

# Pipelines, forecasting and other business fairytales

*I once worked as a junior new business sales guy in a large company where forecasts for the forthcoming week were declared in open forum in front of about 30 of your peers. Whilst of course hugely intimidating, the hysterical part of this routine process was that you got a round of applause if you made a big forecast (a so called "good shout") irrespective of your previous week's performance! Nobody questioned how you might achieve this previously unseen stellar performance or whether the prospects in your pipeline really even existed – there was simply delight all round that you were finally going to "do your numbers"!*

Now of course it is common, and indeed preferable, in business to make business performance forecasts – the issue is around the accuracy of such methods and for that effective management holds the key.

Consider the last set of forecasts you had from your salespeople. Were these discussed patiently and objectively with each individual, drilling down into particular prospects and any opportunities or risks assessed? If your business has particularly short sales cycles were planned activity levels discussed and goals agreed accordingly? Were the actions that you and the rest of the business would be taking in support of these endeavours agreed? If the answers to these questions are yes, then wonderful – no doubt your forecasting is rarely spot on but I bet that performance comes in pretty regularly within a reasonable margin of error. If however you are guilty of ever being the one dimensional manager who upon seeing the forecasts simply states your approval or disdain, then I suggest your techniques are somewhat old fashioned.

The notion that an aggressive forecasting regime is anyway motivational ("keeps the lazy buggers focused") belongs to a time long past. Today's sales professionals expect to be treated with respect and as business equals by their managers (please see previous columns for guidance on getting these kind of people) and a patronising approach to the serious business of performance projections will at best alienate your salespeople and at worst breed a culture of deception designed to "get the manager off my back".

Whilst the weekly forecasting regime of my early sales years perhaps had little to its credit, what was extraordinarily valuable was the focus on key sales metrics. You would be expected to know at the drop of hat what your current average order value was, what your appointment to order ratio was and what your average number of appointments per week/month was. Even the most Neanderthal of sales managers could take these three statistics and use them to produce a far better forecast than asking "so how much you gonna do next week?". It never ceases to amaze and depress me how often salespeople and managers are unable to state exactly what their current and past key performance metrics are. Imagine going for a health check and the doctor takes neither your pulse nor blood pressure but instead simply says "so, how are you feeling?" and uses this as the sole basis for your report!

The holy grail is the well thought through forecast based on a reasoned assessment of previous trends and key statistics, combined with an objective analysis of current opportunities, with just a hint of optimism and a good deal of ambition. If your salespeople are unable to forecast in this way then I suggest you take a look in the mirror.



Matt Crabtree



*Whilst the weekly forecasting regime of my early sales years perhaps had little to its credit, what was extraordinarily valuable was the focus on key sales metrics. You would be expected to know at the drop of hat what your current average order value was, what your appointment to order ratio was and what your average number of appointments per week/month was*

#### MATT CRABTREE

Positive Momentum Limited  
matt.crabtree@  
positivemomentum.com  
www.positivemomentum.com  
+44 (0) 7808 780666

#### NEXT MONTH

Observing salespeople in  
their natural habitat