



Salesloft.

Definitive Guide To Forecasting

Many wish that forecasting could be made better by taking humans out of the equation. But, as with all things strategy, forecasts are a result of **People, Process, and then Technology.**

MODERN SALES PROS

Pre-Work

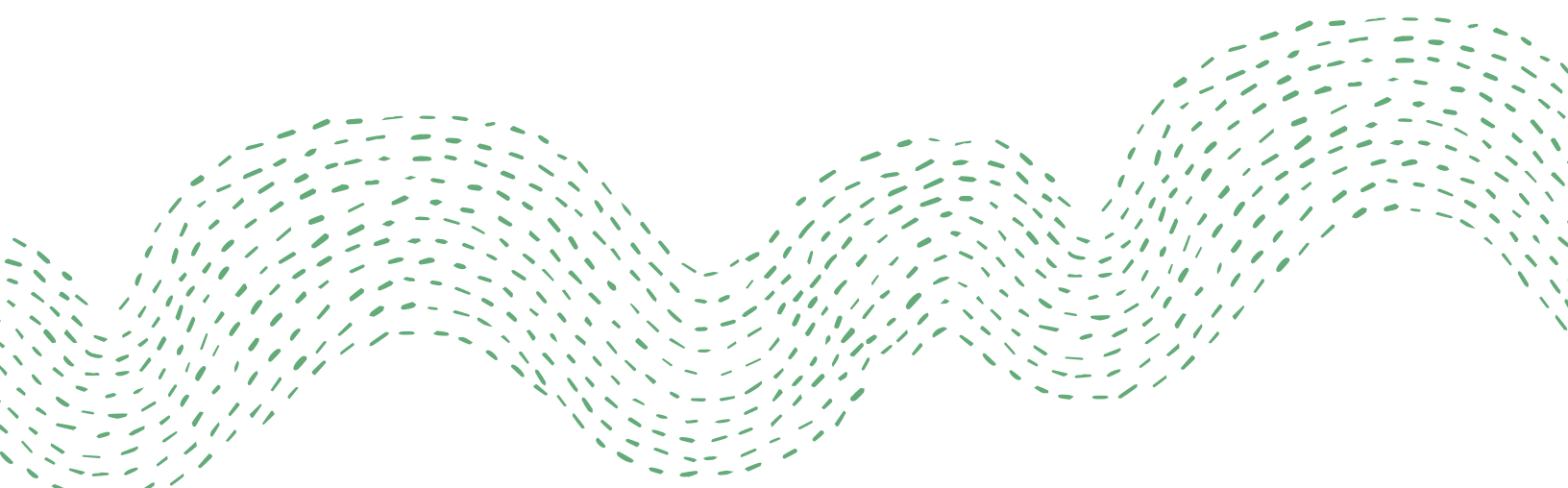
What's included in an accurate forecast?

- Everything already **closed-won** in the period
- **Existing opps** with in-period close dates
- **Run rate** of opps to be created and closed in the period
- **Pull-forward** of opps in CRM but with close date beyond the forecast window

Note: At least weekly, every rep must ensure the following CRM fields are updated

- **Close Date**
 - No hiding deals in a different window to avoid inspection
- **Stage and Forecast Category**
- **Amount**
 - This is the value of the deal IF it closes, no hedging
 - Some leaders also like to have best-case and worst-case amounts
- **Next Steps**
 - If there are no next steps involving the prospect, there is no deal
 - Some leaders want next steps and (A) Key Risks, and (B) Key Accelerators

Different selling motions require different forecasting approaches.



Part 1: Let's start with very small businesses (vsb), where we forecast using a capacity and demand model

In a transactional segment, two things are true:

- The sales cycle is much shorter than the forecast window
- For example, 5 days versus 30+ days
 - Spending time on deal reviews would negatively impact sales productivity

The Capacity and Demand Model has three main components: paid inbound, organic inbound, and outbound.

Paid Inbound is fairly predictable.

