Aviso's Sales Forecasting Maturity Model:
Where do you Stack Up and How to get to the Next Level?

Today's Sales Forecasting Process is Outdated

Many organizations today are finding out that they have inadequate tools to handle sales forecasting, and traditional methods of predicting sales are not efficient. Sales forecast is one of the most important--if not the most critical--metric in any business. Why? Because it is the blueprint to making your target.

Sales forecasts are primary inputs for guidance, quota, sales planning, sales incentives, territory management and operational planning. In reality, sales forecasts are regularly inaccurate. There are so many moving parts, biases, and other factors that go into them--rendering them a "best guess" versus a number on which to confidently bet the business. So, it's vital to get them right. If the business makes the wrong strategic decision based on an inaccurate number by a sales leader, then their job might be on the line.

Here's how most B2B sales forecasts are created today: Judgements and probabilities are created around each deal - commit, best case, most likely, etc. They are each tracked at different levels of granularity, usually to prepare for a weekly forecast call. The purpose of these calls is to get an assessment of deals in different stages and make important decisions regarding focus, resource allocation, and pricing to ensure confidence towards making your target.

A recent survey of B2B enterprises revealed that sales process steps and associated stages (53%) are the top input factor when it comes to forecasting opportunities, followed by meetings-held (46%), and emails/phone calls (43%). Moreover, executive/Economic Buyer Involvement is only considered by 30 percent of companies, a surprise given the growing size of buying groups. The focus on sales stages can be a flawed component as it relies on Sales' input and human bias to report sales stage progression. So, what are the characteristics of a successful sales forecasting system?

Aviso's Sales Forecasting Maturity Model

Your sales organization needs the proper framework to identify your current state in a forecasting maturity journey and identify appropriate steps to move your organization up the maturity curve and achieve the highest levels of sales performance possible. Aviso's Sales Forecasting Maturity Model was developed as a framework to help you objectively assess the state of sales forecasting in your enterprise. In this context, "maturity" relates to the degree of digitization of the forecasting process.

Obviously, organizations with a few reps and one sales leader have a much different sales forecasting profile than a high-growth enterprise with hundreds of reps globally. The characterization of a sales organization depends on several attributes including the:
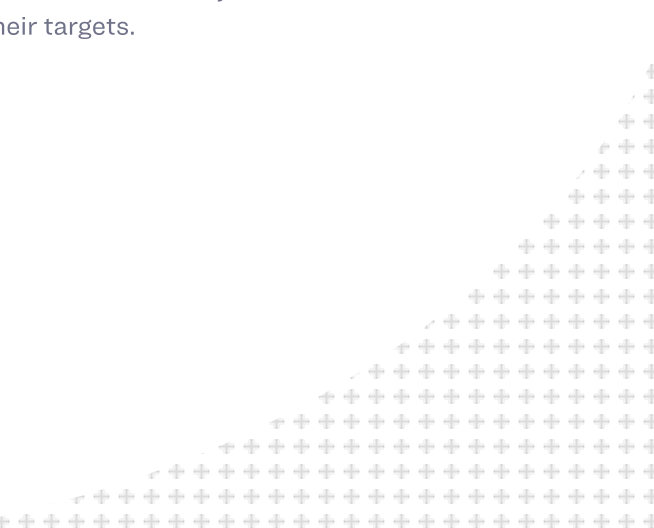- Size of the sales organization
- Number of geographies
- Number of product lines
- Average timeline of sales cycles
- Average selling price
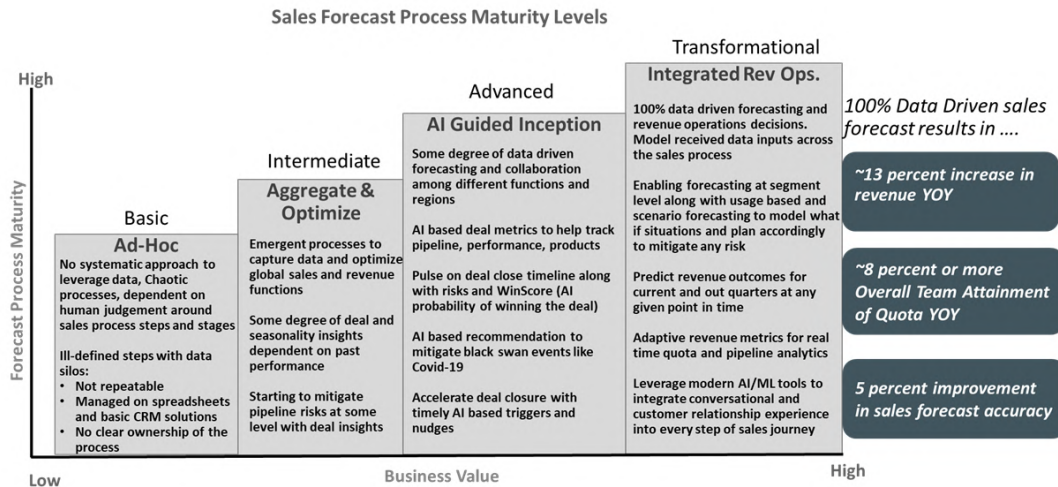- Complexity of the market and the number of sales channels and degree of automation

