Xactly®

Complete Sales Planning Handbook

〉〉〉〉〉〉〉

TABLE OF CONTENTS

SECTION ONE: BUILDING THE PLAN
ADOPTING THE RIGHT APPROACH

Real success always starts with a plan. And for sales leaders, nothing beats creating a dynamic and strategic plan that will help meet the company's goals. This road map can show you where you are, where you want to be, and more importantly, how to get there.

Some organizations still conduct sales planning as a manual, once-a-year exercise, but according to recent research, this is no longer acceptable. In a study conducted by Forrester[1], business leaders stated that speed was the most important aspect to effectively planning and executing on their goals. Annual—or even quarterly—planning is a thing of the past. Organizations must now make near-real-time course corrections based on current and trusted data.

But there's a catch. Leaders already know this but struggle to correct the issue. While participants in the Forrester[1] study cited continuous planning enablement as the top benefit, less than 1/3 are actually able to do so. That means over 60 percent of organizations are unequipped to respond to market changes. They know continuous planning is necessary but can't do it effectively.

With today's dynamic markets and increased competition, it's now a best practice to frequently monitor your sales plans and evolving market conditions to respond swiftly to them. This allows organizations to stay as relevant and competitive as they can be. This approach to streamlined sales performance is called Operational Sales Management (OSM).

Operational Sales Management empowers enterprises to update their plans rapidly by delivering pathways to revenue that connect data, increase ROI, and drive growth. By streamlining processes, organizations can quickly change and take new approaches to quotas, territories, roles, and targets with their sales organizations based on shifting market dynamics.

Through active monitoring of performance data, companies are able to pinpoint any deviations and course-correct before being derailed from their target goals.

| 89% of organizations say the pandemic has uncovered the need for agile, scalable technology. (Dell technologies' digital transformation index[2]) | 80% of organizations globally have fast-tracked some digital transformation programs. (Dell technologies' digital transformation index[2]) | Agility has the potential to improve the customer experience by up to 30%, employee engagement by 20-30%, and operational performance by 30-50%. (McKinsey & Company[3]) |

Companies that invest in automated sales management solutions can expect to see a two to three-fold increase in efficiency and a 12 percent increase in productivity by integrating current processes into one holistic source of truth. The best way to master Operational Sales Management is to prioritize having an automated, collaborative, data-informed, and continuous approach to sales planning.

AUTOMATED + COLLABORATIVE + DATA-INFORMED

CONTINUOUS
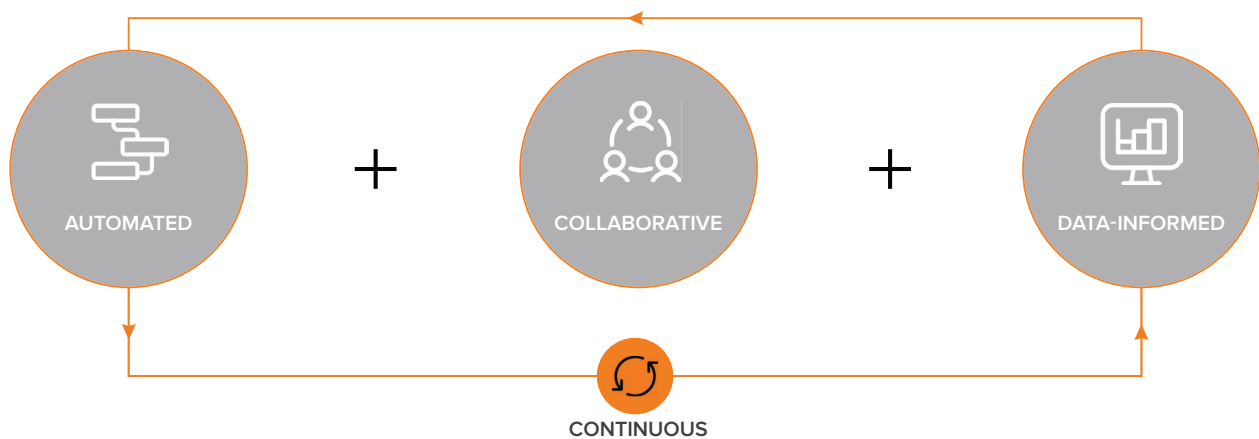
AUTOMATED PLANNING DRIVES AGILITY

With automation, data across platforms can be streamlined, optimizing efficiency by increasing visibility and centralizing work. This allows organizations to integrate seamlessly with their existing tech stacks, including CRM, HCM, ERP, and ICM solutions, along with other enterprise systems to transfer data and enable a holistic approach to sales planning.

