



2024

Sales Forecasting

Benchmark Report

A guide for sales tools,
predictions, and planning



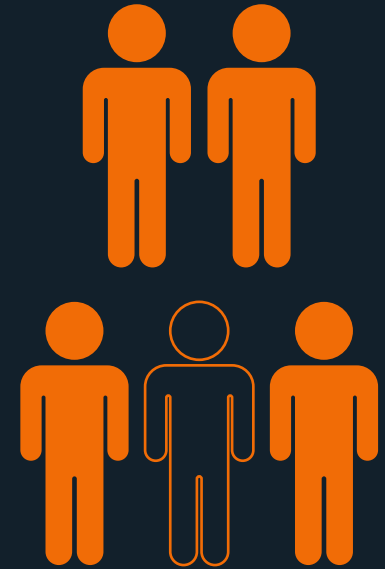
Introduction

Though seemingly content with in-house sales forecasting processes, an analysis of revenue leaders over the past year reveals the struggles Sales and Finance teams face behind closed doors. Almost all agree that with better tools their sales forecasts would be more detailed and accurate. **In fact, 4 in 5 sales and finance leaders say they have missed a quarterly sales forecast — with over half missing it two or more times.**

Sales and finance leaders actually think very similarly when it comes to sales forecasting. Though popular belief might be that these functional leaders are often at odds, our findings indicate that when these two teams unite, the business thrives. The result? Satisfied customers, sustainable growth, and a healthy bottom line.

As the saying goes and continues to ring true, we live in an ever-changing macroeconomic landscape. What's shifting is the demand for businesses to change as quickly as the market shifts, meaning digital transformations are more important than ever to unify frameworks and approaches across all business functions. Almost all sales and finance leaders surveyed say their teams need to work better together to ensure more accurate forecasting. When asked further about delivering accurate sales forecasts, the majority of respondents also say they struggle when trying to formulate final numbers. One clear indicator of underlying issues lies in the fact that 80% of teams say they've missed at least one forecast in the past year. There's no immediate tension from these misses, but there is accountability when it happens - sales will most likely claim they are at fault, whereas finance is more likely to say their department is at fault.

The most successful organizations have heads of Revenue and Finance who prioritize collaboration, even amidst changing macroeconomic climates and the tricky business of nailing a sales forecast. This report offers a look at the state of sales forecasting today, the emerging trends, benchmarks, predictions, and solutions for how you can take your Revenue teams (and your sales forecasts) to the next level.



4 in 5 sales and finance leaders have missed a forecast in the past year.

Uncovering Top Trends



Analyzing Data

How to interpret and integrate data

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Reporting Best Practices

When to update and share forecasts

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Collaboration is Key

How to improve collaboration across teams

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Mitigating Misses

How to forecast with greater accuracy

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Forecasting's Future

A look at where sales forecasting is headed

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The Ideal Solution

What elements or software make the best tools

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Analyzing Data

Though crucial pieces of the puzzle, integrating systems and surfacing data is challenging without the systems to support data analysis. While most sales and finance leaders agree (98%) that their teams come prepared, some barriers remain.

Common Roadblocks to Inaccurate Sales Forecasting

Reporting systems cannot access historical CRM or performance data

66%

Unsure where pipeline data is coming from

60%

Unable to easily integrate systems to maintain pipeline accuracy

33%

The Revenue Operations team is not able to interpret pipeline data

31%

If you're facing similar challenges that sales and finance leaders shared, consider these approaches for future data review:

Documentation – Keep a record of existing practices and how they evolve so you can weigh the pros and cons as processes change.

Singular Source of Truth – Consolidate to a single platform to ease the technological learning curve and eliminate the risks that come from muddled data across multiple systems.

Cross-Functional Coaching – Improve sales performance and efficiency by identifying areas for Go-To-Market (GTM) teams to leverage their support systems and work more closely with other departments (like Revenue Operations or GTM teams) to share data, coordinate training, and more.



97%

of sales and finance leaders agree that the right data would make delivering accurate forecasts a lot easier.

Reporting Best Practices

When it comes to reporting, sales and finance leaders overwhelmingly agreed (92%) that regular data delivery is essential for maintaining confidence in their pipeline. Here are some reporting best practices gathered from sales and finance peers and Xactly experts.



Over **9 in 10** sales leaders say that more frequent pipeline data updates could yield more accurate sales forecasts.

