SAP® Sales Cloud

E-Book

Pipeline Management and Forecasting Are Key to Improving the Sales Experience

THE BEST RUN **SAP**

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The **sales pipeline** is the most common way of visualizing the movement of deals through each stage of the sales process. Marketing and prospecting exist at the top of the funnel, and help with setting up the first meeting with potential new customers. The end of the funnel is the point at which the deal is closed: the signature on the dotted line.

For sales teams with long sales cycles and many deals to track, effective pipeline management is a critical element of their organization.

Forecasting goes hand-in-hand with pipeline management because getting an accurate picture of qualification, engagement, and velocity for each deal helps each sales rep and manager roll-up an accurate forecast. A forecast is the core element for sales planning, and is used throughout the company.

Despite its importance, however, pipeline management is often mismanaged and sales forecasting often off-base.

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According to SiriusDecisions 79% of companies miss their forecast by 10% or more.

Traditional legacy CRM technology may actually hurt rather than help. It was built to provide a pool of information for sales managers. But this information is dependent on the rep who enters it manually, and its accuracy and timeliness may vary widely.

If this information isn't completely dependable, it leaves sales managers high and dry. They must interrogate their sales reps for hours to find the truth instead of leveraging their time and experience to drive predictable revenue growth.

Why is this happening and is there a better way?

Let's explore some of the current processes around pipeline management and forecasting and how they can be improved.

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CURRENT:
The Mid-Pipeline Black Hole

Most companies place all their focus at the top and bottom of their sales pipeline, without paying enough attention to how deals actually get from one end to the other. When they find themselves in a stagnant period, they reflexively buy more leads or push harder on late-stage deals.

But their real issue is that deals fall apart in the middle of their pipeline. This is a problem that no deluge of leads or brute-force rescue attempts will solve. Rescuing late-stage deals won't work if they never get to the late stage at all, and buying leads can't solve a problematic sales process.

One reason so many companies struggle with mid-pipeline attrition is that sales managers don't have enough hours in the day to inspect every deal and join every sales call.

IMPROVED:
Fully Visualized Pipelines

Mid-pipeline attrition can only be solved by actively assessing the pipeline from start to finish and rooting out the snags before deals fall apart.

There are many steps between the start and finish lines of a sale, so in order to help your team move deals along, you'll need more than pipeline stages and probabilities found in traditional CRM. According to CSO Insights, 47% of salespeople are too subjective when selecting a pipeline stage and value. "Whatever it takes to keep their manager off their back" is a common attitude.

Because no organization has unlimited manpower and time to police every deal at every stage, an automated solution is needed. It must use intelligence to provide a view into pipeline progression with granular, deal-level visibility.

With the right software solution, the issues with your pipeline come to life right before your eyes, and you can see right away where the problems are. So the black hole disappears and you know where to focus your limited time.

Now what?

Once you have objective data on where each deal stands, your sales managers are now empowered to rescue deals that are stalling before it's too late, coach reps, and deliver executive sponsorship when and where needed.

CURRENT:
The "Interrogation" Process

This brings us to the "managing" piece of pipeline management. Without visibility into your pipeline, the first instinct will be to use brute force, to interrogate to get the accurate status of a deal, and then harangue sales team members into fixing a stalled deal in a hurried meeting. This tends to cause dissatisfaction all around, and usually doesn't work all that well in terms of meeting quarterly goals or long-term revenue goals.

Traditional CRM technology may not help. As we mentioned earlier, this information can be inaccurate and/ or out of date. Thus, managers are constantly trying to untangle what is in the CRM to get to the "true situation."

There is another obstacle. With traditional CRM, reps are also burdened with entering information they feel may not be in their interest. This contributes to inaccurate information and mistaken ideas of what the true status of the pipeline is.

IMPROVED:
Enlightened Coaching

If you have the right information and right solution, you can skip the interrogation— you already know if a deal is in trouble. In fact, intelligent analysis can give the sales manager the objective metrics behind why it is in that state by grabbing data from beyond the CRM and relying on objective signals. An objective "score" on that opportunity can help with the discussion, and specific factors like missing next steps or insufficient influencer engagement also can be pinpointed. Remember, however, in order to be accurate, a score needs to gather information **outside** the CRM.