This means that businesses can focus their efforts on value-added work rather than burdensome and time-consuming administrative tasks. Automation improves efficiencies that, in turn, increase overall productivity while simultaneously reducing the risk of manual errors.

With streamlined sales planning workflows, automation can drive agility—a critical requirement for maintaining a competitive advantage in today's fast-paced business market.

| 19% of sales leaders reported being able to leverage their homegrown solutions for tasks like comparing key performance metrics (Forrester[1]) | Using spreadsheets to manage aspects of sales, including compensation and incentives, is ineffective and can be problematic. (Ventana Research[7]) | Enterprises can see up to a 25% reduction in time spent on plan creation (Xactly Insights[4]) |
| Automation is proven to boost sales productivity by 14.5% (Invesp[5]) | | Findings show that up to 88% of all spreadsheets have errors. (University of Hawaii[6]) |

DATA-INFORMED PLANNING ELIMINATES GUESSWORK

A data-informed strategy accelerates your business beyond just automating plans and processes. It allows you to make well-informed decisions and plan strategically.

With data insights, organizations can identify where the business has the greatest growth potential and determine whether they have the sales resources needed to achieve goals. Using data, organizations can see how their plans compare with other companies and easily track actual performance versus expectations.

Data intelligence guides organizations to a smarter sales planning process. Companies can ultimately enhance the quality of their decisions by leveraging AI to optimize territories, ramp times, productivity, and seasonality in sales.

Access to data creates a better-informed sales organization, resulting in higher performance and productivity. Today's sales leaders must learn to make near-real-time course-corrections based on current and trusted data if they want to drive success in their organizations.

> **Implementing a data-driven sales approach can also make your business more profitable — up to 6% more profitable than their competitors.** (McKinsey & Company[8])

> **Less than 1/3rd of companies have the data accessibility and planning processes in place to successfully course-correct when market conditions change.** (McKinsey & Company[9])

> **Only 34% of sales leaders believe that they are making decisions based on trusted data vs. gut-level instincts.** (Forrester[1])

CONTINUOUS PLANNING POWERS PERFORMANCE

The past year has shown that change is inevitable and business agility is crucial to surviving. In order to adapt, organizations must be agile. When it comes to sales planning, it's imperative for organizations to continuously assess their assumptions throughout the year and make changes as needed to stay on track to hit goals.

According to Gartner[10], 69 percent of corporate directors want an acceleration of digital strategies for their enterprise to deal with ongoing disruption. Transformation is paramount. Sales, as an industry, has now clearly recognized that agility has a direct impact on an organization's ability to foster revenue and growth— and there is no turning back.

> " **Innovating, adapting, being flexible, and being able to collaborate in real-time, has been one of the biggest advantages that at least I saw in working with the Xactly team."**
> Todor Atev, Senior Director, Head of CCO Finance, HERE Technologies

Technology adoption and market trends are accelerating with no indication of slowing down. Organizations need to keep up with the speed of change in order to stay strategic and innovative. In an increasingly digital world, companies need to stay agile in order to pivot on a dime's notice when new opportunities or threats enter their industry or niche.

When implemented, organizations can:

▸ Experience faster response times
▸ Have a better scope and prioritization of work
▸ Identify issues sooner
▸ Increase cross-team communication
▸ Break down process silos
▸ Extensively strategize sales plans instead of relying on gut-feelings or fads.