Model	Example
Budget for Period (\$)	100,000
• Clicks (@ 2.50 CPC)	40,000
• Demos (@ 1%)	400
• Qualified Opps (@ 75%)	300
• Wins (@ 20%)	60
• ARR (@ \$10K/win)	600,000

**These numbers are just examples. They are NOT benchmarks.*

**Clearly there are demand constraints for inbound, so this is not a perpetual motion machine.*

You get what you get with organic in bound.

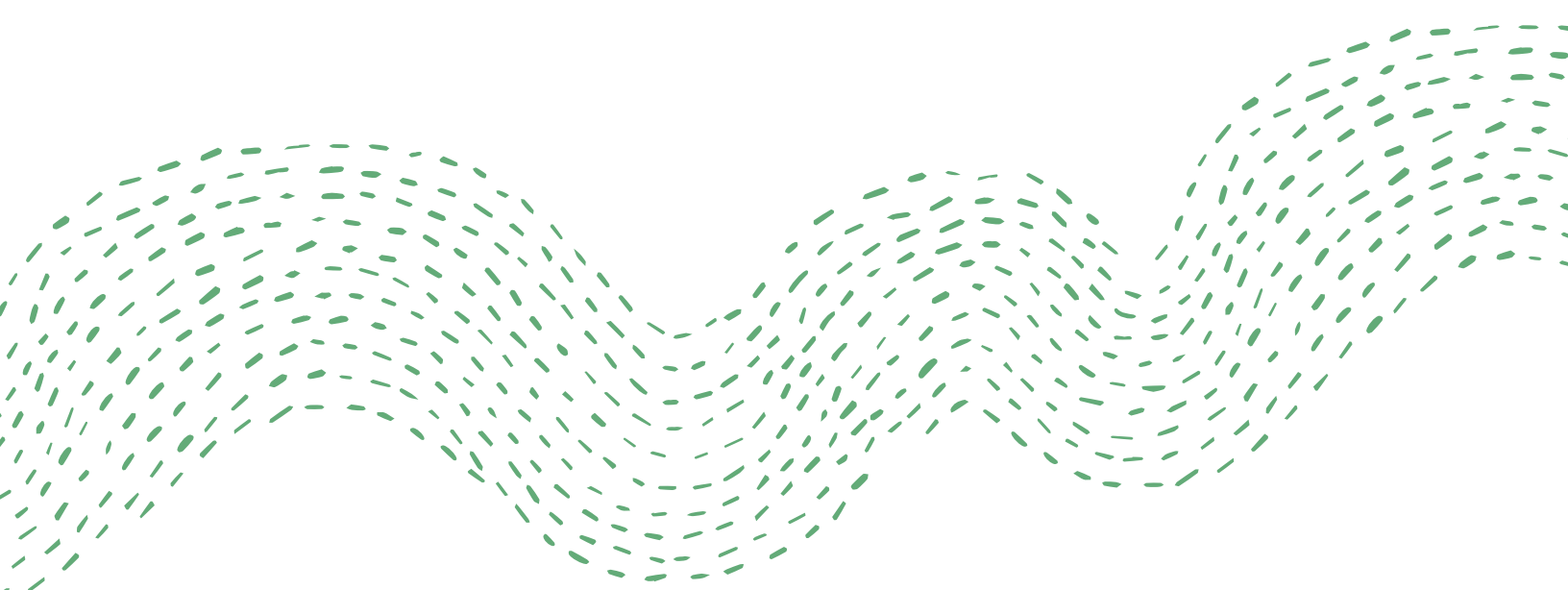
Model	Example
Demo Requests in Period	1,000
• Qualified Opps (@ 75%)	750
• Wins (@ 20%)	150
• ARR (@ \$10K/Win)	1,500,000

Organic inbound tends to be hard to drive in the short term since it depends on

- **Brand investment**, which is hard to measure
- **Product**, especially Net Promoter Score (NPS), Product Led Growth (PLG)
- **Virality**, usually due to positive network effects

Outbound operates like a machine.

