



# Improving Your Company's Resilience with a Data-Driven Forecast

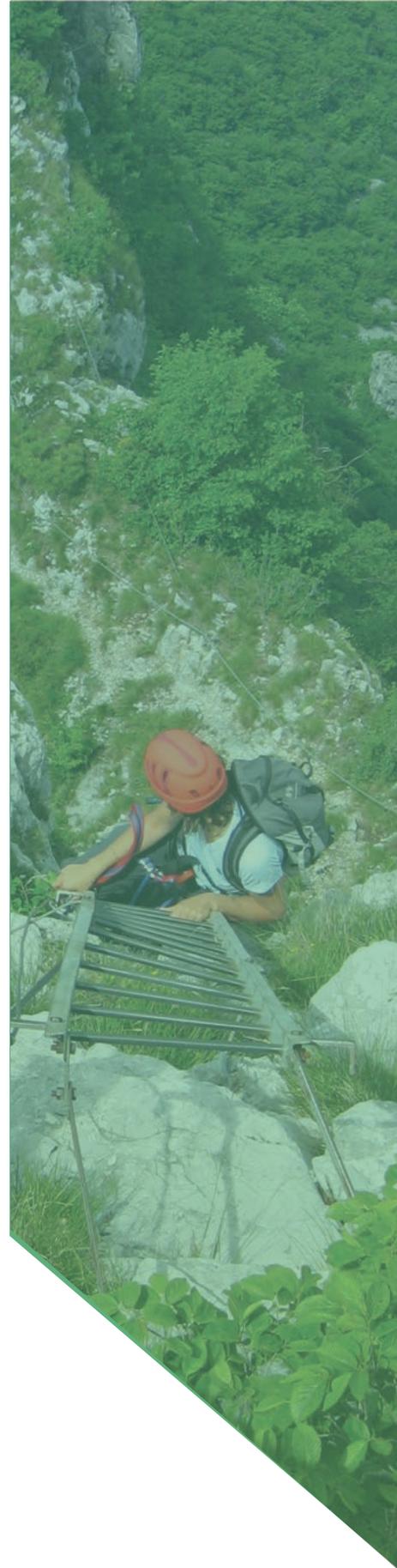
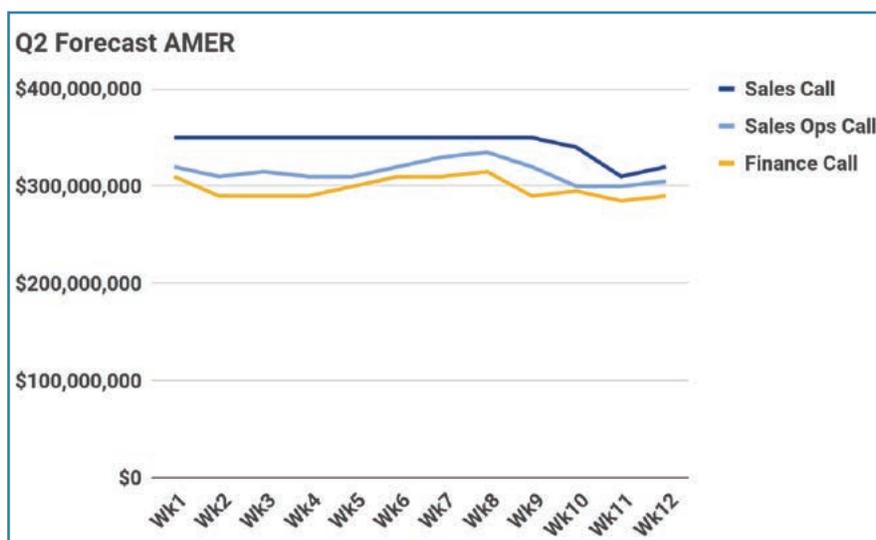
A deeper dive into how resilient organizations are leveraging advanced forecasting tools to thrive in all market conditions.

## Redefine Your Forecast

For the past two decades, we as sales teams have been fixed in roughly the same conversation about our forecasts, which are largely an aggregation of opinion, heavily biased by the hope or fear of hitting or missing our targets. These opinions resemble the data in every way. There are numbers with dollar signs, revenue types, probabilities and dates. We spend thousands of hours and millions of dollars rolling up our forecasts, sweating over our progress and paths to target, only to have those efforts dismissed by finance.

Finance, by contrast, prefers to view forecasts through a different lens. Focusing less on subjective sales weightings and manager adjustments, and more on projections composed of algorithmic combinations of historical and current period bookings. The finance opinion removes sales target bias, but also lacks a connection to important leading indicators and actionable improvements to sales outcomes.

