

June, 2008

## Sales Analytics: Forecasting Success through Improved Data Visibility

Is a typical company's sales forecast more reliable than the local TV meteorologist on the 6pm newscast? Or does much of the enterprise consider it with a grain of salt? If top-performing organizations deploy advanced sales analytics and forecasting solutions layered on CRM / SFA systems, they may hold the key to producing a reliable and three-dimensional sales forecast that may benefit all aspects of their business, beyond sales. In an upcoming research benchmark report publishing in July, 2008, Aberdeen is investigating whether Best-in-Class companies work smarter rather than harder, creating more focused and effective selling activity. In this Analyst Insight, initial findings around corporate sales forecasting are presented.

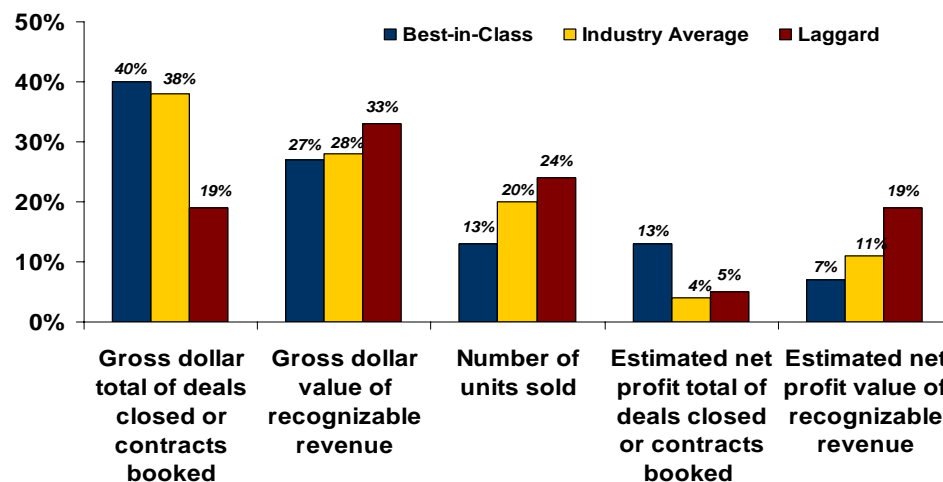
### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis

### Identifying the Forecast Playing Field

The core definition of the forecast itself is revealed (Figure I) to represent a wide variety of interpretations among the 270+ companies surveyed in May and June, 2008 by Aberdeen. Clear distinctions are drawn between more popular gross dollar measurements and net valuations, though even among the Best-in-Class respondents, 20% prefer the latter.

**Figure I: Definition of "Sales Forecast"**



Source: Aberdeen Group, June 2008

"Sales analytics are a great tool in finding the hidden opportunities in your existing customer base, and great way to save time by focusing on high potential deals."

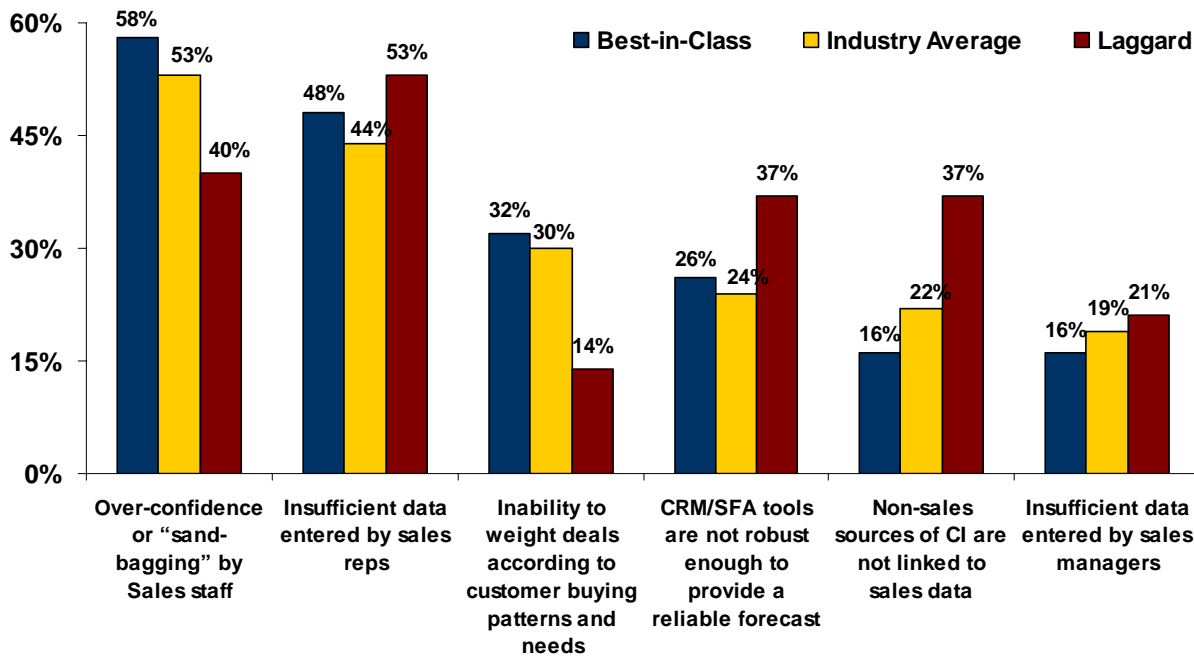
~ Stephen Cadley, Managing Partner, Cadley Consulting

More significantly, however, are some of the gaps represented by Best-in-Class and other organizations in communicating how they define a sales forecast. Laggards focus on the number of units sold at nearly twice the rate

seen among top performers and also isolate recognizable revenue at a relatively high rate.

