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Sales Analytics: Hitting the Forecast Bulls-Eye

July 2008

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Executive Summary

Top-performing organizations deploy advanced sales analytics and forecasting solutions layered on CRM / SFA to produce a reliable three-dimensional sales forecast that benefits all aspects of their business, beyond sales. This report explains why Best-in-Class companies work smarter rather than harder, creating more focused and effective selling activity.

Best-in-Class Performance

In determining Best-in-Class status among the 270+ organizations participating in the research, Aberdeen used three key performance criteria, all focused on year-over-year change metrics, to distinguish Best-in-Class companies:

- Profit margin (EBITDA)
- Overall sales performance against quota
- Percentage of individual sales representatives achieving quota

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- The deployment of sales analytics and forecasting solutions, to promote closing more, larger, and faster deals by sales
- Aggressive collaboration between sales leadership and other line-of-business intelligence owners - excluding internal IT resources - to create a more holistic, accurate, and believable forecast and overall understanding of corporate health
- Relentless attention to the automation of forecast-feeding sales processes, combined with supporting individual sales reps with skills development techniques rooted in the same analytics toolkit

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Establish, measure, publish, and manage to relevant forecasting KPIs
- Deploy user-friendly tools for reps, managers, top executives, and other lines of business with customized views of the forecast "truth"
- Link non-sales data to CRM / SFA intelligence to effectively weight and refine the revenue forecast in real-time

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Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"Measure what you preach. The CEO and senior sales management must be enthusiastic and require compliance."

~ Mike Moore, Business Development Consultant, MWM Solutions for Business

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Table of Contents

Figures

Tables

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Chapter One: Benchmarking the Best-in-Class

Enterprise sales organizations are under increasing pressure, often both from internal and external stakeholders, to provide more accurate sales forecasts of top-line revenue. Aberdeen research reported by over 4,500 respondents for *The 2008 Aberdeen Report*, has revealed that the top two pressures companies face are organic revenue growth, and profitability / margin growth. Despite this, our research shows that while the ability to forecast top-line revenue represents an adopted practice by 83% of companies, the average accuracy with which they anticipate results is only 68%. This implies a potential miscalculation of business outcomes by nearly one-third across all organizations that forecast revenue. To maintain a competitive position in the market, companies are turning to sales analytics solutions that provide an enterprise-wide data flow into the forecasting process, thus creating a more refined snapshot of future revenue and empowering more efficient, margin-driven sales activity as well as more pure selling time.

Fast Facts

- √ 60% of responding companies have current deployments of sales analytics or forecasting solutions; 22% of these organizations have done so within the past year
- √ An additional 19% of companies are interested, evaluating, planning, or budgeting a sales analytics or forecasting deployment
- √ Among companies with pending sales analytics deployments, 51% have increased CRM/SFA spend to accommodate; the average budget increase is 21%

Business Context

Sales teams have long deployed CRM and SFA solutions to support a variety of chronologically-ordered questions within the organization: the past (what did the customer purchase?), present (what is in our pipeline?), and future (when is the deal likely to close, for how many dollars, and at what probability to "seal the deal?"). While an increase in sales volume can impact the future in terms of top-line performance, how can the forecast itself be utilized to drive better profit margins?

According to November 2007 Aberdeen research, *Sales Effectiveness: Leveraging Content to Close Deals*, 61% of Best-in-Class companies currently deploy sales analytics tools in direct support of business goals focused on increasing market share. In comparison, 58% of Industry Average and 42% of Laggards use similar solutions. This ability to narrow the margin of forecasting error impacts top performance in bid-to-win ratios, cost-per-qualified-lead metrics, and in minimizing sales rep non-selling time. Ultimately, the promise of contemporary sales analytics solutions depends on an enterprise's ability to accurately anticipate their overall business health by corroborating two-dimensional CRM data with intelligence stored elsewhere within the organization, such as in finance, supply chain, customer service and marketing, and to focus sales efforts on the newly-identified, most profitable opportunities in the pipeline.

"Adoption rates are significantly improved by launching a 'bottom up' approach as opposed to a 'top down' directive. 'Buy in' from the sales force is critical to success."

~ Dr. Simon J. Senior, Sales Operations Director - Analytical Sciences, PerkinElmer Inc.

Issues at Hand

Limitations on internal visibility into predictive business results are compounded by the changing dynamics of many business environments, and thus affect both forecasting accuracy and, ultimately, an organization's actual revenue flow. As a result, flawed source data affects decisions on how sales

execution will occur and then, in turn, the level and type of resources that will be applied to sales situations based on past successes / failures, sales cycle timeframes, and close ratios.

Sales forecasting inaccuracies are not limited to over-eager deal-closing expectations at mid-quarter; publicly-held firms are taken to task for missing their number on the plus side of estimates, as well. Hence, predictability and holistically sound forecasts remain an important goal, in all cases when an organization's ability to leverage opportunities that might be missed when over- or under-performance trends are not visible to senior management, or detected in enough time to respond.

Definition

Sales analytics refers to an enterprise-wide ability to view real-time activity and forecasted sales in the context of business intelligence gathered in non-sales departments within the organization

The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations, all of which address the crucial components of sales performance, in the context of overall corporate success, as illustrated by Table 1.

