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MANAGEMENT**  
ASSOCIATION

SMA Experts' Exchange

# Sales Forecasting

September 23, 2010

An Expert Panel discussion featuring:



Kurt Metzger  
Director of Sales Operations  
Lundbeck USA



Ken Spiller  
Sr. Sales Operations & Process Manager  
Align Technology Inc.



John Thackston  
Co-Founder  
SOAR Performance Group

# Today's Session

## Panel format

- Each panelist will present for 10 minutes
- I will moderate discussion following these brief presentations
- We will take your questions

## Today's Panelists



Kurt Metzger  
Director of Sales Operations  
Lundbeck USA



Ken Spiller  
Sr. Sales Operations & Process Manager  
Align Technology Inc.



John Thackston  
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Forecasting Effectiveness

# The Role of Goal Setting

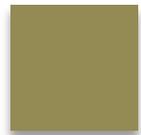


Kurt Metzger  
Director of Sales Operations  
Lundbeck USA

# Forecasting and Sales Force Goal Setting



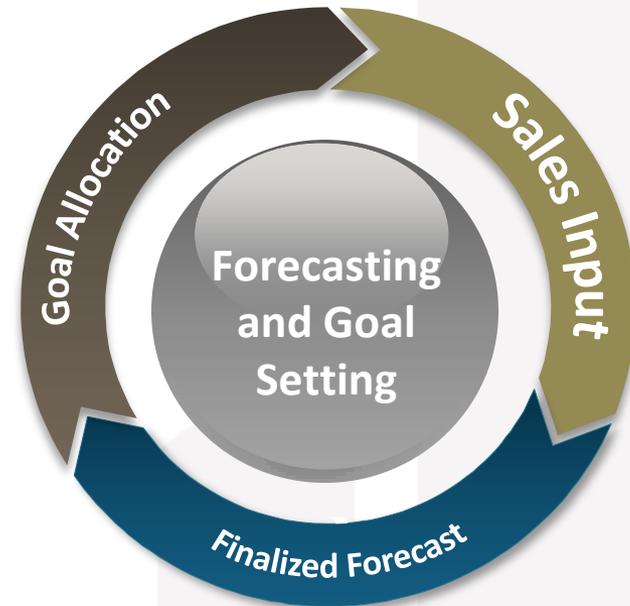
**Sales Force Goal Allocation**



**Sales Force Input to the Forecast**



**Business Forecast Finalized**



# Value of the Process

1. Optimizes business results
2. Increases forecasting accuracy
3. Effectively links business plan to the sales force goals
4. Increases sales force adoption / commitment to delivering business results
5. Gives greater market visibility to the business



# Step 1 – Sales Force Forecast Input

## Guiding Principles

- Make the process valuable for the sales representative
- Capture measurable metrics
- Involve the sales force in the process design



### Guiding Principles

- Segment forecast into channels affected / not affected by sales force
- Compare sales force forecasts to actual results  
*Sales force forecasts are typically conservative.*
- Use the sales force forecasts to evaluate assumptions



## Step 3 – Sales Force Goal Setting

### **Two key objectives:**

1. Equitable Goal Allocation
2. Sales Rep. Motivation

### **Recommended Approach:**

- Apply a portion of the sales forecast to the goal setting
- Recommend using the forecast to allocate 75 - 80% of the business forecast.





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# Observations on Sound Execution



Ken Spiller  
Senior Sales Operations & Process Manager  
Align Technology Inc.