By making planning an ongoing process, organizations can respond to evolving circumstances and make changes or readjust end targets while there is still time to make a difference. Operational Sales Management empowers organizations in their journey to continuous planning because it gives sales leaders access to a single source of truth that seamlessly integrates with their existing sales tech stack. It ensures leadership across sales, sales ops, compensation, and finance can respond to the fast pace of change while still hitting their revenue goals

> **90% of companies say making real-time decisions based on real-time insights is important to be effective, yet only 27% of respondents said they were equipped to do so.** (Forrester[1])

> **"A Living Business continuously adapts to changing customer preferences and market conditions with speed and scale."** (Accenture[11])

> **By leveraging change effectively, organizations can realize a 1-2% revenue lift.** (Hobson Research)

COLLABORATIVE PLANNING ALIGNS TEAMS

The sales department is the foundation of your organization's success, so you need to make sure your teams and processes are running as smoothly and efficiently as possible. And because planning happens between different functions across the organization, it cannot be conducted in silos—collaboration and alignment are essential.

To stay competitive in the face of increasingly accelerated disruption, many companies need to rethink and optimize their current internal plans and operations to ensure that all teams are on the same page not only when it comes to their go-to-market strategy, but also with the overarching strategy of the organization. That kind of transformation requires a collaborative effort from all parts of the organization.

> For example, sales expense budgets impact multiple departments, and planning must be in sync with a company's financial targets. This means sales, marketing, human resources, and finance departments must all agree on designated resources to reach the bookings target.
>
> If sales hires are required to make the new bookings target, sales must work with and get buy-in from human resources and executive leadership. For higher lead generation activities, sales organizations must also align with marketing so that marketing can adjust its budget as needed.

A lack of communication can lead to insufficient organizational alignment. When this happens, people begin to operate in silos. The end result is an environment where the business decisions being made are misaligned and based on partial or nonexistent data.

Operational Sales Management allows organizations to boost collaboration across sales, sales leadership, and sales operations to seamlessly manage day-to-day changes. Emphasis on cross-team communication builds alliances. This occurs when unified data systems encourage cross-team communication and transparency into performance.

97% of employees and executives believe lack of alignment within a team impacts the outcome of a task or project, and 86% of employees and executives cite lack of collaboration or ineffective communication for workplace failures. (Clear Company[12])	**More than half (55%) of companies work in silos, with each function making its own decisions on what matters most.** (PwC[13])	**39% of surveyed employees believe that people in their own organization don't collaborate enough** (Visix[14])

SECTION TWO: KEY SALES PLANNING FUNCTIONS TO ADDRESS CRITICAL PLANNING FUNCTIONS

CRITICAL PLANNING FUNCTIONS

Sales planning functions run up and down the entire sales performance management (SPM) value chain, so it is crucial for an organization to effectively align its available sales resources to opportunities in order to drive sustained growth.
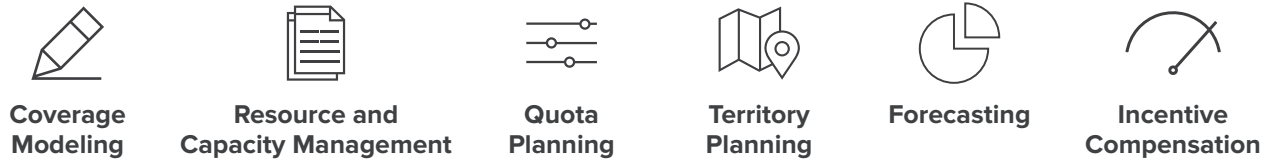
Enterprises that utilize an end-to-end approach to Sales Performance Management (SPM) are able to connect data and people across the organization, which provides visibility into the inner workings of their processes. Taking that one step further, organizations that implement Operational Sales Management as part of their broader strategy open the door to a brand-new way of thinking about Sales Performance Management. It allows them to combine the power of agility, accuracy, and data in order to accelerate their strategic decision-making processes.

Strategic Sales Planning is one of the five essential components of Sales Performance Management (SPM). Xactly, experts in SPM, provide five distinct solutions—plan, manage, integrate, incent, and analyze—to help enterprises simplify and navigate change to reach their organizational goals.

PLAN	Eliminate the guesswork from your resource planning to hit sales targets and drive top-line growth.
INTEGRATE	Seamlessly integrate within an enterprise's existing tech stack to break down data silos, streamline operations, and enhance collaboration
INCENT	Drive sales behaviors to align with company objectives and eliminate shadow accounting.
MANAGE	Seamlessly execute on day-to-day changes within the sales organizations that are critical to sales success.
ANALYZE	Leverage AI/ML to optimize sales pipeline, improve sales forecast & commission earnings forecast accuracy, and hit sales targets every time.