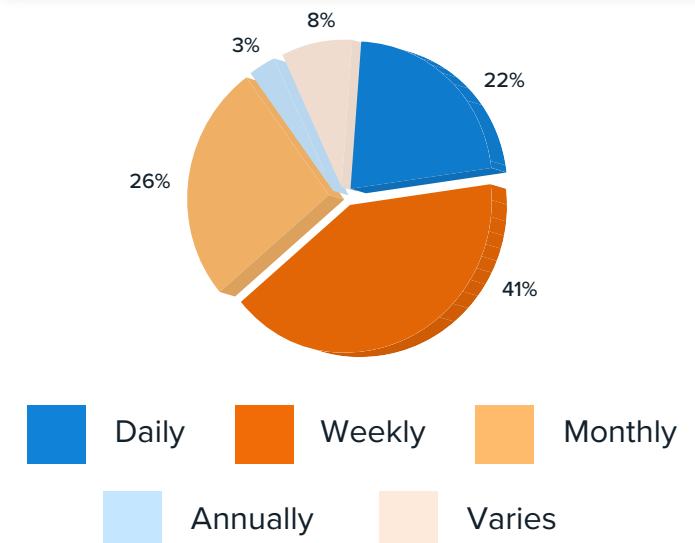
Expert Advice

Define Process and Methodology – Establish clear guidelines and procedures for how reports are created and calculated, inclusive of the solution you will use.

Manage and Inspect Pipeline – Regularly review and analyze pipeline metrics with cross-functional teams to assess the quality and quantity of opportunities, identify bottlenecks or risks, and make informed adjustments.

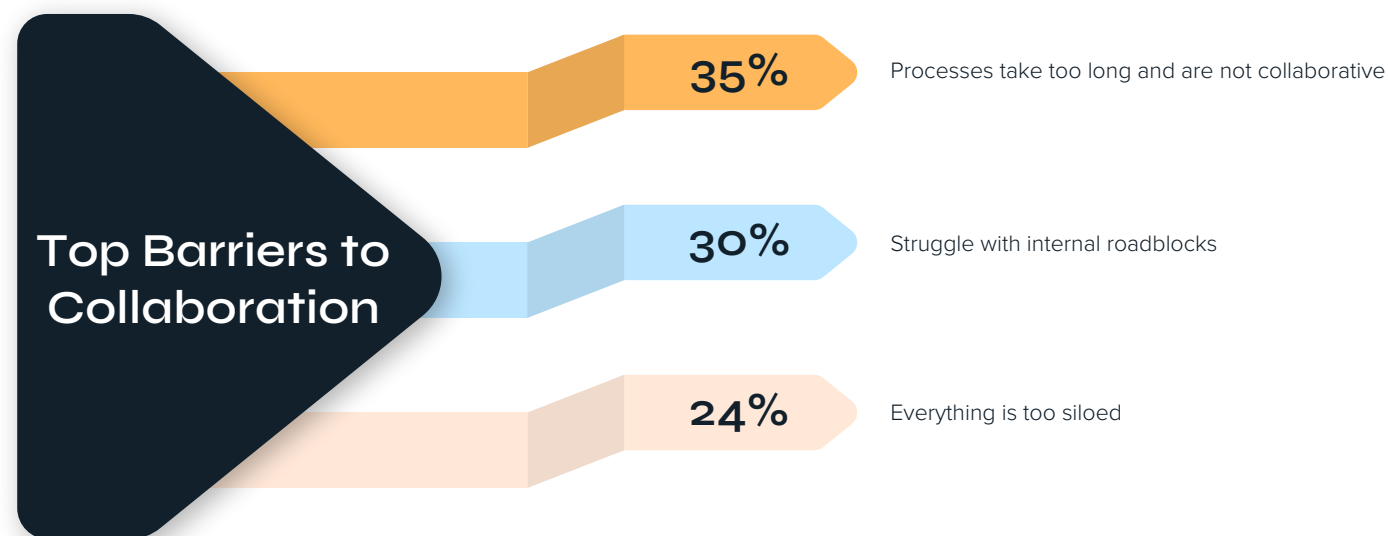
Define Cadence – Set a strict, automated schedule for updating and an expected timeline for reviewing reports (the majority of survey respondents said weekly is optimal) that aligns with the needs of your business.

When to Update Forecasts



Collaboration is Key

An overwhelming majority of sales and finance leaders (92%) believe that forecast calls would be more collaborative with more automation to accumulate pipeline data and surface details. Collaboration is a critical opportunity to improve internal workflows and, ultimately, forecast accuracy. So, what's the problem?



Nearly all (97%) leaders surveyed say Sales and Finance teams need to work better — together.