# Essential Steps in Sales Forecasting

- The Sales organization must spend quality time detailing and documenting the Sales Process.  
*Establish processes and roles for each person involved in the process*
- Management buy in from Sales VP down to the Territory Manager
  - ❖ Sales Must own the numbers
  - ❖ Region managers and Territory managers use the forecast as a Business process to drive to their targets



# Essential Steps in Sales Forecasting

- Data Quality
  - ❖ Essential to buy in to the process
  - ❖ System must be easy to use. Excel –like interface for any where any time update
  - ❖ Seamless forecast roll-up across multiple hierarchies and dimensions
- Act
  - ❖ Actionable insights that help all managers see and react to changes
  - ❖ Comparative information on operational data and plans that provide a coordinated view of demand



# Lessons Learned

- Jumping to the system solution before you fully understand your selling process will doom you to failure!
- Sales Management need to be consistent with messaging the team with respect to the importance of forecasting
- Incentives, however small can make a difference with respect to whether the team views as exercise or essential business to enable them success toward achieving targets



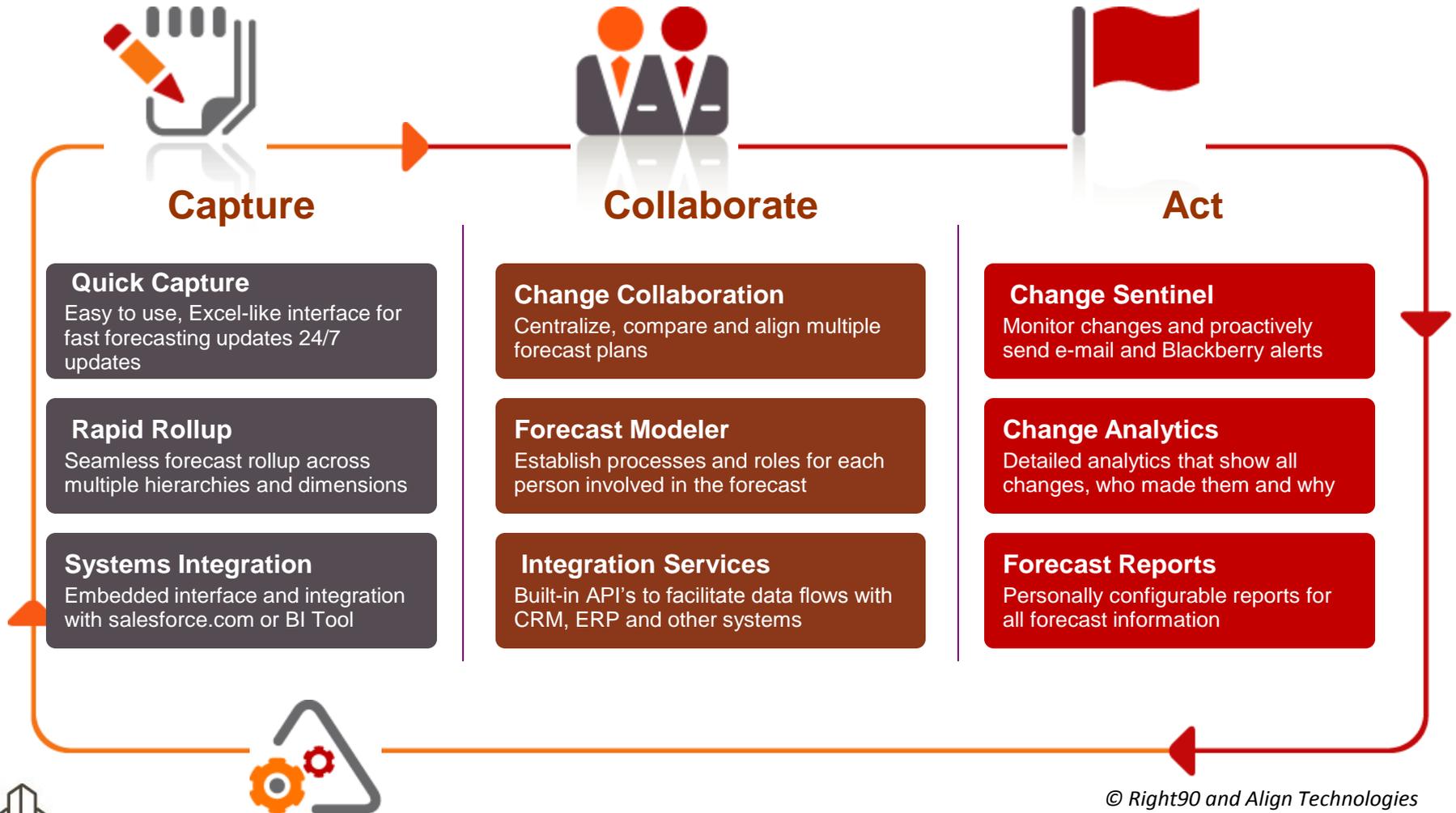
# Lessons Learned

- Region Managers should discuss forecasting and implications as a coaching tool.
- If Territory Managers view this as only an exercise for HQ managers, the process must be re-engineered.
- Highlighting the Top Sales Management teams and rewards during our National Sales Meeting and Summer sales meeting have been instrumental in improving the focus.



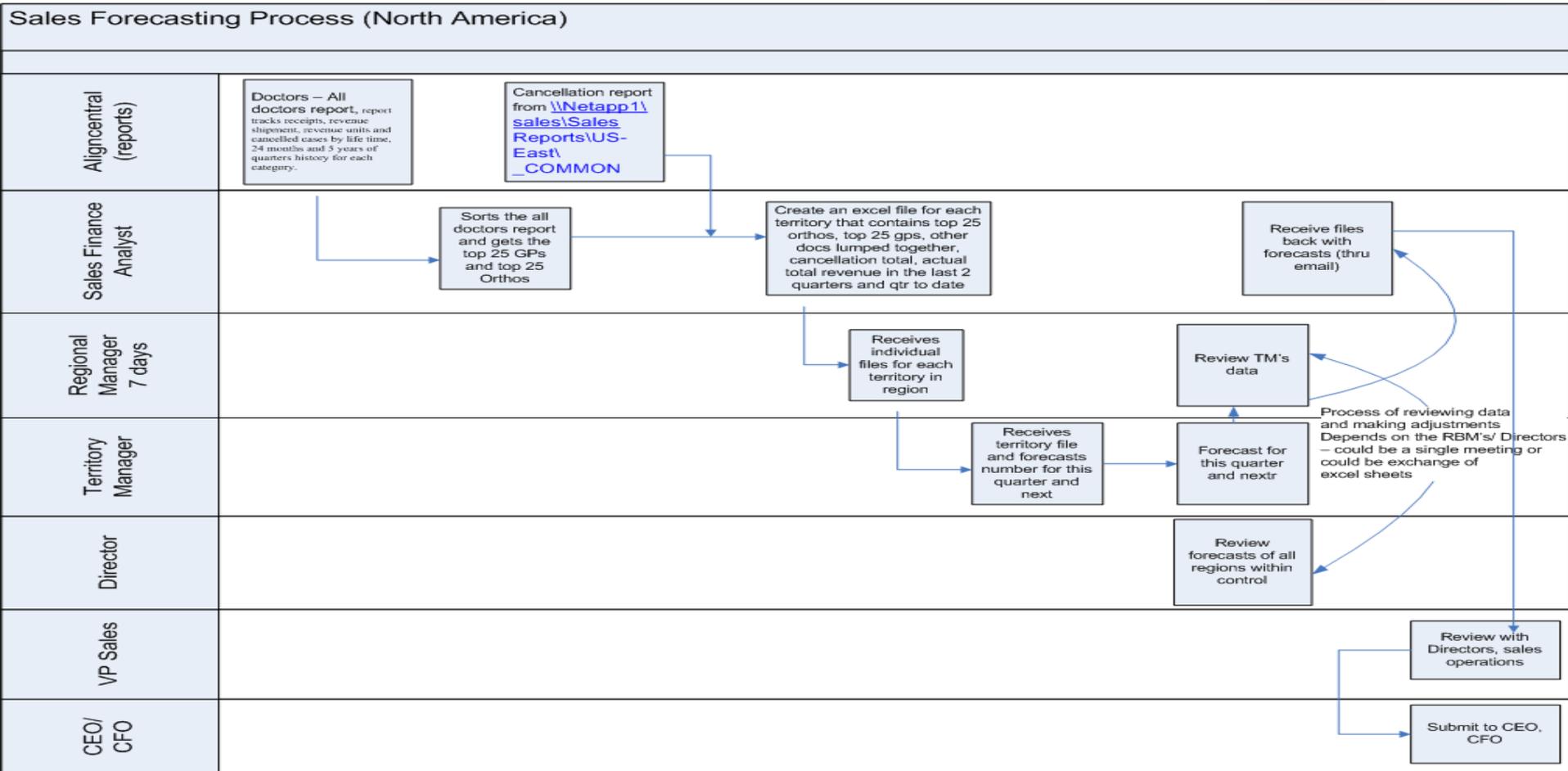
# Three Essential Steps in Sales Forecasting