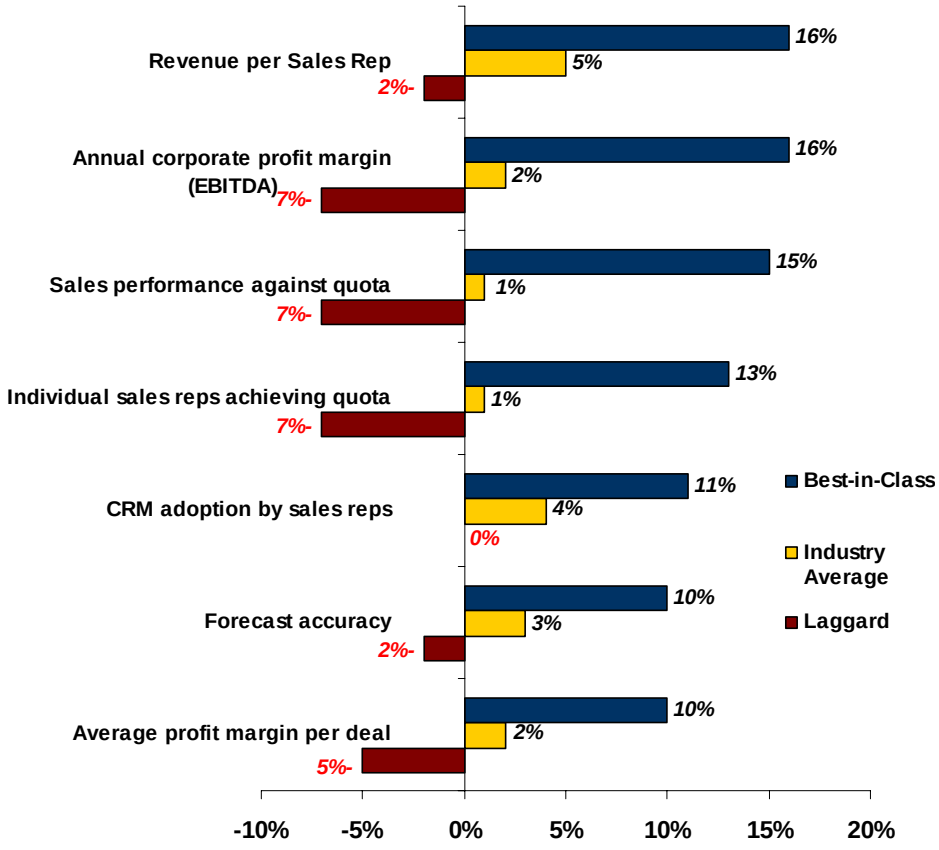
Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: **Top 20%** of aggregate performance scorers	▪ 16% increase in annual corporate profit margin (EBITDA) ▪ 15% annual increase in sales performance against quota ▪ 13% increase in percentage of sales reps achieving annual quota
Industry Average: **Middle 50%** of aggregate performance scorers	▪ 2% increase in annual corporate profit margin (EBITDA) ▪ 1% annual increase in sales performance against quota ▪ 13% increase in percentage of sales reps achieving annual quota
Laggard: **Bottom 30%** of aggregate performance scorers	▪ 7% **decrease** in annual corporate profit margin (EBITDA) ▪ 7% annual **decrease** in sales performance against quota ▪ 7% **decrease** in percentage of sales reps achieving annual quota

Source: Aberdeen Group, July 2008

The three criteria chosen to represent top-drawer enterprises are embedded within a significant number of self-reported performance metrics detailed in Figure 1. With negative or neutral year-over-year growth in all areas, Laggard organizations' relatively poor performance is defined by identical criteria to which Industry Average and Best-in-Class companies respond with more positive results. In defining how the strongest numbers are linked to specific capabilities and enabling technology solutions, please refer to Chapter Two.

Figure 1: YOY Change in Performance Metrics by Maturity Class

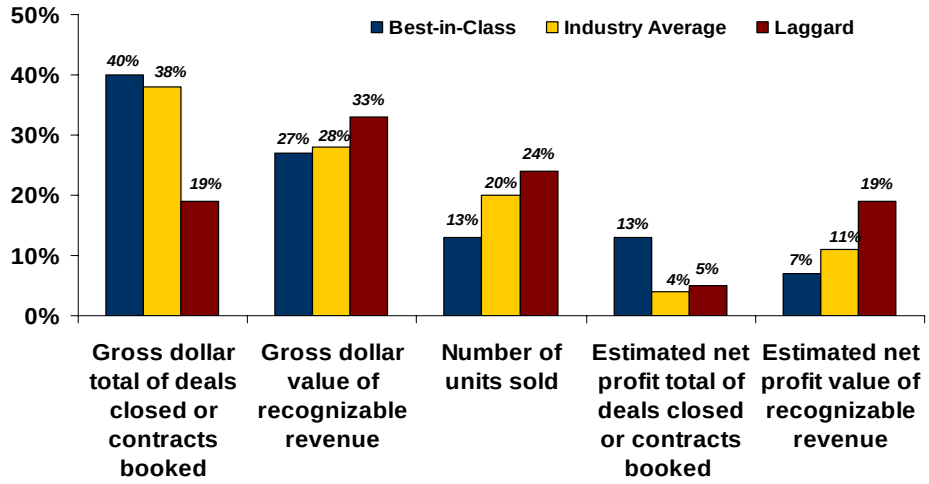


Source: Aberdeen Group, July 2008

Demarcating the Forecasting Landscape

In anticipation of understanding how top-performing organizations provide themselves with accurate and timely sales forecasts, Aberdeen's survey respondents were asked, "what single definition of 'forecast' most accurately describes the metrics used by your company to anticipate future business volume?" Best-in-Class trends emerging in Figure 2 point to considering gross rather than net dollars, as well as deal or revenue totals in lieu of unit volume. Laggard organizations that focus on the pure number of units sold, or on net profits, are demonstrating an inability to select appropriate measurement tools for analyzing the health of their business.