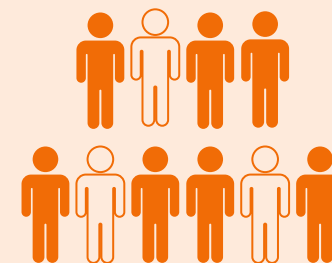


Cross-Collaboration Tips

Promote Cohesion – Clearly define roles, hold cross-functional team members accountable, pull from varied experiences across the business, foster stronger understanding and collaboration in projects.

Provide Individual and Team Coaching – Cover all bases by allocating adequate time for broader team training and individual sessions.

Prioritize Career Development – A major way to keep your team happy and maximize sales performance is to emphasize growth year-over-year.



3 in 10 indicate forecasts are often missed due to a lack of collaboration between Revenue Operations, Finance, and GTM teams.

Coaching Benchmarks

When are sales leaders coaching their teams?

During pipeline review calls



In regular 1:1 meetings



As part of the deal review cycle



Ad-hoc



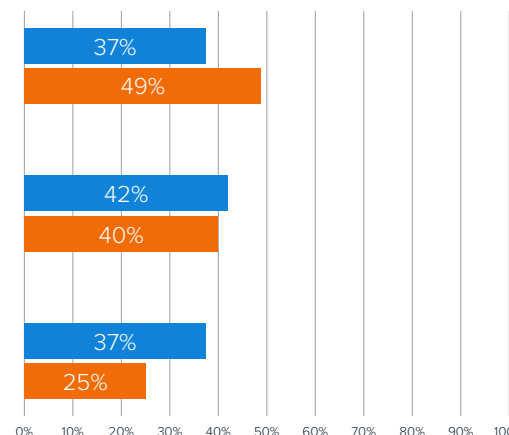
Not So Different

Where sales and finance leaders' opinions fall on the most important factors hindering forecast accuracy

■ Sales

■ Finance

Ability to quickly identify and analyze trends efficiently



Ability to view and submit sales forecasts across products, accounts, segments, and regions

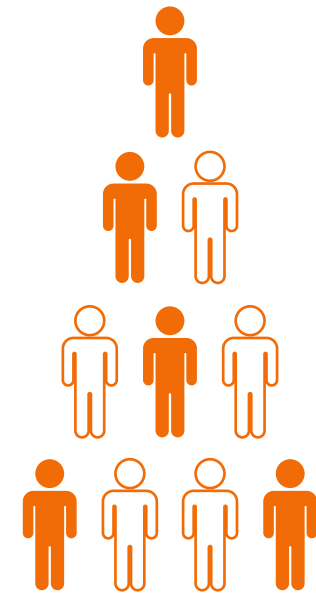
Reminders for when to submit and when to review

Mitigating Misses

As mentioned, 4 in 5 Sales and Finance teams surveyed reported at least one missed sales forecast in the last year. When it comes to misses, approximately two-thirds of finance leaders (66%) are usually off the mark by less than 9%, whereas nearly half (52%) of sales leaders find that their forecasts are off by 10% or more. The cause and effect of a missed forecast may vary, but one thing is certain: The consequences loom large.

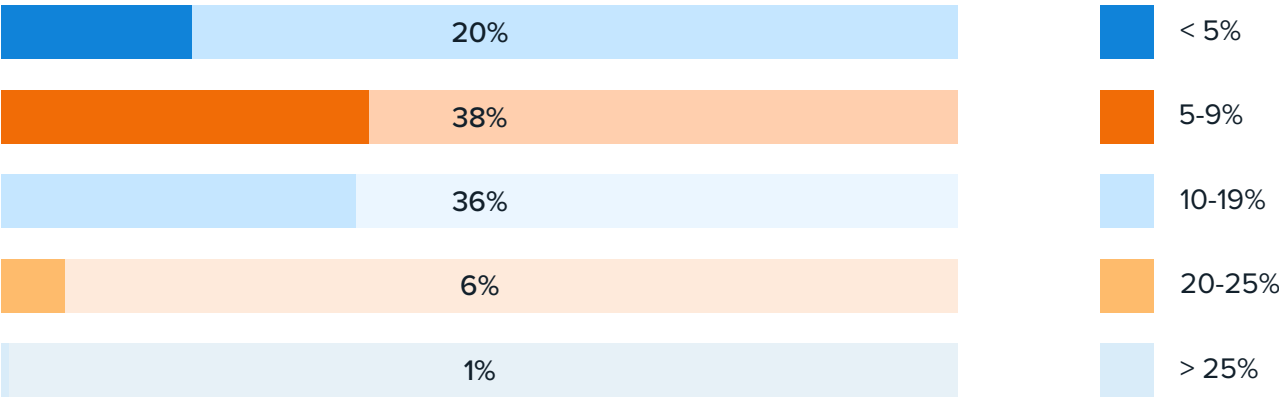
Steps to Improve Sales Forecast Accuracy