*Accurate and insightful sales forecasting requires three steps*

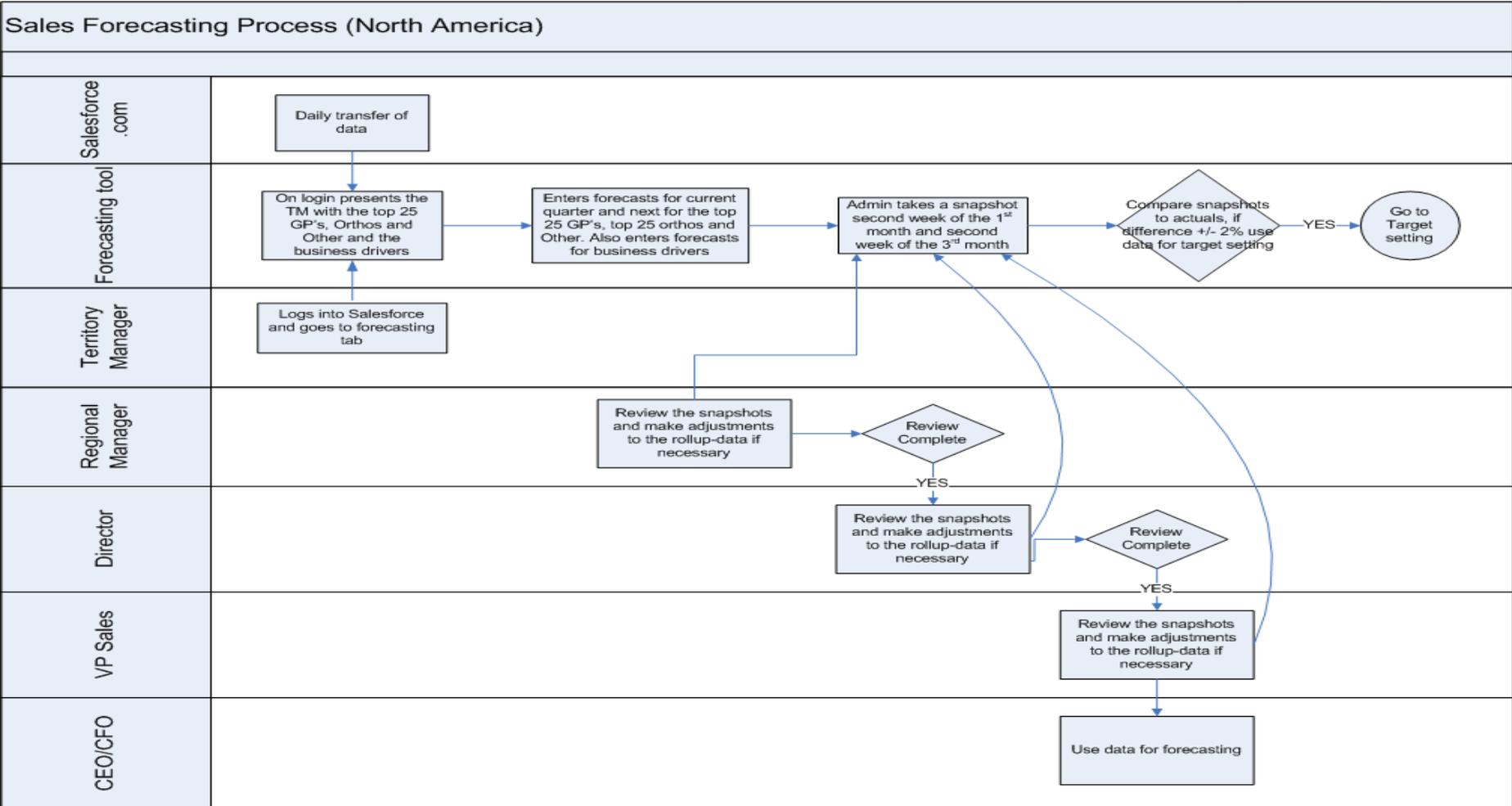


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# Forecasting Flow Chart



