



The Revops Revolution: Elevating Sales Forecasting from Art to Science



salesforce

How much trust do you have in your current sales forecasts? If you feel less than confident, you're not alone. According to [Gartner's State of Sales Operations Survey](#), only 45% of sales leaders and sellers have high confidence in their forecasting accuracy.

"Heads of sales operations are under constant pressure to produce accurate forecasts to help shape decision-making," said Craig Riley, senior principal analyst for Gartner's sales practice. "Finding the signal in all the noise is often difficult and time-consuming. Combine this with the fact that customers simply don't follow a linear progression of steps to arrive at a buying decision. Sales Ops leaders are looking for new ways to manage their pipelines more effectively."

While laying the foundation for a more trustworthy forecasting process might seem too challenging or complicated, we're here to tell you that with the right approach — specifically, a data-driven one — you can not only boost your forecasting confidence but also improve sales efficiency, responsiveness, and win rate.

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The widespread impact of inaccurate forecasting

Just like the weather, no sales forecast will ever be 100% accurate 100% of the time. However, major forecasting inaccuracies that fall outside the margin of error can significantly impact a business and create serious, unintended consequences.

Imagine your local meteorologist says the daily high will be 45, but it only gets up to 42. No big deal, right? But what if they report that it's going to be 60 and sunny, and instead, you get an ice storm? That inaccuracy is going to create major problems in your community.

When you under-forecast your sales numbers, it can impact your ability to deliver a great experience for your customers. You may not have hired enough people or allocated appropriate resources for the business your team ultimately closed. Over-forecasting can have even bigger ramifications, the worst being the need for layoffs — something no leader wants to have to do.

It's not just a sales problem, it's a business problem

When a team continues to see inaccurate forecasts, it eliminates credibility and creates distrust in the process altogether. Targets can feel meaningless, ultimately driving poor decision-making.

Sales leaders may push unnecessary incentives or approve big discounts to close deals. Reps may feel their numbers are unreasonable or unachievable. Or, on the flip side, they may hit their numbers too easily and take their foot off the gas when the business actually requires a stronger effort to sustain growth.



For years, sales teams have been stuck on a loop, having the same conversations about forecasts that are largely based on biased opinions, overconfidence, or the fear of missing targets. Too often, they spend thousands of hours (and dollars) rolling up forecasts, sweating over progress and paths to target, only to have those efforts dismissed by finance. (Sound familiar?)

Finance teams typically view forecasts through a different lens. They focus less on subjective sales weightings and manager adjustments and more on projections based on algorithmic combinations of historical and current period bookings. But while the finance approach removes opinion and bias, it lacks a connection to important leading indicators and improvements that only sellers have insight into.

At the end of the day, your organization invests an enormous amount of time, effort, and cost into these projections, only to end in disagreement. This internal roller coaster is not only frustrating for all involved, but it ultimately hinders your ability to react quickly to changing market conditions, align your hiring needs, and allocate resources effectively.

Your forecast accuracy determines how much wiggle room your organization has to invest in growth or cut spending as needed. The more accurate the forecast, the more agile you can be and the more quickly you can make smart adjustments.

