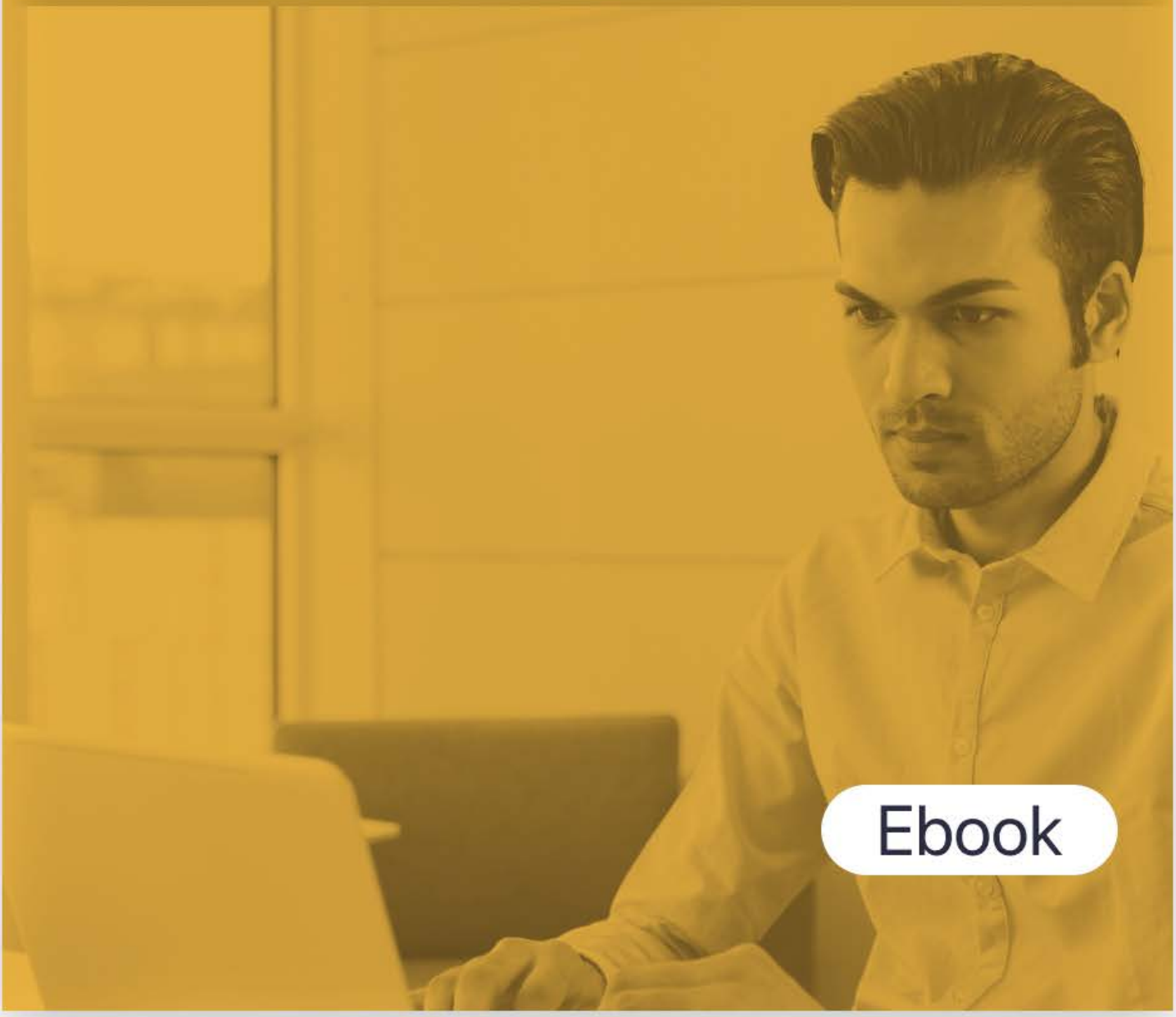
FORCEMANAGER®

The Field Sales Handbook on Sales Forecasting



Ebook

Many field sales managers are put off at the idea of sales forecasting.