Most of us are familiar with these points of view, which typically result in charts similar to the one below. Enormous amounts of time, effort and cost are invested into these projections, only to conclude in disagreement. This materially impacts our ability to react quickly to changing market conditions, to shift our hiring and to allocate resources. We can do better.





Part of the problem is that we've come to accept these differences of opinion as if they are laws of the universe. And to reconcile our points of view, we have adopted band-aid processes with names like triangulated forecasting. However, the problem remains the same, in that the final call comes down to a negotiation of opinions between those who are least connected to the demand signals.

Worse, our forecasts are often disconnected from our customer-level execution, and therefore lack insight, early warning and actionability.

This is a particular challenge in times of flux, when changing market conditions demand our organizations to be more responsive. It's time to redefine our forecast.

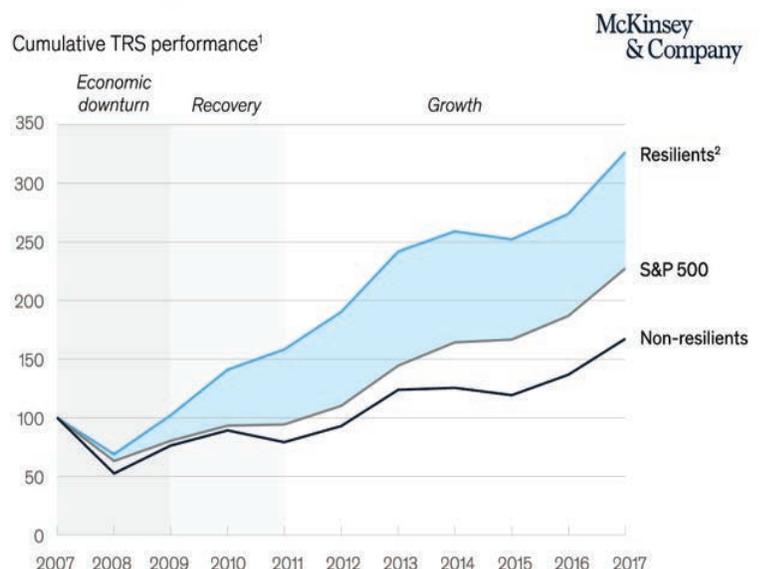
“For organizations that want to improve their sales pipeline performance, the use of artificial intelligence and machine learning to surface key insights and make data-driven decisions is only half the battle. To drive real ROI, forecasting models must also be integrated into the business process, in other words, operational, in order to drive actions.” Paul Harmon, Data Scientist, Atrium

## The Case for a Data-Driven Organization

In a recent study one common characteristic among resilient companies was their adoption of a digital and analytics-driven culture to boost efficiencies and improve productivity. By leveraging advanced analytics and machine learning, resilient organizations were able to identify opportunities and threats and act on them faster and with more equanimity than their competitors.

Business transformation initiatives such as intelligent forecasting, aka actionable sales analytics and machine learning, require an orchestrated initiative to break down organizational silos. As illustrated here, these so-called resilient organizations, meaning, those who outperformed their peers during an economic downturn or uncertain future, realized 7-plus percent more revenue growth, and nearly 6 percent more EBITDA growth.

Resilient companies did better at the outset of the downturn and after.





## Data-Driven Forecasting: Getting Started

In the following sections we will examine new ways to address these challenges upstream in the sales process, at the point of demand. We examine what it means to place a relentless focus on measuring and executing what we can control, at all levels.

We can compare our real-time sales motions to those that consistently result in bookings. We can use this data to surface actionable insights embedded within our CRM systems, in context of where our sales teams are already working. We use these insights to improve decision-making and sales processes, and to change the forecast into something that is empirical and actionable. AI-based software companies call this augmented intelligence. We call it a data-driven process. With this approach, we can bridge the differences between traditional forecast methods. We can in turn improve the transparency, timeliness and actionability of our forecast to help our companies to be more responsive and resilient.

## Think Programmatically

Data-driven forecasting requires a relentless pursuit to improve our understanding, measurement and execution of the things we can control. The first step is to define which patterns and motions drive predictable bookings. From there we can align to the KPI's and measures that reflect those motions, such as: executive briefings, customer visits, value-based pricing, partner engagement, product training, etc. Once we've represented KPI's and measures as quantifiable data, we can deploy automated data capture methods to fuel analytic and predictive insights within our CRM systems. This becomes the foundation for continuous improvement of forecast predictions and recommended actions.