Figure 2: End-user Definition of "Sales Forecast"



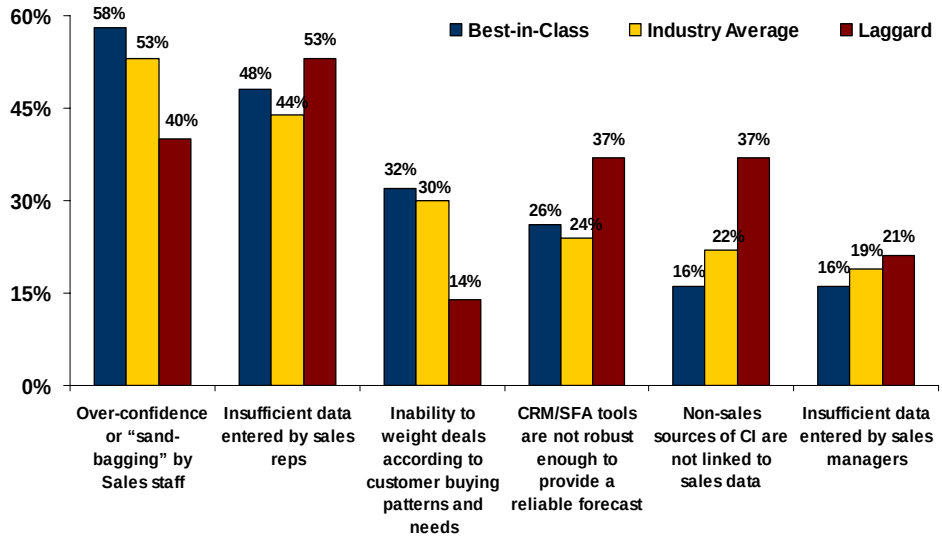
Source: Aberdeen Group, July 2008

"Sales analytics are a great tool in finding the hidden opportunities in your existing customer base, and great way to save time by focusing on high potential deals."

~ Stephen Cadley, Managing Partner, Cadley Consulting

In addition to providing Best-in-Class views of forecast definitions, Aberdeen research reveals what the same organizations consider as the most relevant barriers to developing accurate sales forecasts, as seen in Figure 3.

Figure 3: Top Barriers to Developing an Accurate Sales Forecast



Source: Aberdeen Group, July 2008

Figure 3 shows a clear Best-in-Class understanding of the speed bumps that companies face in developing an accurate view of future revenue, and these barriers are heavily weighted on the sales organization, specifically the quota-carrying reps who provide either insufficient or overly optimistic views of their pending deals. Data stores from other business silos are problematic only for Laggard organizations, implying that top-performing

companies have the right tools and data connectivity in place to align information from multiple corporate sources, but still need to overcome the barriers presented by their own sales reps. The following sections analyze how the Best-in-Class do so.

The Best-in-Class PACE Model

Using sales analytics and forecasting solutions to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as seen in Table 2.

Table 2: The Best-in-Class PACE Framework

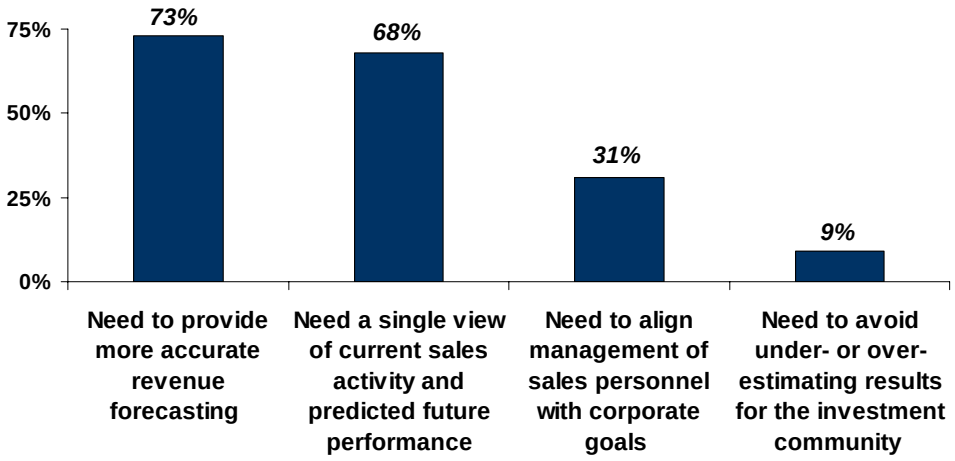
Pressures	Actions	Capabilities	Enablers
▪ Need to provide more accurate revenue forecasting	▪ Align forecasting process with corporate, not individual, objectives ▪ Develop metrics to analyze and increase value from SFA / CRM investment ▪ Replace intuition-based sales resource allocation with fact-based predictive analytics	▪ Regular forecast reviews with sales reps and line managers ▪ Cross-functional access to the sales forecast ▪ Single view of customer / prospect ▪ Customized data integration requiring no support from IT ▪ Optimize lead or territory assignment for predicted success ▪ Triggered coaching / mentoring for under-performers ▪ Deal abandonment analysis	▪ Ad hoc query / reporting from multiple data sources (63% Best-in-Class adoption) ▪ Sales analytics (59% Best-in-Class adoption) ▪ Modules for executive, manager, and rep-level utilization (59% Best-in-Class adoption) ▪ CRM goal / actual dashboard upgraded with KPI's and personalized forecast (54% Best-in-Class adoption) ▪ Data mining (41% Best-in-Class adoption) ▪ Self-assessment tools to support sales reps and managers (40% Best-in-Class adoption) ▪ Scorecards or stack-ranking for all levels of sales reps and managers (38% Best-in-Class adoption) ▪ Device-agnostic access to real-time forecast (34% Best-in-Class adoption) ▪ Critical opportunity / alert notification palette or case-level semi-passive (33% Best-in-Class adoption)