The thought of mastering complex forecasting formulas, algebraic equations, linear graphs and a PhD in Excel sheets is certainly unappealing. But there really is no need to over-complicate things.

Just think about it.

You don't really need to know how an engine works to drive a car.
You don't need to know how a satellite works to watch TV.
And you certainly don't need to understand the complexities of a forecasting formula to be an effective forecaster.

Sales forecasting is essentially educated guesswork.

We can minimize the guessing through the systems we put in place and the **accuracy of the data** we feed into it, but it still remains guesswork.

With that notion, this eBook aims to keep things simple.
No convoluted jargon, just a few suggested techniques (one which comes highly recommended) the need for accurate data and the tools required to collect it.

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WHY IT'S SO DAMNED IMPORTANT!

Now you may be wondering why on earth do I need to forecast?
Surely I should just be focusing on sales-driving activities?

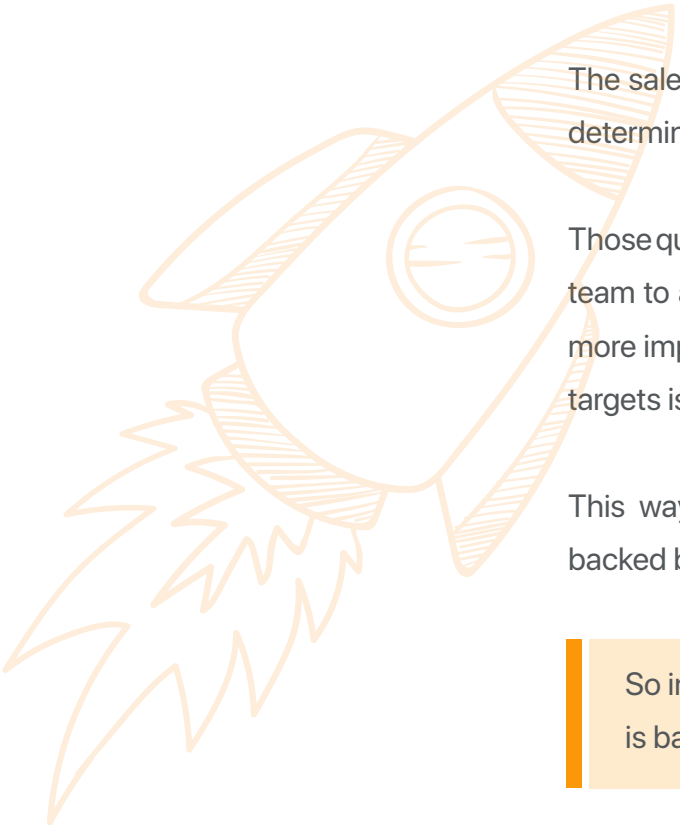
WRONG!

Sales forecasting is important because **it's tied into so many different aspects of the business**.
It impacts:

- Financial planning
- Marketing budget
- Stock value
- Investment portfolios
- Manufacturing
- Item purchase
- Operations department

So get your forecasts wrong and you could be responsible for sending the IPO of your business plummeting down the NASDAQ or FTSE 100! And nobody wants that...

But joking aside, **sales forecasting also has a significant impact a little closer to home**.



The sales quotas you set – either weekly, monthly or quarterly – are determined by the numbers derived from your forecasts.

Those quotas are then converted into tangible goals for your field sales team to aim throughout the quarter. The more realistic and perhaps more importantly, reasonable they are the better - setting unrealistic targets is demotivating and negatively impacts performance.

This way there can be no complaints; their targets are, after all, backed by data.

> So in essence, the **entire direction** of your team is based on data derived from your sales forecast.

WHERE DO I START?

There are generally **two different method groups** in sales forecasting:

Quantitative Methods of Sales Forecasting

Based on mathematical (quantitative) time-series models, they use objective sets of historical sales data to predict likely revenue increases in the future. They're going to be your best bet if you've got some sales data readily available.

- Run Rate
- Simple Moving Average
- Historical Growth Rate
- Linear extensions
- Exponential Smoothing

- Market research reports
- Expert focus groups
- Delphi method
- Consumer surveys

Qualitative Methods of Sales Forecasting

Based on subjective feedback, emotions or opinions from people normally within the related industry. These methods are generally used when there is no previous data to work with.

