

The Ultimate Guide to Sales Forecasting

	Booked / Goal	Q1 2020	Best Case	Commit	Best Case	Revised
RD Robert De Niro VP of Sales, Northeast	\$592,165 / \$1,291,733	January 2020 February 2020 March 2020	\$72,000 ↑	\$147,500 ↓	\$147,500 ↓	2 days
New Business	\$171,127 / \$720,952	April 2020	\$63,000 —	\$147,500 ↓	\$147,500 ↓	
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Upsell	\$1,225,339 / \$2,200,000	April 2020	\$09,000 ↑	\$147,500 ↓	\$147,500 ↓	
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DW Denzel Washington MM Account Manager, Nor...	\$73,414 / \$141,339	June 2020	\$97,394 —	\$305,000 —	\$305,000 —	Mar 1,
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CB Calvin Broadus Enterprise Account Manager	\$24,423 / \$200,870	12%	\$72,875 —	\$305,000 —	\$305,000 —	5 days

INTRODUCTION

Dozens of tools use algorithms and machine learning to predict sales forecasts. These measures are necessary given the speed and precision with which sales professionals are required to operate. With the evolution of forecasting solutions, why are sales leaders still hesitant to trust them? The answer is simple: their own sales reps.

Your predictive algorithm is only as smart as the data (or lack thereof) your reps feed it. Historically, that data has been riddled with out-of-date, limited and biased information. Reps are inherently confident, which requires managers to spend significant amounts of time validating their confidence.

If you are to roll up more accurate and trustworthy forecasts, you must improve the level of trust you have in your inputs.

That confidence comes from proper management of the human elements at play. The following guide introduces the core tenets of a blended forecasting approach that combines the best of both human behavior and technological processes.

BUILD A FOUNDATION OF TRUST

Sales is all about competition, and reps will do anything to get ahead and gain an advantage. Whether they undervalue a deal to save it for future quarters or overcompensate to avoid scrutiny for a lack of pipeline, reps are actually more conditioned to provide inaccurate forecasts than accurate ones.

This may be the nature of the sales profession, but the issue is more systemic. In most cases, reps simply see their forecast as a singular number, rather than as a piece to the larger forecasting puzzle. Both of these issues are central to the lack of trust in forecasting. However, both of these can be remedied with proper training and a commitment to a team-first culture.

STEP 1: EDUCATE YOUR TEAM

Do your reps understand the full impact of their individual forecast on the larger sales rollup and more importantly on the business? Probably not. Reps are often left in the dark when it comes to the bigger picture, leaving them to fend for themselves. The less reps are privy to, the less likely they are to understand the gravity of their decisions.



ONLY 10 PERCENT

of sales activity data is typically used in B2B sales forecasting

(Source: [InsightSquared](#))

Education needs to be a priority for your organization, or you will never impart meaningful change into your processes. **Consider sharing examples such as capacity planning models or investor presentations to demonstrate the true business value of a forecast to reps.** The better they understand the broader impact of their own actions, the more likely they are to instill the right forecasting habits.

STEP 2: DEVELOP A CULTURE OF ACCOUNTABILITY

Many see a forecast as simply a number; a target. Your reps work their deals and submit their forecast with the intention of meeting or exceeding it. This is certainly part of the equation, but how are you to hold them accountable for every deal if you have no visibility into their progress – past, present or future?

To begin, emphasize individual deal accuracy as well as deal execution amongst your team members. Give everyone insight into this metric, so they can prioritize deals and identify resources to support. If team members see an individual struggling, they should feel encouraged to help, especially if they are trending closer to their own goals. A culture that praises predictability is far more likely to sustain success over time.

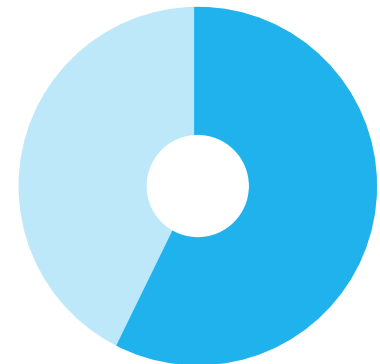
STEP 3: GAIN VISIBILITY INTO YOUR FORECASTING PROCESS

The only way to hold your team members accountable and minimize forecasting variability is to understand what motivates the decisions they make. Are your reps choosing the wrong opportunities? Are they qualifying deals too early?