Source: Aberdeen Group, July 2008

Best-in-Class Pressures and Strategies

As seen in Figure 4, an accurate view of future corporate revenue, and a "single view of the truth" regarding current and anticipated sales activities, dominate the business pressures that companies report to Aberdeen as the most significant influencers on their decision-making around sales forecasting protocols, communications, and solutions deployed. While many sales analytics software vendors place a focus on public compliance and regulatory factors influencing sales forecasts, relatively few companies see this as a problem.

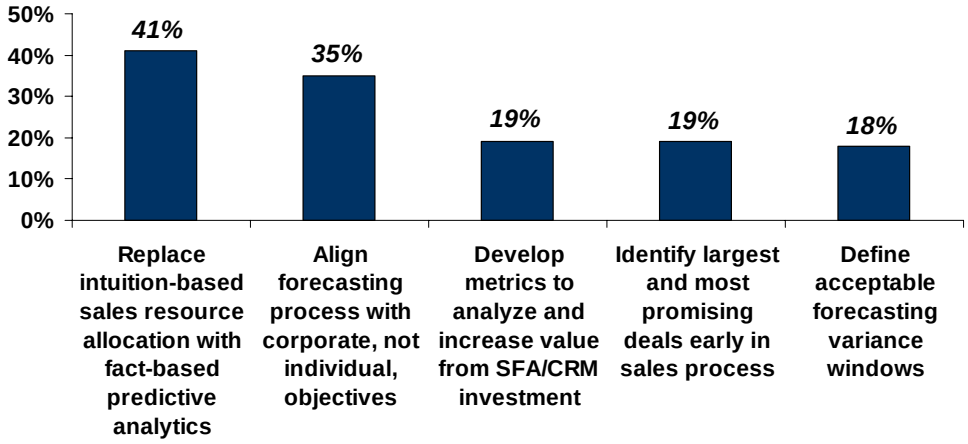
Figure 4: Business Pressures Facing Organizations that Deploy Sales Analytics or Forecasting Tools



Source: Aberdeen Group, July 2008

When organizations choose to take action in order to address these pressures, Figure 5 reveals the spectrum of options most frequently considered. Moving their process from subjective "gut instinct" to objective, fact-based, predictive analytics, and migrating the forecast activity away from sales rep needs and toward more holistic corporate goals, lead the list of priorities. Best-in-Class companies amplify this trend, selecting predictive analytics deployments 30% more frequently than Laggard firms, and also out-pacing Industry Average and Laggard companies in the practice of re-focusing on corporate goals over individual accomplishments, as well.

Figure 5: Strategic Actions Deployed by Organizations to Address Forecasting Accuracy and Predictability



