Martyn Lewis
Principal, 3g Selling™
4th September, 2009

Using the forecast to build and manage your business

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It is September 4th 2009

Do you know where your business will be:

➢ September 30th, 2009

➢ October 31st, 2009

➢ December 31st, 2009

➢ June 30th, 2010

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Do you know where your business will be:

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Uncertainty

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What if we had a reasonable certainty about the future?

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1,377 Companies worldwide
500 Sales Managers
Extensive interviews:
    50 Sales managers
    20 Sales Operations Directors
20 CRM Systems

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>90% of business deals do not close as originally forecasted

>At 75% probability, only 1 in 10 deals close as forecasted

>55% of forecasted deals are lost

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Top ten reasons for forecast failure

1. Surprise – missing information
2. No funding
3. No decision making process
4. No compelling reason to invest (now)
5. Unclear benefits
6. No unique value offered
7. Solution does not fit perceived needs
8. Lack of support
9. Competitive loss
10. Changed requirements

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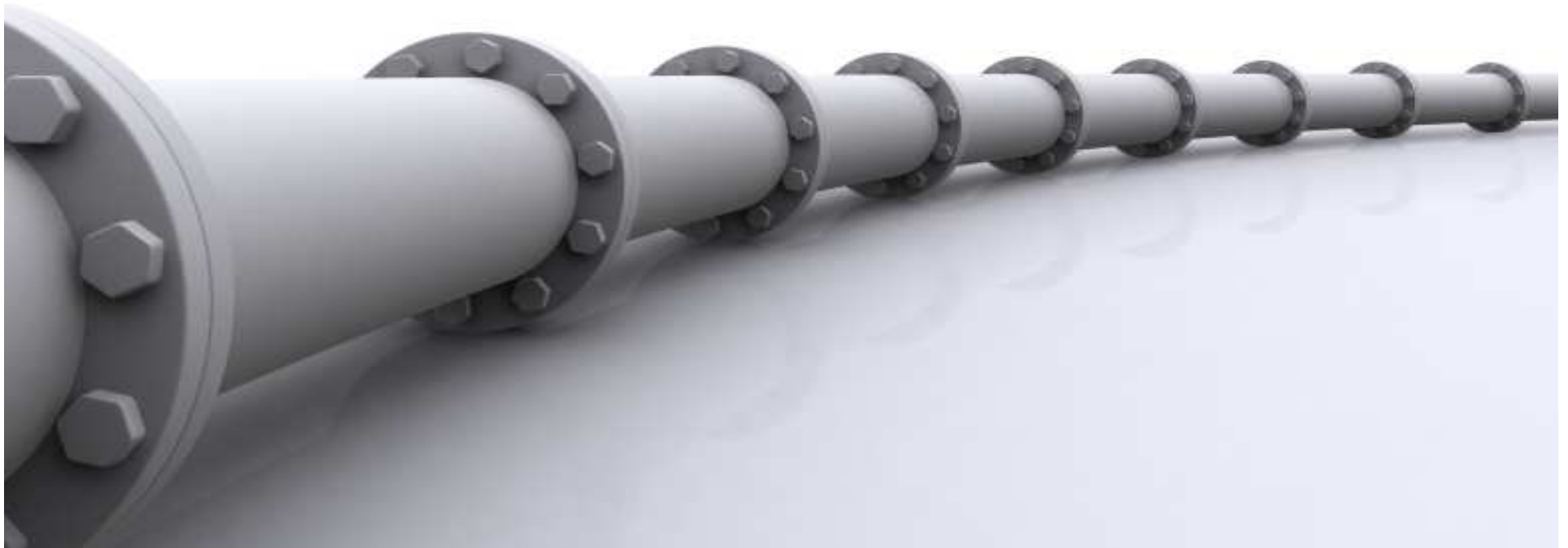# Today's forecasting DNA

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Story time

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Reporting

Data integrity

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Forecast = Pipeline ?