- 1. Understand the Makeup of a Healthy Deal** – By keeping your eyes on each deal's health score, recommended actions, and gaps in process, you can better understand the chance it will close.
- 2. Total Pipeline** – Maintain a clean pipeline through identification of stalled deals or those that have a low-likelihood of closing to ensure you have appropriate coverage and are able to move deals out of the pipeline.
- 3. Forecast Call** – Lean into data to make a conservative, yet realistic 'worst-case call'. To do this, make sure you have a holistic, single source of truth for all pipeline data.
- 4. In-Quarter Create and Close** – Bring science into the equation by factoring in historical data to determine if you should account for quick-close deals that aren't in the pipeline yet, but will close this quarter.
- 5. 'Best Case' Call Combo** – Once you feel secure in your committed forecast number, then you have the chance to scan all deals (with the help of your team) and look for potential upside opportunities, i.e., deals that are close but need a couple breaks to close on time. From there, strategize how you might get those health scores up.



Over **50%** of revenue leaders have missed a forecast at least **2X** in the past year.

Overall Discrepancies: How Off are Sales Forecasts, Typically?



Breaking Down Misses

Reasons	Consequences
Tech Failure Unable to integrate with critical systems when incorporating data	Benefit or Incentive Cuts Removal of bonuses and/or commissions
Poor Preparation Leaders unprepared for a forecast call	Layoffs Either companywide or through the letting go of support (staff/ salespeople/ executives)
Lack of Empowerment Individual reps are not enabled on which deals to include	The Blame Game Sales is used as a scapegoat for a likely bigger issue
Bad Data Poor CRM or pipeline data hygiene	A Restructure Teams are reorganized across specialties (Sales, Finance, Marketing, etc.)

Forecasting's Future

What's Next?

Though a vast majority (95%) of Finance and Revenue Operations teams express confidence in their ability to plan from existing forecasts, closer examination reveals a stark contrast. Despite this confidence, the reality is far from reassuring: **an overwhelming 98% say they struggle when trying to formulate a forecast.**

This suggests a disconnect between perceived competence and actual proficiency, and underscores the need to bridge the gap by further developing the skills required to effectively navigate and interpret forecasting data.

It's clear that change is needed. Accuracy is the biggest hurdle, which is why sales forecasting technologies are a perfect match. To stay ahead of the curve, innovative solutions must be implemented.

Through the Looking Glass

Trends to watch for in sales forecasting



Machine learning algorithms can significantly improve accuracy by managing deals and predicting sales



No more top-down forecasting: Implement a **collaborative process** that involves all teams providing regular input – Sales, Finance, Go-to-market (GTM)



Encourage a culture of agility across teams, embracing **automation** capabilities within your tools to create space for improved workflows



AI-powered predictive analytics tools for uncovering valuable insights to drive smarter decision-making

96%

say teams need to conduct a better post-mortem analysis of sales forecasts to evaluate accuracy

94%

of survey participants say that if historical data were better understood, they'd be able to provide better forecasts

92%

of respondents shared that more automation of data would yield greater collaboration

33%

recognize that understanding how competitive deals performed would help deliver accurate forecasts