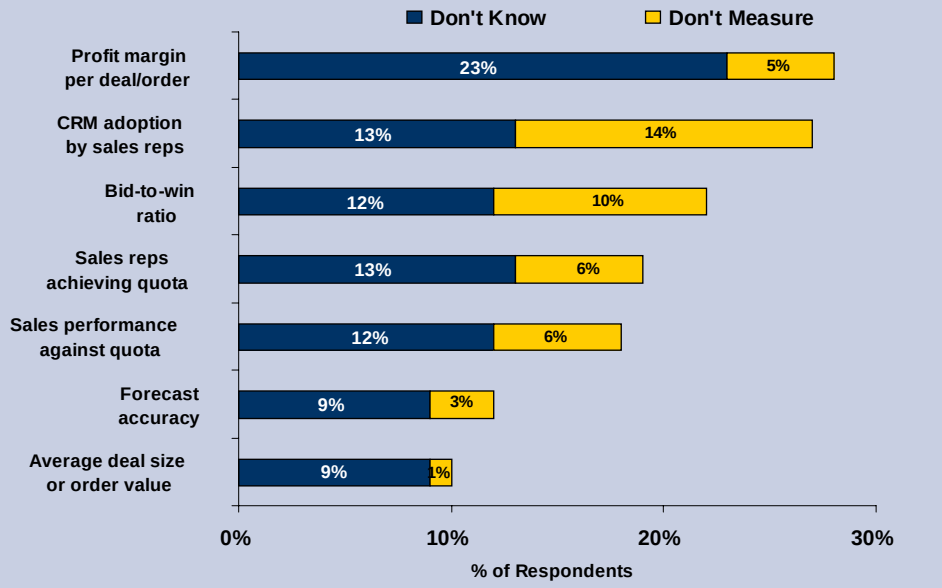
Source: Aberdeen Group, July 2008

Aberdeen Insights — Measuring KPI's

Despite the fact that fully 86% of companies surveyed either currently deploy sales analytics or forecasting solutions, or plan to do so within a year, a surprising set of data points is revealed within the Aberdeen research methodology that provides end-users with "don't know" or "don't measure" responses when reporting on the wide variety of business metrics requested in the survey instrument and revealed for Best-in-Class, Industry Average and Laggard performers in Figure 1.

As revealed in Figure 6, the KPI's that distinguish high-performing firms from others represent surprising empty data sets among many organizations. With sales analytics and forecasting technology solutions pointed directly at improving metrics such as quota attainment and improvements in corporate revenue, "not knowing" or "not measuring" will undoubtedly place a significant barrier in front of any sales team - and their enterprise as a whole - interested in achieving success through the deployment of supporting technologies.

Figure 6: Respondents Who Don't Know or Measure Sales Forecasting Data



Source: Aberdeen Group, July 2008

In the next chapter, we will see what the top performers are doing to achieve these gains.

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Chapter Two: Benchmarking Requirements for Success

The selection of sales analytics and forecasting solutions plays a crucial role in the ability to turn the strategies defined earlier, into profit.

Case Study — Aruba Networks

Consider the case of Aruba Networks, a provider of unified mobility solutions. Franco Anzini, Sales Operations Manager, was faced with the company's growth that required more than a core CRM tool to manage the increasing complexity of the sales forecasting process. With insufficient budget or executive support for a full-blown business intelligence deployment, a sales analytics tool proved advantageous in bridging the gap. "Our sales analytics tool sits very nicely on top of our hosted CRM solution, integrating very naturally, with no IT involvement," explains Anzini. "We see a number of people who, having never seen the application before, are building reports and making sense out of the numbers within five minutes. It's as easy and intuitive as building an Excel pivot table."

Using modules that provide analytics, operations, finance, and pipeline functionalities, Aruba has quickly seen results, according to Anzini. "Our CRM adoption has increased with our analytics deployment. It's a trickle-down effect from top management into the sales force. People know that's where the source of the truth lies, so we have adoption following the proper representation of sales activity. It definitely allows us to make decisions faster, because we're able to get to the data immediately." In addition to visibility, the company's bottom line is impacted as well. Anzini explains, "we use an 'opportunity snapshot' functionality to take regular views of the data, then lay them down beside each other to see what's changing. The sales analytics deployment allows us to figure out the health of our business, in terms of what's closing, what's being pushed out, and what should be killed, all within the sales forecasting ecosystem."

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 3) serve as a guideline

for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Regular forecast reviews with sales reps and line managers		
	87%	75%	68%
	Formal definition of progressive sales stages, used to weight forecasts		
	65%	61%	41%
Organization	Cross-functional access to the sales forecast		
	81%	64%	64%
	Customized data integration requiring no support from IT		
	45%	30%	18%
Knowledge	Single view of customer / prospect		
	72%	61%	46%
Technology	Sales analytics and forecasting technology currently in use:		
	▪ 63% ad hoc query / reporting from multiple data sources ▪ 59% modules for executive, manager and rep-level utilization ▪ 54% CRM goal / actual dashboard upgraded with KPIs and personalized forecast ▪ 40% self-assessment tools to support sales reps and managers ▪ 34% device-agnostic access to real-time forecast ▪ 33% critical opportunity / alert notification	▪ 58% ad hoc query / reporting from multiple data sources ▪ 47% modules for executive, manager and rep-level utilization ▪ 30% CRM goal / actual dashboard upgraded with KPIs and personalized forecast ▪ 21% self-assessment tools to support sales reps and managers ▪ 23% device-agnostic access to real-time forecast ▪ 32% critical opportunity / alert notification	▪ 49% ad hoc query / reporting from multiple data sources ▪ 37% modules for executive, manager and rep-level utilization ▪ 24% CRM goal / actual dashboard upgraded with KPIs and personalized forecast ▪ 15% self-assessment tools to support sales reps and managers ▪ 13% device-agnostic access to real-time forecast ▪ 24% critical opportunity / alert notification
Performance	Optimize lead or territory assignment for predicted success		
	40%	32%	18%
	Triggered coaching / mentoring for under-performers		
	37%	36%	33%

Source: Aberdeen Group, July 2008

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Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates clear trends regarding the type of capabilities and technology enablers within the sales analytics and forecasting sector that align with top corporate performance.

Process

Best-in-Class companies recognize that form follows function, and thus these companies deploy a variety of process-oriented capabilities to ensure more accurate and utilitarian sales forecasts. With the concept of "if you can measure it, you can manage it" in hand, these organizations create an environment that supports regular analysis of not only current data, but trends in sales performance that include reviews of the forecast itself, married to understanding why deals are won and lost. In addition to these more personalized process deployments, top-performing companies also outpace Industry Average and Laggard organizations around the planned use of standardized rankings to classify every sales opportunity in the pipeline. This supports the notion that an accurate, single view of the "truth" shared by multiple departments and layers of an organization, and baked into the daily operations of the enterprise, is a worthy investment that can be directly linked to high-level revenue performance and Best-in-Class status.