The past, present, and future of forecasting

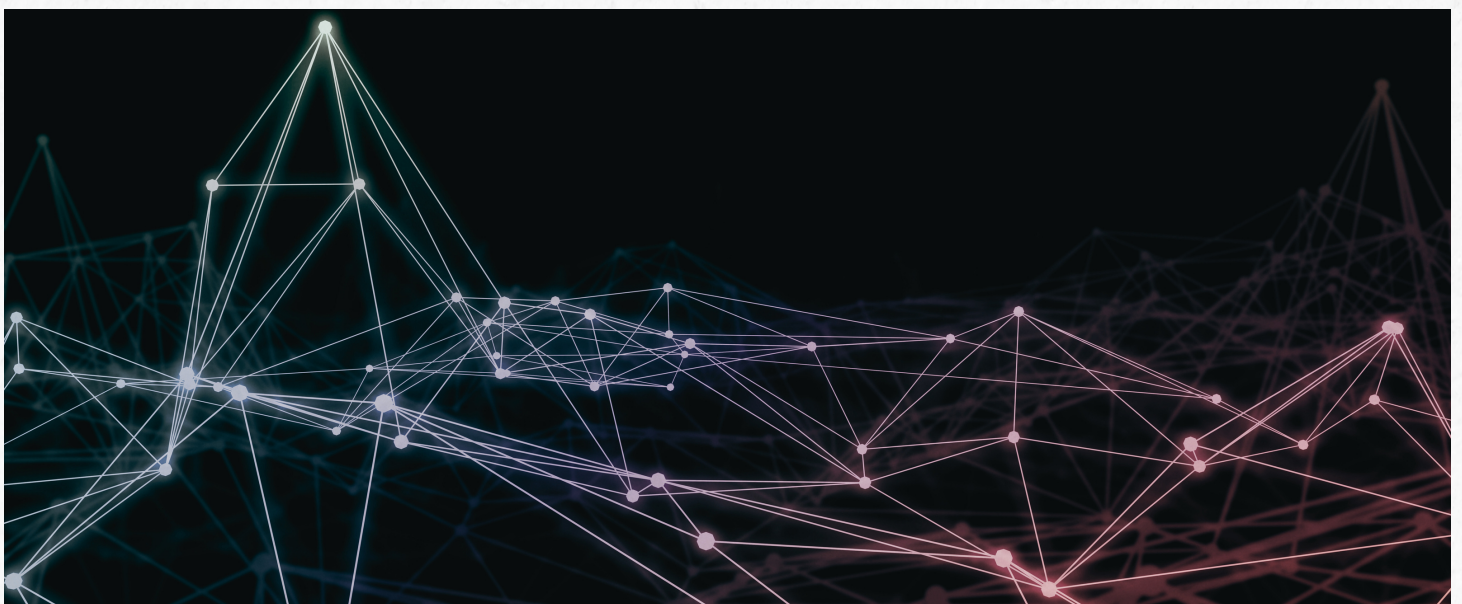
Customer Relationship Management (CRM) solutions began as data capture repositories and basic workflow engines that generated static reports. With the introduction of AI and machine learning, platforms like Salesforce are now able to deliver outcome-driven experiences by embedding predictive and prescriptive insights into their workflows.

Thanks to these incredible technological advancements, every business is now capable of creating intelligent, outcome-driven experiences.

Unfortunately, many just don't know how to fully tap into their data to reach that full potential.

To use data in a meaningful way, you need the right skills and tools to not just convert data into insights but also to translate those insights into actions and outcomes at scale. When it comes to forecasting, tapping into advanced data analytics and applying the power of AI can be transformative.

A truly data-driven experience isn't just about getting an accurate forecast (that's a given). It's about optimizing your entire demand funnel, driving accountability across your teams, and surfacing insights they can act on with confidence. It's about strategically leveraging data to achieve business goals and gain visibility into pipeline that doesn't even exist yet.



What makes a forecasting process “data driven”?

We’ve used the term “data driven” a few times now, so let’s take a step back and define what that actually means in practice and how data-driven forecasting differs from other methods. You’re likely already using one (or some combination of) these methods:

Rep-driven forecasting

Think of this as the “gut feeling” method of sales forecasting. It’s a subjective forecast generated by sales reps or managers. While there’s no doubt that most salespeople have great gut instincts, there are a few significant problems with relying too heavily on this method of forecasting. One is that you’ll encounter reps who engage in sandbagging (i.e., they intentionally forecast a low expectation or underreport the scope of a deal) in order to meet or exceed their quotas. On the flip side, you’ll have reps who are overly optimistic and overestimate their deals’ likelihood to close.

Stage-driven forecasting

This method is more objective than rep-driven forecasting and based on opportunity progression. While it’s a more consistent way to forecast, it’s completely dependent on sales stages being consistently used. The biggest drawback with stage-driven forecasting is that it’s extremely rigid and not customizable or flexible based on other factors. It also provides limited information to help managers coach their reps.

Data-driven forecasting

We consider this the goldilocks of forecasting because it’s objective and flexible. Unlike purely rep-driven forecasting, it’s based on real sales data rather than opinions. And unlike stage-driven forecasting, data-driven forecasting is dynamic. It incorporates multiple data elements and is custom-built for each business unit and product line mix. As new data comes in, forecasts can be iteratively improved over time to accommodate the complexities of your business and market factors. A great data-driven forecasting process also gives sales managers insights into focus areas for coaching their reps and improving team performance.

Forecasting is complex because businesses are complex

If you're reading this and thinking that data-driven forecasting still sounds complicated, you're not wrong. Forecast models must be complex because business operations are multifaceted and sales journeys are rarely straightforward.