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Optimism & fear

Juggling & discounting

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Probabilities,
probably not

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No feedback loop

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Reverse engineering & gaming

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Home grown approaches and tools

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The evolution of forecasting

1. Call a number

2. Identify the sales opportunities that will close

3. Assign probabilities to these sales opportunities

4. Create weighted forecasts

5. Break forecast down into product or business lines

6. Introduce a consistent definition of probabilities

7. Tie probabilities into a pseudo sales process

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Forecasting

Best
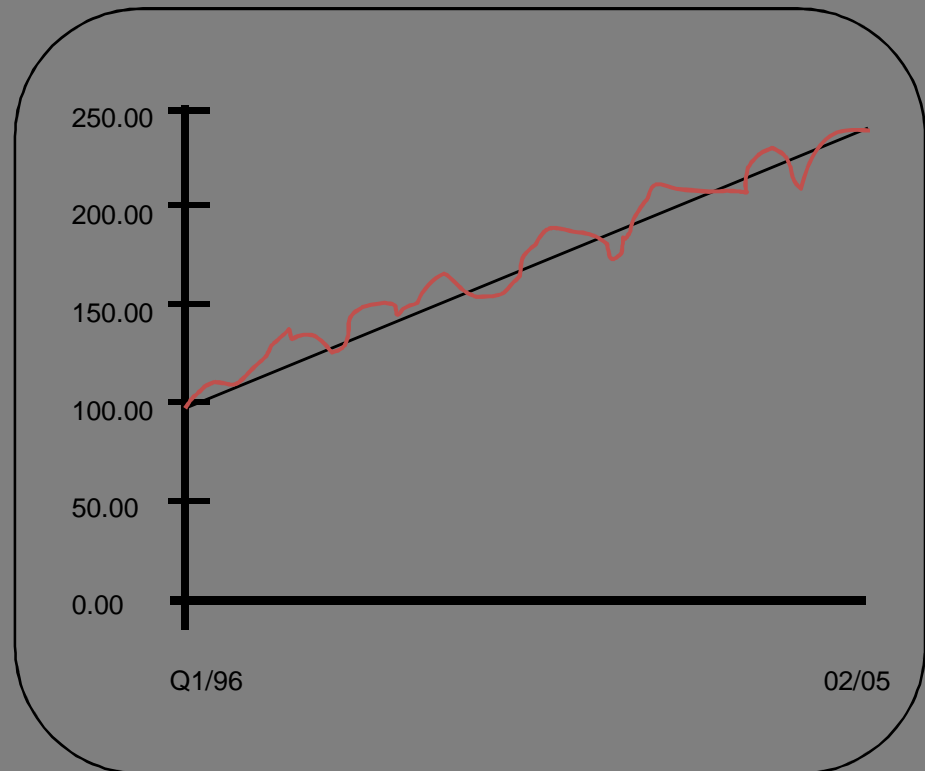
Practices

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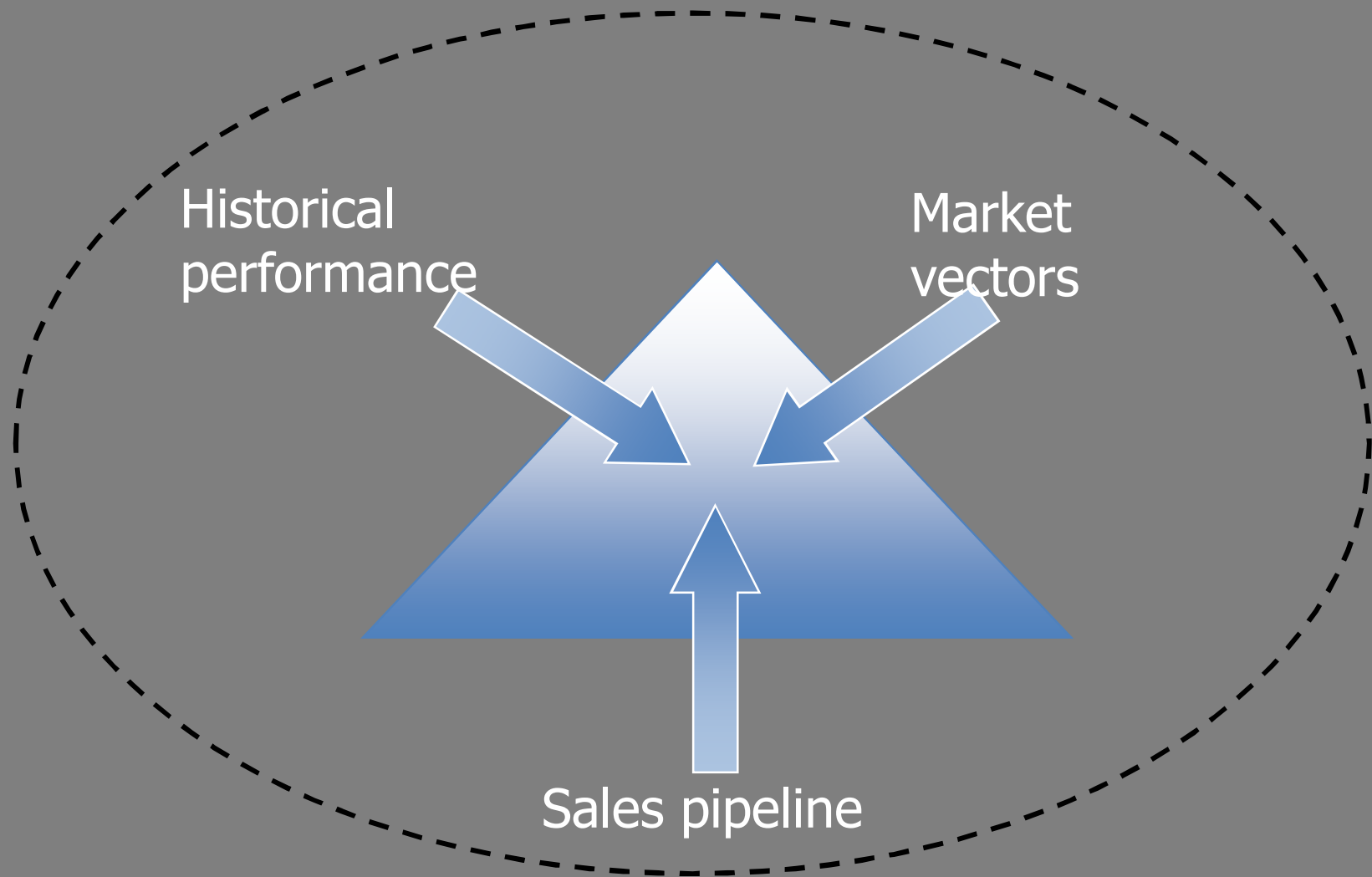
Historical performance

