Confidence to Hit Your Number
AI for Pipeline Management & Sales Forecasting

Foundation of an Accurate Sales Forecast
How AI is Changing the Game

Content in this guidebook was generated by SiriusDecisions™ and TopOPPS via the webinar, Time to End the Forecast Games held on 4/18/2018.
Welcome! This guidebook was generated after the webinar, Time to End the Forecast Games, with Dana Thierren from SiriusDecisions™ on April 18, 2018. We reviewed the foundation of an accurate sales forecast and how Artificial Intelligence (AI) is changing the forecasting game. In this guidebook, we discuss in detail the foundation of an accurate sales forecast as developed by the team at SiriusDecisions and then illustrate how artificial intelligence changes how sales teams operate on a daily basis.

We’ll explore the four pillars that support a traditional sales forecast, the challenges inherent to each and then explain how AI can fundamentally improve the operation of sales organizations, generating better outcomes for sales representatives and sales leadership. Let’s get started!

The Foundations of an Accurate Sales Forecast
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Forecasting uses tools and processes to provide forward-looking sales projections, creating a sense of urgency to drive time-bound results. The traditional forecasting model includes four foundational elements:

- Opportunity Amount
- Sales Stage
- Closed Date
- Forecast Category

Each of these elements plays a critical role in forecasting and is required to build an accurate forecast. As we review each one, the subjective nature of current forecasting becomes clear. Last year was one of the most exciting years for sales technologies because we can now eliminate some of the subjectivity and begin forecasting based on complete data in the CRM and actual sales results.

Opportunity Amount

The opportunity amount is defined as the value of each opportunity record that provides the basis of the forecast amount.

There are a variety of products and services that need to be captured accurately in the opportunity amount to ensure an accurate forecast. These include:

- Perpetual products (licenses, hardware, software)
- Subscription based products (term subscriptions, usage-based subscriptions, outcome-based subscriptions)

Splits, defined as when multiple quote carrying team members are involved in a single opportunity, also need to be accurately captured to ensure the correct quota allotment for all team members.

An organization with multiple revenue streams must partner with their finance team to ensure the opportunity amount is being captured and reported accurately to ensure an accurate forecast.
Sales Stage

Sales stage is the opportunity’s location in the sales process that aligns with the buyer’s journey. We’ll talk a bit more about the buyer journey on the next page.

Based on research by SiriusDecisions, the most common number of sales stages is six. While many companies may have more process stages, it is important that these processes not be overcomplicated. Too many processes can sometimes lead to a difficult and confusing assignment process and may not accurately mirror the buyer journey. Key to successful sales stage assignment is consistency and agreement upon the criteria that determine where an opportunity should be assigned in the buying journey.

The identification of a successful sales stage process allows the organization to accurately predict how long it actually takes to close an opportunity.

Closed Date

Closed Date is the anticipated date for a final buying decision.

The Closed Date is a key element that sales leaders routinely inspect to determine if the opportunity is going to close on the date recorded in the CRM or even if it will close at all.

Because the Closed Date can sometimes be based on when a rep feels the opportunity will close, Closed Date is a difficult variable to accurately quantify.
Forecast Category

Forecast category is the salesperson’s confidence indicator of the buyer’s likelihood to make an affirmative purchasing decision by the closed date.

Forecast Categories are traditionally those that come included in the CRM: pipeline omit, best case, commit and closed. Limiting the number of Forecast Categories will ensure that reps clearly understand where deals should be classified and help to build a more accurate forecast.

It also may not be advisable to ask sales reps for probabilities. Probabilities are best used by Sales Operations leaders when putting together the overall forecast and are able to make assumptions about the pipeline overall. Accurate Forecast Categories will yield better results for probability determination at the leadership level.

The Foundations of an Accurate Sales Forecast

These four elements help sales organizations build forecasts.

Now that a sales leader has the information, the art and guesswork of forecasting begins. Leaders rely on rep intuition, previous performance and experience with sometimes a little hope thrown in to create a forecast to share with the organization.

