



# 6 Strategies to Build an Accurate Sales Forecast

The Confidence Boost Your Sales Team Needs

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GUIDE



# Call Your Number with Confidence

For many, it's that time again....It's time to forecast for next quarter. However, for many sales 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 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%.

However, 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, you can have the confidence that you'll hit your number.

Before we tell you what's needed for a trustworthy sales forecast, let's look at some of the common problems with forecasting.





# Problems with Sales Forecasting

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

Conversations are great - especially on strategy to close deals. But it's a waste of valuable time to have daily status calls with your sales reps on the same deals. Chances are, 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 it comes down to it, there are three common problems that cause inaccurate forecasts and a lack of forecasting confidence:



## Intuition bias

- > Happy ear reps
- > Sandbagger reps



## Lack of predictable data

- > Pipeline hygiene
- > Little rigor or consistency around the process



## Technology limitations

- > CRM
- > Static reports
- > Spreadsheets
- > BI tools

# Side Effects Caused By Your Existing Forecasting Process

Because your current sales forecasting process is likely time consuming, you hardly have any time left for:

- // Coaching and developing your team
- // Real work to maximize conversions at every stage
- // Ramping new sales reps
- // Understanding the effects of your efforts

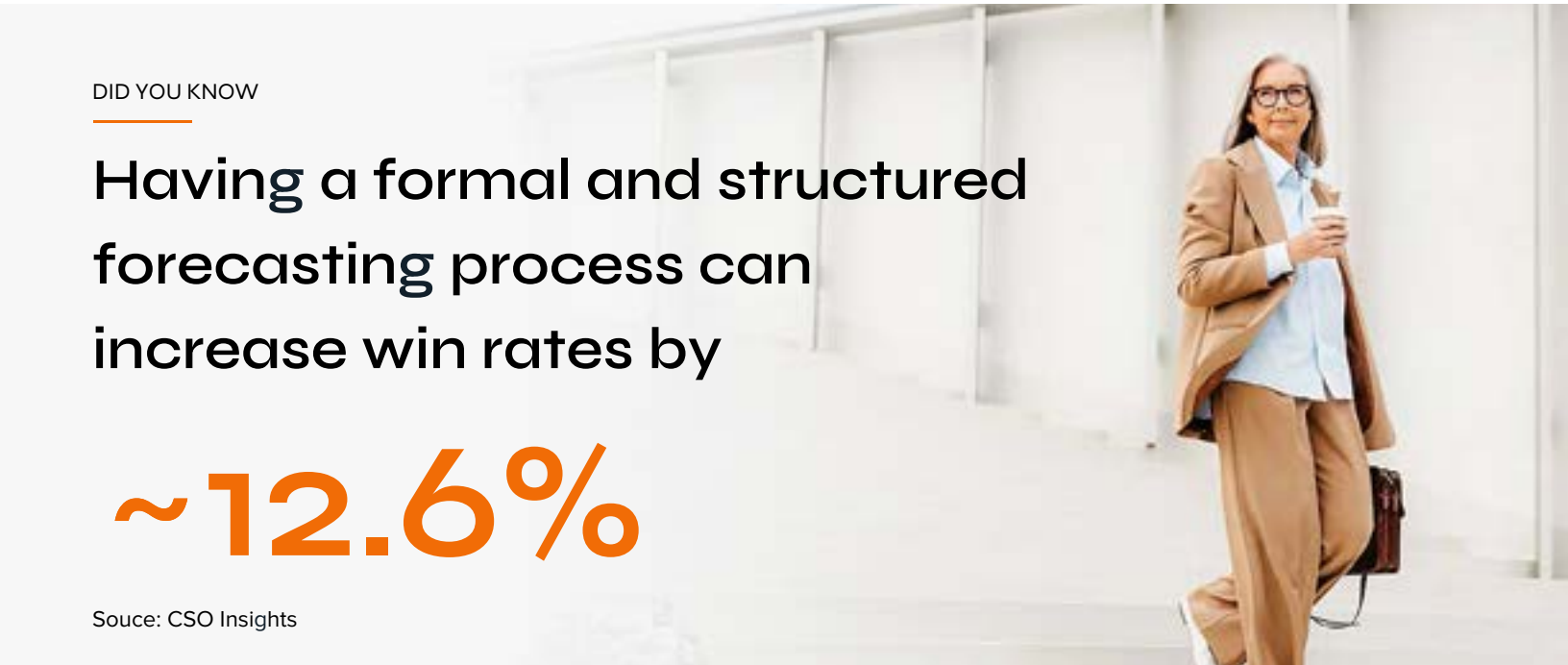
And by not spending enough time on these four things, closing business and quota attainment suffers.