An explanation for this phenomenon may lie in the findings presented in Figure 2, which details what organizations believe are the most cumbersome barriers to generating a solid, believable sales forecast. The same Laggards, or under-performing companies that over-emphasize recognizable revenue, show themselves to be data-poor when it comes to data residing both in sales tools like the CRM, as well as in other business silos with contents that remain unlinked to sales data. This barrier engenders the need to report only on net gains, but fails to address the more behaviorally oriented concerns facing the Best-in-Class, rooted in false hopes and poor data management by sales team members themselves.

**Figure 2: Barriers to Creating an Accurate Forecast**



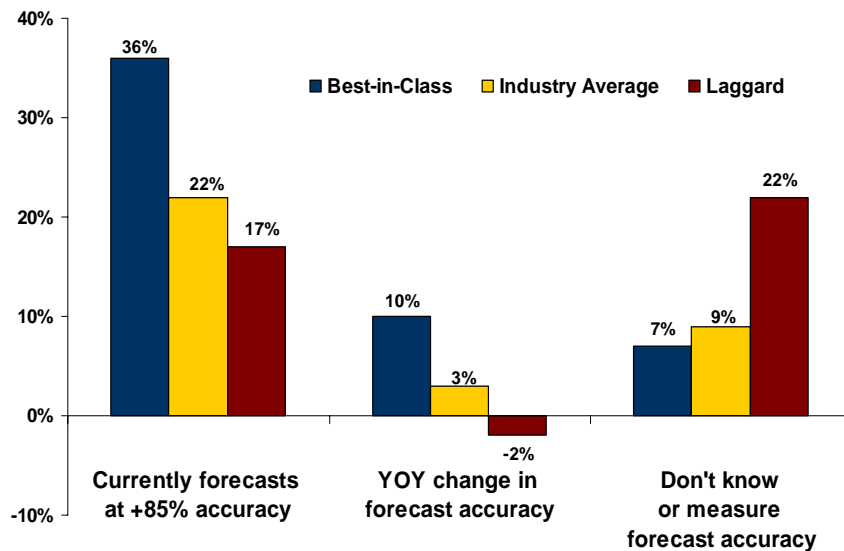
Source: Aberdeen Group, June 2008

How do the different perceptions and practices among the Best-in-Class, Industry Average and Laggard companies impact their actual forecast accuracy? As seen in Figure 3, dramatic results flow out of the distinctive approaches, with the top performing companies in Aberdeen's research revealing far more accurate sales forecasts, significant year-over-year improvement in the same metric, and far less tendency to not know, or not measure. This last measurement, with Laggards outpacing the Best-in-Class by a factor of more than three-times, represents a clear motivator for organizations to adopt the tools, solutions, and best practices that will allow them to measure and learn how accurate their sales forecast is, and in turn create better corporate performance overall.

"That which is measured is achieved."

~ David Hanson, Vice President of Sales, Accraply, Inc.

**Figure 3: Forecast Accuracy by the Best-in-Class**

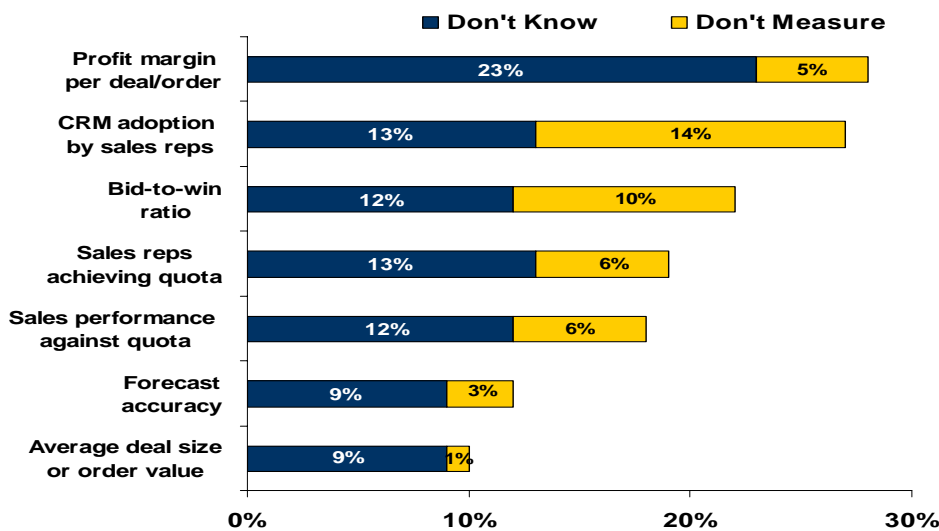


Source: Aberdeen Group, June 2008

### Linking Knowledge to Performance

The response of "don't know" or "don't measure" within the survey results carries additional ramifications when the KPI's used to determine Best-in-Class are linked to those companies that simply don't, or can't understand the numbers behind their business. Figure 4 illustrates the extent to which a number of business metrics are unknown to the predominantly sales and marketing executives responding to the survey.

**Figure 4: Gaps in Corporate KPI's Impacting the Sales Forecast**



Source: Aberdeen Group, June 2008

## Key Takeaways

Sales analytics and forecasting tools, with their premise of both understanding the various data sets and predictive elements that color a sales forecast, hold the potential not only to close the knowledge gap between Best-in-Class and other companies regarding their pipeline data, but to "raise the tide" of all organizations by providing more insightful, trustworthy forecasts that are accessed by all executive stakeholders within the enterprise.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

### Related Research

[Workforce Analytics: Managing with Metrics](#); October, 2007

[Financial Planning, Budgeting and Forecasting](#); April, 2008

[Sales Analytics: Hitting the Forecast Bulls-Eye](#); June, 2008

[Sales Compensation Management](#); December 2007

[Sales Effectiveness: Leveraging Content to Close Deals](#); November, 2007

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