Analytics are everywhere. In our personal lives, everything from our performance rankings in Trivia Crack to the sort-of-creepy suggestions in the Google search bar is data-driven and personalized. In the enterprise, the remarkable growth of predictive analytics is changing everything in the customer acquisition journey. This Report explores how sales analytics inform more accurate and actionable sales forecasts.
The bane of many sales professionals’ routine is often the dreaded sales forecast. At the individual rep or channel partner’s level, taking time away from active selling in order to, in their perception, help the bureaucrats above them crunch numbers, can appear fruitless, if not annoying. In managerial circles, the pressure from those same bean-counters to confidently predict revenue flow has evolved to the point where 32% of companies in Aberdeen Group’s research now indicate that “some portion of sales managers’ compensation is impacted by the accuracy of their team’s forecast.” Among top-performing firms, this percentage rises to 43%, as well as in penalizing even individual contributors at a 29% rate (25% among all companies) for the same infraction. What do these more evolved sales leaders know, that the rest of us should be considering?

Making Better Decisions with Better Data

These trends have not evolved in a vacuum; no salesperson or manager should be expected to read tea leaves without some technical assistance, especially if their incentive compensation is to be held hostage to forecast accuracy. Hence the rise of sales analytics solutions in the business-to-business (B2B) arena, which according to new research published in Sales Effectiveness 2015: How in the World Are We Going to Hit Our Number? (June 2015), are now deployed by a majority: 56% of Best-in-Class companies (sidebar, page 3) and even 42% of under-performing firms.

Such applications are increasingly utilized by line-of-business leaders such as VPs of Sales and Sales Operations to better leverage the power of "big data" and predictive analytics in more efficiently running their portion of an enterprise's business. Typically designed as a stand-alone software solution, but generally integrated with the customer relationship
management (CRM) platform, sales analytics tools help business leaders and individual contributors alike to better leverage historical evidence about their sales activities, wins, and losses, in order to make smarter decisions about current opportunities in the pipeline. For example, companies reporting to Aberdeen that they currently deploy sales analytics are, compared with non-users, 93% better at walking away from bad deals, 33% stronger at understanding which opportunities are most and least likely to close, and 27% more competent at adding extra resources to deals most deserving of end-of-month executive support. Even more importantly, the current performance metrics of analytics-enabled sales organizations speak to the value of such solutions (Figure 1).

Figure 1: Current Performance Metrics: Sales Analytics Drive Added Business Value

These data points mostly include typical sales key performance indicators (KPIs) utilized in Aberdeen's Sales Effectiveness research that marries stronger performance with specific behaviors, such as adopting technology stacks. The first metric in Figure 1, however, is a unique KPI that takes on special meaning in the context of how organizations seek to more

The Sales Effectiveness Best-in-Class Defined

In March through May 2015, Aberdeen surveyed 322 end-user organizations to understand their sales effectiveness best practices. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggard (bottom 30%) among these sales teams are:

- 72% of sales reps achieving quota, vs. 48% among Industry Average, and 37% for Laggard firms
- 7.4% average year-over-year increase in average deal size, vs. a 2.8% increase for the Industry Average and a 5.7% decline among Laggard respondents
- 6.7% average year-over-year improvement in (reduction of) the average sales cycle, vs. 0.4% and 15.8% worsening of (growth in) cycles, respectively, for Industry Average and Laggard respondents
accurately and confidently forecast their sales, revenue, and overall business activities. The concept of “80%+ deals resulting in revenue” refers to the often-emotional aspect of B2B selling that inevitably arises from the standard conversation between managers and reps that happens in every company, every day: "Do you think you're going to close this deal? When?" This innocent interchange is front-loaded with plenty of complications and ramifications: individual contributors eager to impress the brass with the potential of a huge month; other reps who prefer to sand-bag expectations; under-performing managers nervous about what message their published forecast sends to the top executives; and even what other lines of business can expect for activity once predicted deals are closed.

These everyday conversations typically yield a number of “sure thing” pipeline opportunities: the deals that reps confidently predict will close during the current selling period, and which Aberdeen’s survey classified as those indicated in the CRM as 80% or higher likelihood to deliver exactly that. And yet, 24% of all survey respondents’ similar deals slip out into subsequent months or quarters, despite the high confidence levels expressed for the record. Best-in-Class firms are a little bit more efficient, with a 22% leakage rate, and users of sales analytics solutions, as we see in Figure 1, are able to drive this unsatisfactory rate down to 20%, compared with a 40% worse performance level (28%) among companies not enabled with analytics to support forecasting accuracy. The lesson here is that with all of the emotion, expectations, and of course compensation surrounding getting B2B sales deals done, it's extraordinarily wasteful and demoralizing to see "sure things" slip out of a seller's grasp. Minimizing such occasions should be a priority for both individual and managerial sales practitioners alike; let's now take a look at the specific ways in which sales analytics deployments can support this mission.
Is This Forecast Current?