These are things to keep in mind as we discuss each maturity level and how sales forecasting changes as an organization matures.

Let's Explore the Four Levels of the Maturity Model

There are four levels of sales forecast maturity: Basic - ad hoc, Intermediate - aggregate and optimize, Advanced - AI infusion, and Transformational - Integrated rev ops.

The predictability, effectiveness, and efficiency of an organization's forecasting process improves as it moves up these four levels, resulting in superior performance, faster revenue growth, higher margins, and greater profits. Companies that achieve a higher level of maturity work with much greater efficiency and are better positioned to meet, and beat, their targets.

Sales Forecast Process Maturity Levels

High

Forecast Process Maturity

Basic
Ad-Hoc
No systematic approach to leverage data, Chaotic processes, dependent on human judgement around sales process steps and stages

Ill-defined steps with data silos:
- Not repeatable
- Managed on spreadsheets and basic CRM solutions
- No clear ownership of the process

Intermediate
Aggregate & Optimize
Emergent processes to capture data and optimize global sales and revenue functions

Some degree of deal and seasonality insights dependent on past performance

Starting to mitigate pipeline risks at some level with deal insights

Advanced
AI Guided Inception
Some degree of data driven forecasting and collaboration among different functions and regions

AI based deal metrics to help track pipeline, performance, products

Pulse on deal close timeline along with risks and WinScore (AI probability of winning the deal)

AI based recommendation to mitigate black swan events like Covid-19

Accelerate deal closure with timely AI based triggers and nudges

Transformational
Integrated Rev Ops.
100% data driven forecasting and revenue operations decisions. Model received data inputs across the sales process

Enabling forecasting at segment level along with usage based and scenario forecasting to model what if situations and plan accordingly to mitigate any risk

Predict revenue outcomes for current and out quarters at any given point in time

Adaptive revenue metrics for real time quota and pipeline analytics

Leverage modern AI/ML tools to integrate conversational and customer relationship experience into every step of sales journey

100% Data Driven sales forecast results in ....

~13 percent increase in revenue YOY

~8 percent or more Overall Team Attainment of Quota YOY

5 percent improvement in sales forecast accuracy

Low — Business Value — High

Basic Forecasting - Ad Hoc

Attribute of startups or smaller GTM businesses, usually with fewer than 10-20 sales reps. This is where most high-growth companies start, though it is not uncommon for them to stay here despite their business growth.

Companies at this stage find it hard to figure out a repeatable sales process, and usually base their future decisions on previous sales. They do not have any defined sales metrics, and no one measures individual sales rep performance. Due to lack of any set rigorous processes, tools and data hygiene, the sales reps are unable to track roadblocks, deal changes, or benchmark progress. Also, deal progress and forecasts are discussed anecdotally. At this stage, the human judgement of managers and sales reps is considered typically "good enough" to sustain an acceptable level of performance.

Here's what basic or ad-hoc forecasting usually involves:
- Pipeline and opportunities are managed in spreadsheets, or multiple systems, or in a very basic CRM
- Use of disparate systems leading to too many data silos in the sales process
- No clear ownership of who does what in the forecast process
- No data driven decision making capability, CRM hygiene is poor and data entries are often not filled, out of date, or inaccurate
- Daily or weekly forecast calls are just a haphazard discussion of deals
- There's no standard sales process, as call numbers are ill-defined and the forecast cadence is irregular
- Sales overrides and adjustments, if any, are not tracked in any system
- Many underlying business characteristics may be in flux, which makes forecasting a very ad-hoc and challenging endeavor

How to Up Your Game?
- Get rid of spreadsheets and transition the entire sales process onto a data-driven, user friendly CRM solution
- Standardize your sales process. Keep your sales processes clear and simple to drive adoption and basic sales hygiene
- Define clear forecasting process ownership and the associated inputs from other functions like supply chain and procurement
- Forecast with a simple CRM report as it will allow you and your sales team to start thinking about a feasible and dependable forecasting process.

