

# The W.A.G. Forecasting Method

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Over the years I have been in the marketing and sales field I have had the opportunity to work with literally hundreds of sales professionals and a few not so professional. Functioning first as Branch Manager, then Director of Sales and finally Vice President of Sales, I had as one of my regular monthly duties to gather as much information as possible about where my sales force was with various sales opportunities. Armed with this information I would then attempt to predict (report) to corporate executives our sales revenue expectations for the upcoming month. This process is also known as; Forecasting, Opportunity Management and a few other "special" names not mentioned here - if you get my drift!



In my experience, the consistent thread in dealing with this process was... the process was not very consistent. Also, it was highly subjective and therefore not very accurate! **And yet; every month senior executives put their company's financial health at risk**

**by attempting to operate their businesses based on poorly conceived near term revenue forecasts. What's wrong with this picture?**

During my tenure in sales management I can attest to having received about every type of monthly forecast report you can think of - from a single number scribbled on a napkin (poorly I might add) to a highly detailed, computer generated analysis of every proposed opportunity, no matter how small! Want to guess which end of this spectrum represented the most successful sales professional? Like most questions these days the 'final answer' to the question is not quite that simple.

For organizations that sell mostly business to business (B2B) the process of managing sales opportunities will always remain a somewhat subjective process. I have learned that if you utilize a specific methodology that maps all identified sales opportunities against where they are in the sales funnel you will gain a much clearer understanding of the viability of near term revenue opportunities. Among other benefits, following this process also reduces much of subjectivity in the forecasting process. In my study over the years of various forecasting methods, or lack thereof, I have found the principal reason that forecasting methodologies fail is a lack of communication to the sales force as to exactly how the process works. Sales professionals when left to their own devices will turn to using a **W.A.G. Forecasting Method** approach largely because they are eternal optimist. By definition W.A.G. could also known as the; if wish, hope, desire, covet approach to forecasting. Ok, you buy what I'm saying - so, what can you do about it?

## **Tie sales goals to personal earnings objectives:**

First you have to convince your sales force why they should want to know how to more accurately manage their

pipeline and accurately forecast near term revenue. This can be accomplished by linking goal achievement to earnings expectation. Implemented properly this will directly help them increase their "personal income" and in the process also make their sales goal. When you get their "buy-in" to the promise of managing and increasing personal earnings you will instantly have a more willing participant.

## **II. Get everyone singing out of the same hymnbook:**

The reality is most sales professionals have never been taught how to manage their business much less data capture and the analytics side of selling. The second thing you have to accomplish is to produce, distribute and train your sales force to use a corporate sales model and sales process for identifying and managing all sales opportunities.

## **III. Manage the process daily – or else!**

The third thing you have to do is manage the sales funnel process on a daily basis – not weekly or monthly or quarterly. This is true regardless of the reporting period or the level of sales approach being used: transactional, feature-benefit, solution or value-added.

## **IV. Recognize that "pipeline" data and not forecast data has the most strategic value:**

It is important to recognize sales opportunities earlier in the initial "interest" stage of the sales funnel. This is the point when there is still time to figure out how to win them! This is a crucial element that many sales organizations inadvertently ignore. Why? Because the "proposal" stage in the sales funnel process is most often the "trigger" to identify a valid, forecasted sales opportunity. It is also at a point in the sales process when it is virtually impossible to turn things around if they are going south and you aren't the provider of choice. There is much more to be said about this process.

Once you have accomplished these four steps you will find your sales force will be much more involved in the process. They can see how to use the data to ensure that both their earnings expectations and sales goals are met.

**THE SECRET FORMULA:** There is one more element of this methodology that can be the most powerful of all. Executive management can now use the high quality data collected by the sales force to build a set of benchmarks, formulas and more for predicting both short and long term sales revenue results! Knowing what it really takes to achieve your revenue goals is the competitive edge that produces marketplace leaders. In the highly competitive environments in which we operate today there is the expression: "Knowledge Is Power". This is very true, but for the marketplace leaders operating in today's new economy (and to answer the earlier question about which end of this spectrum represented the most successful sales professional today?) it is:

**Knowledge + Metrics = WISDOM!**