Model	Example
# OB SDRS	20
• Meetings Scheduled (@ 10/SDR/Mo)	200
• Meetings Held (@ 85% Show Rate)	170
• Qualified Opps (@ 75% Rate)	128
• Wins (@ 20%)	26
• ARR (@ \$10K/Win)	260,000



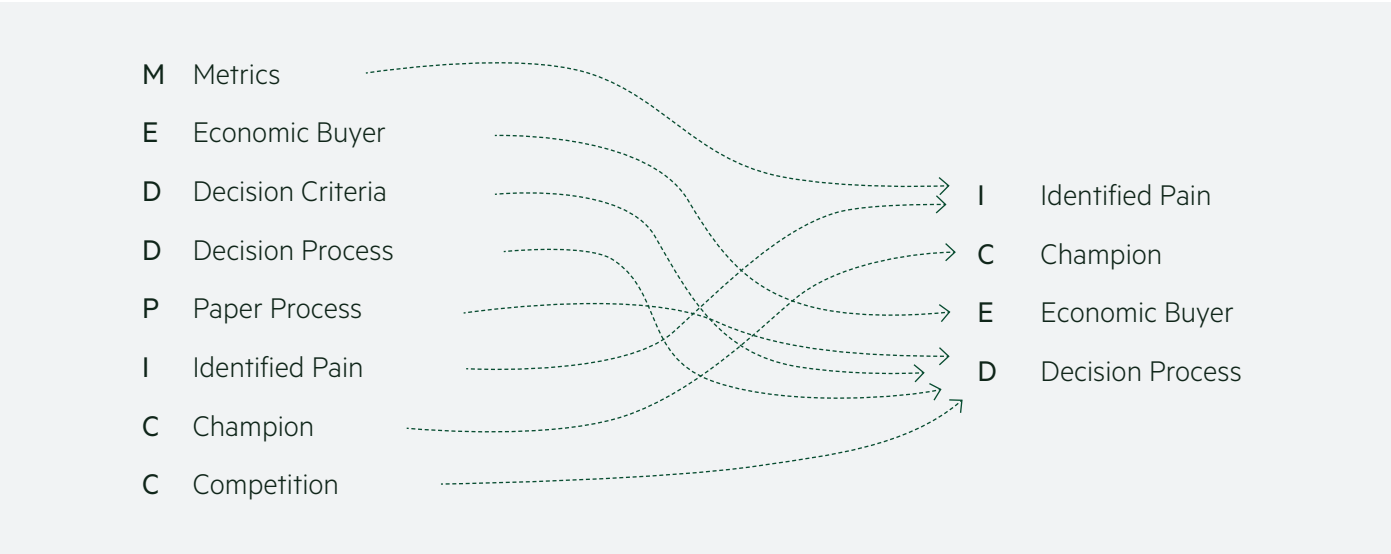
Part 2: Now, Let's talk enterprise deals

With enterprise, it is eyes on every deal.

- The sales cycle is much longer than the forecast window
 - 30, sometimes even 90 days
- Spending time on deal reviews is mission-critical
 - At all levels all the way up to the CEO

Enterprise Deal Review

Use all factors in your methodology to inspect deals.



Increase consistency & expose risks by scoring deal health.

	0	1	2
Identified Pain	Unknown Pain	Identified Need	Identified Pain Compelling Event & Owner
	Unknown Metrics	Identified Metrics	Confirmed Business Value
Champion	Unknown Champion	Coach	Partnered W/ Champion, We Know Their 'Win'
Economic Buyer	Unknown EB	Identified EB	Engaged EB (Who Controls Budget & Views This As A Priority)
Decision Process	Unknown Decision Process	Identified Process & Stakeholders	Mutual Plan
	Unknown Decision Criteria	Suggested Requirements	Set Requirements
	Unknown Competition	Identified Competitors	Vendor Of Choice

Use mutual action plans. For tech-enabled mutual plans, check out Recapped, Accord, or DealPoint.

Create and adhere to a deal review cadence.