Organization

With better processes in place to define the sales forecast, how can analytical solutions be deployed to better share it within the rest of the enterprise, and empower other line-of-business leaders, influencers, and stakeholders to take pre-emptive actions based on a more accurate view of pending revenue numbers? Collaborative efforts that extend beyond the sales leadership show the value of doing so, with Best-in-Class companies more focused on unifying the flow of potentially vital, rich business intelligence from non-sales data stores, into the sales operations function. Once this integration is streamlined, providing all the business and executive leaders with access to the data not only reports, but **informs**, and tends to be most effective when achieved without internal tech support. In other words, the sales organization can best serve the needs of the company by using analytical and forecasting solutions designed to assist not only their team, but the organization as a whole.

Knowledge Management

Many speak of the "single view" of a customer or prospect, usually in the context of a holistic CRM or SFA deployment geared toward selling or servicing a specific account and all its various internal buyers, with non-sales users provided access to - and building a stake in fine-tuning - the same reports. Yet in the context of achieving an accurate sales forecast, the idea of a single view is more complex, and should be defined as an internal-facing functionality, via the linkage of non-sales data - from departmental

Fast Facts

- √ The typical company forecast accuracy is 73.4%; Best-in-Class companies improved their accuracy by 10% in YOY measurements, compared to a 3% improvement among Industry Average companies and a 2% decrease among Laggards
- √ The average company publishes an internal forecast every 32 days
- √ 10% of companies do not measure forecast accuracy; 4% do not know how often their forecast is published internally

"First, make sure that sales reps understand why forecasting is important and that they see forecasting as a useful tool with a personal benefit. Then train the sales managers how to handle the forecast as a coaching tool to improve sales reps` performance."

~ Roman Teichert, Vice President of Sales & Field Operations for Otis Austria

intelligence silos such as marketing, logistics, finance, supply chain, or customer service - to the same source used by sales to identify buyers and classify opportunities that sit outside the company firewall. Expanding SFA content with cross-functional analytics, to this point, is an enormous Best-in-Class priority with 61% planning to implement it within the next year, compared to significantly lower Industry Average and Laggard trends in the same area. The use of predictive analytics, especially geared toward identifying potential cross-sell and up-sell opportunities informed by data from non-sales departments, is additionally deployed by the Best-in-Class more than twice as often as by Laggard organizations. Providing better knowledge to the top corporate executives via customizable, compressed C-suite view, finally, is also active in 50% more of the Best-in-Class in comparison to low-performing organizations. In fact, 74% of these companies rate top management's access to better forecasts as a prime business driver, which represents a 17% increase over Laggards.

Technology

The technology enablers that companies deploy to achieve a tighter, more useful view of predicted sales activity run the gamut from sales rep-oriented tools to corporate-wide initiatives. The common theme running through them all, however, as well as the clear delineation between Best-in-Class and other organizations, focuses on the basic concepts of **clarity and immediacy**. With multiple data sources populating the pipeline view, supported by tiered access and real-time adjustment of KPI's, the enabling technologies provided by sales analytics and forecasting solutions ultimately should yield a better, more trusted forecast that depicts a more widely acknowledged portrayal of the enterprise's health and future well-being.

In addition to the technology enablers defined in Table 3, additional functionalities favored by Best-in-Class organizations over others include:

- User-specific customization wizards
- Lead assignment by optimized patterns of profitability, purchase, or payment trends
- Extract, Transform and Load (ETL)
- Data mining
- Multi-lingual or cross-cultural (diversity)

"We now see the movement of individual forecast components closely, can analyze things that are stuck, or look like they're stuck, and take corrective action."

~ Matthew Reznick, Marketing Evangelist, 3n

Performance Management

With the previous capabilities and technology enablers in place, finally, organizations should naturally be expected to create a closed-loop process that allows for continuous improvement through performance management best practices. With many human capital management aspects provided by some sales analytics and forecasting solutions, Best-in-Class organizations are using automation to breed large-scale, repeatable methodologies of steering the best sales deals, sales reps and sales skills toward one another on a continuous basis. An additional use of solutions offered includes the

ability to measure the effects of deal abandonment, discounting, or sales incentives on overall performance by sales reps and team.