Now, let’s dive into the importance of aligning your sales process to the forecast and how AI and automation are changing forecasting forever.
The SiriusDecisions Attribute Based Sales Process

Before we move on to the impact artificial intelligence and automation are having on sales organizations, we wanted to discuss the Attribute Based Sales Process developed by SiriusDecisions and how it helps sales organizations develop an accurate forecast.

Organizations that focus closely on the data signals available to them based on behaviors exhibited by prospects and customers are able to correctly define the length of the sales cycle as well as the underlying stages that make up the buyer journey. Aligning the sales process to the buying process gives both sales and marketing teams a clear understanding of what defines each stage in the process and the appropriate prospect message. This understanding combined with the automated activity matching provided by an AI platform will improve forecast accuracy.

A strong sales process positions sales teams for success. For additional information, check out the Sales Process Evaluation Guidebook developed by the TopOPPS team available here.
What causes an inaccurate forecast?

You’ve optimized your sales process, executed all four foundational elements of the forecast to ensure all the steps were covered and now your forecast will be on target, right? Unfortunately, developing an accurate forecast remains problematic largely because of the game all sales reps and managers are forced to play.

There are three main drivers of forecast inaccuracies:

1. **Insufficient Data in the CRM**
   - a. Mass updates vs. 1 opp at a time (turn to spreadsheet)
   - b. Reps delay entry
   - c. Reps fail to enter any information

2. **Inconsistent process**
   - a. Stages and milestones are not consistent across the organization
   - b. Commits and upside are not updated

3. **Gut estimate on planning**
   - a. Conversion rates of booked meetings, Qualified Leads, Qualified Opps are all inaccurate without sufficient data in the CRM
   - b. Analyzing cohorts with win rates is also off-target due to data gaps and inconsistencies

<37%

According to recent surveys of sales organizations, less than 37% of sales reps actually use the CRM.
How do automation and AI improve forecasting?

1 INFORMATION & QUALIFICATION

AUTOMATED CRM UPDATES
Notes, Meetings, Emails, Calls, Contacts, Roles, etc.

SENTIMENT ANALYSIS
Automated interpretation and clarification of context on notes and emails for scoring opportunities and leads

Some sales enablement tools and platforms are now able to capture rep activities and will automatically update the Opportunity in the CRM with this information. These real-time updates increase the amount of data available to reps, managers and leaders, improving decision-making and surfacing top opportunities for immediate attention.

The second element of Information and Qualification is sentiment analysis. Central to any pipeline management and forecasting tool is the programming necessary to interpret the value of the increased data in the CRM. As you’ll see later, the TopOPPS platform uses a proprietary HealthScore to assess key opportunity metrics including likelihood to close to accurately analyze sentiment.

Platforms that execute pipeline analysis and forecasting also use this data to power their algorithms.

Happily, automation of CRM updates is well received by sales reps. By using technology to automate repetitive data capture, reps are freed to work on the deals and tasks that will drive the business forward.
SALES PROCESS CONSISTENCY

SALES PROCESS ENFORCEMENT
Automated and prompted with guided insights

PIPELINE HYGIENE
Consistent sales process, automated updates and insights result in accurate pipeline

As reviewed earlier, ensuring that all reps and managers understand the steps of the process and consistently use the same definitions can be challenging. Sales enablement solutions automate and prompt the defined steps of the sales process, ensuring that all stages are defined and measured using the same criteria across the organization.

MACHINE LEARNING & DATA SCIENCE

HIGH PROBABILITY LEADS & OPPORTUNITIES
Focus on the right prospects and customers

CONSISTENT & DYNAMIC HISTORICAL ANALYSIS
Data is accurate and consistent to analyze - the forecast recalculates daily

The most exciting advancement comes in this final explanation of how automation and AI improve forecasting. Because the data in the CRM is now complete and up-to-date and everyone in the organization is adhering to the correct sales process stages and definitions, AI can now interpret characteristics of different sales rep styles, recommend next steps on key deals, provide insights into the health of the pipeline and accurately forecast sales revenue.
Transitioning From Sales Forecasting to Sales Intelligence

“In 2017, providers of artificial intelligence forecasting solutions, in their quest to gather more powerful data signals to enhance their algorithms, expanded their influence. They simplified opportunity management, activity tracking, sales process adherence, and persona and sentiment intelligence gathering for marketing, deal review and sales coaching, increasing their accuracy and decreasing their measurement effort.