- Run rate

- Cyclical trends

- Time periods

Effective when:

- High level of predictability

- High volume

- You segment
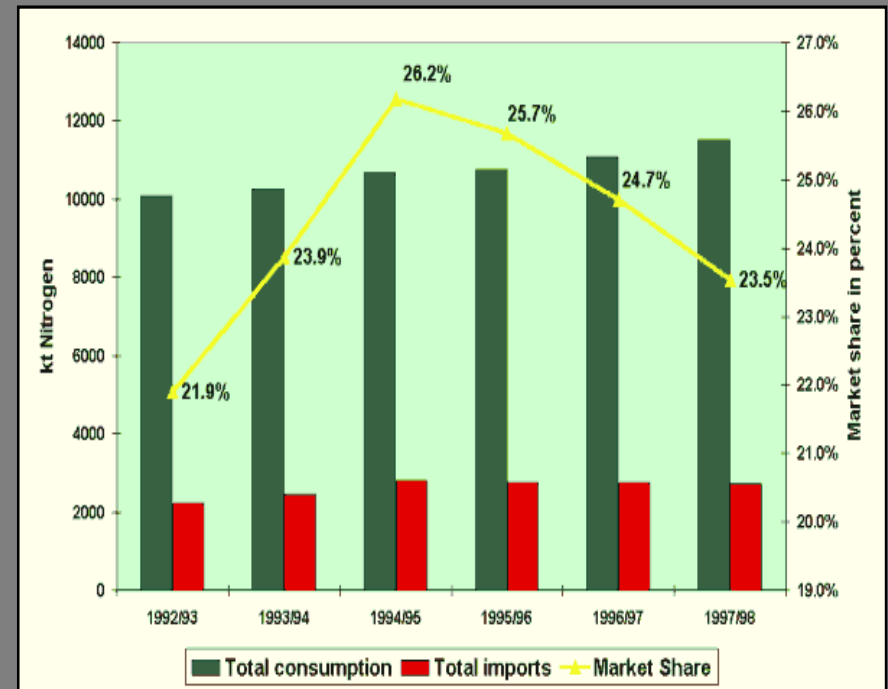
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Market Vectors

- Market growth

- Market share

- Market strategies

- Market programs

- Competition

Effective when:

- Market driven
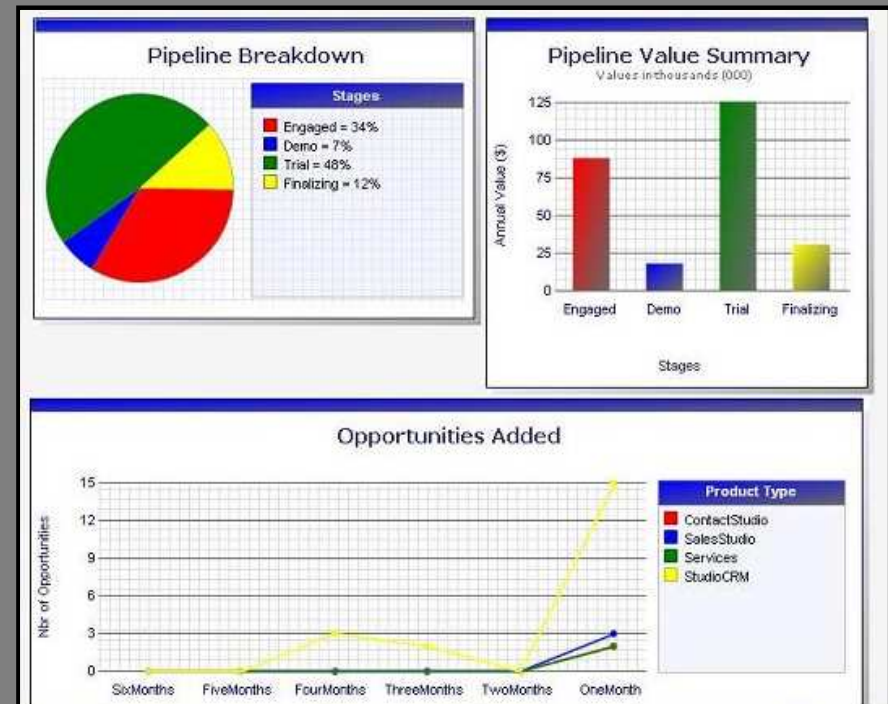
- Predictable trends

- You segment

Sales Pipeline

- Opportunities classified at stages of development
- Projected close/delivery date
- Ranked and prioritized

Effective when:

- Beyond simply supplying to demand
- Discrete opportunities
- Sales driven

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Sales pipeline forecasting

How to increase forecast accuracy +

...increase pipeline velocity

...increase win rate

...increase organizational capability

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Focus on the buying process

not the sales process

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Recognition

Definition

Selection

Decision

Steady State

Assess

Evaluate

Negotiate

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The sales pipeline

Recognition → Steady State → Assess → Definition → Evaluate → Selection → Negotiate → Decision