# Forecasting Flow Chart





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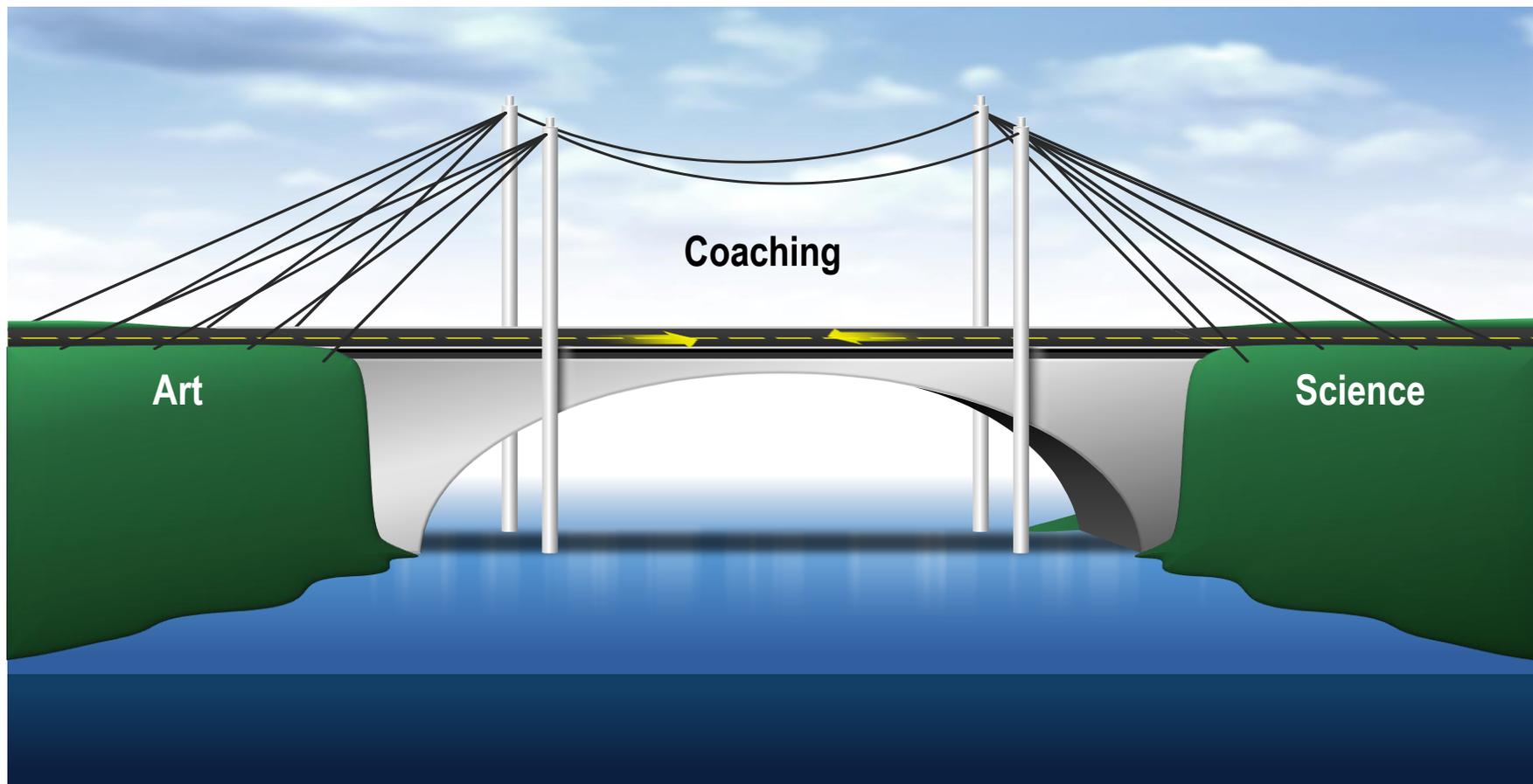
# The Critical Role of Sales Coaching



