

Everyone needs good forecasts

Forecasting the size and closure rate of a sales pipeline is notoriously difficult. Operational plans, resourcing levels, rewards packages and shareholder communications have all been based in some way on the targets. So it is essential to constantly feed a meaningful sales forecast into operational/production planning and financial reporting processes.

It's harder than it looks...but not as hard as some salespeople think

For individual salespeople, each opportunity pipeline consists of complex product and customer-specific issues. Customers are always changing their mind, deadlines slip, decision-makers appear from nowhere and the competition is trying its best to steal the deal from you. All these issues must be carefully interpreted in order to forecast the size and timing of each sale with any degree of reliability.

Experience counts here certainly - salespeople need to see a few deals before they can assess potential and timing accurately. But clear opportunity evaluation methods, review processes and coaching from management make all the difference in helping salespeople to produce believable forecasts.

How this works in practice

Salespeople need the right tools to properly evaluate the quality of their pipeline. There are a number of simple yet highly effective pipeline/opportunity evaluation techniques available. These typically centre on assessing each opportunity against a set of defined measures, which the sales manager reviews and challenges with the salesperson.

This process ensures that the salesperson fully understands and can justify the size, timing, risks, decision-making chain, competition and other factors associated with each opportunity. This greatly improves forecasting quality. Managers can further qualify forecasts before submitting them upwards in the reporting process, for example by applying a "scaling factor" based on the historical reliability of each salesperson's forecast.

This formalised process, combined with management coaching, simplifies the forecasting process for salespeople by giving them a clear framework in which to operate. Salespeople are much more likely to produce timely and accurate forecasts using such processes, especially when managers properly support the salespeople throughout.

With a straightforward, simple to operate yet thorough pipeline evaluation and review process, sales forecasting accuracy measurably improves, delivering benefit across the business.

About LoganLea

LoganLea specialises in defining and implementing effective change within sales operations. Supporting business and sales leaders to manage, support and lead high performance sales teams and individuals. Our team consists of FTSE100 Sales Directors, sales change specialists and functional experts. Call us to discuss how we can help .