Why a RevOps Mindset Depends on Accurate Sales Forecasting

Revenue Operations (RevOps)

If you're new to the term, you may be thinking, "what the heck does 'Revenue Operations' even mean?" While the term RevOps certainly sounds like a fad or a buzzword, emerging studies say otherwise. In fact, recent reports from LeanData and Sales Hacker show a 55% increase in RevOps adoption year-over-year.

But we get it: before we can dive deep into Revenue Operations, we must first define it:

> **Revenue Operations is an end-to-end revenue solution that bridges the long-existing gap between front and back-office operations. It focuses on sales planning, territory and quota, incentives, pipeline management, and forecasting in order to carry an organization through its entire revenue lifecycle—from initial strategy development to execution and prioritization of all aspects of revenue optimization.**

RevOps is not an end-all-be-all singular solution, but rather, it's a strategy that your sales organization will use to analyze and optimize current processes in order to unlock and utilize every aspect of your selling strategy.

Sounds scary, right?

Think of it this way. When you're in charge of revenue planning for your enterprise, you become the Pablo Picasso of your organization because you are in charge of painting the bigger picture for everyone involved in the sales process—leadership and reps alike. This means taking cross-departmental ownership for your entire go-to-market operation and streamlining the processes in which you use tech across each of these departments.

Breaking Down Revenue Operations

34%

According to Forrester, 34% of growth leaders ignore data-driven insights altogether. Instead, they ground their decisions based on gut feelings, experience, or opinion.

Why? Despite advancements in automation and heightened pressure to succeed, companies still struggle to understand their data and deliver on revenue targets. Too many organizations fall short of forecasts and revenue targets because they're missing a key component: the ability to capture data.

By removing operational silos that historically exist between Marketing, Sales, and Customer Success, RevOps enables organizations to develop shared strategies, goals, and metrics, ultimately accelerating decision making while reducing costs. Driven by changing purchase behaviors and growth in subscription-based business models, the emerging market dynamic is catching on quickly.

Sales Forecasting, aka Data-Informed Decision Making

You know what "25% or more" could mean for your company? Let's just say a whole lot of money left on the table at the end of the quarter.

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.

80%
of organizations miss their forecast numbers by 25% or more, according to Korn Ferry.

Getting a clear understanding of the quality of your sales data is the first step towards unlocking reliable, predictable, and resilient revenue. RevOps is the new watchword for business, but you can't have a functioning RevOps system without a realistic sales forecast based on data.

Recent Xactly research uncovered that 75% of respondents changed revenue goals in the wake of the pandemic. The adoption of intelligent software allows organizations to rely on healthy forecasts because it protects them from adverse competitive and market conditions and positions them to adapt, plan, and thrive in the present and future.

These digital investments also go by a second name: AI/ML-powered forecasting tools.

WHERE DOES DATA-DRIVEN INTELLIGENCE COME IN?

McKinnesy & Company states a data-driven sales approach can make your business up to 6% more profitable than your competitors.

Strategically thinking about revenue with a future-driven approach, using data and artificial intelligence (AI) to make intelligent business decisions helps organizations take back control of their sales competence. That's where Revenue Operations meets Revenue Intelligence. Adopting an Intelligent Revenue Platform helps enterprises plan, execute, and optimize their current sales plans. These platforms are equipped to carry organizations through their entire revenue lifecycle—from initial strategy development to execution and prioritization of all aspects of revenue optimization. By harnessing data provided by revenue-focused software, organizations get the real-world insights they need to improve sales performance across the board by growing revenue, reducing risk, and containing costs.

When it comes to sales, it's important to remember that Artificial Intelligence (AI) and Machine Learning (ML) doesn't need to be a bottomless data pit. Rather, it needs to focus on the data that matters and provide the insights you're looking for.

Data that is recorded and tracked on a continuous basis helps sales managers know which activities are helping you hit your targets and therefore are worth spending more time on. But compiling and analyzing the data isn't enough anymore. Data and insights need to be shared throughout the organization quickly and efficiently so that critical changes can be applied.

In order to make real-time decisions to keep the business on track, leaders need easy and instant access to data that is up-to-date, accurate, and comprehensive. For most sales organizations, AI/ML initially helps improve sales capacity, quota, territory, and compensation planning. It can later be used to help analyze performance, identify reps at risk for attrition, and improve sales forecasting accuracy.

How can you leverage your company's desire for RevOps to drive actions from inside and outside the sales organization to lead to better forecast accuracy? Here's how they work in tandem to create an environment of sustainable growth.

How The Combination of RevOps and Sales Forecasting Creates an Ecosystem for Success

10% Companies with accurate forecasts are 10% more likely to grow revenue year-over-year and **2X** as likely to be at the top of their field, stated our partner Intangent.

A sales ecosystem is composed of the people, processes, and systems responsible for revenue generation. This requires internal alignment, communication, and cooperation between departments in order to operate seamlessly. And in order to create internal alignment, you need not only a holistic repository of accurate and reliable data, but also the right combination of tactics, technology, and data in the sales planning process.

See how it's all connected?

By analyzing sales activities, Revenue Operation leaders can begin to understand when and where to introduce additional processes, resources, strategies, and tactics that can have an impact across the entire revenue organization. When that happens, Revenue Operations is about keeping the entire organization running like a well-oiled machine by understanding where the most important impact can be made based on past, present, and future performance and predictions.

A High-Level View of How the Revenue Forecasting Cycle Works:

1 Leverage AI/ML technology to create revenue predictions for the upcoming year

2 Create sales plans that will drive business to meet those numbers (i.e. via territory management, incentive compensation, quota management, and resource and capacity management)

3 Execute on plans

4 Optimize to guarantee accuracy and relevancy of plans through the lifecycle

5 Gather and analyze performance in order to inform next year's forecast

An Accurate Revenue Forecast Could Help You Go From $ to $$$

20% — **HBR stated companies that embrace digital technology innovation experience nearly 20% higher gross margin than the laggards.**

Accurate sales forecasting is critical for companies to drive revenue predictability and call their numbers with confidence. That's why combining the two is a best-case scenario for modern enterprises looking to scale operations and stimulate revenue growth.

The best way to ensure you have complete, reliable data is to partner with a revenue intelligence platform. The right partner should give enterprises' insight and visibility into sales pipeline health, improve forecast accuracy, provide sales best practices, and increase revenue predictability.

ABOUT XACTLY

Xactly has helped thousands of companies and millions of sellers around the world beat their revenue targets. Using Xactly's solutions, leaders look past the current quarter to create revenue streams for long-term growth. The Xactly® Intelligent Revenue Platform marries artificial intelligence and 17 years of proprietary data in easy-to-use applications. Sentiment, process and trend analysis come together to form accurate machine forecasts. Quick identification and implementation of revenue plans, quotas and territory improvements are easy. And, rapid calculation of even the most complex compensation plans keeps sales reps motivated and on track.

This makes the Xactly® Intelligent Revenue Platform the only solution that aligns seller behavior with boardroom strategy to create a resilient, predictable, and profitable business. To learn more about Xactly and the latest issues and trends in intelligent revenue, follow us on Twitter, Facebook, and visit **www.xactlycorp.com**.

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