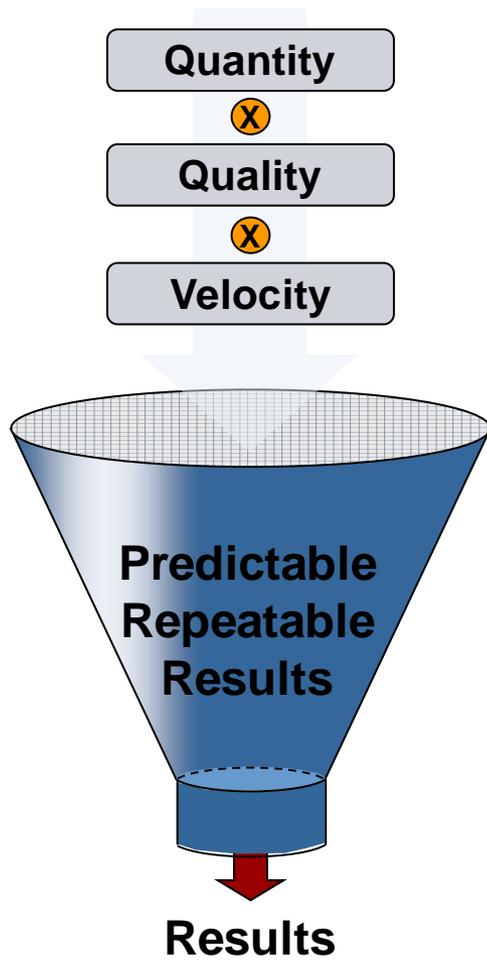
John Thackston  
Co-Founder  
SOAR Performance Group

# Coaching Connects the Art and Science of Sales

## Forecast Effectiveness



# Predictable, Repeatable Results



Quantity

**The dollar amount and number of opportunities in the funnel**

Quality

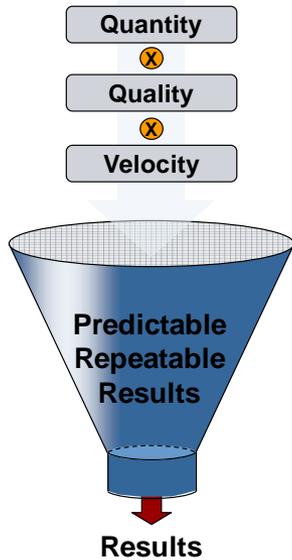
**The fit, attractiveness and risk of the opportunities in the funnel**

Velocity

**The speed of opportunities moving through the funnel, from entry to close**



# Coaching Dimension 1: Quantity



## Key Areas to Consider

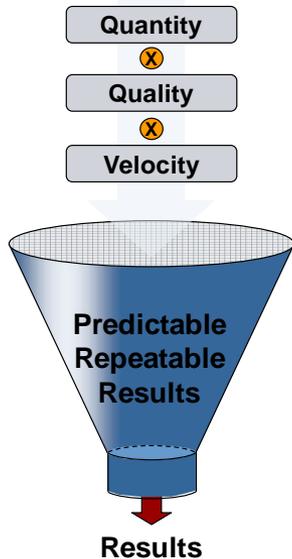
- **Dollar Volume**
- **Mix of Deals**
- **Relationship to Quota**

