

SALES

3 Ways to Improve Sales Forecasts When the Future Is Unclear

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Illustration by Joanna Ławniczak

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When the pressure to hit targets is high — as it is during the pandemic — sales teams can become more susceptible to wishful thinking, causing pipeline estimates to become markedly less reliable. Failing to meet expected targets creates a devastating cascade in the organization, lowering employee morale, eroding market reputation, and reducing overall financial performance.

Drawing on our decade of consulting with sales leaders from more than 100 top companies, we've identified three things leaders can do increase the accuracy of their forecasts during uncertain times.

1. Increase the granularity of your analysis.

Sales reps will often paint with a broad brushstroke: “The whole industry is in shambles,” or “No one is selling anything.” Insist on a more rigorous analysis to spot opportunities.

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Point your salespeople (and sales managers) towards publications and research that analyzes your customer’s industries (versus your own). For example, a software client of ours has their sales team read industry publications in

the manufacturing sector, and they also stay abreast of what’s happening in health care. These two seemingly disparate industries (manufacturing and health care) represent a large percentage of their customer base.

Asking your team to assess the customer’s business environment provides a two-fold advantage: Your team improves their business acumen, which makes them better salespeople. They also improve their forecasting accuracy,

because when you better understand your customer's economic landscape, you know which business is likely to close and which is not.

2. Leverage your senior executives.

Under normal circumstances, it can be hard to get your senior execs involved in deals. But these exigent times allow for new possibilities. You can ask your own senior executives to attend special virtual events or executive briefings with higher-level buyers, or to author strategic white papers.

Encourage your executives to ask questions about the customer's overall business strategy. When the senior executives of a commercial banking client of ours began conducting meetings with clients, we created a framework to help them guide the conversations, including questions such as:

- What's going on in the customer's environment?
- What are their key goals?
- What are their biggest challenges?
- What does success look like for this customer, and what does lack of success look like?

This simple framework keeps the conversation focused on the customer. After the meeting, have your senior executives share what they've learned with the sales team. When everyone (leaders and the sales team) understand what's happening at a strategic level within the customer, you can better assess how truly viable an opportunity may be.

3. Honestly assess customer urgency.

It's always a best practice to ask the sales team honest questions about how badly your customers need or want your product or service. But now is the time to put in place procedures and questions so salespeople are *forced* to reckon with the present reality. Mandate that your sales team ask themselves these questions before they attempt to close a deal:

- What's the ROI on this deal for the customers?
- How easy is it for customers to make a switch?
- What are the potential downsides of this engagement for the customer?
- What are the implications of doing this now versus waiting six months?
- What resources will it take for them to implement?

- What other priorities could they pursue instead of this?
- How will this customer be different as a result of doing business with us?

We find that the last question is often a game changer: It flips a switch in salespeople. Instead of thinking about how much they want to close the deal, they look at it from the customer's perspective, which helps curtail unrealistic expectations.

If you can't clearly articulate how their customer's life and business will be improved as the result of the sale, the business is at risk. If a deal is not urgent for the customer, it's better to know the truth now, when you can manage it, than to have your forecast fall apart later, when the rest of the organization is counting on it.

Good sales teams are optimistic by nature, and you want to keep them that way. You also want to ensure your forecast is rooted in facts, and with these strategies, you can.

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