Intermediate Forecasting - Aggregate & Optimize

Most midsize and large companies with 50-100 sales reps are at the intermediate stage and follow the optimized forecasting process. Although they are more mature than the ad hoc forecasting companies, there are still significant challenges they face.

Their sales forecasts are not 100% accurate, with large weekly fluctuations, but a few important KPIs are well-defined, based on some historical data, and are tracked with regularity. They typically have:
- Change management ownership and regional alignment
- Multiple systems (e.g. from inorganic growth), but don't have a uniform set of metrics to measure the overall health of the business
- All levels of multi-dimensional forecasting with overlays and splits
- Data and systems that are siloed and divided along functional lines
- A basic level of automation and advanced analytics to support effective decision making
- Cadence for forecast submissions and review calls
- Sales KPIs that are tracked, but not with an eye towards growth and performance management, so teams are not set up to realize their full potential

How to Up Your Game
- Drive decision making with rich AI based analytics and machine learning technologies that optimize the forecasting process.
- Incorporate coaching sessions and maintain weekly forecast calls for your sales reps.
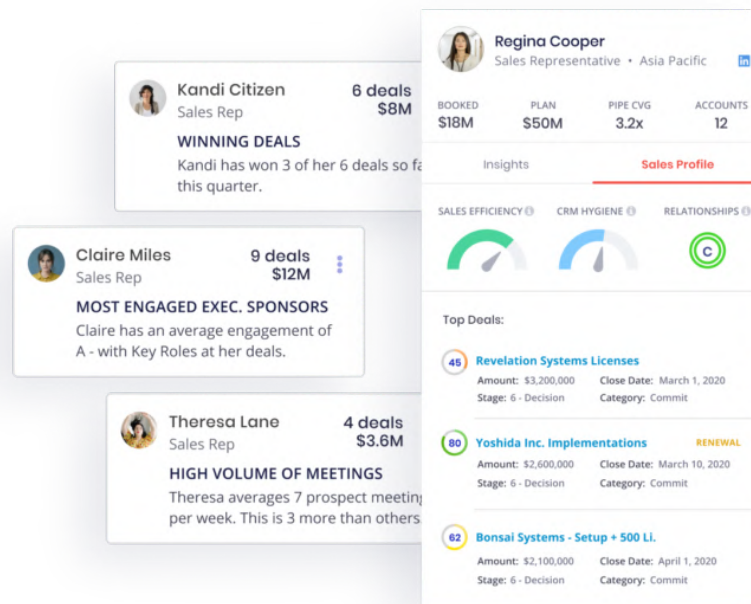
- Make data the lifeblood of your GTM organization and feed sales KPIs back into every corner of the business
- Consider sales planning, sales kickoffs, and sales digital war rooms to improve sales coaching and drive more dynamic, productive, and meaningful collaboration.

Advanced Forecasting - AI Guided Inception

GTM organizations at this level use some sort of AI guided processes, but often struggle with the complexity in their processes. They try to capture and analyze "everything" or make sense of data from multiple systems.

Businesses at this stage often resort to managing complexity with many dashboards, but this approach is often overwhelming.

For these mid-market or enterprise companies with 100-400 sales reps, this forecasting scenario should sound familiar.
- Use data driven forecasting to some extent
- Use CRM scores and probabilities to guide deal behaviors
- Involves all unique quota carriers that enter a call, such as inside sales and renewals, for forecasting
- All overlay teams, such as product, channel, and SEs, are involved in forecast calls
- Cadence is expanded to include these additional teams
- Forecast accuracy is tracked and analyzed quarterly

How to Up Your Game?
- Integrate your marketing, sales and product management operations for 100% data driven forecast discussions.
- Use AI/ML tools that incorporate conversational and people intelligence in the overall sales journey.
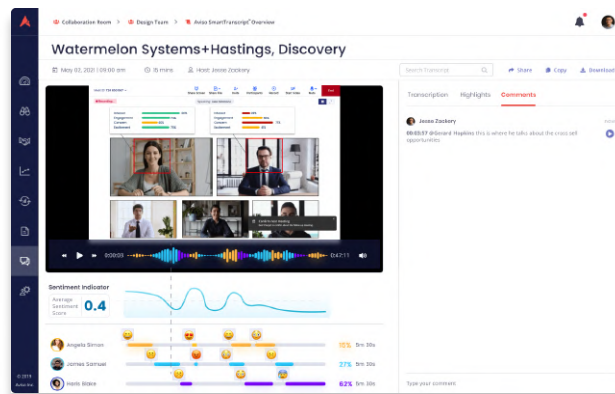
- Real-time AI enabled deal level insights with Winscores that gives you the probability of winning the deals in the current quarter.