DID YOU KNOW

Having a formal and structured forecasting process can increase win rates by

**~12.6%**

Source: CSO Insights



# 6 Tenets of an Accurate Sales Forecast

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



## 1

# Define Your Sales Process and Sales Methodology

First things first, in order to call and attain an accurate forecast, you must define your sales process and methodology.

Consistency and clear definitions across these two areas are key to achieving your forecasting goals.

Sales Process	Sales Methodology
The What	The How
<ul style="list-style-type: none"> <li>&gt; Qualification</li> <li>&gt; Discovery</li> <li>&gt; Tech validation</li> <li>&gt; Business validation</li> <li>&gt; Negotiation and contracts</li> <li>&gt; Closed pending</li> <li>&gt; Closed won</li> <li>&gt; Closed lost</li> </ul>	<ul style="list-style-type: none"> <li>&gt; MEDDIC/MEDDPICC</li> <li>&gt; Challenger sale</li> <li>&gt; SNAP selling</li> <li>&gt; SPIN selling</li> <li>&gt; Solution selling</li> <li>&gt; Value selling</li> <li>&gt; Gap selling</li> <li>&gt; The Sandler System</li> </ul>

The key to success is making sure your process and methodology is clearly defined, aligned, effectively communicated, and easy to adopt. You'll also want to make sure all processes and methodologies provide value to your reps (not just to leadership), and that all of this is quantifiable to drive action.



What exactly do we mean by sales process and sales methodology? When you think of sales process, think of “the what.” When you think of sales methodology, think of “the how.”

# 2

## Define Your Sales Forecasting Process and Cadence

Next, you'll need to clearly define your forecasting process and cadence, including your forecasting categories.

Forecasting categories are used to organize opportunities in the pipeline, and help leadership understand the strength of a deal. These categories often include:



**Pipeline:** An organized view of all opportunities as they progress through the stages of the selling process



**Upside:** Deals with great momentum, expected to close next period or could be pulled into the current period



**Best case:** Deals with less confidence due to various challenges



**Commit:** Deals with a high degree of confidence, expected to close within the period



**Closed:** Deals that are either won or lost

Recommended measures to put in place to overcome forecast challenges:

### QBR

Quarterly business reviews of previous quarter's performance, and plans for the upcoming quarter

### Pipeline reviews

1:1 meetings to validate pipeline, ensure compliance, coach, and strategize to move deals forward

### Forecast calls

Meetings focused on the opportunities pulled into forecast to ensure pacing and discuss strategy

### Hedging

Adjust the forecast based on what you believe will actually happen, rather than relying solely on overly optimistic or sandbagging sales reps

When it comes to forecasting cadence, you'll want to determine the meeting frequency, as well as the frequency of forecast submission. Ensure that reps, managers, directors, and executives are all on the same page for seamless processes and quota attainment.

# 3

## Automation to Increase Productivity

Imagine 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. How much would this help your forecasting process?

These are examples of formalizing your sales processes via automation. Automation is valuable because it saves time, organizes, and applies discipline and rigor without manual effort.