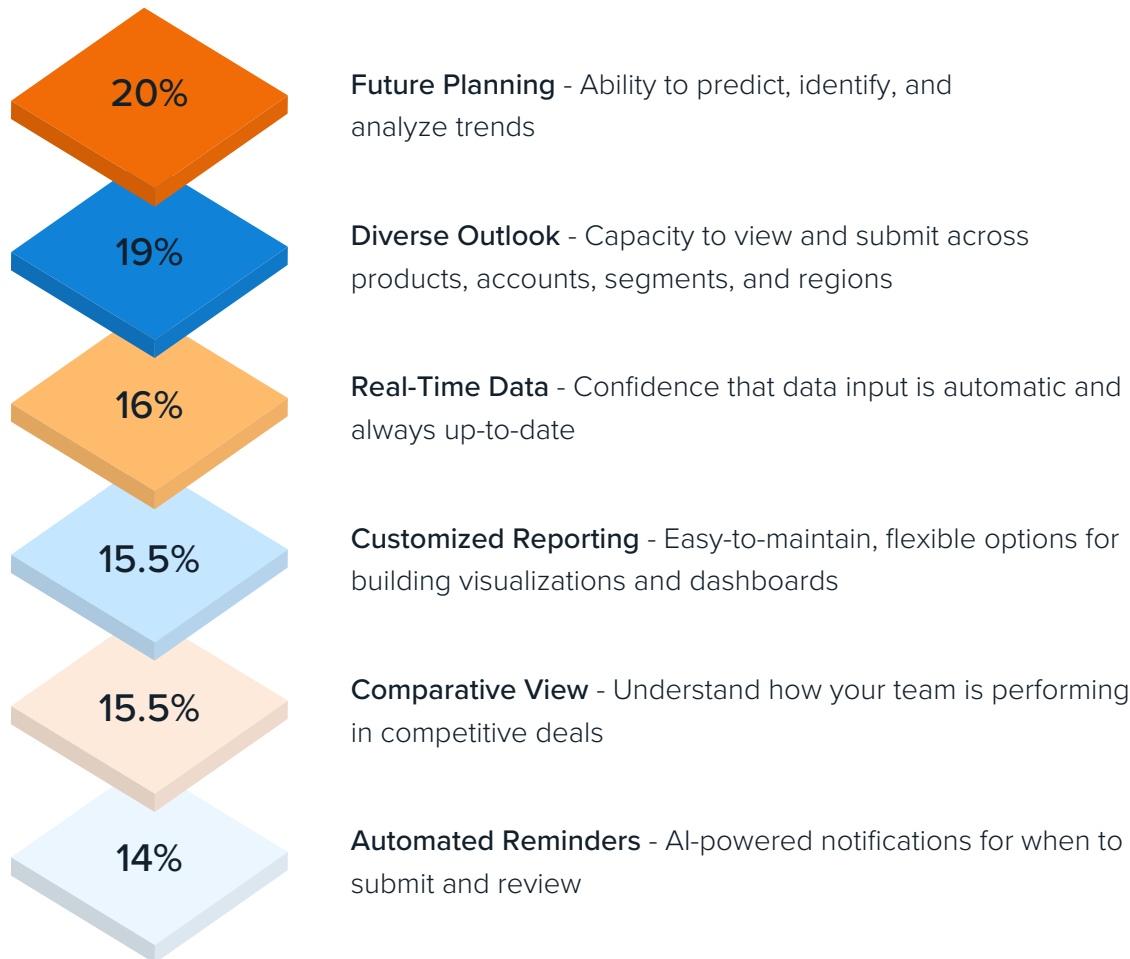


The Ideal Solution

Over 90% of sales and finance leaders indicate that better tools would lead to more detailed, accurate forecasts. Whether this means predictive metrics, greater customization or trend analysis, the desire to improve upon existing tools is high.

So, what features make up the ideal solution?

Survey says:



Zero sales and finance leaders believe they have what they need when it comes to their sales forecasting technology.

[See how Xactly measures up »](#)

What's Missing

90%

Recommendations for improvement

60%

Early identification of at-risk opportunities

38%

Data health/quality

Display a mix of revenue pipeline by product
i.e., new business, upsell, cross-sell

56%

Show the sources of the pipeline number

44%

Offer probability scores for every opportunity

43%

Most Wanted Dashboard Features

The Xactly Advantage

Stop guessing, start winning

Xactly Forecasting breaks down silos across Finance, Go-to-market, and Operations teams and provides advanced analytics for everyone to accelerate revenue pipelines, improve sales engagement, and deliver more accurate forecasts.