When you have an effective approach to planning, you are setting yourself up with an agile approach to pivoting your go-to-market strategies as new market conditions arise. An automated and streamlined approach to quotas, territories, and incentives provide a single source of truth that unifies the teams supporting your sales engine.

An integrated approach to sales planning should include the following key functions:

Coverage Modeling	**Resource and Capacity Management**	**Quota Planning**	**Territory Planning**	**Forecasting**	**Incentive Compensation**

Coverage Modeling

Existing Approach

Sales and finance organizations must have the flexibility and modeling capability to align corporate targets across geographies, territories, business units, and sales rep types across multiple years. They must then assess if targets are achievable across different dimensions of the business. Today, most companies still use spreadsheets to implement this process, but they don't provide the depth of insights nor the flexibility to model different scenarios required to effectively allocate and align resources with broader company goals.

Spreadsheets also lack the logic to apply different coverage scenarios, leverage historical data, or quickly assess how changes in coverage affect your ability to meet corporate targets.

COVERAGE MODELING WITH XACTLY SALES PLANNING:

Xactly Sales Planning uses a data-driven methodology that enables sales organizations to apply coverage modeling to optimize the allocation of sales resources and increase business value by:

- Creating multiple models to quickly and intelligently see what factors are impacting sales coverage
- Integrating accurate and up-to-date actual performance data to increase coverage modeling effectiveness
- Applying advanced modeling to optimize and ensure the right timing of resource hiring in order to allow for capacity to come online as needed

Resource and Capacity Management

Existing Approach

Without effective resource and capacity management, organizations have little to no insight into their hiring needs, what skill sets they should be hiring for, or when they should be hiring. Yet, according to Harvard Business Review[15], over a third of organizations don't conduct—or rarely conduct—any type of capacity planning. Understanding how long it takes for reps to reach full productivity and the rate at which reps leave the organization provides a more accurate view of resource needs. However, many companies just apply a general ramp assumption and a flat attrition rate across all reps.

Incorrect ramp and attrition assumptions lead to revenue loss. Lacking the right resources, organizations simply cannot act on potential.

Xactly's Intelligent Resource and Capacity Management:
Xactly Sales Planning leverages data-derived insights into ramp and attrition, empowering you to create a more accurate capacity plan to guide sales hiring by:

▸ Modeling historical data rather than applying an industry average to increase understanding into the time needed to hire and ramp resources
▸ Enabling organizations to visually evaluate the impact of ramp, seasonality, and attrition on capacity management
▸ Analyzing rep ramp and attrition data at a granular level so organizations can see the impact on sales goals from losing one rep or a class of reps
▸ Ensuring sales organizations have enough headcount to work anticipated sales deals
▸ Applying insights into prior-year performance and product allocation to connect top-down targets with bottoms-up resource and capacity planning

Quota Planning

Existing Approach

Quotas inform or control nearly 25 percent of an organization's total sales-related spending[16]. However, many organizations don't have visibility into the variability of sales teams' quota performance. While they typically understand overall quota performance, they often lack granular insights into rep performance.

Having granular insight into quota attainment patterns, such as regions where quota attainment lags, is vital to correct quota allocation. With unrealistic quotas, reps' trust goes down. This, in turn, impacts your compensation plan's ability to incent behavior. To encourage better performance, reps must have confidence in quota allocation.

XACTLY'S ADVANCED QUOTA PLANNING
Xactly Sales Planning lets organizations increase the number of reps hitting quota by:

▸ Applying performance and product data for correctly assigned quota goals
▸ Enabling companies to easily and continuously monitor their assumptions on quota sizing and achievement with an automated system
▸ Revealing incorrect assumptions on quota sizing and expected achievement in order to make faster revisions
▸ Giving organizations ongoing and on-demand visibility into how reps are performing against quota Empowering reps with realistic targets and attainable incentive compensation goals to increase
▸ productivity and morale

Territory Planning

Existing Approach

Territory planning is a critical part of sales planning and must be considered in lockstep with other sales planning functions. Once an organization completes coverage modeling, capacity management, and quota planning, they must execute across balanced territories to maximize revenue coverage.