Lead · Qualify · Propose · Negotiate · Sales

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Reactive selling

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Driving the buying process
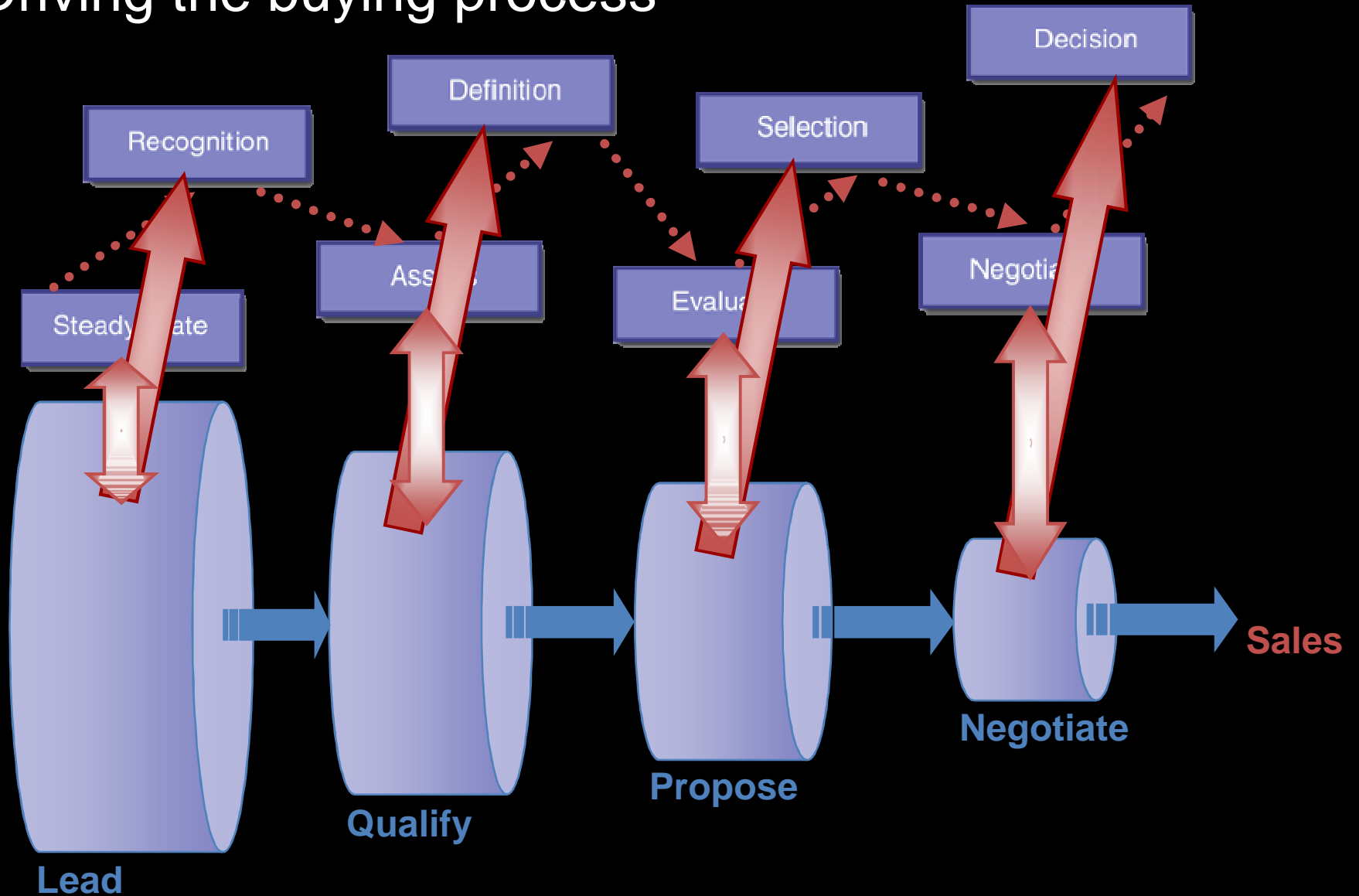
BUY/SELL ALIGNMENT

Customer Activity	Selling Activity
Steady state →	Lead
Recognition ←	
Assess situation →	Qualify
Define action ←	
Evaluate options →	Propose
Select alternative ←	
Negotiate →	Negotiate
Decision ←	

IMPACTING THE BUY/SALES PROCESS

Lead

- Participate in customer planning sessions
- Share what other similar organizations have done
- Assist in recognizing the opportunity
- Determine customer's critical business initiatives
- Defer focusing on a solution until the business need is very well understood
- Look for what is changing

Qualify

- Identify all major players
- Build and maintain business relationships
- Develop comprehensive understanding of business needs, benefits, and anxieties
- Understand, or develop, a **compelling event** and reason to invest
- Assist in building business case for investment
- Understand **formal decision criteria**, process and timelines
- Gain knowledge of all alternatives that may be considered
- Build **executive credibility** and **inside support**
- Expand customer's view of application or project

Propose

- Develop **unique business value** in the mind of the customer
- Test the proposed solution for acceptance and uniqueness
- Qualify approach and benefits with **inside support**
- Check for any changes in requirements, process, organization, etc.
- Surface any concerns, or anxieties, and make sure that they are fully addressed
- Check that the benefits of the investment outweigh all costs and risks, in the customer's mind
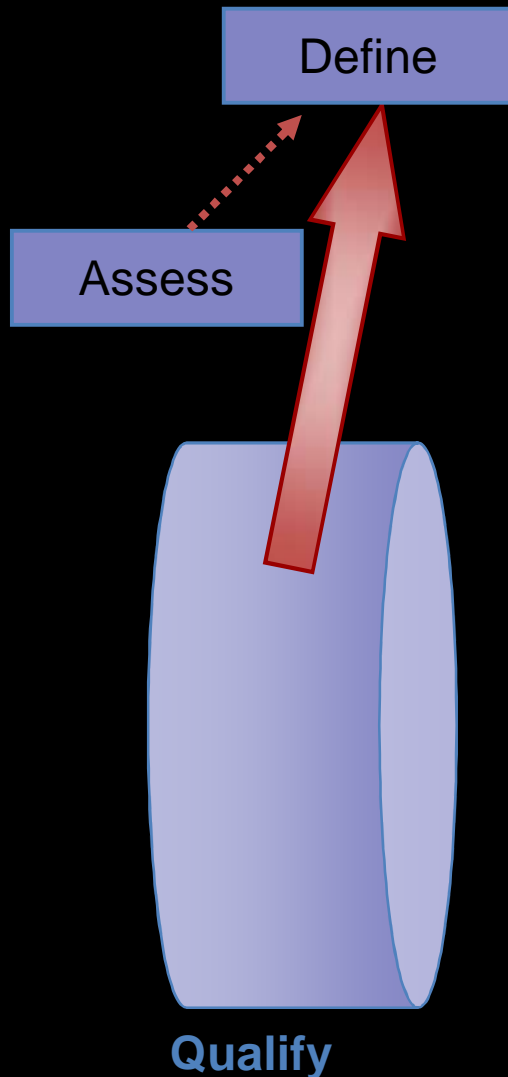
Negotiate