- Detailed AI enabled forecast explanations to meet your targets with certainty.

Transformational Forecasting - Integrated Revenue Operations

For larger, high-performance enterprise companies with 400+ sales reps, sales forecasting and revenue operations become a much more sophisticated, data-driven process.

These businesses operate at the highest level of maturity, and their sales forecasts are dependable. They typically have:

- 100 % data driven forecasting and revenue operations
- Dedicated pipeline generation teams such as marketing, channel, etc.
- Real time quota management
- Marketing operations are well aligned with sales operations
- They have standardized pipeline definitions and stage entry/exit criteria
- Forecast cadence includes pipeline generation and out quarter reviews
- Integrated conversational intelligence
- Some might also cover out quarter forecasting

How to Up Your Game?
- Increase your accuracy by triangulating your forecasts based on multiple data sources
- Incorporate AI based deal insights, sales coaching rooms, and prescriptive rather than predictive deal actions to maximize revenue.
- Adopt unified collaborative forecasting that integrates all the revenue data in your CRM and other systems to help you predict exact revenue outcomes. Blend the best of human and AI judgments across new sales, renewals, cross-selling, expansions, and pipeline generation.

- Enable segment level forecasting that allows you to view your forecasts by filtering attributes such as geography, products, vertical market, and time period.
- Consumption-based forecasting to accurately estimate the usage revenue across all your accounts and help track flexible consumption business models for account expansion.
- Deal level forecasting that gives insight into all your deals called in and out of forecast. You can audit your trail of judgment based upon roles, deal amounts, and CRM fields.

- Scenario-based forecasting capabilities support the what-if plan and model scenarios to help you create a robust revenue path by pulling deals in and out of forecast.
- Account insights derived by combining activity and conversation intelligence helps sales and revenue teams take charge of accounts and take actions to win deals faster
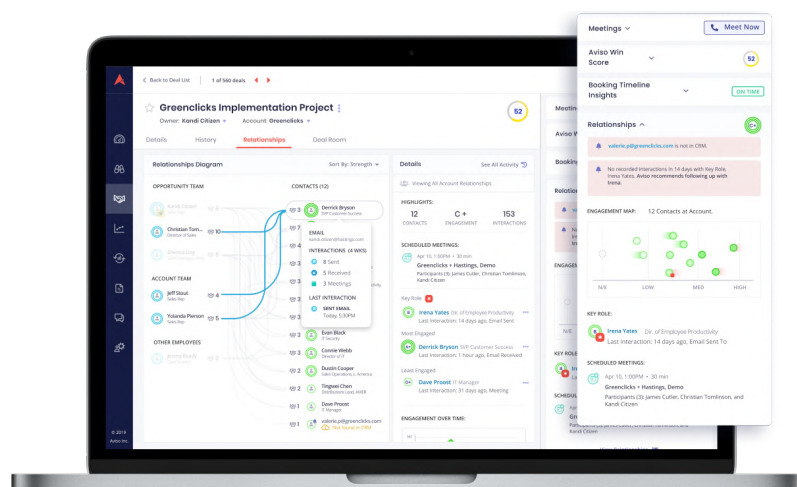
- AI Adaptive metrics such as product pipeline mix, average sales price, retention rates, and forecast coverage ratio, that help track your business health in real-time.

The Bottom Line

Regardless of which level you and your organization are at today, there are always ways to improve your forecasting process and improve sales performance. That's where Aviso's Sales Forecasting Maturity Model can help. At Aviso, we believe that sales forecasting accuracy is only as important as the results it brings. With our growing neural network of data from sellers across industries and geographies, we're able to provide sales teams with real-time sales forecasts and smart recommendations for the best actions to take — not three months from now, but right now. More importantly, it's a way forward for sales organizations to leverage technology to address blind spots, quickly close deals and exceed sales goals.

Let's Talk

Aviso knows how to take you and your business to the next level. Visit www.aviso.com to learn more.