Clari 2020

Clari

Rev up Your Forecast with AI

The savvy sales leader’s guide to driving predictable revenue

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Introduction

If sales is the lifeblood of a business, then accurate forecasting is its pulse.

Getting the forecast right is essential to the health of your entire organization—it's what keeps you in the black and helps you maintain a steady operating rhythm.

So, how do you keep sales flowing consistently and predictably? It all comes down to data.

> —In my mind, the debate is over. You need AI to make your forecasting process more accurate, and also to help your salespeople and guide them through virtual coaching, help steer them toward the more lucrative opportunities. It's essential to running a sales organization effectively.
>
> Dana Therrien
> Practice Leader of Sales Operations Strategies
> @ Sirius Decisions

You can't forecast without data, and you can't forecast accurately without good data. If you're like most managers and execs, you probably rely on Customer Relationship Management (CRM) systems and spreadsheets for the information and insights you need to predict sales. And, while those tools are good for some tasks, they were never enough to help you really call your number with confidence. In a recent Clari survey of nearly 300 sales professionals, 70 percent of managers said they look beyond CRM—to other systems or reports, weekly team calls, and ad hoc conversations—to chase down the deal and pipeline data they need to forecast sales.

Why? Reps don't update deals, information in spreadsheets is out of date, and the result is a lack of visibility. That results in deal slippage, failure to make quota, and missed forecasts.

There's a more consistent and disciplined way to run your forecasting process—and it's driven by artificial intelligence (AI). Today, more and more successful sales organizations are turning to AI-powered platforms to improve forecast accuracy and boost close rates. That's because the latest forecasting software automatically harvests and analyzes rep activity data in real time. It also uses previous win records and patterns to help predict future performance. And, it makes it easy to roll out a consistent and reliable forecast across the entire team.

AI is no longer a nice-to-have tool; it's the price of admission for sales organizations who want to remain competitive and drive predictable revenue.

In this guide, we'll review some forecasting basics, explain where and why traditional tools fall short, and identify best practices for making your sales team more productive and your forecast more predictable and accurate.

Let's get started.

Forecasting

How companies forecast

(Hint: everybody rolls up their number differently.) A sales forecast is your projection of how much business you think you'll close, usually measured on either a quarterly or monthly basis depending upon the length of your sales cycle, average conversion rate, and other factors. Typical cadence models include:

Time based forecasting

Quarterly

Companies with longer sales cycles tend to forecast on a quarterly basis. In addition, all public companies, and many private companies that answer to a board of directors, need to set quarterly goals, and therefore need to submit a quarterly forecast.

Quarterly with monthly linearity

Monthly linearity spreads the close dates out over the course of a quarter. This approach avoids what's called the "hockey stick effect," where months of flat sales culminate in an end-of-quarter surge. Adhering to a monthly forecast helps to reinforce healthier, more consistent revenue generation.

Monthly

Companies with shorter, more transactional sales cycles tend to operate on a monthly cadence. Many of these companies still operate on a quarterly basis, but simply sum up their individual monthly forecasts to generate a quarterly number.

Different companies forecast with varying degrees of complexity.

Some of the most common approaches include:

Process based forecasting

Single number

Each rep, manager, and team is responsible for rolling up a single number that represents their business. We not only see smaller companies with simpler sales processes implementing this approach, but also larger companies who have driven their forecast to be as simple and streamlined as possible.

By segment

This approach separates out different segments of the business, such as new business vs. renewals. In some companies, all teams are responsible for all segments; others have separate teams forecasting each segment.

By product

Forecasting by product lines is usually done at the highest levels (vs. forecasting each individual product separately) in order to track how different products factor into the business.

While every company forecasts differently, nearly all engage in some sort of weekly roll up of numbers through the team. Everybody, whether you're a rep, manager, exec, or sales ops professional, has their hands in the forecast:

> **Reps** call their commits and upside for the quarter.
>
> **First-line managers** meet with reps to review their deals and get updated forecasts.
>
> **Middle managers** conduct weekly team calls to roll up their numbers.
>
> **Sales ops** aggregates the latest projections from everybody and consolidates it into a VP-approved format.
>
> **Execs** review the team's rolled up number and apply their own judgement to make the final forecast call.

Whether you're a small startup or an expansive global enterprise, some variation of this forecasting routine plays out weekly, culminating in the companywide or worldwide forecast call.

The problem is, without reliable data and pipeline visibility, it's not a terribly efficient process—starting with reps and moving all the way up the chain. Consider the fact that even when reps do update their deal data, it's not necessarily accurate. They can be overconfident, too conservative, or simply sandbagging.

