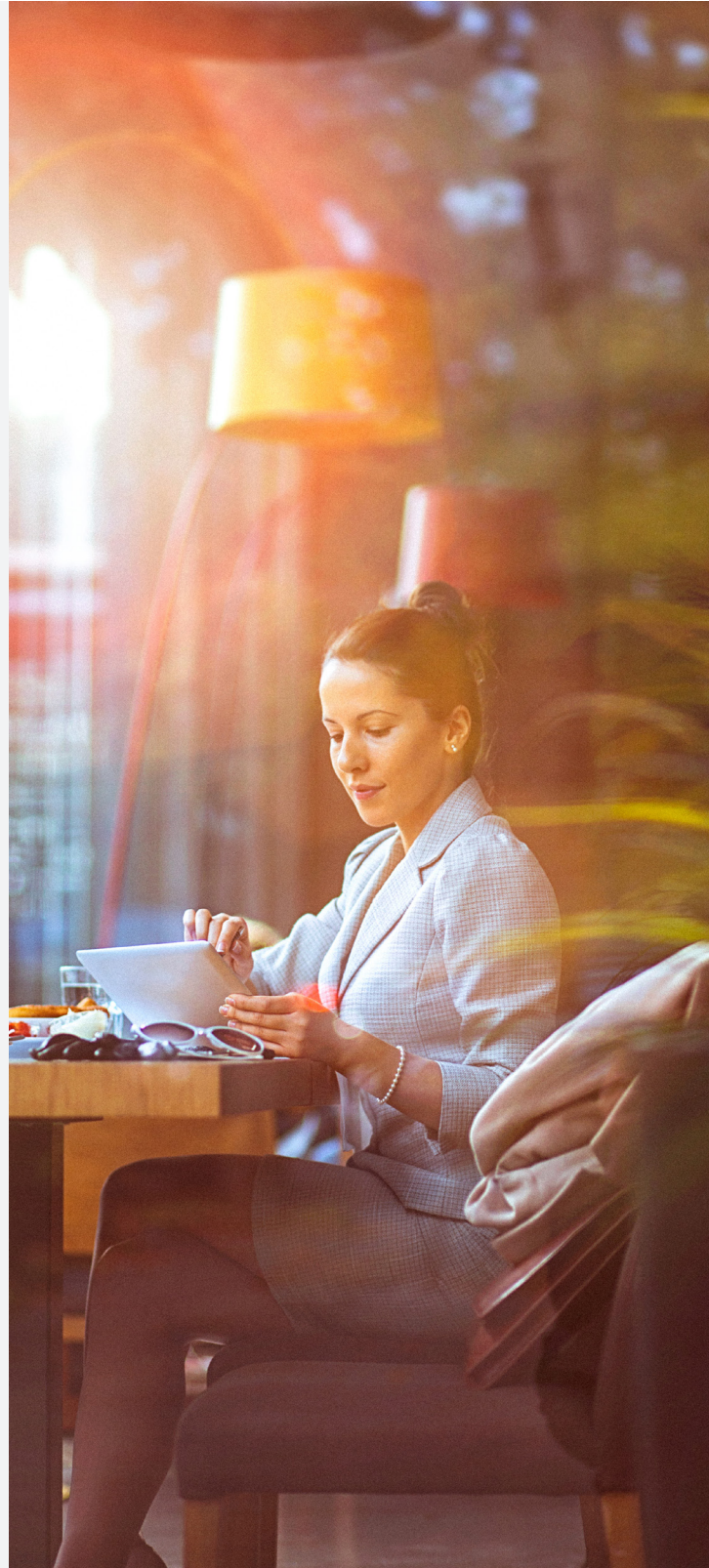
Spreadsheets do not provide sales leadership with answers to basic sales questions.

CRM systems contain detailed data on deals and pipelines, while spreadsheets contain summary forecast information. Since the two systems are not synced, it's impossible to double click into deal-level data from the spreadsheet. While sales teams can log into their CRM system for deal-level information, obtaining that information is time consuming.

Additionally, CRM systems show where the forecast stands at a single point in time. Amazingly, they do not keep a history of forecast or deal movement.

This makes answering routine and frequently asked questions on forecasting calls next to impossible. Sales leadership can not easily tell what changed week-over-week, which deals impacted the forecast positively or negatively, or how to fix it. Without the ability to easily track deal changes, they can't easily tell which deals moved and may be at-risk.

There is a better way.



Disrupting Forecast Management: 6 New Approaches that Leverage AI

1. Use advanced technology to generate multi-dimensional forecasts on one platform.

The ability to analyze performance across every dimension of the business in real-time is critical to a sales leader's ability to take action early and shape quarterly results. It's no secret that sales leaders need to be able to generate forecasts across every segment of the business. Yet, when forecasting in spreadsheets and CRM systems it's difficult to generate multiple forecasts. Most CRM systems have restrictions that enable forecast views only by geography or by team. While obtaining a single number may be helpful for certain departments such as finance, it fails to provide the level of business visibility that sales leaders need to take action. An advanced forecasting solution, on the other hand, delivers granular views that have never before been possible. It provides insight into the strengths and weaknesses of every business segment, including product line, business type, and industry, so that sales leaders can assess where resources need to be applied. Similar to a Rubik's Cube, executives now have the ability to mix and match business pivots. Businesses that gain competitive edge will be able to see how new business sales are performing across a specific product line within the midmarket segment of the eastern region, for example. Additionally, salespeople are now able to drill down and see the supporting deals that make up each forecast.

