Xactly®

6 Strategies to Building an Accurate Revenue Forecast

How to build a revenue forecast you and your stakeholders can trust.

Call your number with confidence

For many, it's that time again....It's time to forecast for next quarter. However, for serious sales and revenue leaders, this is no trivial task.

"You missed the number? Hey, no problem, you'll get it next quarter!" said no CEO or board member ever!

Credibility in hitting the number is absolutely the most important thing for a sales leader. And these leaders that hit their number regularly, don't have it easy. It is usually a grind with a mad scramble at the end of the quarter to hit plus or minus 5%.

It doesn't have to be such a painful process. If you can trust what you see in the pipeline and that your pipeline is filling at the appropriate rate with qualified leads and opportunities that fit your ideal customer profile, you can have the confidence that you'll hit your number.

Before we tell you what's needed to have a forecast you can trust - let's look at how many sales and revenue leaders create and manage a forecast today.

HOW "NOT" TO FORECAST

If you're like most executives in sales or sales operations, you are armed only with a few static reports from your CRM and a spreadsheet. You list and manage the opportunities by sales rep and by stage - then you spend a lot of time in conversations with your sales team. Eventually you contact them daily for status updates.

Conversations are great with the sales team - especially on strategy to close deals, but it's such a waste of valuable time to have daily status calls between manager and sales reps on the same deals over and over. You still end up with minimal visibility and knowledge about deals. And this leaves very little time for selling, coaching, and strategizing — among other priorities.

When you print out the pipeline for the team - it shows 3x to 4x the number. Questions you should ask yourself:

- ▶ Can I rely on that 3x to 4x pipeline number?
- ▶ How do I find out how good that pipeline really is?
- ▶ Can I rely on my weighted average number?
- ▶ Is there an easier way to get visibility into deals?
- ▶ What do I have to do to get this forecast to where I can trust it?

Additional Side Effects Caused By Your Existing Sales Forecasting Process

Because the current revenue forecasting process is so consuming, you hardly have any time left for:

1. Coaching and developing the sales team

2. Real work to maximise conversions at every stage

3. Ramping new sales reps

4. Understanding the effects of your lead-gen efforts

And by not spending enough time on these four things, closing business and quota attainment suffers.

# HOW TO CREATE AND MANAGE YOUR FORECAST...SO YOU CAN TRUST IT

Automation for the Sales and Revenue Forecast

Imagine if you had an expert coach that knew your sales process deeply and prompted you on a logical next step on a deal that was still active but you were starting to neglect? Or if all of your deals magically went to the appropriate stage and milestone and gave you an accurate forecast?

These are examples of what formalizing your sales & revenue processes via automation can provide. Automation is valuable because it saves a ton of time, and it organises and applies discipline and rigor without the manual effort. With process, workflow, and pipeline hygiene automation, an entire sales team will have a lot more time for selling and more value-added activity. These efforts are normally manual, time consuming and error prone.

Xactly Forecasting Pipeline Homepage by Stage
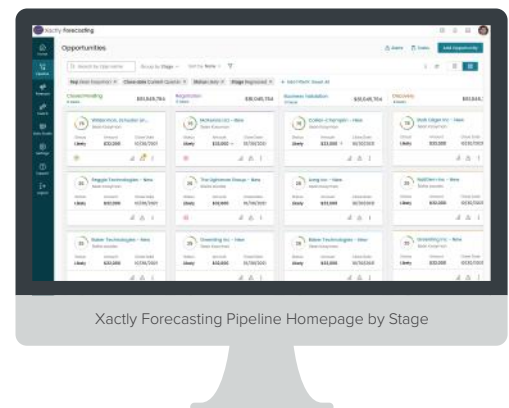
The Use of Artificial Intelligence (AI)

Xactly Forecasting Alerts
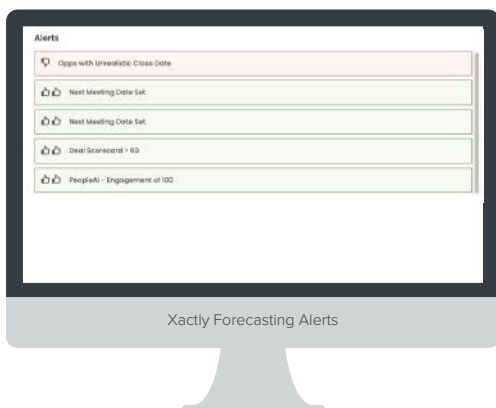
Automation alone is not valuable. When combined with sophisticated AI and machine learning technologies, it unlocks hidden valuable information and insights that are critical for accurate sales and revenue forecasting — all in real-time.

For example, insights can alert you to whether you have enough pipeline to hit the number this quarter or next quarter, and it can tell you what to do about it, such as how much to increase Average Selling Price, or increase lead-gen effortsor conversion rates.

Why Business Intelligence (BI) Tools are not Enough for Effective Sales Forecasting

Business Intelligence tools are great where the data is more structured and manageable. Using BI for untamed data in the CRM is almost as bad as using the spreadsheet. BI tools in the sales department usually end up as great looking static graphs, displaying insufficient and inaccurate data regurgitated from the CRM. These tools lack the automation of a purpose-built sales forecasting application and the artificial intelligence necessary for pipeline hygiene, to make timely data-informed decisions, and to increase revenue forecast accuracy.