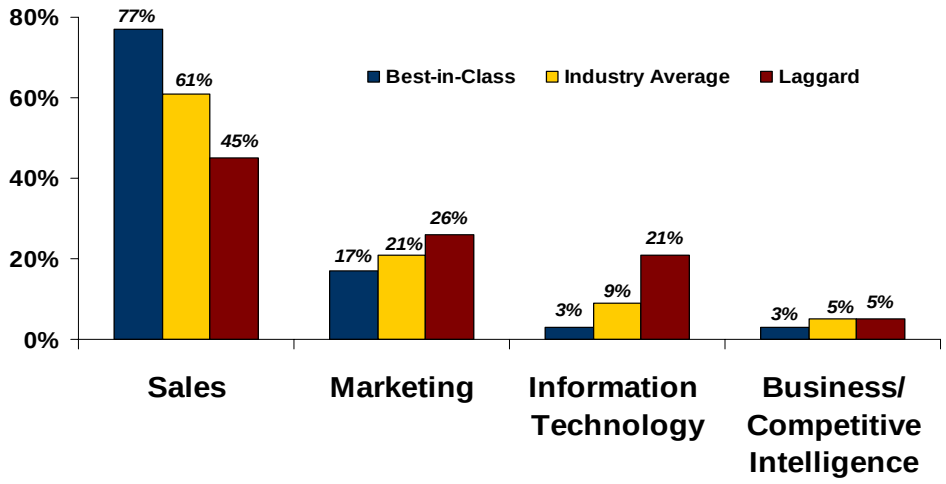
Solution Provider Support for Sales Analytics and Forecasting End-Users

Mapping the provision of sales analytics and forecasting tools to the needs of Best-in-Class companies merits an understanding of the funding sources for such initiatives. As seen in Figure 7, an overwhelming percentage of top-performing companies approach the solution from a sales expense perspective, though the benefit is corporate-wide, as detailed earlier. Companies that funnel the expense to marketing, IT, or other departments reveal stronger Laggard performance, on the lower end of the spectrum.

"That which is measured is achieved."

~ David Hanson, Vice President of Sales, Accraply, Inc.

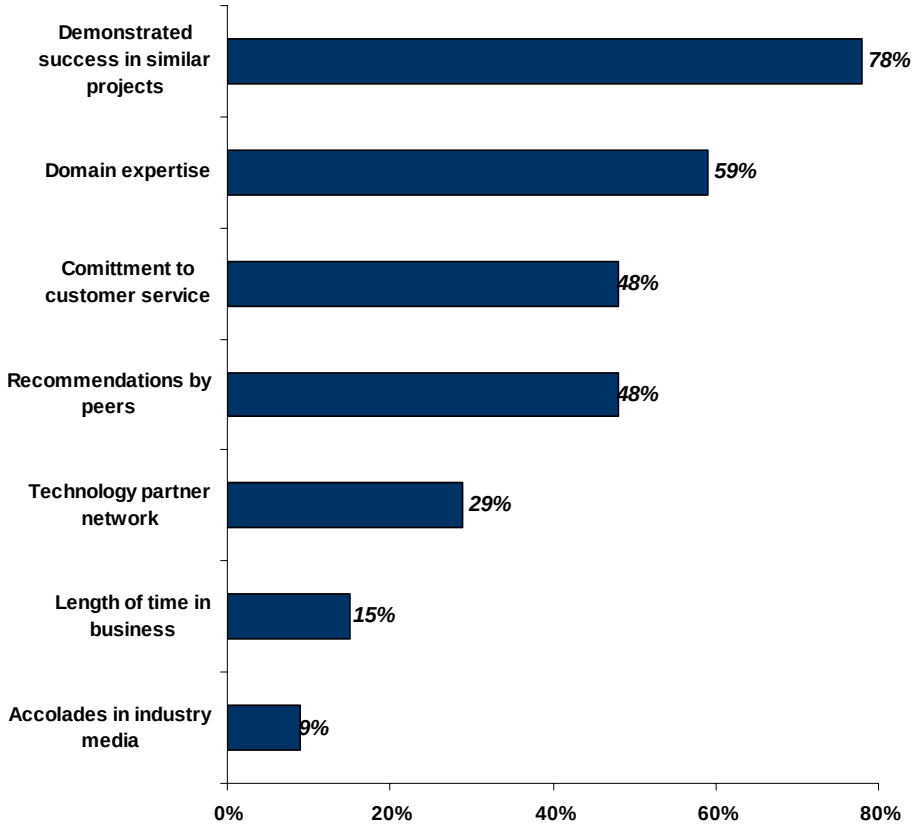
Figure 7: Budget Sources for Sales Analytics and Forecasting Solutions



Source: Aberdeen Group, July 2008

With budget in hand, how do organizations evaluate the solution providers? According to Figure 8, a focus on established, media-friendly companies is relatively unpopular, in comparison to pure domain expertise and the maxim that "facts tell, but stories sell" represented by proven accomplishments that will yield experience, wisdom, and a buyer's sense that the provider will strongly support their deployment.

Figure 8: Sales Analytics Vendor Selection Criteria



Source: Aberdeen Group, July 2008

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Chapter Three: Required Actions

Whether a company is trying to move its performance based on the deployment of sales analytics and forecasting solutions from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Know your KPI's, measure your KPI's, improve your KPI's** through the deployment of core CRM / SFA tools, layered with a sales analytics, predictive analytics, or a forecasting solution that will support a more collaborative, corporate-wide, and accurate view of the company's health in the context of a "truthful" and impactful sales forecast. With over 20% of companies unaware of their metrics regarding profit margin, bid-to-win ratios, or how many reps achieve sales quota, more data is a necessity to support better forecasts and the decision-making that they impact.
- **Upgrade the culpability of the sales organization** in funding sales analytics solutions, reducing the distractions of sand-bagging or poor CRM data entry, and declaring independence from IT in deploying enabling technologies. Laggards demonstrate, as seen in Figure 3, a particular weakness in overcoming these barriers.
- **Support your human capital** with more frequent forecast analysis, driving of late-breaking deals toward "A" players (40% of Best-in-Class companies do so, compared to 18% of Laggards), self-assessment dashboards, and triggered coaching / mentoring for under-performing reps.

