



VENTANA RESEARCH



# Developing Best Practices in Sales Forecasting

Effective Processes and Tools Produce Best Results

Research Perspective

Sponsored by  
 **TopOPPS**



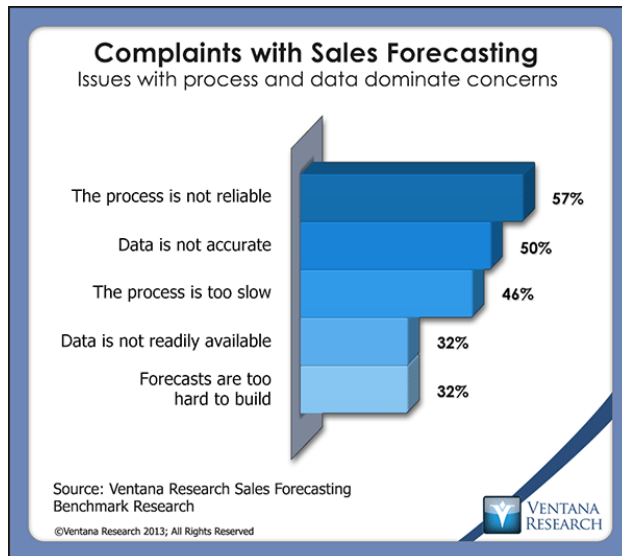
# Table of Contents

<b>Sales Forecasting Requires Commitment</b>	<b>3</b>
<b>Five Best Practices for Sales Forecasting</b>	<b>4</b>
Provide visibility into sales forecasts.	4
Use analytics to inform sales forecasts.	4
Utilize forecast metrics that can prompt decision-making.	5
Use mobile technology to disseminate sales forecasts.	5
Remove spreadsheet bottlenecks and automate the process.	5
<b>Effective Tools Produce Benefits</b>	<b>6</b>
<b>About Ventana Research</b>	<b>8</b>



## Sales Forecasting Requires Commitment

The purpose of sales forecasting is to anticipate and facilitate sales activities and help representatives identify opportunities, reach quotas and achieve the maximum potential of their accounts and territories.



We find that sales forecasting is often attempted but less often done well. More than half (57%) of organizations participating in our sales forecasting benchmark research said that their forecasting process is not reliable.

To be effective the forecasting process must involve all stakeholders and use complete, timely information. The sales forecast should rest upon a single central data repository from which all authorized people can access in-

formation. While the forecasting process must be systematic, forecasts themselves must be flexible enough to accommodate changes in deals including their status and amount. This requires everyone to provide timely information that can be made available to whoever needs it. Therefore management must insist that everyone in the selling process contribute the data they have and keep it up to date.

To assure reliability, the validity of that data must be verified. In our research, half of organizations said the data used in their forecasting process isn't accurate. In contrast, almost half (46%) of those that make accuracy a primary measure of performance are satisfied with their forecasting process.

The sales forecasting process must be efficient to keep up with the pace of business; otherwise it may be too slow to help sales personnel take advantage of opportunities. This, too, is a challenge, our research shows: Three-fourths of organizations take more than a week to generate their sales forecasts; a tardy process can put the company behind competitors that move expeditiously.

Timeliness is impacted by the software used for sales forecasting. Typically drawn from scattered reports, dashboards and spreadsheets,



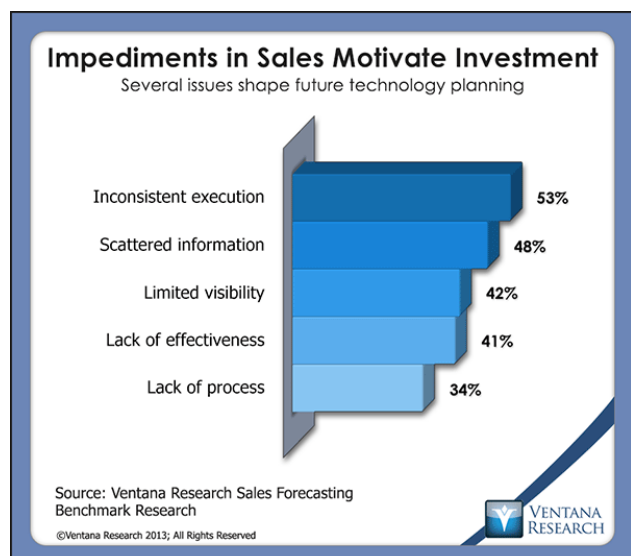
outdated information undermines accuracy and people's confidence in the sales forecasting process. Requiring users to log into sales force automation (SFA) and customer relationship management (CRM) systems is cumbersome and can delay updates that make the forecast reliable. More than half (54%) of organizations in our research said that finding ways to speed up the forecasting process is why they plan to change their current vendor of this software.