You should use software to automatically:

- › Capture selling activities like emails, meetings, calls, etc.
- › Enforce the sales process with actionable alerts
- › Validate the pipeline
- › Guide reps to the next best action (coaching and sales execution)

Plus, you should automate the questions you constantly ask your reps:

- › When was the last meeting?
- › Has the next meeting been scheduled?
- › Do we have next steps in place?
- › What deals have missing criteria?
- › Is the expected close date realistic?
- › Are we multi-threaded?
- › Are we engaged with the right roles?

With process, workflow, and pipeline hygiene automation, an entire sales team will have a lot more time for selling and more value-added activity.



# 4

## Pipeline Inspection to Increase Visibility

Ensuring information is accurate, up to date, and removing deals that don't belong in the pipeline improves sales and revenue analytics immensely. By routinely inspecting your pipeline, you can keep your finger on the pulse of:



### Pipeline generation

Is the pipeline filling at the appropriate rate?



### Pipeline coverage

Is there enough solid pipeline to hit the number?



### Risk

How healthy is the pipeline?  
Are there backup deals that can get pulled into the forecast?



### Deals to pull forward

Are there deals expected to close next quarter that can get pulled forward?

By asking yourself these questions, you'll understand what you and your team need to do to convert opportunities and hit your number.

# 5

## Leverage Data to Manage Forecasting and Increase Accuracy

Keeping real-time data at your fingertips is key to increasing forecasting accuracy. With robust data, you can model multiple scenarios as well as consistently track against the target and forecast call. Plus, by consistently analyzing performance and customizing coaching for each sales rep using real-time funnel and activity data, you can get the entire team to exceed sales targets.

All in all, you should use data to:

- › **Visualize the rollup:** What is my team calling, and how are they tracking?
- › **Deal back the forecast call from the bottom up:** What is the path?
- › **Identify gaps:** Where are the gaps in the forecast?
- › **Forecast coverage:** Do we have enough weighted pipeline to support the number?
- › **Surface risk:** Proactively ask, “where is the risk?”
- › **AI Prediction:** What is the AI predicting will happen (or not happen)?
- › **Hedge:** Which deals do you want to pull in/push out to create a more realistic forecast?