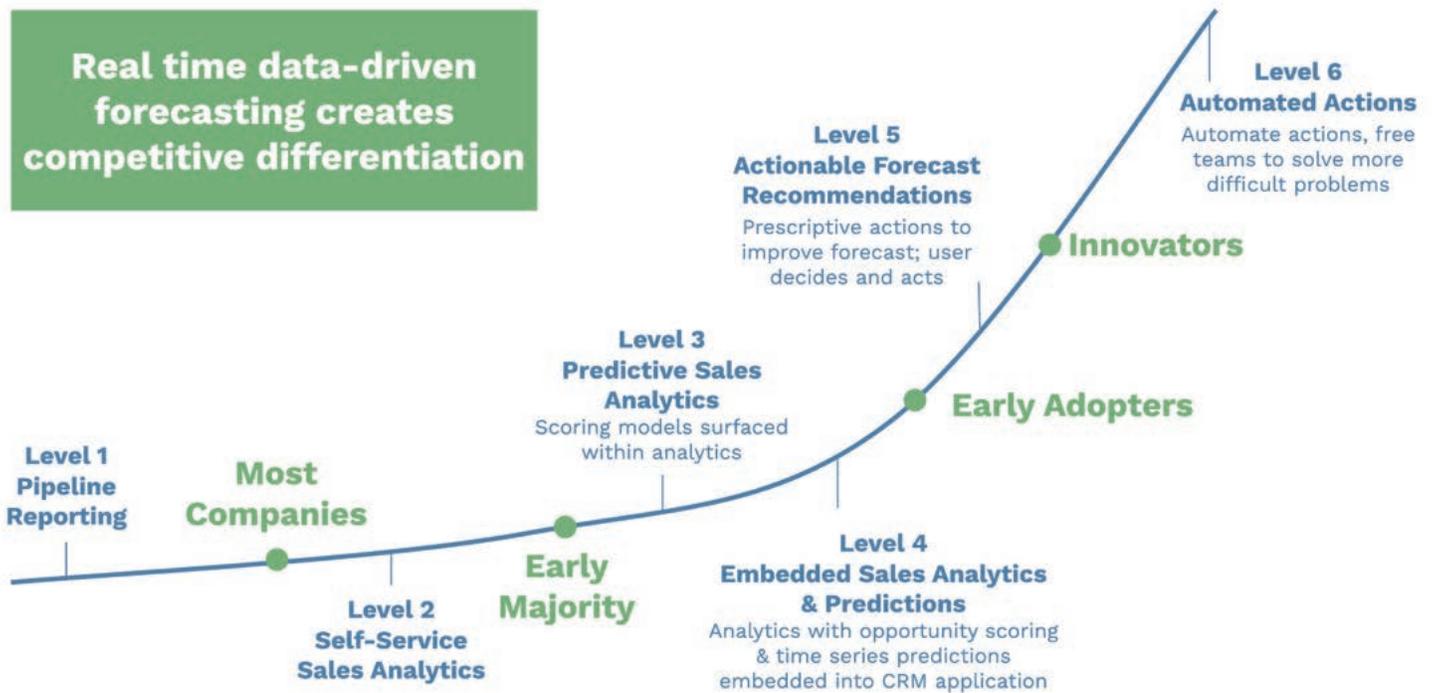
**Innovators and early adopters have been at this for a few years.**

**They have moved out of proof-of-concept, and have started to deploy data-driven forecasting processes at scale. These companies are 1-2 years ahead of their peers, and are starting to tilt the playing field to their unfair advantage by improving their sales efficiency, responsiveness and win rates.**



The maturity curve below represents the path these companies have taken to adopt a data-driven forecast. In the next sections, we will describe how companies are implementing programmatic approaches to progressing along this curve using actionable sales analytics and machine learning.