- Align to a **compelling event**
- Emphasize the benefits of the approach, and of a prompt decision process
- Quantify the costs of delay
- Be prepared to defend the value of each component of the solution
- Endeavor to never offer an unearned discount

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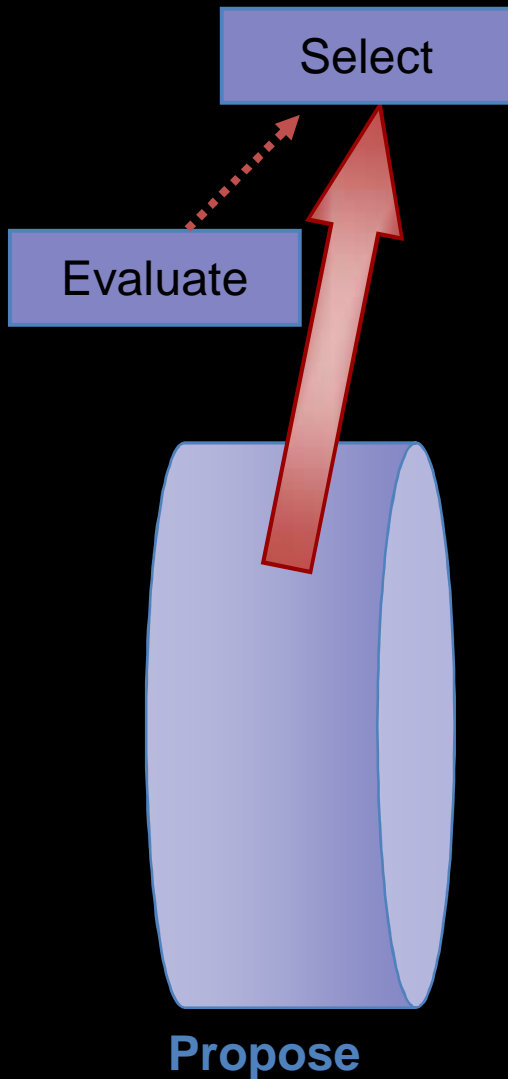
Lead

Recognition

Steady state

Lead
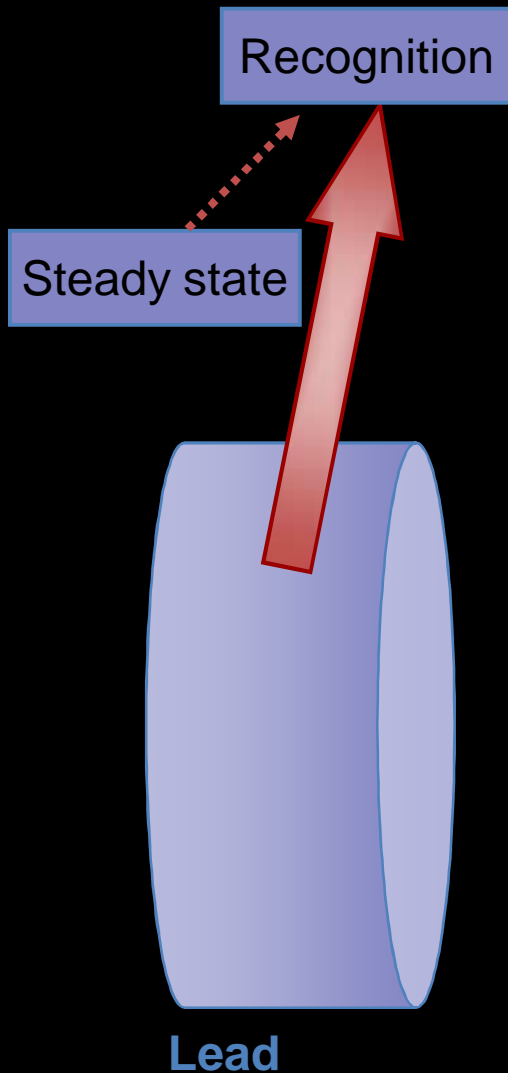
- ❑ Participate in customer planning sessions
- ❑ Share what other similar organizations have done
- ❑ Assist in recognizing the opportunity
- ❑ Determine customer's priorities and business drivers
- ❑ Defer focusing on a solution until the business need is very well understood
- ❑ Look for what is changing

