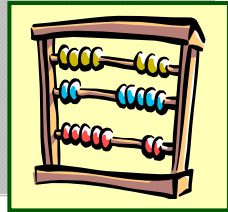


# The Practice & ART of Forecasting Near Term Sales Revenue

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We would all agree that revenue is the most essential measuring stick in business! And yet, every day we use a variety of business and financial terms, expressions and acronyms under the *assumption* that everyone clearly understands their meanings. Is this a problem? When it comes to accurately predicting near term revenue, you bet your company it is!

The problem is this... over the years **Sales Forecasting** has become a universal term and method for describing the process of predicting near term sales revenue. For this reason sales forecasting is *assumed* to be equally applicable to all companies, regardless of their type or size. In fact, there are actually two distinct sales forecasting methodologies and the disparities between them are just huge! These differences can be best described as The PRACTICE and the ART of Predicting Near Term Sales Revenue. Each method can be more formally defined as 'OPERATIONAL' and 'FUNCTIONAL' Sales Forecasting:

**OPERATIONAL SALES FORECASTING** as a 'Practice' is traditionally used by organizations that sell *products* to consumers aka; Business To Consumer (B2C). Sales approaches used in B2C sales environments are Transactional and/or Feature-Benefit. B2C sales organizations rely heavily on using business intelligence software to help them organize, extract and predict near term sales revenue. When historical purchases and related sales information are loaded into analytics based software; companies can create a reasonably accurate prediction of near term

revenue. Further, using this information companies can easily extract from the data and information KPI's (Key Performance Indicators) for a particular product or group of products and more.

**FUNCTIONAL SALES FORECASTING** – Business To Business (B2B) solution and value added sales approaches on the other hand are largely 'relationship' driven typically with long sales cycles (measured in months) and more and known as: The Complex Sale.

Accurately forecasting near term revenue in a complex sales environment is named an 'Art' because the entire sales process relies on an individual's *subjective opinion* about the prospects of each near term revenue opportunity. Another way to describe this *artful* process is the: *IF, WISH, HOPE, DESIRE, COVET* forecasting method.

In a complex sales environment Key Performance Indicators (KPI's) typically used in both Operational and Functional sales forecasting must include a new set of Key Future Indicators (KFI's). Properly managed KFI's become measured looks into the future to corroborate the quality of every near term sales revenue opportunity.

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In the face of our current global economic pressures both the creation and management of future data and information has never been more important.

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