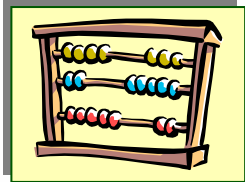


The Practice & ART of Forecasting Near Term Sales Revenue

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Revenue is the life-blood of business - above all else! And yet, every day we use various business and financial terms, expressions, acronyms under the *assumption* that everyone clearly understands their meanings. Is that a problem? When it comes to accurately predicting near term revenue, you bet your company it is!

The problem is this... over the years the expression **Sales Forecasting** has become the universal way to describe the process of predicting near term sales revenue. For this reason sales forecasting is *assumed* to be applicable to all companies, regardless of their type or size. In fact, there are actually **two** major sales forecasting methodologies and the disparities between them are absolutely huge! The differences can be best described as the '**Practice**' (B2C) and the '**Art**' (B2B) of predicting near term sales revenue. Each method is more formally defined as 'Operational' or 'Functional' Sales Forecasting:

- **Operational Sales Forecasting** as a '**Practice**' is traditionally used by organizations that mostly sell *products* to consumers aka; B2C (Business To Consumer). The sales approaches used in B2C sales environments are Transactional or Feature- Benefit. B2C sales organizations rely heavily on using analytic software to help them organize, extract and predict near term sales revenue. Why, because when historical purchases and sales data is loaded with other attributes analytics-based software can be applied to create a reasonably accurately prediction of near term revenue for a particular product or group of products. The use of this type of software to perform analytics is also called Business Intelligence.

- **Functional Sales Forecasting** - For business to business (B2B) sales organizations on the other hand the approach is 'relationship' driven with typically long sales cycles (measured in months); aka, the Complex Sale. Accurately forecasting near term revenue in complex sales environments becomes an '**Art**' because the entire process is based almost totally on **subjective opinion**. Another way to describe this Artful process is the; '*if*', '*wish*', '*hope*', '*desire*', '*covet*' forecasting method. Without a defined and fully implemented sales process model in place business intelligence tools are simply useless. Why, because each individual sales opportunity represents a distinctive set of service-based offerings that is new and has no previous purchase history. This means the 'potential' that a qualified sales opportunity will turn into revenue within a specific time frame is based mostly on the 'relationship' between the prospective client and sales professional as to... if, when and how much the opportunity will become revenue. While there is some revenue that would be considered recurring that is a bit more predictable, the sales process remains complex and considerably more difficult to forecast.

The inefficiency of this process is in part why organizations without a model must maintain a sales pipeline of **qualified** sales opportunities anywhere from **twelve** to **fifteen** times the monthly goal.

Here is the bottom line - an **imperative** to the core strategy of building and more importantly **sustaining** sales results lies in the ability of an organization to consistently and accurately forecast near-term revenue over time. *But, you can't analyze what you can't measure.* So, if Key Performance Indicators (KPI's), Measuring StixSM and other sales attributes are to be effective you must have a performance-based sales model that fully supports them.

SalesCue Corporation provides Insight to sales performance consulting services to Business to Business (B2B) clients that are operating in complex selling environments.