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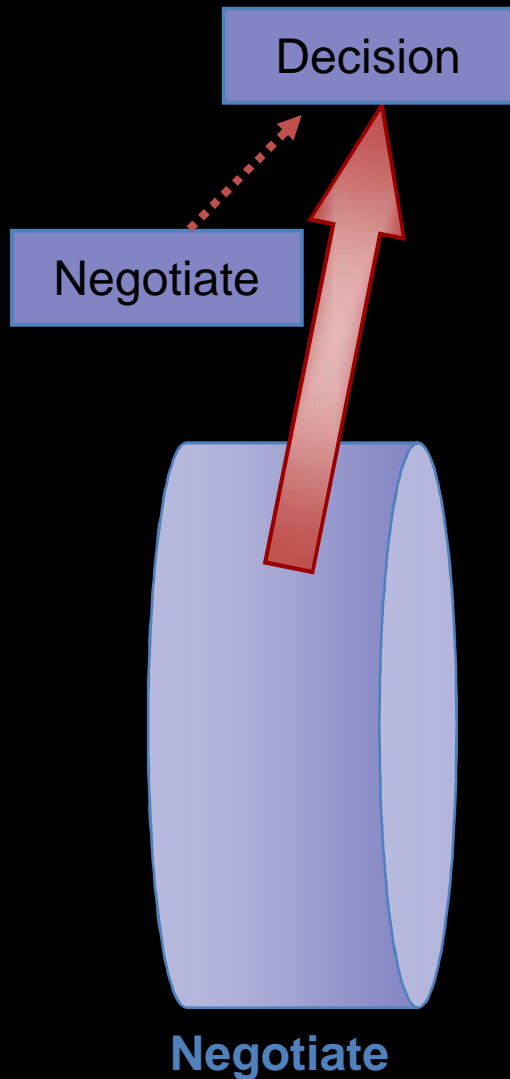
Qualify

Define

Assess

Qualify

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- ❏ Build and maintain business relationships
- ❏ Develop comprehensive understanding of business needs, benefits, and anxieties
- ❏ Understand, or develop, a compelling event and reason to invest
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- ❏ Gain knowledge of all alternatives that may be considered
- ❏ Build credibility and support
- ❏ Expand customer's view of application or project

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Propose

Select

Evaluate

Propose

❑Develop unique value proposition in the mind of the customer

❑Validate uniqueness and value with customer

❑Qualify approach and benefits

❑Check for any changes in requirements, process, organization, etc.

❑Surface any concerns, or anxieties, and make sure that they are fully addressed

❑Check that the benefits of the investment outweigh all costs and risks, in the customer's mind

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Negotiate

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The 3*4 Checklist

The 12 questions that prevent forecast failure

Develop **unique business value** in the mind of the customer

Test the proposed solution for acceptance and uniqueness

Qualify approach and benefits with inside support

Check for any changes in requirements, process, organization, etc.

Surface any concerns, or anxieties, and make sure that they are fully addressed

Check that the benefits of the investment outweigh all costs and risks, in the customer's mind

relationships

- Develop comprehensive understanding of business needs, benefits, and anxieties
- Understand, or develop, a **compelling event** and reason to invest
- Assist in building business case for investment
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Their situation

• Is there a compelling event?

• Is there funding?

• Where are they in the buying process?

• When will they buy?

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Our solution

- How good does our solution fit their needs?
- Do they perceive that we offer unique value?
- Are there any critical dependencies?
- Do we have support and credibility?

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The Test

- How do we know?
- Who told us, and can we confirm this with someone else?
- Are we confident in this?
- Could anything change?