Furthermore, nearly every manager forecasts differently, often keeping their own private spreadsheets under wraps until the last minute. This inconsistency creates a nightmare for the sales ops folks who have to make sense of it all and package it up in a digestible format suitable for C-suite consumption.

The reality is sale teams everywhere struggle to forecast. In fact, a mere seven percent of those we surveyed described their process as "very efficient."

Why Forecasts Fail

Key factors that undermine your sales forecast process

Forecasting usually fails long before you call your number. It starts to go south the minute your reps fail to update their deal status in CRM. It spirals steadily downward from there as managers scramble for insights and proof of pipeline health, and execs clamor for a source of truth they can use to call their number. We all know what happens. Here's why it happens:

Reps don't have time to both update deals and close them.
Some CRM opportunity records have as many as 300 fields (really!). Simply put, reps get compensated by the number of deals they close, not the number of fields they update. It's easy to see why checking boxes and typing notes comes in a distant second to actually selling.

Managers get caught up in a game of chase.
With incomplete deal records and second-hand data, managers spend the bulk of their time trying to chase down the facts and cobble together a reasonable facsimile of the truth that they can then roll up to leadership. The process is not only inefficient, it's inaccurate—and it digs into valuable coaching time too. Plus, for a rep, the only thing worse than logging deal data in CRM is sitting with your manager and reciting it all from rote as he or she frantically populates a spreadsheet.

Sales execs can't identify the root cause.
By the time senior staff gets their hands on the numbers, it's impossible to decipher fact from well-intended fiction. You work with the data you have, cross your fingers, and blindly call your number.

> —We all know that sales reps don't like to input data: that's just a fact. So we need to create a platform and a way for them to seamlessly record their activities in a timely fashion. It's important to make sure the process is easy for the reps, that there's no friction.
>
> Jeff Williams
> Operating Partner @ Bain Capital Ventures

When you consider how deeply flawed the forecasting process is, the fact that end-of-quarter surprises are so commonplace should really come as no surprise to anyone.

Top reasons to retool: Why you can't forecast in CRM or spreadsheets

There's no question that CRM, when implemented and updated properly, is a valuable tool for sales organizations. But, like we established in the previous chapter, you need to populate CRM fields completely, consistently, and accurately to realize a tangible benefit. And you need to do it in a timely manner, to ensure deal data is always fresh. That's often what causes CRM fatigue.

Spreadsheets pose similar challenges and can actually complicate your forecasting process and increase your margin of error exponentially.

Here's why you can't confidently call your number using either of these tools:

> **You can't trust the data.**
> Whether you're trying to run a forecast directly out of CRM or a spreadsheet, you'll inevitably encounter data hygiene issues. If the information in your CRM is incomplete, subjective, and stale, imagine what happens when you export it to a spreadsheet. Data has a very definite shelf life and it spoils fast. If you're not getting data in real time, you're not getting an accurate view. By the time you configure your rows and columns, there's a very good chance your numbers have already changed.

> **The process is time-consuming and inefficient.**
> Spreadsheets can be tedious to build and inefficient to maintain. Some companies have entire sales operations teams that spend hours every week updating and consolidating spreadsheets to produce the roll up of the current quarter forecast. It all adds up to lost productivity time, especially for your ops team.

> **Spreadsheets simply weren't built for collaborative and real-time forecasting.**
> Despite the inherent data hygiene issues, many companies pull data out of CRM and plug it into a spreadsheet in an attempt to better track their business on a weekly basis. Inevitably, each team edits their own version of the spreadsheet, configuring it to their own needs with little or no regard for consistency. Often, the final product becomes too complicated to decipher and too cumbersome to share across the team.

Ways to Succeed

Five best practices to fine tune your forecast

To forecast more accurately, you need to fix those data problems that start upstream and clog your productivity. Automation is a big part of the solution. So is AI.

Here's how next-gen tools that combine automated data capture with artificial intelligence can help you call your number with confidence and streamline the entire forecasting process for every member of the team.

1

Establish a consistent, connected process up and down the organization.

You can't call your number with confidence if everybody in the organization forecasts differently. Today's flexible and collaborative forecasting tools literally get everyone working off the same page, accessing the same real-time data about the forecast and the actual deals that make up that forecast. You can get status updates automatically and see who has or hasn't updated their forecast with a single click. You can even empower your reps with mobile access, so they can quickly and easily update their forecasts anywhere, anytime.

2

Retire the spreadsheets.

Time is your most valuable asset. Don't waste it wandering in the weeds of a spreadsheet. Get access to up-to-the-minute opportunity data—no exporting, no configuring, no hassles. New forecasting tools reduce your margin of error and keep you connected to your team in the field. Plus, features like history tracking let you see who's changed their commit since the last forecast call. You can't do that with a spreadsheet.