Week A	1	2	3	4
Topics For Forecast Review Calls B	Pushed Deals Review	CQ Pipe Review	CQ Top Deals Review	CQ Pipe Review
Reps And Managers	1:1 Pipe Review	1:1 Pipe Review	1:1 Pipe Rev/Close Plan Review Key Accts	1:1 Pipe Review
Deliverable	CQ Commit	CQ Commit	CQ Commit	CQ Commit

C	5	6	7	8	9
	NQ Pipe/ Top Deals Review	CQ Pipe Review	CQ Top Deals Review	CQ Pipe Review	NQ Pipe/ Top Deals Review
	1:1 Pipe Review	1:1 Pipe Review	1:1 Pipe Rev/Close Plan Review Key Accts	1:1 Pipe Review	1:1 Pipe Review
	CQ Commit	CQ Commit	CQ Commit	CQ Commit	CQ Commit

10	11	12	13
CQ Top Deals Review	CQ Pipe Review	NQ Commit	Daily Standup Top Deals
1:1 Pipe Rev/Close Plan Key Accts	1:1 Pipe Review	1:1 Pipe Review	1:1 Pipe Review
CQ Commit	CQ Commit	CQ & NQ Commit	CQ & NQ Commit

A Scheduled well in advance and thoughtfully orchestrated

B Focus on agenda, deliverables and questions

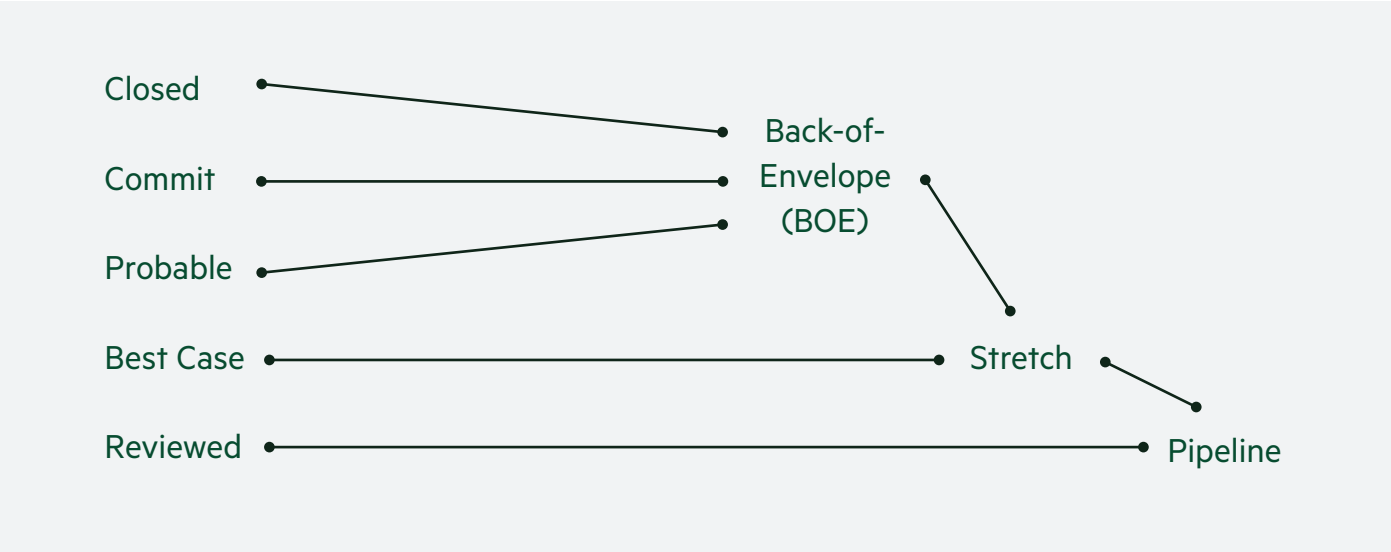
C Be forward-looking

D Each sales org level is responsible for commit number and submit say day each week

E Sales Ops play critical role in commit, highlight risk, and forecast hygiene

Day	Mon	Tues	Wed	Thurs	Fri
Sales D	Reps Clean SFDC, Submit CQ Commit	Regional Forecast Call, Sales Dir Rev & Submit CQ Commit		1:1 Pipe Review (Managers W/ Reps)	1:1 Pipe Review (Managers W/ Reps)
Ops E	Rolls Up Rep Commit, Provide To Sales Dir	Rolls Up, Dir Commit, Send To Leadership		Forecast vs. Analytics, Summary Email CEO	Monitors Pipeline
Deliverable	Rep CQ Commit	Director CQ Commit		Final CQ Commit	

Create and adhere to a deal review cadence.