It is difficult to answer these questions without sufficient pipeline visibility and even harder to answer without proper methods to measure the data points. **Invest more time toward communicating with your reps and promote regular feedback around their actions and you will develop the relationships needed to improve accountability across the board.**

STREAMLINE THE FORECASTING PROCESS

Though you can point to the human element as a driving force for your lack of trust in the forecasting process, it is not solely to blame. Lack of infrastructure and process can wreak havoc as well.



60 PERCENT

of forecasted deals do not actually close

(Source: [CSO Insights](#))

If your organization does not prioritize the forecasting process, it does not prioritize forecast accuracy. Everyone, from leader to manager to rep, needs to work in collaboration. By making the following adjustments, you can impart marked change on your sales organization.

STEP 1: CENTRALIZE INPUTS

The most time-consuming factor when developing a sales forecast is organizing the rollup of forecast calls from all your reps. If you don't have a solid process in place, you open yourself up to a storm of emails, spreadsheets, CRM reports, and word-of-mouth commitments — all of which you need to piece together.

Nip this problem in the bud by implementing a comprehensive, well-documented process for entering forecast information in a single, shared system. **Set a weekly or monthly deadlines by which reps must input their data into the system and stick to it — no exceptions.** With a unified and centralized system, you not only save time, but improve your forecast accuracy.

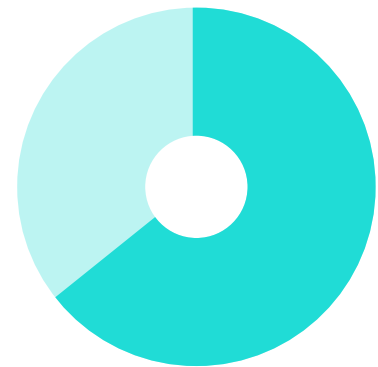
STEP 2: IDENTIFY YOUR IDEAL WORKFLOW

Time spent forecasting is time away from selling. It's easy to understand this mindset, particularly when a number of tasks, such as repeatedly recording and updating forecast calls in a central database, add tedious tasks to your reps' workload. No one likes busy work, so look for avenues to streamline the input process.

Wherever possible, pair data entry with selling responsibilities so reps are not duplicating their efforts. Require them to choose a forecast category (e.g., commit or best-case) every time they create an opportunity, so the task is spread out over time and doesn't leave them backfilling data on old opportunities at the last minute.

STEP 3: INCORPORATE AUTOMATION

Once you identify the best workflow for obtaining your reps' relevant forecasting data, you can begin automating the process. Automation takes time away from digging into rep data by bringing the data together in one central hub. This allows you to focus less on how they got to their number and more on coaching them toward it.



70 PERCENT

of best-in-class organizations maintain a centralized repository for all current sales deals, identified by stage or likelihood to close

(Source: [Aberdeen Group](#))

For example, you may have a process that marks every recorded opportunity in your CRM with a forecast category, or uses machine learning to automatically send alerts if the forecast category does not align with the actual activity (i.e., if a contract is exchanged but the forecast category remains “Best Case,” a manager is alerted). With this, you can **automate the rollup and have your expected and best-case forecasts at your fingertips with minimal work.**

LOOK DEEPER INTO RAW NUMBERS

Forecasting is by no means a perfect science, but that doesn't mean you should take every number at face value. To continue to improve upon your forecast accuracy, you must think beyond the standard data points and understand exactly how the target number was reached.

Issues such as human bias, small datasets and external variables all strongly impact forecasts and should be taken into consideration upon review. A portfolio approach is a great way to reflect the impact of variables on a forecast by combining multiple data points. Here is what that could look like for you.

STEP 1: BROADEN YOUR DATA INPUTS

No matter how confident your sales reps and managers are in their forecast, it will always be impacted by bias. Whether it's the self-serving bias of your reps or attribution bias of your model, bias needs to be accounted for at every turn. There is no such thing as flawless data, so your best bet is to consider feedback from both the individual and the algorithm.

Today, there are sophisticated machine learning models that can reduce bias. These models consider millions of data points and correlate real-time sales activity with outcomes to help sales leaders validate their reps' manual inputs. Effective models include Confidence to Close which looks closely at deal progression, as well as Ideal Customer Profile which considers how closely forecasted deals look like previous closed-won and closed-loss deals.

By incorporating these models and variables such as actual sales activity, historical performance and prospect behavior alongside a single rollup forecast with reps' individual predictions, you can minimize the harmful effects of bias. You can stop reps from optimistically chasing deals that are unlikely to close and redirect them to those showing the right signs. Reps are inherently positive. Data is inherently neutral.