As a field sales manager it's highly likely you'll be working with historical sales data, from the previous month, quarter or even year - depending on the type of forecast you wish to produce.

> It's for this reason we recommend the exponential smoothing technique. It's the runaway winner when it comes to forecast accuracy.

THE NAME'S SMOOTHING, EXPONENTIAL SMOOTHING

We are going to put our necks on the line here and say Exponential Smoothing is technique you want to be using. It consistently outperforms other forecasting models, including the widely used simple moving average to the extent that veteran forecaster concluded:

> **IF YOU CAN'T BEAT THE NAIVE FORECAST WITH EXPONENTIAL SMOOTHING, THEN YOUR DATA IS PROBABLY UNFORECASTABLE**
>
> Mark Blessington

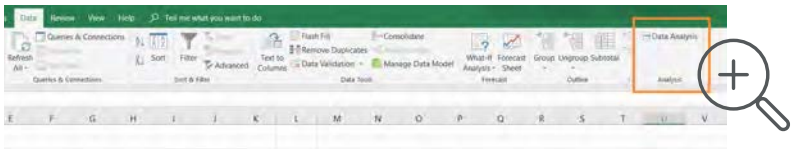
	A	B
1	Month	Sales
2	1	180
3	2	185
4	3	178
5	4	185
6	5	197
7	6	188
8	7	198
9	8	198
10	9	199
11	10	189
12	11	208
13	12	206
14	13	
15		

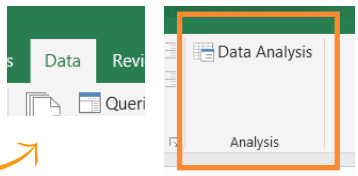
Step 1

You'll need to lay out your sales data in a standard excel grid before you can analyze it with the forecast module.

Step 2

Next you will need to click the **Data** tab at the top of the Excel sheet (between Formula and Review) which will cause the following drop down menu to appear. You'll need to head over to the top right-hand corner and select the **Data Analysis tab**.





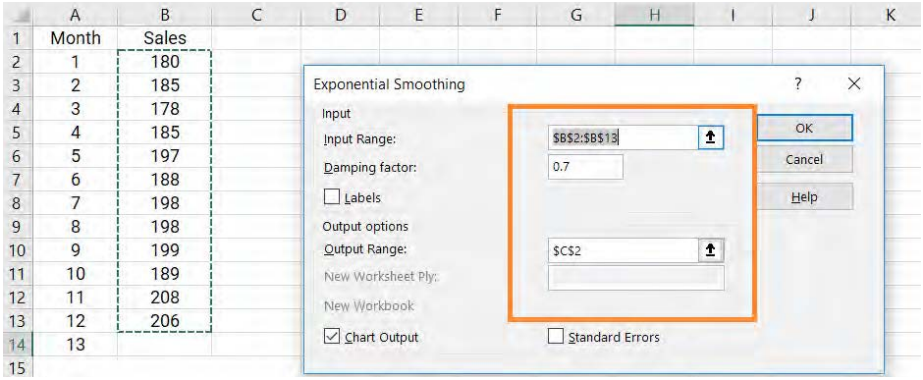
Data Analysis tab not showing up?

Go under: **File > Options >Add-Ins > Excel Add-ins > Analysis ToolPak**

fill out the box and punch go!

Step 3

Once you click the data analysis tab you will be prompted fill out a box of different analysis formulas. Go ahead and click on Exponential Smoothing. You'll then be asked to fill out the following grid:

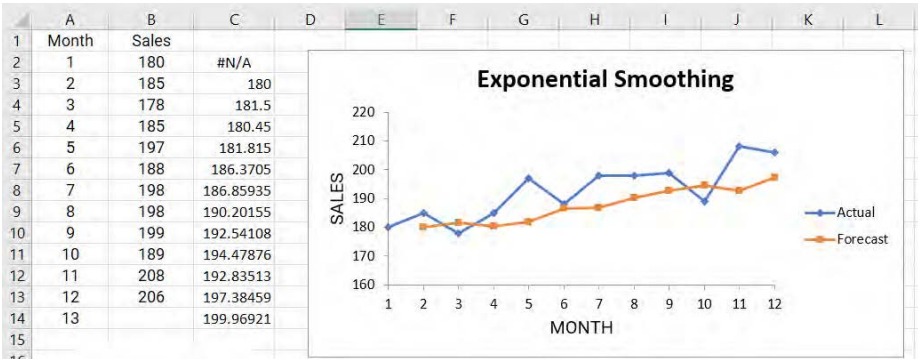


Step 4

It's now a case of filling it in. The **input range** will be your sales figures, so go ahead an add your sales data by clicking on the first cell then, holding down the shift key, finish by clicking the last last cell.

Next step is to add the **"damping factor"**. It's weighted on a scale of 0-1 (1 being your most recent sales data).

The last step is to add the **output range**: Go ahead and select the column you wish the results to appear in.



Step 5

To calculate the forecast for month 13, simply click on the bottom right hand corner of the forecasted value for month 12, and drag down.

EASY!

WHY DATA ACCURACY IS A MUST

A good sales forecasting model is one with a low margin of error, or in other words, one that gets as close to the real figures as possible.

But is it possible to get close to those figures if data entered to the model is a little off?

In that aspect your model is very much like a professional athlete.

As an athlete, do you think you would achieve the same results on a diet of happy meals and hamburgers as you would in one richly balanced in carbohydrates, proteins and vitamins?

Or what about Lewis Hamilton's Mercedes AMG Petronas? Do you think they fill it with regular fuel from down the block or a premium grade hydrocarbon?

The point is you only get out of something, what you put in - and sales forecasting is no different. **Fill your model with inaccurate, bad data, then expect equally inaccurate, bad forecasts.**

It doesn't matter which method you use, even the highly touted exponential smoothing model will give you zip if the data is bad.

That's because they extrapolate and analyze data in order to predict the most likely outcome. So if you only give it half the puzzle pieces to assemble your picture, you'll have to use your imagination to fill in the gaps it leaves.

Like licking your finger and lifting it in the air - not the most effective way of doing a forecast.

That's why the singular most important thing for field sales managers is to **focus on data accuracy.**

FIELD SALES DATA HURDLES

Data collection in field sales is notoriously difficult to achieve.

Not just because of the nature of the work - travelling to and from across a large given territory - but the technology which they are expected to capture this data with doesn't marry with their lifestyle.

Being designed and built to be used in the office (and the office alone) most traditional CRM feel like running Windows 95 on an iPhone when converted to mobile. Horribly slow and cumbersome.

So imagine how your field sales reps dashing between visits feel. Do you think they're going to faff about with a CRM like this? Spending time entering the key data you need for your forecast? Or have time to shoot back to the office at the end of the day or week to update it?

The majority do not, which is why there is such a colossal issue with **user adoption** AND **data collection** within field sales.

47% BUSINESSES confirm their data is of indadequate quality for pleting a

SALES FORECAST*

*Forecasting With Confidence KPMG

Field sales reps reject **TRADITIONAL CRM**, meaning the data entered is:

- Out of date
- Missing
- Incomplete
- Inaccurate

HOW TO DO I GET CLEAN DATA?

By choosing a mobile sales tool that your sales reps actually use.

If you can simply get your team using it and **using it regularly**, 99% of your data accuracy issues are resolved right then and there.

They want a mobile tool they can take out, record the key sales data from the meeting and within 10 seconds have it back in their pocket again.