To create and use sales forecasts that enhance performance and revenue, organizations must focus on all its dimensions: people, process, information and technology. Below we offer a set of best practices that can establish a basis for successful forecasts and enable timely execution.

## Five Best Practices for Sales Forecasting

### **Provide visibility into sales forecasts.**

Visibility into the sales forecast and its supporting pipeline can improve



sales effectiveness and improve the ability to achieve quotas. Limited forecast visibility is the third-most common impediment that motivates new technology investments; two in five organizations (42%) cited this as a driver of new investment, just after scattered information, which undermines visibility. Complete pipeline visibility is a key practice to optimize sales performance.

### **Use analytics to inform sales forecasts.**

Sales forecasts are more effective

when they include the status of opportunities and the probability of closing each within a set time. Analytics applied to forecasting information can help managers assess progress and know when they should update the forecast or take other action. Our research shows that four-fifths (79%) of organizations view analytics as crucial to improving their ability to make accurate sales forecasts. Analytics applied to the sales forecast can detect critical changes over time, indicate potential challenges in deals and guide actions by sales reps



and managers. Thus the proper use of analytics to improve the validity of the sales forecast is a best practice for every sales organization.

### **Utilize forecast metrics that can prompt decision-making.**

Analytics also can help management develop, track and modify metrics to improve sales performance. Sales process metrics can provide indicators of past and present performance and suggest changes for the future, but to be effective they must be readily available for everyone in sales.

Our research shows that designing measures and metrics is the second-most important (35%) of the activities for which sales operations personnel are responsible.

Metrics can indicate changes to the sales forecast over time and highlight exceptions that could impact progress toward goals. They can be a guide to achieving quotas and goals assigned by accounts or territories. Our research shows that designing measures and metrics is the second-most important (35%) of the activities for which sales operations personnel are responsible.

### **Use mobile technology to disseminate sales forecasts.**

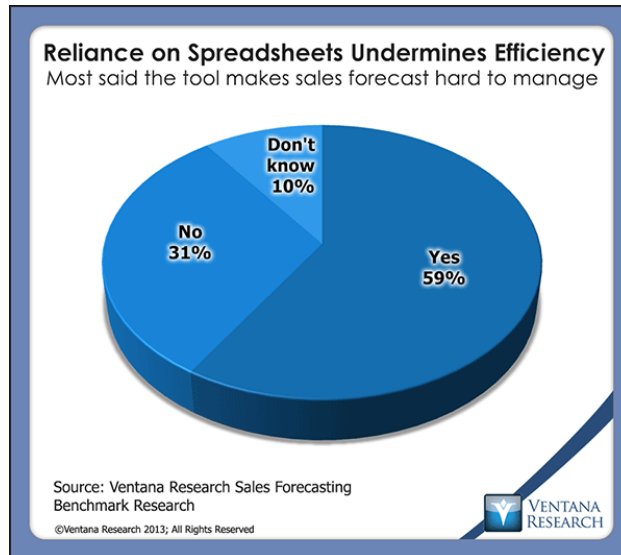
Sales forces often operate outside the office, most importantly visiting prospects and customers. Making full use of the sales forecast should include access to it through smartphones and tablets. Updating the forecast and pipeline using mobile devices helps improve accuracy and timeliness. Nearly half (48%) of sales forces use smartphones, and another one-third (33%) have partially deployed or plan to deploy them. One-third use tablets, and nearly half (45%) have partially deployed tablets or plan to deploy them. Two-fifths (59%) of organizations said they improved the accuracy and timeliness of deal statuses and updates to their sales forecasts by using mobile devices. Having access to sales forecasts and deals through mobile technology can enhance the effectiveness of sales reps and managers in their daily tasks.