To truly drive sales pipeline performance, forecasting models must be built using systems of intelligence that account for all the complexities of a business while seamlessly integrating into revenue operations.

Getting to this ideal state is completely achievable. We know because our customers are out there proving it every day. But it doesn't come without its fair share of challenges and roadblocks.

What We Hear

“ We have complicated sales hierarchies and co-selling motions. ”

“ Now more than ever, we need to understand where every dollar is coming from. ”

“ We need to understand our forecasting accuracy trends. ”

“ We need portions of one deal rolling up in different directions of our business. ”

“ “ For renewals, we don't forecast ACV or TCV, we forecast the incremental delta or upsell and down-sell. ” ”

Challenges to overcome

Forecasts are often disconnected from customer-level execution, and many teams find they lack insight and actionability. Ever-changing market conditions also require organizations to be more responsive and adaptable, which can prove challenging. There are several reasons these factors are so difficult to manage:



Disparate data sources and data silos

With the adoption of various tools and point solutions, crucial data can become siloed, making it harder to have a unified view of revenue operations.



Lack of (timely) pipeline visibility

There may be aspects of your pipeline you don't have visibility into or insights you can't get when you need them most (e.g., the beginning of a quarter vs. the end of a quarter).



External factors

There will always be unforeseen circumstances and market volatility that you have no control over that can make forecast accuracy a challenge.



Adapting KPIs

As businesses evolve, what was once a relevant KPI might not be anymore (e.g., top-line revenue was your focus before, but now ARR has become more significant).



Tech stack integrations

Maintaining multiple tools and technologies (and ensuring they integrate seamlessly) can be costly and feel like a game of whack-a-mole for your revenue operations team.



Complexity in reporting

With changing KPIs and revenue models, reporting needs to be adapted regularly to avoid creating forecasting inconsistencies.



Unpredictable customer churn

As the focus shifts to more nuanced revenue models, understanding and predicting customer churn can become challenging (but remains essential).

How do we (truly) become data driven?

There's more to accurate, data-driven forecasting than a great model, and forecasting is just one aspect to consider when shifting your business from reactive to predictive and prescriptive — or what we call an “intelligent experience.”

Business transformation initiatives like intelligent forecasting require an orchestrated effort to break down organizational silos. They embed intelligence into the flow of work and generate insights that translate into real actions your team can take to improve customer relationships, increase revenue, and drive sustainable growth.

Companies that see the greatest success instill a culture built on a clearly defined process with visibility for every revenue-critical employee across sales, marketing, finance, and customer success. The entire team must be aligned on goals and collaborate effectively to achieve them.

Build a culture of forecasting excellence

It's important to remember that moving to data-driven forecasting isn't about standing up a point-in-time solution and calling it a day. It's not a one-and-done project you set and forget. To truly deliver positive business outcomes, you must drive a cultural shift toward forecasting excellence and continuous improvement.

Revenue teams with a forecasting culture look at trends and improve accuracy over time. Leaders track whose forecasts are most accurate (AEs, managers, etc.) and make intelligent adjustments in operations, processes, and sales coaching. Team members can see where they were inaccurate in the past, informing better behavior in the future. This, in turn, feeds better data into the AI model, which produces a more accurate forecast prediction.