The impact of ineffective territories trickles down the entire sales performance management (SPM) value chain. Without appropriately designed territories, organizations can't set fair quotas for salespeople. As a result, sales force motivation and engagement go down, and an organization's ability to hit revenue targets decreases.

Research shows that 83 percent of organizations continue to use spreadsheets frequently or moderately to design sales territories. However, new research finds that organizations using automated technology for territory design increase performance by up to 30 percent over those that do not[17].

Xactly's AlignStar territory planning software delivers greater visibility and insights into planning by:

- Balancing territories between sales potential and a rep's ability to effectively cover a territory
- Allowing for the integration of industry third-party and historical CRM data, so that companies can identify and rank opportunities, building fair and achievable territories
- Analyzing existing alignments to show how companies can improve territory design, balance and travel efficiency
- Increasing business agility by enabling continuous territory improvement with access to real-time territory performance data
- Ensuring compact and travel-efficient territories to maximize rep productivity

Forecasting

Existing Approach

Accurate sales forecasts allow leadership to make smarter decisions when setting targets and goals to boost revenue such as improving pipeline visibility, enhancing seller performance, and increasing confidence in number projections.

Gartner reports that more than half of companies (55%) don't trust their sales forecasts, and Miller Heiman Group data shows that less than 20 percent of companies have a forecasting accuracy above 75 percent.

This leaves companies in a vulnerable position for competitors to challenge. If you don't have confidence in your sales data and can't make timely, strategic decisions, you are stifled in your ability to pivot with agility, anticipate new challenges, and recover successfully. Accurate sales forecasts allow you to spot potential issues early on while there's still time to avoid or mitigate them. With a thoughtful sales forecasting strategy, you can be ready for the future—no matter what it brings.

XACTLY'S PATH TO INTELLIGENT PIPELINE ANALYTICS & SALES FORECASTING:
Using Xactly, organizations are able to leverage machine learning to forecast deals more accurately, identify and move resources to target new areas of opportunity, and make strategic changes to accelerate business performance even during times of disruption. By monitoring your forecasting capabilities, you can:

- Use data-driven insights and visual dashboards to better assess pipeline health.
- Boost seller productivity and performance by closing the gap between commit and quota
- Leverage machine learning to create accurate multi-level forecasts, improve revenue predictability, and streamline pipeline forecast management
- Utilize AI-optimized sales forecasting to increase commission earnings forecast accuracy
- Keep the pipeline clean with automated data capture and by automatically enforcing desired sales behaviors across all sales reps

Incentive Compensation

Existing Approach

Your compensation plan is a key part of your overall sales strategy. When combined with well-designed territories, the right incentives drive key sales behaviors to meet sales objectives and drive growth.

To be effective, sales incentives must be authentically motivating. If incentives aren't enticing enough, reps won't be motivated to reach and exceed their goals. When sellers weigh the cost (effort) against the benefit (compensation), their earnings must be structured so the benefit emerges the clear winner.

> " We need a significantly faster reaction given the virtual environment, given the changing outside world, given the changing business environment. And then secondly, we also really quite quickly realized that we need a highly flexible, adaptable, incentive structure to bridge the gap between company strategy and how you then utilize all the levers you have to achieve a certain behavior on not only side of the customer organization, but also across the entire company. Then the next question is, how do you reliably measure that, and then use the feedback loop to drive for the enhancements and decisions along the way."
>
> Todor Atev, Senior Director, Head of CCO Finance, HERE Technologies

According to recent Harvard Law School research[18], "leadership teams must address the tumultuous environment resulting from the global pandemic as company performance goals, objectives, and expected results continue to evolve." In most cases, this should take the form of both establishing new performance-based compensation and adjusting existing performance goals for both annual and long-term incentives.

Ensuring that your compensation plan is effective should be a year-round process. Not only should organizations plan strategically, they should also analyze performance proactively throughout the year to ensure they stay on track to reach goals.