6 TENETS OF AN ACCURATE REVENUE FORECAST

So, How Do You Apply Automation and AI to Your Revenue Forecast?

Increase win rates and attainment by following 6 automation and AI enhanced forecasting strategies.

PRESCRIBE RULES FOR THE SALES PROCESS

First and foremost, a successful sales organization must clearly define and effectively communicate the sales process to be followed by all team members. Create rules for when to advance or regress leads and opportunities and when and why to close them as a loss. From sales leaders to the reps, keep everyone on the same page about process rules. By ensuring discipline around when or why to move a deal and where it belongs in the pipeline, any sales organization can keep things well planned and consistent.

ENFORCE THE SALES PROCESS

By understanding how a deal flows through the funnel, reps and managers can have accurate information on where deals get stuck and conversion rates. This is essential information to provide unbiased, data-driven coaching. And it's not enough to only have a process, which many organizations do, but very often, it is informally written down in a slide deck, or sent out via email. There need to be reminders to the sales reps on the next step that follows the appropriate sales process. And each step must be accomplished within a prescribed time limit to ensure positive outcomes.

Automating these steps and applying AI and machine learning to guide the reps through every deal removes guess-work on the rep's end and increases the likelihood of closing the deal successfully.
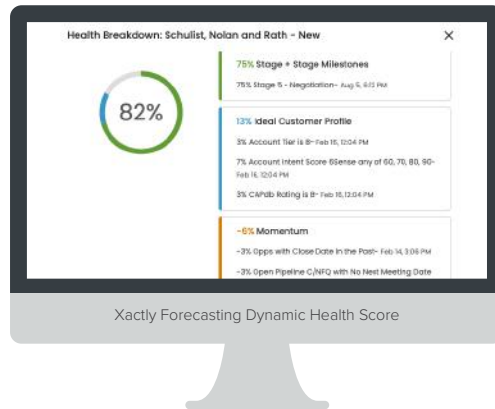
DID YOU KNOW?

having a formal and structured forecasting process can increase the win rates by ~12.6%

ENFORCE PIPELINE HYGIENE AND FORMALIZE THE FORECASTING PROCESS

Xactly Forecasting Dynamic Health Score

Ensuring information is accurate, up to date, and removing deals that don't belong in the pipeline improve sales and revenue analytics immensely.

Along with effective pipeline management, formalizing the sales and revenue forecasting process is equally important. In fact, per CSO Insights, having a formal and structured forecasting process can increase the win rates by ~12.6%. Streamlining the process using purpose-built AI-powered forecasting software, in turn, ensures sales process compliance, increases timely engagement on critical deals from sales leadership, decreases intuition bias and boosts rep performance.

MAKE IT EASY TO UPDATE THE CRM

Sales reps need to provide their point of view on deals. It is crucial to update the CRM with deal status immediately after meeting or communicating with prospects and customers. However, manual CRM updates only create an unnecessary burden on the reps and keep them from essential selling activities. But AI and automation can help with smart data capturing techniques to ensure that CRM updates are effortless and increase selling time for the reps.

CAPTURE THE "RIGHT" SIGNALS FOR AI

AI can provide great insights, but false or lack of signals may distort prescribed insights for decisions. While CRM should be an excellent source for deal information, it is not always up-to-date.

In fact, per Gartner, ~53% of sales leaders believe their organizations do not have high-quality data available to make timely decisions. Critical opportunity information also lies outside of the CRM. Quality signals such as emails from prospects and meetings from the sales teams' calendars are helpful to determine opportunity quality. Hence, it is crucial to instantly detect and capture this information via AI to derive meaningful and timely sales insights for any sales leader.

ANALYZE HOW DEALS FLOW THROUGH THE FUNNEL BY REP AND BY TIME

Once a sales organization has nailed down the strategies 1 through 5 of the above strategies, managers and sales reps have sufficient and accurate data that amplifies their ability to get real insights.

Thus, by consistently analysing performance and customizing coaching for each sales rep using real-time funnel and activity data, sales organizations can get the entire team to exceed sales targets.

Xactly Forecasting Pipeline Flowlytics
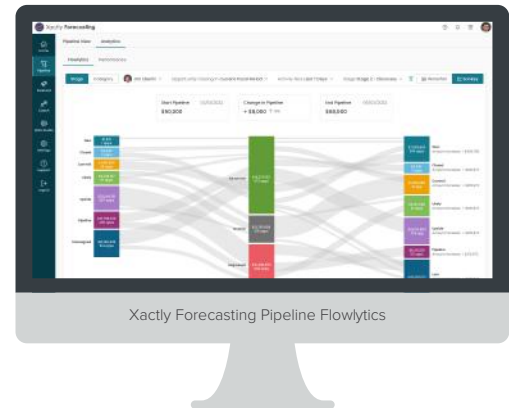
SUMMARY

By applying automation and AI in the ways described, you can trust your sales forecast while developing and making your sales team better. No longer will you wonder about the quality of deals that make up 3x or 4x the pipeline coverage. External conversations that you or the prospects are having with the sales reps will make their way into the CRM for better analysis and decisions. Ramp time of sales reps will be quicker, providing faster times to quota attainment. You'll also have more time along with data-driven analytics to better coach the team. And thank goodness - you can finally get rid of that cumbersome, error-prone spreadsheet!

To see how your organization can take advantage of automation and artificial intelligence to give you a consistent sales process and boost revenue forecast accuracy with Xactly Forecasting - request a demo today.

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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