You have to start somewhere

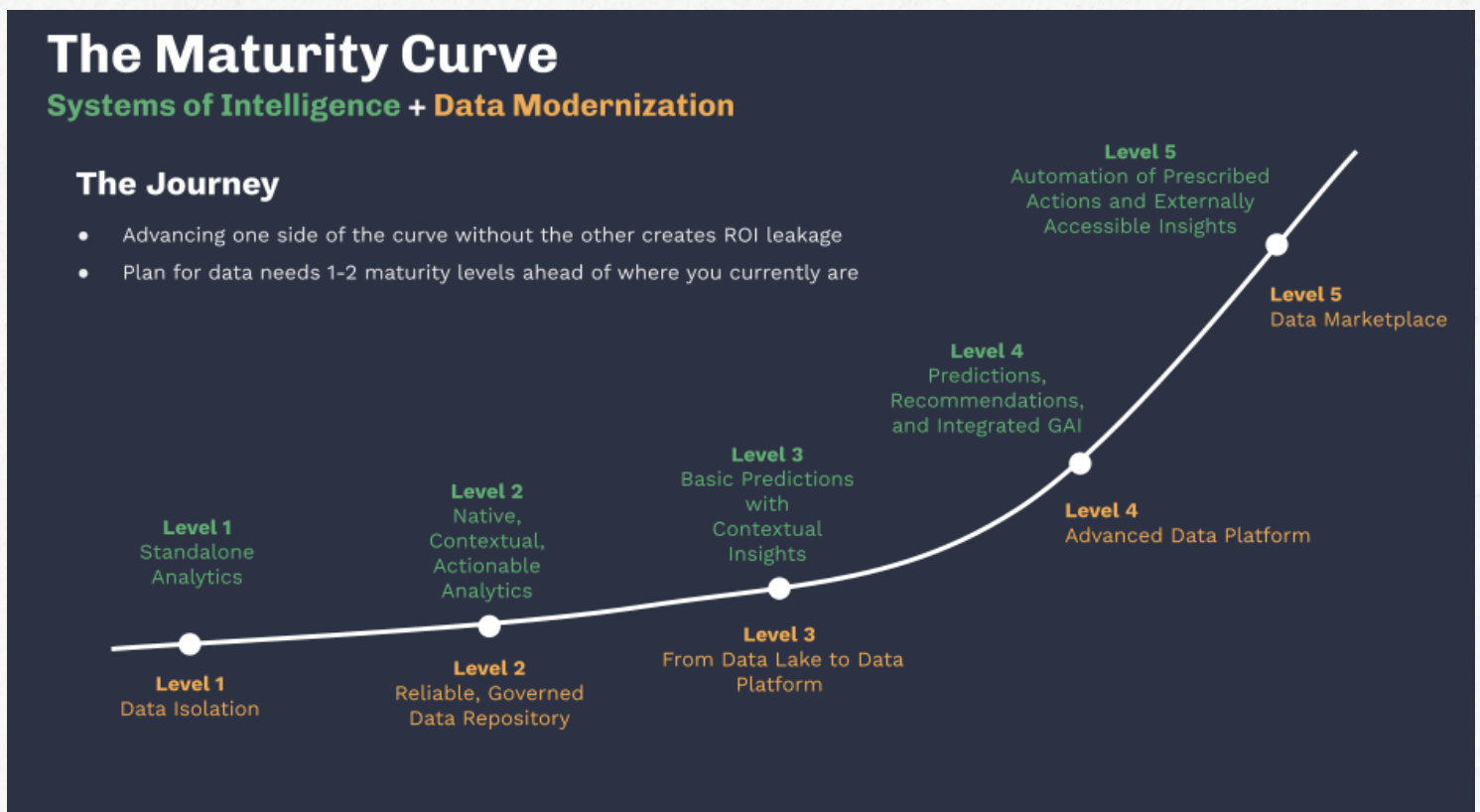
There are countless reasons why you might think your organization or team isn't ready for data-driven forecasting. Often, the biggest perceived barrier is data quality. We talk to revenue leaders every day who feel their data isn't up to par. Fortunately, you don't need particularly high-quality data to get started.

The beauty of an intelligent experience is that it's iterative, and you can improve your data over time. It's a relentless pursuit to improve our understanding, measurement, and execution of the things we can control — and to prepare for those we can't.

The first step in data-driven forecasting is to define which patterns and motions drive predictable bookings. From there, we can align to the KPIs and measures that reflect those motions (e.g., executive briefings, customer visits, value-based pricing, partner engagements, etc.).

Once we've represented KPIs and measures as quantifiable data, we can deploy automated data capture methods to fuel analytic and predictive insights within the CRM. This becomes the foundation for continuous improvement of forecast predictions and recommended actions.

With smart forecasting tools and an intelligence action framework, you can better understand your sales team's behaviors, develop more effective ways to stay on quota, and build organizational resiliency.