## Coaching Questions

- **What is required in the funnel to achieve monthly, quarterly, and annual objectives?**
- **What is the mix of deals in the funnel?**
- **What is the level of activity required for building and maintaining the funnel?**
- **Where should the funnel building activity focus?**



# Coaching Dimension 2: Quality



## Key Areas to Consider

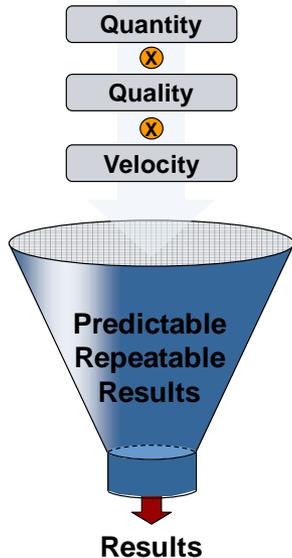
- **Fit**
- **Attractiveness**
- **Risk**

## Coaching Questions

- **Is there a good fit between the customer need and our solution?**
- **Will our offering provide greater business benefit than the competition?**
- **Does the opportunity align with our target markets?**
- **Is the customer a company that we want to do business with?**
- **What is the timeline and process for the decision?**
- **Is there funding available for the opportunity?**



# Coaching Dimension 3: Velocity



## Key Areas to Consider

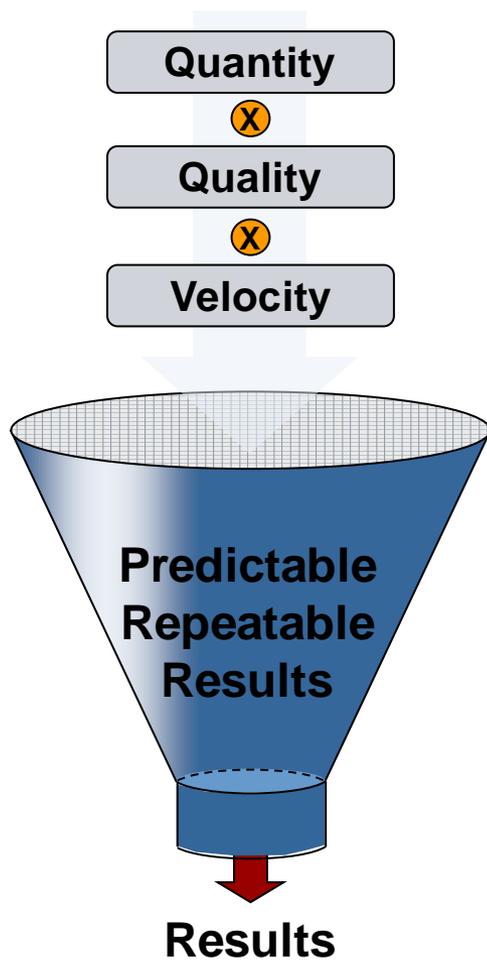
- Internal Drivers
- External Drivers

## Coaching Questions

- Are we aligned with the decision maker?
- Have we presented a compelling customer value proposition?
- Have we engaged the appropriate supporting resources for this opportunity?
- Has the contract been positioned properly to accelerate the contracting process?
- Has the customer agreed to a timeline for finalizing the agreement?



# Predictable, Repeatable Results



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# THE SALES MANAGEMENT ASSOCIATION

Thank You.

# Questions and Discussion

Kurt Metzger  
Director of Sales  
Operations  
Lundbeck USA  
kmet@lundbeck.com



Ken Spiller  
Sr. Sales Operations  
and Process Manager  
Align Technology Inc.  
kspiller@aligntech.com



John Thackston  
Co-Founder  
SOAR Performance Group  
+1 770 851-9758  
johnthackston@soarperformancegroup.com