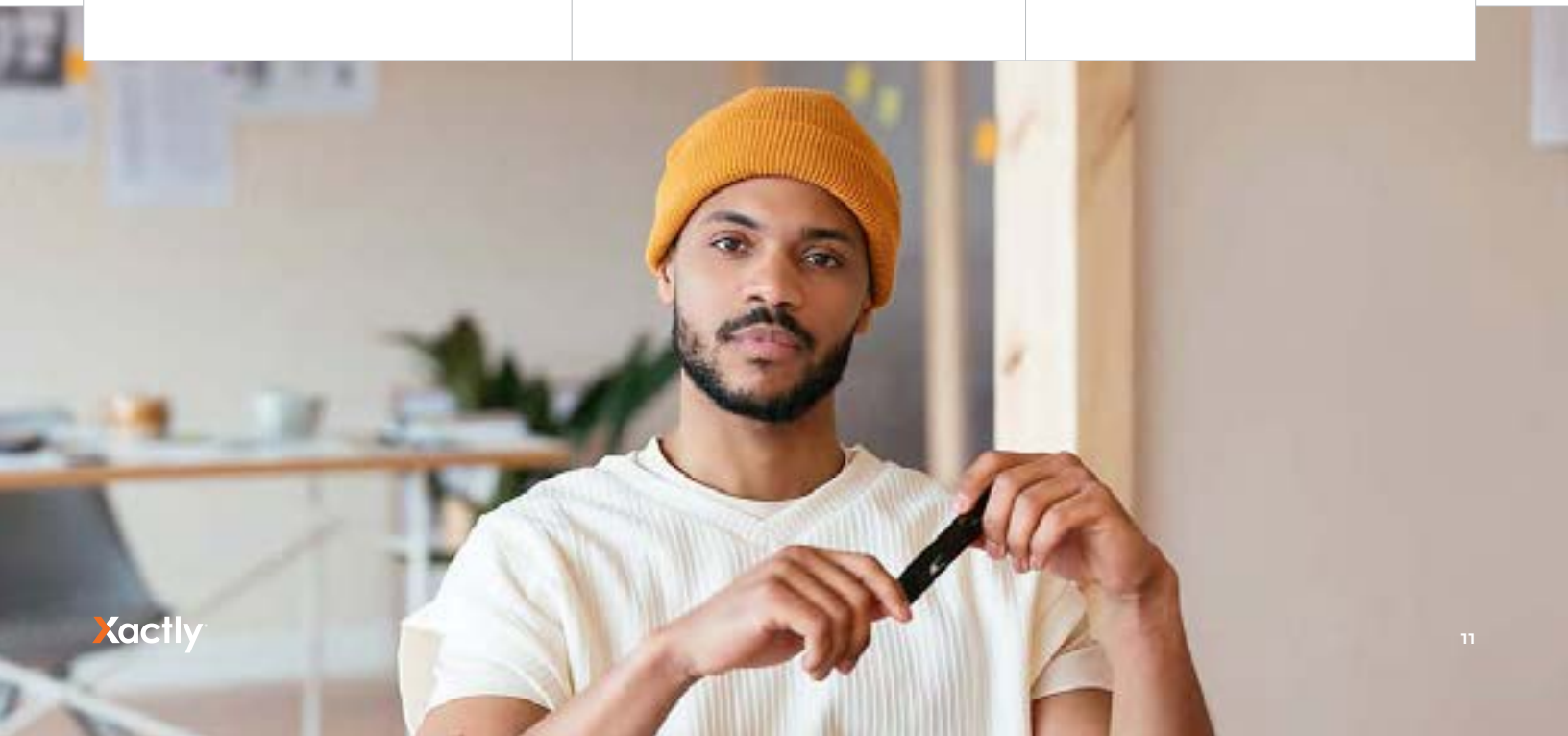
# 6

## Understand Changes, Trends, and Accuracy

While you can do everything in your power to accurately predict your forecast, there will, of course, be changes. It's important to dig into these changes, understand them, and find trends in your forecasting predictions.

Ask yourself the following questions to dive into what's changed, how you're trending, and how accurate your forecasts are:

What's Changed	Historical Trends	Forecast Accuracy
<ul style="list-style-type: none"><li>&gt; What's new, pulled in, pushed out, won/lost, amount changed?</li><li>&gt; Where are last quarter's pushed out deals today?</li></ul>	<ul style="list-style-type: none"><li>&gt; How does the current pipeline compare to previous quarters?</li><li>&gt; Is the current pipeline strong enough to support the forecasted number?</li><li>&gt; Are we creating enough pipeline to meet future goals?</li></ul>	<ul style="list-style-type: none"><li>&gt; How well do we call the ball?</li><li>&gt; How accurate is the AI prediction?</li><li>&gt; How did the forecast call change throughout the quarter?</li></ul>





**By applying automation and AI in the ways described, you can trust your sales forecast while developing and making your sales team stronger.**

No longer will you have to 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 your sales reps will make their way into the CRM for better analysis and decision making. 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 AI to give you consistent sales processes that boost sales forecast accuracy - [take a tour of Xactly Forecasting today.](#)



# ABOUT XACTLY

Xactly was founded by a sales leader, for salespeople everywhere. Xactly's AI-powered Intelligent Revenue Platform gives Revenue Operations teams the data they need to power sales leaders to plan with agility, motivate with intention, and predict with conviction. We are on a mission to transform the sales industry with AI to power reps and leaders to deliver results regardless of circumstances.

To learn more about Xactly and the latest issues and trends in intelligent revenue, follow us on LinkedIn, and visit [www.xactlycorp.com](http://www.xactlycorp.com).

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