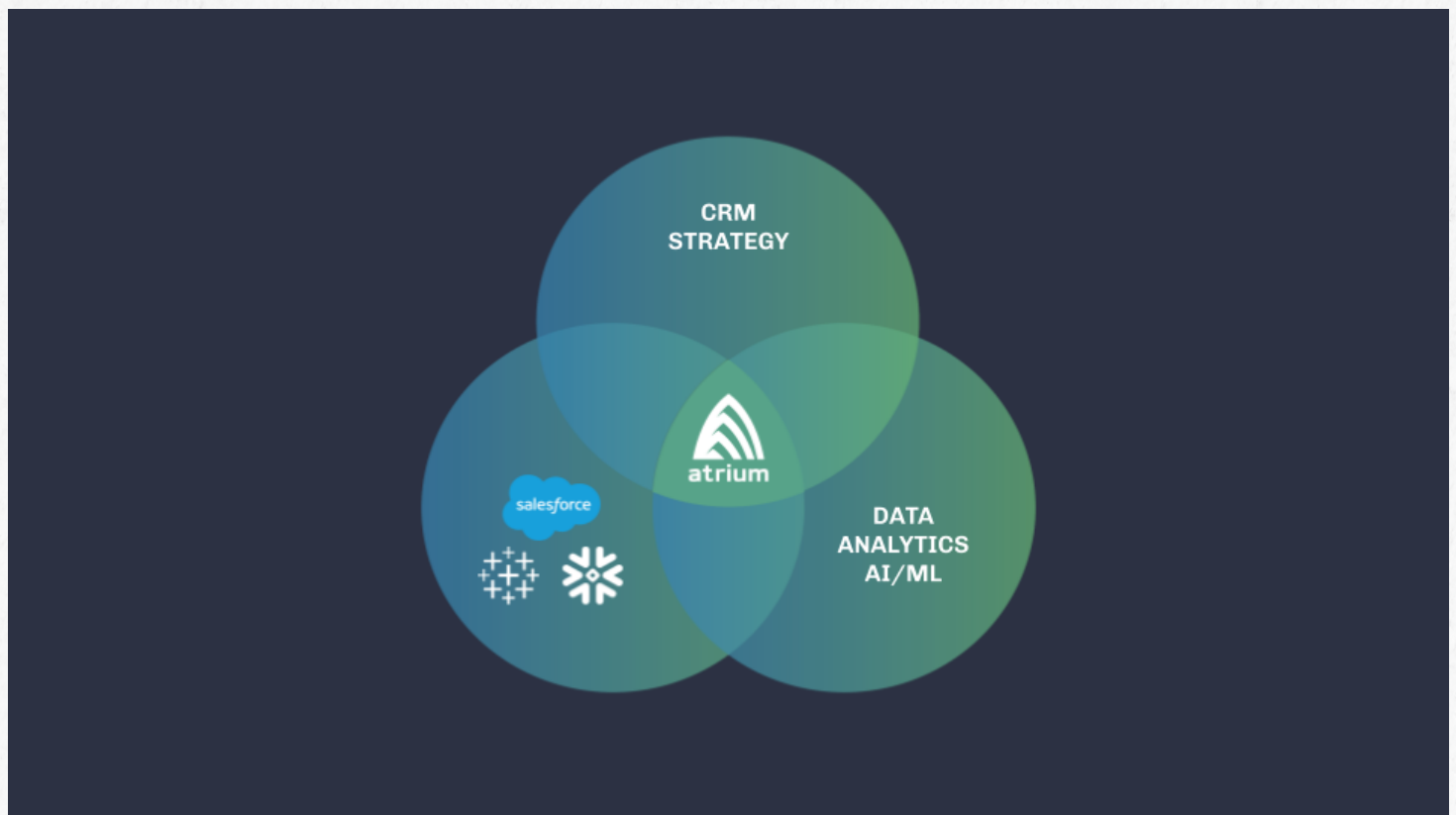


Accurate Level 3 and Level 4 predictions can typically be achieved with less than 15 data features (e.g., sales stage progression, opportunity velocity, forecast category, product line, opportunity amount, region, etc.). Opportunity scores can then be used to weigh opportunity values, the sum of which provides a good picture of how well individuals, teams, and regions will perform in a given quarter.

Get started with an experienced AI partner

When it comes to forecasting, out-of-the-box solutions will only take you so far. If you don't have a custom solution designed specifically for your unique business, your forecasting accuracy and sales insights may not be living up to expectations.

Don't let ugly data or complex use cases keep you from taking the next step on the data maturity curve. Our experienced analytics experts have been at the forefront of this work, and our team understands how to turn operational challenges into opportunities for growth, increased efficiency, and improved customer engagement. We apply predictive analytics, AI, and machine learning to help you maximize the value of your data and bring predictability and growth opportunities to your business.



About Atrium

Atrium is the only consulting firm focused on delivering data-driven CRM strategy by applying the principles of data, analytics, and AI and machine learning to a select set of leading cloud platforms including Salesforce, Tableau, and Snowflake. Learn more at atrium.ai.