This is the sales intelligence big bang we’ve all been waiting for! We are now able to gather intelligence seamlessly and automatically which turns CRM Data into insights that improve the outcomes for sales people.”

Dana Therrien, SiriusDecisions
Why is TopOPPS the AI solution for your organization?

With decades of experience managing and leading sales teams and working with other companies to help them evolve into leading sales organizations, the TopOPPS team has experienced all of the pain points outlined here first hand. Our platform was built to improve the life of a sales rep by automating data capture and eliminating the need for constant conversations about the status of a deal!

The future state provided by the platform and insight into our award-winning software on the following pages gives a sample of how TopOPPS solves the challenges presented by the forecasting game and a few of the benefits provided to our customers.

<table>
<thead>
<tr>
<th>Current State</th>
<th>TopOPPS AI Forecasting Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insufficient Data</strong></td>
<td><strong>Clean data and a 400% increase in CRM data</strong></td>
</tr>
<tr>
<td>● Lost rep time updating CRM</td>
<td>● Automated updates</td>
</tr>
<tr>
<td>● Delayed entry</td>
<td>● Sentiment analysis</td>
</tr>
<tr>
<td>● No entry</td>
<td>● Rep assistant</td>
</tr>
<tr>
<td><strong>Inconsistent Process</strong></td>
<td><strong>Process automation</strong></td>
</tr>
<tr>
<td>● Subjective</td>
<td>● Suggestions/reminders</td>
</tr>
<tr>
<td>● Personal interpretations</td>
<td>● Guided Winning Strategies</td>
</tr>
<tr>
<td><strong>Gut estimate - planning</strong></td>
<td><strong>Machine learning insights</strong></td>
</tr>
<tr>
<td>● Pipeline clutter</td>
<td>● A trusted pipeline and forecast</td>
</tr>
<tr>
<td>● Lost time digging for data</td>
<td>● Information brought to the surface for immediate action</td>
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Adds Context to the Pipeline & Forecast

TopOPPS guides reps to ensure a consistent sales process, clean pipeline hygiene and helps win more deals - just click on the action to approve the change or recommendation. Also available in mobile.

We hope you found this guidebook valuable on the foundations of sales forecasting and how AI is changing the forecasting game in today’s sales organizations. If you’d like to speak with a sales representative, please contact us at (877) 737-7976 or send us an email at info@topopps.com.
Jim Eberlin  
CEO, TopOPPS

Jim is the founder and CEO of TopOPPS. Prior to TopOPPS, Jim founded two Silicon Valley market leaders, Gainsight (#48 on Inc. 5000) and Host Analytics (market leader for cloud-based finance). TopOPPS is a sales pipeline management and forecast predictability solution that uses artificial intelligence to bring clarity to the sales pipeline, accuracy to the forecast, and alignment to the sales process. Jim is a serial entrepreneur and has several years experience in the software industry.

Dana Therrien  
Service Director, Sales Operations Strategies, SiriusDecisions

Dana is a senior sales operations leader with over 25 years of sales and sales operations experience that he has brought to SiriusDecisions. He is a forward-thinking leader with a record of driving results, increasing sales effectiveness and improving sales productivity while supporting global, multi-million dollar sales growth. His experience includes cloud, SAAS, managed services, managed hosting and traditional product based sales. Prior to joining SiriusDecisions, Dana held global sales operations roles at Times Warner Cable most recently in Paris.

About TopOPPS

Our mission is to provide more confidence in the sales forecast with artificial intelligence that enables pipeline visibility, intelligently prescribes a consistent sales process, automatically captures information about deals, and guides reps with winning behaviors to execute and managers with insights for meaningful coaching.