## Data Driven Forecast Maturity Curve



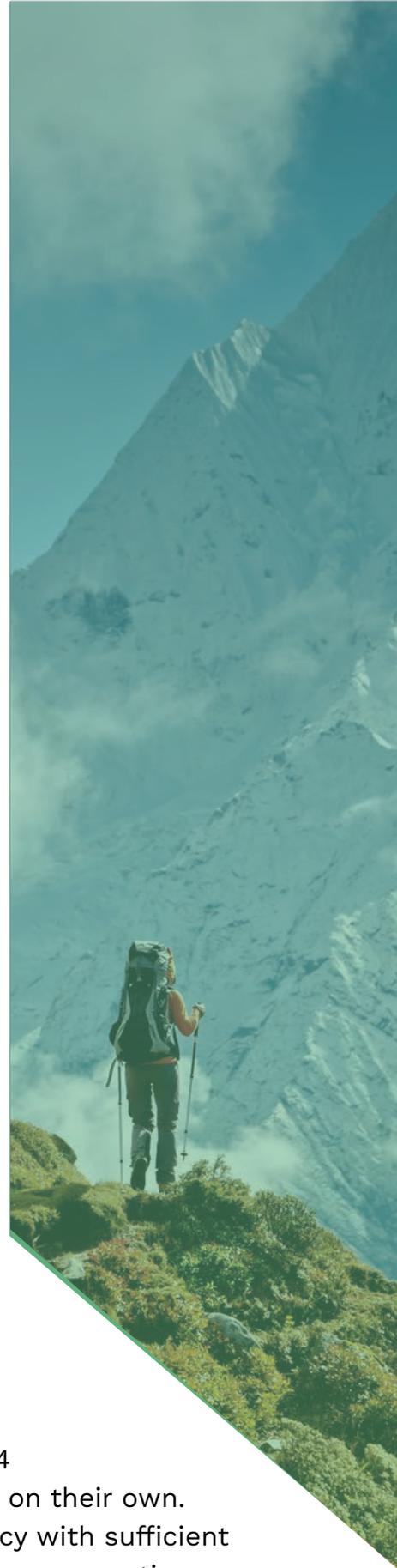
## Start With What We Can Measure

Top performing sales personnel already know the actions that lead to a successful forecast and best-in-class win rate. The difficulty is in scaling top performer motions across the rest of the organization, and the reasons for it are familiar.

- On average, 20-30% an organization's sales personnel are new, and can take upwards of a year to ramp to full productivity.
- Regardless of tenure, sales teams often lack access to sufficient customer insights, particularly those which are locked up in back-office and support systems, or buried in enterprise data warehouses. Without best-in-class data, our sales teams are not empowered to execute best-in-class motions.
- Most organizations place a greater emphasis on managing to a number vs. a sales motion. The result is that CRM adoption and data quality suffer, with the most reliable data being the minimum fields required to generate quotes and submit forecasts.

For these reasons, it is rare that a company can begin modeling their forecasts at Levels 5 and 6 of the maturity curve. Fortunately, it is not necessary to boil an ocean of data to begin the journey of a data-driven forecast, nor is it necessary to have particularly high-quality data. Accurate Level 3 and Level 4 predictions can typically be achieved with less than 15 data features, such as 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, regions and global theaters will perform in a given quarter based on existing pipeline.

It is important to contextualize these early stage predictions with descriptive analytics to provide actionable context, since Level 3 & 4 predictive features typically do not lend well to prescriptive actions on their own. However, these predictions can be tuned to a high degree of accuracy with sufficient data sample sizes, and they provide a substantive basis for changing conversation between quota carriers, sales managers, operations and finance. This is the first step in establishing a data-driven forecast.



## Build Actionability and Resiliency

As companies adopt Level 4 forecast models, it is important to continuously monitor and enhance prediction efficacy across market segments, products, regions and sales channels. Throughout this adoption process, the next set of priorities will invariably orient around actionable insights, which brings into renewed focus the need to measure and manage sales motions within the CRM. This provides the fuel for Level 5 action-oriented models, and is the next step to building a data-driven sales culture. Actionable model features may include data related to customer approved quotes, executive briefings, business value statements, competitive collateral, partner engagement, open case escalations, customer NPS, CSAT, etc.

By harnessing these data features, prescriptive action frameworks can be deployed in concert with Level 5 models. The actions taken as a result of the predictions can be recorded, and the results can be used to further improve our forecast accuracy and win rates as part of the machine-learning process.

These insights and action frameworks can be consumed at all levels of our organization, such that we can drive agility and responsiveness across all relevant teams and departments, and develop resiliency to the market.





## KEY TAKEAWAYS

- Traditional forecasts are often disconnected from our customer-level execution, and therefore lack insight, early warning and actionability.
- Data-driven organizations are proven to outperform the competition, and are more resilient to disruptions or economic downturns.
- By taking a disciplined, programmatic approach to forecasting and by leveraging actionable sales analytics and machine learning, you can improve your sales efficiency, responsiveness and win rate.
- It is NOT necessary to boil an ocean of data to begin the journey of a data-driven forecast, nor is it necessary to have particularly high-quality data.
- Using smart forecasting tools, coupled with an intelligent action framework, managers can better understand sales team behaviors, develop better ways to stay on quota, and build organizational resiliency to potential pitfalls that lie ahead.



## ABOUT ATRIUM

We're a new type of consulting firm that's helping enterprise companies navigate the world of machine learning and AI. Our world-class team is made up of some of the brightest minds in math, programming, and tech – and we're obsessed with how AI is defining the customer experience.

Our goal is to enable companies to take advantage of this next disruption in tech by blending strategy, data science, and our Salesforce expertise.

We focus on the business user and help companies enable their own intelligent experience.

The models we build provide insights and results that are:

- Actionable
- Meaningful
- Data-driven
- Automated
- Repeatable

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