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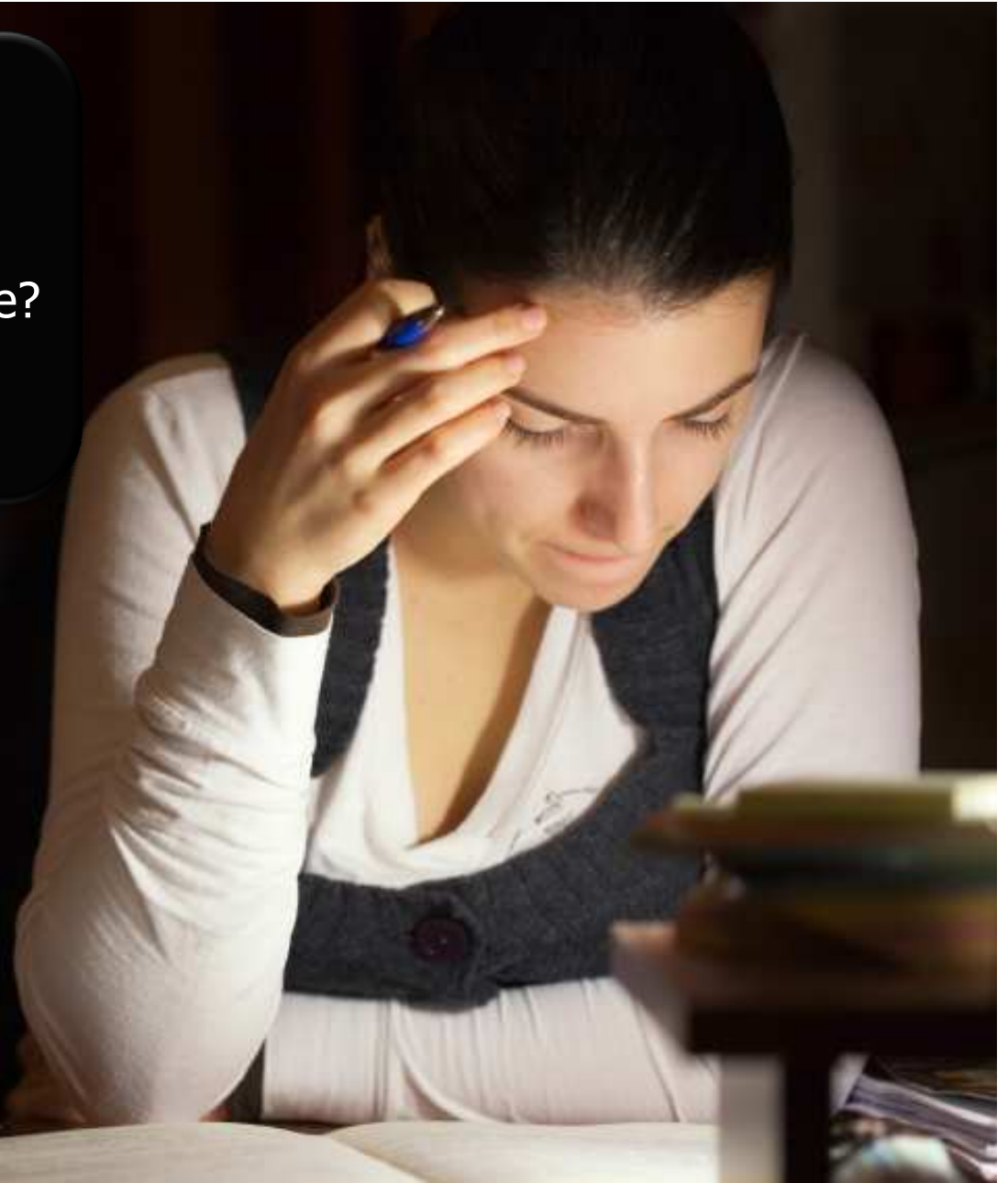
Best-practice sales forecasting

1. Map the specific market's buying process

2. Categorize the pipeline by buying process step

3. Separation of pipeline and forecast

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Best-practice sales forecasting

4. Emphasis on business management vs. a reporting process

   - Review and feedback

   - Learn and adjust

5. Triangulate

   - Historical trends

   - Market vectors

   - Sales pipeline

6. Supporting tools and systems

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➢50% Increase in forecast accuracy

➢Invest in tomorrow's opportunity today

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A focused consultation to create a detailed plan of how these approaches can be implemented in your own organization to impact results in 2010

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