3

Give your managers true visibility.

Empower your managers to make better decisions, spend more time coaching, and roll up more reliable forecasts by giving them real-time visibility into deal health and pipeline. The best forecasting platforms leverage AI to automatically track and analyze sales signals, not just CRM but also rep emails, meetings, marketing engagement and more—without any manual input at all. That means managers always know the real-time status of a deal, they know where there's risk and upside, and they can forecast more accurately.

4

Use AI-based predictions to pressure test your forecast.

You can see what's being called by your team, and also see how much coverage they have in CRM. But do you have another gut check? By comparing your quota and your team's call to science-based projections you can identify and avert risk and call your number with confidence. While AI won't replace human intuition, it will help to reduce your margin of error and help you close more deals predictably.

5

Get scientific about your next-quarter projections.

High performing teams don't lose sight of future quarters. You want to make sure you're all set from a pipeline perspective. Stop relying on the multiplier rule of thumb to guess how much pipeline you need to hit your number and start using AI-based insights to find out what you really need. That's where all your win and loss patterns on open deals at the beginning of past quarters, historical conversions and the current state of the pipeline will come into play for the AI to predict how much each team and even each rep needs to generate in open pipeline to make quota by the close of next quarter.

So, what do these best practices actually look like in action?

The case study on the next page illustrates how a global provider of cyber security solutions was able to use Clari to transform their process and get regional sales teams to start speaking the same forecast language.

SUCCESS STORY

Check Point reduced prep time for their forecast reviews by 50%.

Check Point Software Technologies Ltd. is a multinational provider of network cyber security products that protect more than 100,000 businesses and millions of users worldwide. Founded in 1993, the Company has a mature sales organization that recently transformed its forecasting process from the ground up to drive better consistency, compliance, and accuracy on a global basis.

Problem

Until they began a major initiative to improve forecasting capabilities, Check Point was manually managing their global forecasting process in spreadsheets with insufficient visibility into the deals that support regional calls. The process was time consuming and inconsistent across the regions. It was cumbersome and inefficient to get to deal level visibility making it difficult to identify risk ahead of time.process.

Solution

Every sales rep, manager, and exec now calls their number in Clari in a consistent and transparent way every week. Forecast calls are now more productive and focused on strategically discussing the forecast instead of just validating the numbers. There's more rigor and discipline driving the quality and accuracy of the forecast across the organization. Clari AI insights are providing a baseline for senior managers and execs as they inspect the forecast with greater visibility.

Results

Check Point has reduced prep time for forecast reviews by 50 percent and improved forecast accuracy across all teams.

—With Clari you can, at a glance, tell who's judging up and down, who's got coverage of their call and who doesn't. This made the process scalable and transparent, allowing us to have more strategic conversations to close deals and reach our goals.

Sheila Carson Zaki
Head of Sales Business Planning @ Check Point

Summary

Rolling up a forecast shouldn't be tedious, time-consuming, or a black box. It should be something you approach confidently—and it can be—as soon as you decide to own the process. AI-powered sales forecasting software that automatically harvests and analyzes activity data, identifies risk, and delivers predictive insights can help you and every member of your team make better informed decisions. Armed with the right tools, you can roll up your number consistently, efficiently, and predictably—week after week and quarter after quarter.

AI doesn't replace the need for a talented sales team, but it can help solve your biggest forecasting challenges, and give you a competitive advantage. In a recent poll of Clari users, 93 percent of those surveyed said they experienced improved forecast accuracy and 60 percent achieved higher close rates. And, AI only gets better over time.

AI is driven by machine learning, which means the software automatically learns and improves with experience. That means the sooner you get on board, the better. Find out how Clari can help you and your team reap the benefits of an AI-driven forecast and drive predictable revenue.

—With Clari, we have experienced a 5x increase in forecast simplicity, speed, and accuracy—in every single region across the globe.

Lou Serlenga
SVP Americas Sales @ Hewlett Packard Enterprise

Clari

Clari's Revenue Operations Platform improves efficiency, predictability, and growth across the entire revenue process. Clari gives revenue teams total visibility into their business, to drive process rigor, spot risk and opportunity in the pipeline, increase forecast accuracy, and drive overall efficiency. Thousands of sales, marketing, and customer success teams at leading companies, including Okta, Adobe, Workday, Zoom, and Finastra, use Clari's execution insights to make their revenue process more connected, efficient, and predictable. Visit us at clari.com and follow us @clari on LinkedIn.