STEP 2: MAKE THE RIGHT JUDGMENT ON YOUR FORECAST

The last variable in any forecast is you, the sales leader. Just as managers should balance their reps' forecasts with data science and personal intuition, you should apply both to your final rollup.

Draw from your knowledge of previous company performance, the current pipeline situation and the information you've gleaned from the rolled up forecasts to make your final decision.

Your gut feel will always play a role in the final number, but if you've done your job up to this point and have confidence that the data is accurate, your decision will be more a validation than an educated guess.

STEP 3: SET YOUR REPS UP FOR SUCCESS

Once you have reached your final number, you cannot simply resume business as usual. Whether you kept your reps' numbers the same or made necessary adjustments, they need to know why you came to this conclusion. Did they fail to account for a certain variable? Did they undersell the likelihood of a deal closing?

Forecasting is a cyclical process, so every forecast is an opportunity to learn from previous choices. **Give your reps the coaching they need to not only reach their target number with confidence, but roll up their next forecast with equal confidence.** The better you communicate with your reps, the better you can build that foundation of trust — and that's where it all starts.

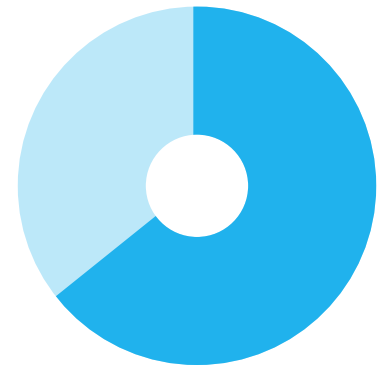
FORECASTING WITH INSIGHTSQUARED

Forecasts will never be perfect, but there are plenty of measures you can take to improve the overall forecasting process and execution of it. Though it's not easy to accomplish everything we laid out above, you can do it all with [InsightSquared Forecasting](#).

AN UNFILTERED, UNBIASED VIEW OF YOUR PIPELINE

It is far easier to trust data when you know it is all accounted for. Our platform automatically aggregates all relevant sales activity and prospect engagement from your teams into one centralized hub. This not only includes rep activity, but activity from sales engineers, customer success, finance and support. Reps do not win deals alone.

The most effective way to analyze the health of a deal is to see all the activity and progression in real time, as well as missed opportunities along the way. With a clearer view into the entire pipeline, you can actively flag and monitor deals so nothing slips through the cracks.



79 PERCENT

of sales organizations miss their sales forecast by more than 10%

(Source: [SiriusDecisions](#))

PROACTIVE COACHING TO CLOSE DEALS

One-on-one time should be spent coaching your reps, not filling in critical gaps in your data. With InsightSquared you have complete data and a trusted view of your pipeline from the start. This means you can use pipeline reviews as true coaching sessions focused on outreach strategy, unidentified risks and overinvested deals.

Work with your rep to look at the last outbound outreach date, the most recent prospect reply, next meeting status and even the machine learning confidence-to-close so you can collaborate on gaps. Trust is a two-way street, and coaching is a great way to build upon it.

A FASTER AND MORE RELIABLE FORECAST

The longer you wait to automate the forecasting process, the more frustration you will add to your plate. Our platform makes it easy to collaboratively roll up forecasts across your team so you have everything in one uniform format that you can slice, dice and override however you please (e.g., by region, industry, etc.). With more flexibility, you spend less time fixing data and more time analyzing it. It's exactly what you need to understand the gap between target and goal – and how to get there.

AI-DRIVEN FEEDBACK AND INSIGHTS

Even with more data available to you in an easy-to-use platform, it's impossible to make sense of it all yourself. However, you cannot succeed without it. We remove some of the analytical burden from you by feeding your historical data into our proprietary algorithm. What you get are actionable insights into missing data, how to weigh your pipeline and much more. With automated feedback, you can easily optimize your pipeline and project your forecasts more accurately.

Ballparking your forecast will never give you the confidence to make key business decisions. **The key to longevity in sales is knowing why you win or lose.** Follow the steps outlined in this guide, and you will possess the data, process and executional roadmap for consistent success.



Best-in-class companies are 2X more likely to have replaced “gut” feelings with predictive analytics
(Source: [Aberdeen Group](#))

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ABOUT INSIGHTSQUARED

InsightSquared helps revenue operations professionals make better decisions by equipping them with actionable, real-time intelligence that drives predictable growth. Businesses rely on the company's solutions to forecast more accurately, better manage pipeline, tailor rep coaching based on individual performance, understand their marketing attribution, and conduct data-backed planning and analysis. For more information, visit www.insightsquared.com.

