TEN STEPS TO
ACCURATE SALES FORECASTING

1. Develop a series of criteria to qualify leads.

- ☑ Prospect has a high priority need we can meet
- ☑ Prospect has budgeted money to satisfy the need
- ☑ Prospect has the authority to buy
- ☑ Prospect plans on buying in the next 90 days
- ☑ We have an inside coach

2. Identify the typical steps leading to a sale.

a. Opportunity Qualified - The prospect and organization are qualified

b. Buyers Identified - We have identified the user, technical and economic buyers

c. Coach(es) Identified - We have an inside champion ("coach") helping us

d. Need(s) Identified - We have talked to the coach and the buyers and have identified the needs

e. Solution Proposed - We have offered a solution and have backed it up with relevant marketing messages
(killer arguments, ghosting discriminators, return-on-investment analysis and testimonial letters as appropriate)

f. Proposal Submitted - We have submitted a proposal

g. Started Negotiations - All competitors have been eliminated, our proposal has been accepted and we are negotiating details of the contract

h. Final Approval - Contract has been submitted for signature

i. Contract Signed - We can start work/delivery

3. Model the timeline for your typical selling cycle, e.g., insert the number of days that reflect your typical sales cycle or to obtain a new customer.

	STEPS IN THE PROCESS	DAYS TO MOVE TO NEXT STEP	DAYS AFTER STEP TO CONTRACT
1	QUALIFIED	30	180
2	BUYERS IDENTIFIED	15	150
3	COACH IDENTIFIED	15	135
4	NEEDS IDENTIFIED	30	105
5	SOLUTION PROPOSED	30	75
6	PROPOSAL SUBMITTED	30	45
7	STARTED NEGOTIATION	15	30
8	FINAL APPROVED	15	15
9	CONTRACT SIGNED	0	0

4. **Estimate the chance of success.** Take one probablity that you know (e.g. 50 % of proposals are funded) and scale the others up and down from that point (probability of closing at each step).

	STEPS IN THE PROCESS	DAYS TO MOVE TO NEXT STEP	PROBABILITY OF WINNING
1	QUALIFIED	180	10%
2	BUYERS IDENTIFIED	150	20%
3	COACH IDENTIFIED	135	30%
4	NEEDS IDENTIFIED	105	35%
5	SOLUTION PROPOSED	75	40%
6	PROPOSAL SUBMITTED	45	50%
7	STARTED NEGOTIATION	30	75%
8	FINAL APPROVED	15	90%
9	CONTRACT SIGNED	0	100%

5. **Aggregate the totals in Customer Relationship Management (CRM)** systems for each salesperson, division and company.

6. **After experience, fine tune the modules (timeline and probabilities).**

7. **Develop metrics for each salesperson, division and the company (examples):**
   a. Number of qualified leads
   b. Number of proposals submitted
   c. Total value of proposals submitted
   d. Selling cycle times
   e. Close rates

8. **Use CRM tools to build revenue predicting forecasts.**

Example of CRM

PROSPECT	STEP	NEXT STEP	REVENUE EXPECTED	PROBABILITY	REVENUE PREDICTED
Ace Mechanics	6	1-Jun	$200K	50%	$100K
ABC Manufactures	4	1-Jul	$100K	35%	$35K
XYZ Service	2	5-Aug	$50K	20%	$10K
				TOTAL	$145K

9. **Adjust probabilities based on salespeople's estimates of the competitive environment.**

10. **Analyze metrics and coach salepeople as needed.**