2. Leverage AI for an accurate top-down forecast on day one of the quarter.

On the first day of the quarter, an advanced forecasting tool should be able to predict - within 7% accuracy - where the business will land. Despite the poor data hygiene common at most organizations, powerful machine learning algorithms see through dirty data to produce incredibly accurate results and provide early insight into how the quarter is set to unfold. Sales leaders use this critical window of time to take action early and proactively impact the quarter. Best-in-class tools will also snapshot CRM systems every few minutes, detecting changes in every field, including custom fields and objects, and place several quarters worth of data in an independent data store. With a large data set available, algorithms make sense of millions of predictive signals, to generate forecasts across the business with a high degree of accuracy. Additionally, with an advanced forecasting tool, sales leaders can leverage a run rate business prediction, gaining insight into how much revenue to expect from deals that will pop up and close within the quarter.

3. Complement human-based intuition in bottom-up forecasts with AI.

In the bottom-up forecasting process, numbers are submitted by reps. Then, rolling up through the organization, sales management applies their judgment into the spreadsheet. The traditional bottom-up forecast relies upon complicated layers upon layers of human judgment. At the end of the process, all deal context is obscured, leaving only the last layer of judgment visible. Advanced forecasting systems drive greater efficiency by providing a collaborative, cloud-based tool that provides visibility into each level of judgment applied throughout the organization. It also syncs with the CRM system to pull in real-time deal data. It will also provide an AI-based deal score that predicts the statistical likelihood that each deal will close in-quarter. **With the help of unbiased machine learning forecasts, reps become more accurate at committing deals. As deal-level forecasts become more accurate, they roll up to create a more accurate organizational forecast.**

Disrupting Forecast Management: 6 New Approaches that Leverage AI

4. Easily determine what changed in the forecast and why.

Current tools show where the forecast stands currently, but they do a poor job of revealing how the forecast changed over time. With legacy tools, it's extremely difficult to answer the most pressing questions at the end of every forecast call: "What were the exact changes in the forecast since last week? What deals were pushed out or pulled in? Which ones went up or down in value, and why?" Data-driven forecasting systems enable sales teams to see what changed week-over-week, or during any two points in time. Also, with an advanced tool, sales leaders can drill down and see which deals impacted the forecast positively and negatively across every segment of the business, including by product line or segment. Knowing whether certain segments are expected to miss quota, by how much, and what to do about it, is valuable information that sales leaders can use to take control and change the outcome.

5. Use AI guidance to call deals "In" or "Out" of forecast.

All sales teams designate each deal as "in or out" of forecast for the quarter. Now, with an advanced forecasting solution, salespeople can now call deals based on objective machine learning data and insights provided about deals. A good solution will also flag discrepancies amongst the team, providing an audit table with insight into which team member believes the deal to be in forecast, who believes it to be out, and the amounts at which each team member believes the deal is going to close.

6. See forecast strengths and weaknesses via a revenue insight dashboard.

In addition to sales leadership, CEOs, and finance teams need a reliable, clean view of business health. AI-augmented dashboards are now available that clearly display sales and pipeline performance metrics, summary and deal level insight into what changed between two periods of time, trend lines, and AI-driven pacing, which shows whether deals are being closed fast enough to hit quota. Putting this information at the fingertips of the sales and sales operations team allows for easy detection of trends and trouble spots before it's too late in the quarter. It tells leadership where to focus energy and resources, with insights by rep, team, geography, business type, product line, or any other business pivot. Leveraging AI, sales leadership can see predictions into the value of next quarter pipeline. It also enables the sales team to quickly obtain and communicate reliable information to the rest of the organization.

Conclusion

Early adopters and leading companies like MongoDB, Splunk and Apttus, have replaced legacy forecasting tools with an AI-driven platform to gain the following benefits:

- Accurate forecasts on day one of the quarter
- Predictions into revenue that can be expected from deals that will pop and close in-quarter
- A collaborative, automated rollup that eliminates spreadsheets and the errors that come with them
- Visibility into judgment applied across every level of the sales org
- Forecast views of each business segment with the click of a button
- A list of exactly what changed in the pipeline week-over-week
- Drill-down capability into the deals that make up each forecast
- AI-driven deal level insights and warning signals that drive sales strategy
- A “deal-level forecasting” feature that shows which deals are in and out of forecast



Ready to implement these best practices? Contact us today to learn how.

**Aviso is the only platform on the market purpose-built for forecasting,
pipeline reviews and deal reviews.**

Armed with Aviso's advanced forecasting technology and AI assistance in the form of unbiased machine learning recommendations, sales, sales operations and IT teams at companies such as Apttus, Splunk and MongoDB deliver accurate forecasts, keep deals moving through the pipeline, and make smart selling decisions to close more deals. Driving the movement towards the data-driven sales org, we've revolutionized pipeline reviews, and cut prep time in half for forecasting calls and deal reviews, so that reps can get back to selling and sales ops team can get out of spreadsheets.