### **Remove spreadsheet bottlenecks and automate the process.**

Our research finds that businesses use spreadsheets more than any other tool to create sales forecasts, but spreadsheets create issues in timeliness and consistency of data, waste time and resources to find and correct errors and undermine accuracy of the forecast. Because spreadsheets must be manually created, updated and maintained,



they require extra effort to ensure that data is aligned, aggregated and calculated correctly. And because they typically are not managed centrally, they are difficult to share consistently across an organiza-



tion. As a result they undermine the collaboration that is necessary for timely reviews and feedback. Three out of five (59%) research participants said that reliance on spreadsheets makes it difficult to manage the sales forecast efficiently.

## Effective Tools Produce Benefits

In addition to these best practices, the right tools can help streamline

the forecasting process from end to end. For example, dedicated applications can help improve productivity. Almost three-quarters (73%) of organizations that use dedicated technology for sales forecasting said they have improved their outcomes in sales. In this case they are superior to general-purpose tools such as SFA and CRM, which are not designed to manage forecasting and make it cumbersome to perform and disseminate updates. A dedicated tool designed for sales not only can improve the value of the forecast but also can motivate sales people by instilling knowledge and confidence.

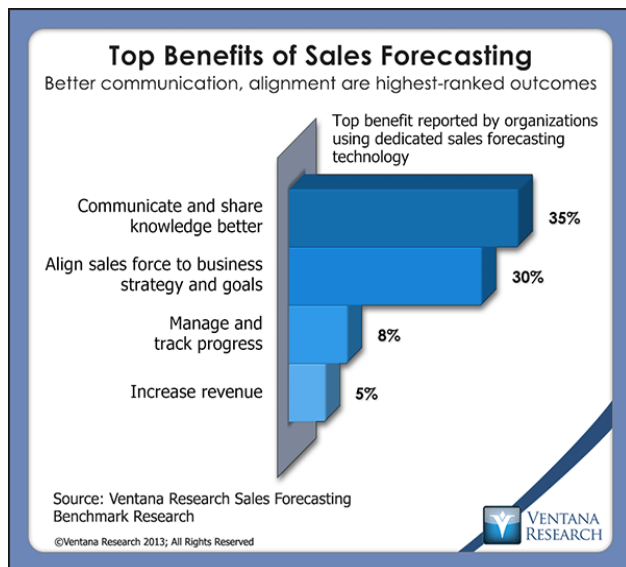
Appropriate forecasting tools also help optimize sales execution. More than half (53%) of organizations in our research cited inconsistent sales execution as an impediment that motivates management to invest in new technology. To engage busy sales reps in participating in and taking guidance from the forecast, make sure the tools are easy to access and use. More than three-quarters (88%) said usability is an important or very important consideration in selecting sales forecasting software. In addition, mobile access to such tools can encourage timely interaction with the forecast and give sales people an easy way to contribute to its accuracy and timeliness.

Overall, effective sales forecasting delivers both operational and strategic value. The most commonly cited benefits of dedicated sales forecasting tools are better communication and knowledge sharing



(chosen by 35%) and better alignment of the sales force to business

strategy and goals (30%). These and other benefits support the focus on improving performance in the entire sales organization.



Sales forecasting is an indispensable tool for making sales teams more effective and increasing revenue and profitability. It is too important to leave to unengaged participants, ad hoc processes, outdated information and unwieldy tools. Every sales organization should evaluate its performance in each of these aspects and take steps to remedy any shortcomings. The outcomes of

their sales efforts may depend on it.





## About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#) and [Google+](#).

To learn how Ventana Research advances the maturity of organizations' use of information and technology through benchmark research, education and advisory services, visit [www.ventanaresearch.com](http://www.ventanaresearch.com).