

Five Steps to Sales Forecast Accuracy

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Consultants' time is valuable, and nobody wants it to be wasted – it is bad news for the business, and it is bad news for the individuals concerned. But of course, their expertise has to be sold ahead of time according to an agreed schedule.

Equally, selling projects that can't be delivered according to the proposal is a waste of salespeople's time and energy, and is a frustrating experience for customers.

Managing the sales process in a rapidly growing organization requires a disciplined approach. It's not only important what skills are being sold, but when they are needed. Any slippage in the start of an engagement may lead to lost utilization, leaked revenue and unconsumed backlog.

Rapidly expanding businesses sometimes find themselves selling skills on a timescale that can't be delivered. As a result, someone has to go back and tell the customer that a consultant can't be provided on the promised dates.

Organizations that engender a better working relationship between the sales team and the service delivery team can meet these challenges. They build a collaborative culture around better-defined sales and resourcing stages, creating information which is shared and trustworthy. Sales forecasts are more reliable, and delivery is more efficient.

A longer-term view of future demand is what underpins optimized resource management, business predictability, and more sustainable growth. In this Best Practice Guide from Kimble, we suggest five simple steps to a better and more disciplined sales process.

The steps suggested in this paper could not realistically be accomplished on spreadsheets, so we will presume that the reader has, or is planning to buy, a professional services automation solution – ideally, one integrated with their CRM (opportunity management) system.

1

FORMALIZE THE SALES PROCESS

Break down the sales process into steps; name the different stages and make sure everyone agrees what they are. Without a rigorous, formalized process, managers may collect data which is essentially based on conversations and interpretations of them.

Formalizing the process means making sure it happens the same way across the organization. By using the same vernacular, everyone will understand what is meant by what stage and will share a common understanding of the likelihood of close and what actions may be required to help that happen.

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When people (especially salespeople) know what information they need to enter, when they need to enter it, and at what level of detail it needs to be represented, then it will be easier for them to comply. Keep it simple – if a lot of extra detail is demanded, sales people may sometimes feel they are being asked for too much information at a given stage, and thus end up keeping it all in their own head.

In a less formal system, sales managers often curate and organize their own information which they bring to monthly meetings. That leaves room for interpretation and individuals may massage “their” data, choosing, for example, to raise Linda’s forecast because she is seen as unduly cautious, and to drop John’s, because he is regarded as an optimist. That leads to a lack of accuracy.

2

LOG ALL OPPORTUNITIES AT AN EARLY STAGE – EVEN LOST DEALS

Salespeople should share information about all of the opportunities they are chasing as this informs resourcing and revenue forecasts.

The most important date is the close date because it is the scheduled date in the pipeline upon which much else depends.

Best practice is to log opportunities in the system as early as possible and to continually update their status. This makes it easy to see at a glance all the projects moving along the pipeline.

Logging early helps the resourcing people to see what may be coming down the tracks towards them. This becomes a basis for the recruitment team to decide what skills are marketable. It’s a way to meet the demand better. Like a lever pulled at a railway junction, the sales team’s information can be used to direct the train.

Are deals being lost because the market demand for certain skills is changing direction? Are there opportunities out there to create new propositions or to hire people with different skillsets?

3

CLOSE DATE IS KING

Of all the information the sales people enter into the system, the close date is the most important and it has to be reliable.

Having confidence in the sales forecast means having confidence in the financial resources that will be available to support the continued growth of the business.

What this means is that forecasting discipline is paramount: around lead qualification, close dates, negotiation status, and start dates. The most important date is the close date because it is the scheduled date in the pipeline upon which much else depends.

Work will generally not start before the paperwork is signed, but resources will be allocated to the project. If this slips, people may be left without billable hours, and the effective utilization and revenue will likely slip too.

Salespeople should be held to this date – it is the most crucial in the sales cycle, and it needs to be predictable. Again, where information is communicated quickly and reacted upon, sales people will understand that they need to get this data as accurate as possible – if it slips, the customer may not get the resources that have been allocated. In a dynamic organization which is resourcing proactively, those consultants will be booked to another project.

When the salesperson understands the ramifications of this, she can be firmer with the client about the need for clarity, and create a compelling event for close.

4

SALES PEOPLE ARE ACCOUNTABLE AND EMPOWERED

Ensure salespeople take responsibility for maintaining the accuracy of the information they put into the system and that they understand the benefits to them of doing this.

For the sales team, one incentive to be proactive about sharing information is that there are benefits to be had from getting their customer to the front of the line for resources. First, a salesperson is more likely to be given the help required to win the deal if everyone can see it in the pipeline. And when it is won, their customers will be more likely to get the best teams assigned to them.

But if the salesperson is late to table with the proposal, their customer will be at the back of the line for resources. For those who do this well, it means the customer is more likely to be happy more quickly, more likely to recommend, and more likely to return for more business. Some businesses stipulate that salespeople will not get paid the same bonuses on deals which are logged late.

Along with accountability goes empowerment - salespeople should be made aware of the actuals of the engagements they have won so that they can build greater insight and accuracy in putting together proposals in the future.

5

BREAK DOWN THE SILOS

Constantly encourage collaboration between sales and delivery staff - where they value and utilize each other's information a virtuous circle of improvement will arise.

As the company grows, a wall can start forming between sales and services. When this occurs, the

two departments can get out of step and become "promise makers and promise breakers." Sales teams can be perceived as "throwing things over the fence."

Sales and delivery teams should be encouraged to collaborate constructively. Valuing the contribution salespeople make to the resourcing and recruitment efforts will also encourage teamwork. The information they provide makes the company more agile and responsive – if a sales projection falls short and the recruiting team is aware, they can put a brake on hiring; if it is going up, the recruitment team will respond.

When resource teams come to the party and make good use of the sales team's information, this creates a virtuous cycle where the sales teams are incentivized to keep the data flowing in, because they understand how useful it is.

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CONCLUSION

A disciplined sales process delivers not only better visibility but also more accurate and more reliable information. A correct demand forecast feeds into better resource, recruiting, and revenue forecasts. Enabling information sharing and teamwork between sales and delivery creates a culture where there is less room for misunderstanding between different departments.

Salespeople want their customers to get the right teams; the delivery staff trusts the salespeople to set up successful engagements. But primarily, accurate sales forecasts mean a better match between supply and demand. And it is that which enables managers to maximize utilization and steer the business in the right direction.

Kimble Best Practice Example

Award-winning cloud technology firm makepositive more than doubled in size in the (cont. next pg.)

Example *(continued)*

first two years after introducing professional services automation, and is on track to double again, which they attribute in part to increased sales forecast accuracy.

COO Matt Cooksley said, since Kimble's adoption "The salespeople quickly learn that they have to get this right." Getting the suggested start date of a project into the system early is key to mapping the right resources against it. Utilization visibility has also improved. "I can see utilization for the next three months, by role, by location. I know what's firm, what's probable. This emphasis on sales forecast accuracy is enabling a focus on the future. Cooksley said: "We now have as clear a picture as we could possibly have regarding where we expect to be going forward."

*I have never worked a day in my life
without selling. If I believe in something,
I sell it, and I sell it hard.*

— Estée Lauder



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