Part 3: Lastly, let's take a look at small businesses (smb)

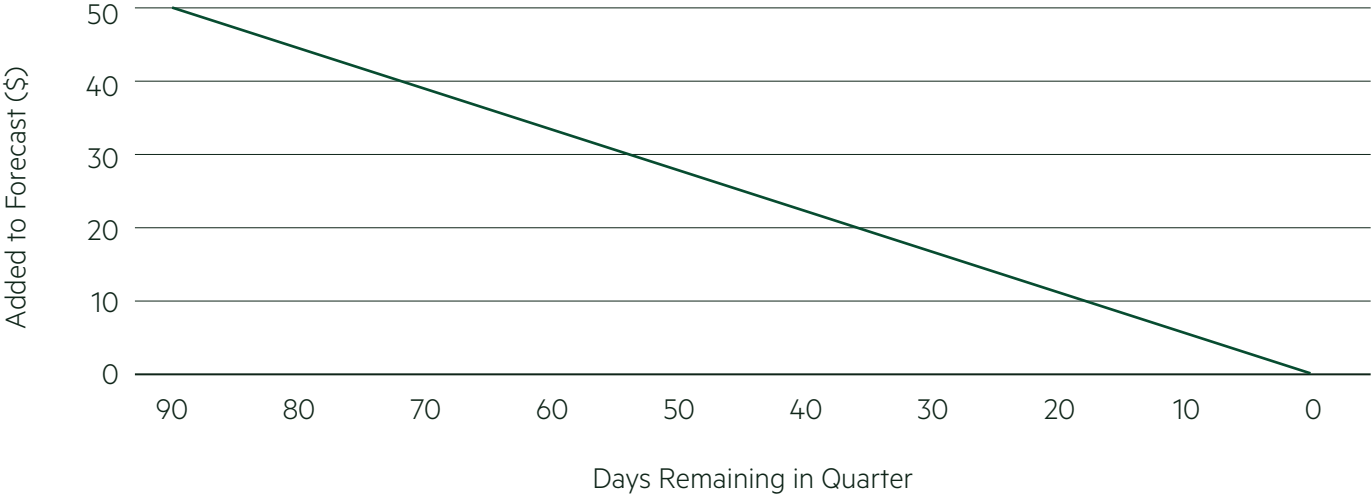
- The sales cycle is roughly the same as the forecast window
 - Approximately 30 to 60 days
- Deal reviews are needed for the largest deals

Forecasting SMB with a stage-weighted pipeline and a burndown algorithm.

- We can use an algorithm to estimate both (a) run rate of create and close deals and (b) the estimate of pulled-forward deals.
 - Example: Let's say your quarterly target is 150. Historically, you know that 1/3 of closed won revenue came from opps not in pipeline at the start of the period.

So you'll just burndown 50 (1/3 of 150) over the course of the quarter.

Stage	Weight
Teching	--%
Developing	--%
Qualified	--%
Showcase	--%
Negotiation	--%
Closed-Won	--%



Enhancing Forecasting Accuracy with Artificial Intelligence and Machine Learning.

- Until machines can collect and analyze every interaction - Zoom, email, phone, text, F2F – we simply do not have high-enough quality input data to build a superior, standalone AI forecast
- Nonetheless, machines can augment humans by
 - Adjusting model parameters
 - Example: Stage weightings, win rates, non-linear ‘burn down’, etc.
 - Ensuring we faithfully adhere to processes
 - Alerting us to possible red flags
 - Suggesting next best action

Key takeaways

- Great forecasting requires people, process, and then, technology. In that order
- Adapt your forecast approach to the dynamics of each sales segment VSB, SMB, and Enterprise
- Adapt AI/ML to augment, not replace, your forecast accuracy