Plenty of organizations still collect and publish sales forecast data using spreadsheets and e-mail, but wise line-of-business leaders recognize that such 20th-century tactics are inefficient and breed inaccurate, low-confidence forecast results. Without the use of contemporary, data-driven solutions, it also takes more time and resources to manually deliver such content to various stakeholders throughout the enterprise. Considering that time is such a precious commodity in the B2B sales world, the ability to more efficiently, and of course accurately, publish a forecast becomes a premium opportunity. When survey respondents were asked how often they distribute formal sales forecasts within the organization, both Best-in-Class companies and sales analytics users lead other firms when it comes to both more frequently distributed, and faster-produced, results: Figures 2 and 3.

Figure 2: Forecast Frequency: Making Publishing Painless

![Bar chart showing forecast frequency]

In fact, this data is weighted by the fact that 23% of analytics-enabled companies report that their forecast is “on-demand, always available in real-time; i.e. no need to actually ‘publish’ a forecast,” which is significantly higher than even the 15% rate with all of the emotion and expectations surrounding getting B2B sales deals done, it's extraordinarily wasteful and demoralizing to see “sure things” slip out of a seller's grasp.
reported by the Best-in-Class. This type of real-time functionality is growing in the professional sales industry from a luxury, into a must-have set of technological competencies. Most sales effectiveness applications today are cloud-based, mobile-friendly, and connectivity-agnostic, as we learn from *CRM + Sales Mobility: Enabling Your Multi-Screen Seller* (February 2015).

Publishing and distributing an accurate sales forecast that helps multiple stakeholders perform their jobs more effectively is worthy of the same attention, and sales analytics users’ business results testify to the value of their investment in such capabilities.

**Figure 3: Because Time is Money: How Long to Produce the Forecast?**

![Bar chart showing time to produce sales forecast](chart.jpg)

Source: Aberdeen Group, July 2015

Indeed, the very activity of creating strong forecasting processes can benefit organizations’ sales results in a wide variety of ways. For example, Best-in-Class companies are 137% more likely than All Others (55% vs. 23%) to indicate a high or extremely high competency, signifying that “Sales leaders use the forecasting process to better coach their team members.” This concept plays out more elaborately in *Sheldon Cooper, Sales Whisperer.*

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Applying the Science of Data to the Art of Selling (September 2014), which showcases how top-performing organizations use real-time analysis of forecasts and current opportunities to guide sales reps, and channel partners, toward the best messaging and tactics for individual sales deals currently in play. Rather than relying purely on guts, emotion, or instinct, sales practitioners are thus better supported with data-driven guidance around what will most effectively seal their deals.

No One’s Perfect, But Getting Close is a Good Idea

Some folks ask Aberdeen: is a perfect, 100% forecast achievable? Desirable? The answers are yes and no. In an ideal world, every sales rep and channel partner will update their CRM-based opportunities, and by default their pipeline, in as near to real-time as possible, providing their sales operations counterparts with hyper-accurate data, day and night.

Figure 4: Driving Enhanced Forecast Accuracy throughout the Buyer’s Journey

In reality, much as the research tells us that 100% CRM adoption is not an essential component of enterprise-wide sales success, neither is there proof that by the last day of the month, every opportunity needs to be dispensated as “closed won,” “closed
lost,” or “moved out.” It would be hard to find a single SVP of Sales out there who wouldn’t trade an imperfect forecast in return for more reps hitting their number. Still, not only do Best-in-Class companies consistently report more accurate forecasts at every stage of even complex B2B sales cycles; so too are analytics-enabled firms leveraging the same advantage – Figure 4. The takeaway here is that forecast accuracy matters, and has a direct impact on tangible business results, but can be acceptably pursued without achieving 100% perfection.

Conclusion and Recommendations: What Else Can I Do With Sales Analytics?

We know from the data above that proven business value can be directly associated with the limitation of sales analytics solutions, focused on informing more confident and easy-to-produce sales forecasts. In addition to the KPI’s around overall performance that prove this point, there other elements of modern B2B sales management that can benefit from the implementation of such tools.

Figure 5: Analytics in Action: Smart Sales Competencies You Need to Embrace
Figure 5 summarizes a number of these competencies, especially those focused on directly managing sales employees toward peak productivity. Indicating the percentage of survey respondents reporting very or extremely high capabilities in these areas of interest, the data shows that analytics utilization can support sales leaders who are focused on “managing down,” i.e. truly helping their reps fulfill the potential of their skills and territories. Being able to understand which deals are likely to be the most fruitful, which marketplace landmines to avoid, and how to most efficiently manage sales human capital, all add up to great success opportunities for the modern, data-enabled sales leader. Armed with an enhanced ability to forecast what is likely to happen in the near-term future, Best-in-Class and analytics-supported practitioners can more effectively use the knowledge and learnings of their corporate past, to help yield a more fruitful revenue future.

For more information on this or other research topics, please visit www.aberdeen.com.

Skilled sales leaders can more effectively manage down when armed with analytical data to better coach their reps.
About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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