With accurate, objective information in hand, a sales leader is now free to engage in enlightened coaching in a way that reinforces existing sales processes and builds on existing playbooks to build accountability and drive sales outcomes.

Using sales pipeline data to focus your coaching efforts also enables you to give each member of your team the unique attention he or she deserves instead of spending time and money on generic, team-wide training that many individuals probably don't need.

For example, now you can see which account executives are being overly ambitious with their pipeline, just to keep their managers off their back. Sales reps are now held accountable by managers who know precisely which deals have lost momentum or stalled completely.

Immediate action can pull these deals back into the quarter instead of another round of excuses explaining why the deals got pushed. With the same simple examination method, you can also determine which of your account executives lack sufficient pipeline to hit their number. This presents a coaching opportunity to bring up their activity levels, develop their talent and grow

their deal sizes, yielding increased productivity from each team member. At a deeper level, a good coaching session helps the rep and your organization better align your sales process with your customer's buying journey.

Matching the Buyer's Journey

What exactly do we mean by the "customer's buying journey?"

When you sit on a sales call and listen to the conversation, you gain insights into the buyer's journey. It reveals the detailed questions and unforeseen requirements to selling to these businesses. You'll see the problems your prospects have and the objections they make, and learn where to watch for roadblocks.

You may find that the same role at each company has a big objection to your product. Or you may find that the typical decision-making process takes longer than the time you've budgeted for free trials.

It's easier to change your sales process than it is to change a customer's buying process, so knowing the issues is the first step to creating solutions or workarounds for these challenges. Perhaps it's something repeatable.

The end result of enlightened coaching will be aligning customer journeys with selling processes. This means a much better sales experience and customer experience.

CURRENT:
Forecasting By Gut and
Paying the Price

A sales forecast is one of the most important things a company does. Hiring, payroll, compensation, inventory management, and marketing spend all depend on it, and for public companies, your credibility is on the line if you miss a forecast.

For most companies, forecasting processes are less than ideal. CRM information is inaccurate, and spreadsheets from multiple managers are a nightmare to reconcile. We mentioned that according to SiriusDecision 79% of companies miss their forecast by 10% or more. According to another research firm, CSO Insights, 36% of managers say forecasting looks backward too much, and 32% say information is not accurate enough.

Accurate forecasting can be hard. One thing is true, however: to create the most accurate possible forecast, each deal's viability for a certain quarter must be assessed individually. There's no getting away from that.

Making this judgement on every deal can be a massive time sink when sales organizations haven't put enough work into generating the necessary data. They end up spending hours poring over separate spreadsheets, hashing them out in deal-review meetings, and making a call based on gut feel.

There's a whole cascade of bad outcomes that arise from bad forecasts. Executives and finance can't accurately forecast results to the board or shareholders. Quotas are mismatched and reps are upset, causing churn. This in turn affects customer experience. Call it a vicious cycle. But how to get to a virtuous cycle?

IMPROVED:
Modern Forecasting and
Improved Sales Experience

A complete data set with intelligent insights and recommendations is your best bet to turn around an imperfect and time-consuming forecast process. It beats gut feeling on average and leads to a repeatable sales process that generates predictable results used for planning, staffing, and salaries.

What makes up a good data set? Hard facts, historical trends, and interactions with prospects. Yes, you need your CRM data. Even if it's not perfect, it's data that can be used. But it needs to be **supplemented by outside engagement data**. And you need to take advantage of modern machine learning techniques, to learn on the fly and predict with accuracy, and "learn" from mistakes.

This translates into better roll up forecasts for company planning. With accurate and robust historic AI-driven data, you'll also reach a point where you can see trends in individual sales rep performance at each stage in the sales pipeline. These observations will show you exactly where you can coach and tweak your team to achieve the highest possible performance.

But it's not just about the technology. It's about the human element as well. By taking pipeline interrogations out of the equation, and relying on objective, neutral AI-driven forecasts, you take the friction and accusations out of the forecasting process. This is the first step to setting up a more trusting environment, and a culture of openness and honesty within your sales team.

In other words you've made a big improvement in the sales experience, and that in turn will cascade down into the customer experience as well.

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