COMPREHENSIVE INCENTIVE COMPENSATION MANAGEMENT WITH XACTLY
Xactly helps companies streamline and simplify their existing incentive pay processes, allowing them to strategically motivate sales teams by:

- Using internal and industry pay and performance data to benchmark your compensation to attract and retain top talent.
- Redefining what each sales role is responsible for and align incentives with each role's responsibilities.
- Testing and forecasting for best- and worst-case situations to ensure that your plan can still produce positive revenue even if the results aren't as good as you hoped and aimed for.
- Driving sales behaviors to align with company objectives while improving operational efficiencies and productivity.
- Increasing trust with error-free commission payments and on-demand visibility

NOW IS THE TIME TO ACCELERATE YOUR DIGITAL TRANSFORMATION

Business in 2020 has been defined almost entirely by one word: instability. Organizations, as we know them, have undergone a permanent paradigm shift—meaning the way we work will never be the same. Naturally, while this presents undeniable new challenges, it also catalyzes the need for a much-needed digital transformation. We are witnessing the creation of a new sales era, and these changes have created a boom in digital adoption worldwide.

When you invest in technology that assists you in harnessing a data-driven approach to sales performance, it can help match sales behaviors with company objectives, which then leads to an improvement in operational efficiencies.

> **Digital transformation is very important. It gives you visibility, transparency, and the capacity to redirect in real-time. When you link all the systems you operate in, you are able to understand the correlation between profitability and the probability of closing deals in the short and long term. Leveraging Xactly's SPM, we have accelerated our digital strategy, allowing us to predict business outcomes with accuracy, even amidst the pandemic."**
> Todor Atev, Senior Director, Head of CCO Finance, HERE Technologies

Xactly's Strategic Sales Performance Management solutions eliminate the guesswork in building plans that align with an enterprises' sales and revenue targets to drive top-line growth. Leveraging artificial intelligence and advanced scenario modeling to support data-informed planning allows organizations to optimize how they deploy their go-to-market resources.

Companies can see when they don't have enough reps to hit revenue targets. They can see when their ramp assumptions are too low compared with historical performance. They can see if quota allocations are realistic for reps in all geographies. They can calculate productivity, and plan more effectively for existing and future workforce requirements to deliver on the pipeline.

Planning and execution should be intrinsically linked. Leaders need to continuously reevaluate the plan against performance and determine the accuracy of their assumptions. With insight into where plans may be falling short, organizations can make adjustments—proactively rather than reactively.

By connecting processes and integrating them with a company's existing tech stack, Xactly's Sales Performance Management solutions ensure that leadership across sales, sales ops, compensation, and finance have a single source of truth to build dynamic sales plans to drive sales performance.

Xactly offers leading solutions for businesses looking to use their data more effectively to develop strategic sales plans, gain valuable insights on sales team performance, maximize efficiencies, and more.

For additional information on Xactly Sales Performance Management solutions, schedule your custom demo today.

ABOUT XACTLY

Xactly is leading the way in Sales Performance Management (SPM) delivering planning, execution, and optimization to ambitious and complex sales organizations. We partner with the world's leading enterprises to clear immediate sales roadblocks, enabling them to adapt with optimal sales capacity, territories, compensation plans and payment structures. Harnessing the power of AI, Xactly's scalable, cloud-based platform combines great software with the industry's most comprehensive 15-year data set to give customers the real-world insights they need to improve sales performance across the board by growing revenue, reducing risk, and containing costs.

Xactly Corporation, 505 S. Market Street, San Jose CA 95113

WWW.XACTLYCORP.COM   1-866-GO-XACTLY

XactlyCorp   XactlyCorporation

@Xactly   Xactly

lnkd.in/xactly   XactlyCorp

SOURCES

[1] Forrester Consulting
[2] Dell Technologies' Digital Transformation Index
[3] McKinsey & Company
[4] Xactly Insights
[5] Invesp
[6] What We Know About Spreadsheet Errors: University of Hawaii
[7] Sales Analytics Benchmark Research, Ventana
[8] McKinsey & Company
[9] McKinsey & Company
[10] Gartner
[11] Accenture
[12] Clear Company
[13] PwC
[14] Visix
[15] Harvard Business Review
[16] Accenture
[17] SMA Research
[18] Harvard Law School research