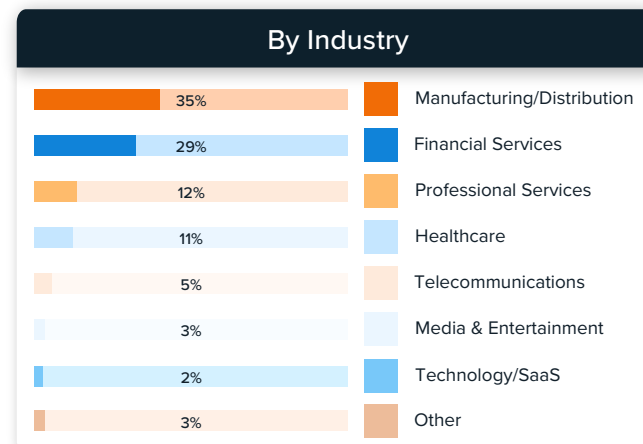
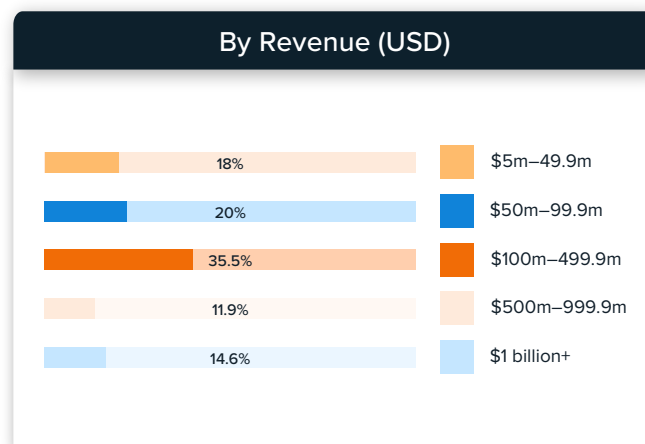
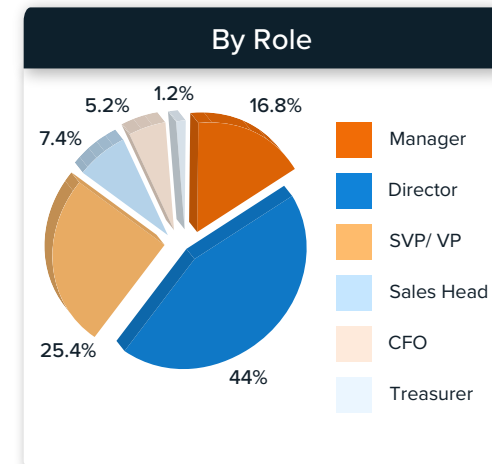
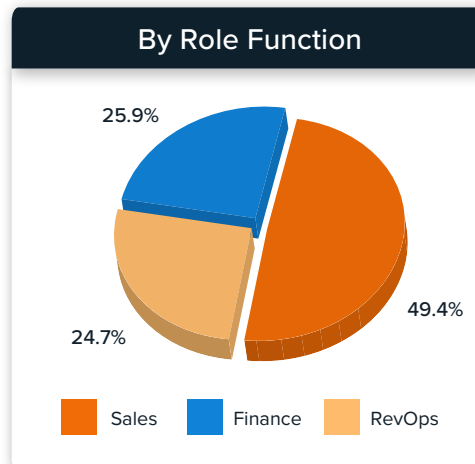
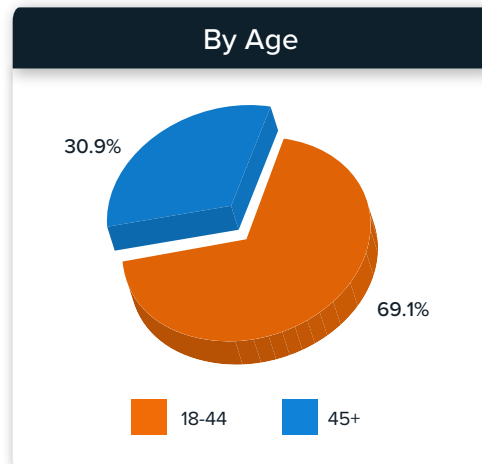
With Xactly Forecasting, you get:

- **Better Integration** – Consolidate data across systems, including CRM and ERP, into one, unified platform.
- **Advanced Analytics** – Augment instincts with AI and machine learning algorithms that remove potential bias to provide objectivity into revenue numbers.
- **Historical Benchmarking** – Analyze historical performance data and migrate records to create more realistic sales projections and predictions.

Take a Tour »

Research, Methodology, and Demographics

For this report, Xactly teamed up with Regina Corso Consulting to conduct a comprehensive online survey of Sales and Finance/Revenue Operations professionals in order to understand how they deal with and are impacted by sales forecasting. All 405 participants were adults based in North America. Moreover, of those surveyed, participants were split nearly 50/50 between Sales and Finance functions, with slightly less than half of finance professionals in Revenue Operations. The survey was conducted between March 19, 2024 and March 28, 2024.



About Xactly

Xactly provides the only AI-powered platform that combines revenue intelligence and sales performance management so organizations can unlock their full revenue potential. Backed by two decades of pay and performance data, Xactly's Intelligent Revenue Platform is designed for finance, revenue, compensation, and sales leaders who want to drive quality, sustainable revenue.



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