Industry Average Steps to Success

- **Reverse information "push" to intelligence "pull"** by aligning the intelligence residing in non-sales data stores with core CRM / SFA data, to create a more holistic, accurate, and believable company-wide forecast. Best-in-Class companies hold a 26% lead over Industry Average performers in deploying this technology enabler.
- **Adapt what you measure, and how**, to address both corporate performance and forecasting KPI's, moving away from the forecasting of units sold toward the assignment of future gross revenue metrics (Figure 2). Use automated technology tools to weigh deal potential according to customer buying needs, patterns, etc.
- **Deploy personalized dashboards** with individual KPI's linked to CRM utilization, that are updated in real-time and provide 24x7 feedback with views for sales reps, sales managers, and top company

Fast Facts

√ 78% of respondents indicate that demonstrated success in similar projects is crucial to selecting a sales analytics solution provider; 59% are seeking specific domain expertise

√ 83% of Best-in-Class companies deploy a predominantly direct sales force, compared to 72% of Industry Average and 69% of Laggards

executives - Industry Average respondents are 80% less likely than the Best-in-Class to do so. Move beyond using the CRM as a historical record, to an opportunity to interpret the past in order to predict the future.

Best-in-Class Steps to Success

- **Reduce the impact of individual sales reps** on the organization's ability to post double-digit growth by making CRM adoption and accuracy a strategic, positive outcome of better forecasting technologies that bring more reps within sight of attaining quota. While carrying less of a negative impact on forecast accuracy than other companies, Best-in-Class organizations nevertheless see under- and mis-reported sales activity as continuing obstacles. Sales reps will ultimately benefit from collaborative forecasting and reduce the drag they previously placed on the team's sails.
- **Enhance internal collaboration around the forecast,** building on initial successes of sales analytics tools by including customizable views for executives, managers and individual contributors; critical alert / opportunity notifications (only one-third of the Best-in-Class currently deploy them); and using predictive analytics to determine "what if" scenarios that create a virtual chess game of anticipated forecast outcomes.

Aberdeen Insights

Sales analytics and forecasting tools, with their premise of both understanding the various data sets and predictive elements that color a sales forecast, hold the potential not only to close the knowledge gap between Best-in-Class and other companies regarding their pipeline data, but to "raise the tide" of all organizations by providing more insightful, trustworthy forecasts that are accessed by all executive stakeholders within the enterprise. With YOY CRM adoption changes reflecting a delta between the Best-in-Class (11%) and Industry Average (4%) and Laggards (0%), the significant investment often made in CRM / SFA technology can be exploited, improved, and ultimately turned into an investment that pays off for all stakeholders, both internal and external.

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Appendix A: Research Methodology

In May and June of 2008, Aberdeen examined the use, the experiences, and the intentions of more than 230 enterprises using sales analytics and forecasting solutions in a diverse set of business enterprises.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on sales analytics and forecasting strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: senior management (C-Suite or president) - 22%; vice-president - 19%; director - 19%; manager - 20%; consultant - 8%. These individuals represent sales or business development (46%), marketing (16%), business process management (6%), information technology (6%), logistics or supply chain (6%), and operations (5%).
- *Industry:* The research sample included respondents from an extensive array of industries: high tech, software or hardware (21%), IT consulting or services (11%), telecom equipment or services (6%), with 4% each from finance / banking / accounting, food / beverage, education and general manufacturing. Mining / oil / gas, transportation / logistics, and healthcare were also represented with 3% of the companies surveyed.
- *Geography:* The majority of respondents (70%) were from North America. Remaining respondents were from Europe (17%), Asia-Pacific (9%) and the rest of the world (4%).
- *Company size:* 15% of respondents were from large enterprises (annual revenues above US $1 billion); 34% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 51% of respondents were from small businesses (annual revenues of $50 million or less).
- *Headcount:* 43% of respondents were from small enterprises (headcount between 1 and 99 employees); 33% were from midsize enterprises (headcount between 100 and 999 employees); and 24% of respondents were from large businesses (headcount greater than 1,000 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

√ The degree to which sales analytics and forecasting is deployed in their organization, and the business performance implications of the technology

√ The structure and effectiveness of existing sales analytics and forecasting implementations

√ Current and planned use of sales analytics to aid sales quota attainment and overall corporate revenue performance

√ The benefits, if any, that have been derived from sales analytics initiatives

The study aimed to identify emerging best practices for sales analytics and forecasting usage, and to provide a framework by which readers could assess their own management capabilities.

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Table 4: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, July 2008

Table 5: The Competitive Framework Key

Overview	
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance.	In the following categories: **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? **Organization —** How is your company currently organized to manage and optimize this particular process? **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? **Performance —** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, July 2008

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, July 2008

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Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- *Sales Analytics: Forecasting Success Through Improved Data Visibility*; June 2008
- *Workforce Analytics: Managing with Metrics*; July, 2007
- *Financial Planning, Budgeting and Forecasting*; April, 2008
- *Sales Compensation Management;* December 2007
- *Sales Effectiveness: Leveraging Content to Close Deals*; November, 2007

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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