AI Voice Recognition
- Record data on seconds

80% User adoption

Real - time

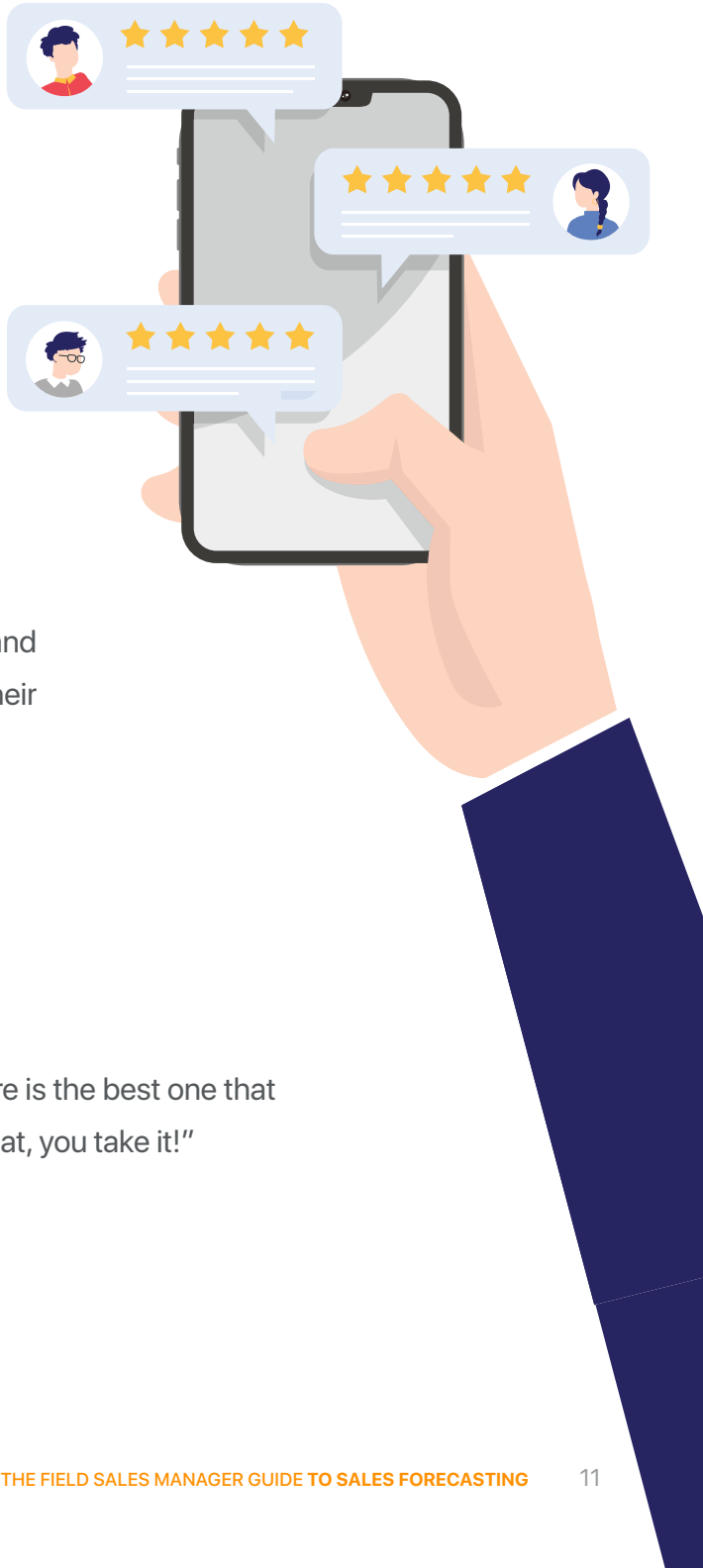
Easy to navigate

Complete visibility of sales process

PROOF IS IN THE PUDDING

Don't just take our word for it.

See how thousands of ForceManager customers increase their visibility and quality of data by electing a mobile sales tool for their field sales team:



"The mobility for operating out in the field was really important to us as beforehand there was a bit of a chasm; what happened outside of the business on the road tended to remain that way,"

Tom Ellis
Managing Director of **JT Ellis & Co**

"It's only second nature to pull out a phone or iPad and our sales guys are finding it extremely useful to enter their sales data"

Brad Resch
President of **Gulfeagle Supply**

"When the guys who've tested the unit say this software is the best one that we've seen, I tell you what - when you get buy-in like that, you take it!"

Josh Schouten
General Manager of **New Truck for RWC Group**

WANT TO SEE HOW FORCEMANAGER CAN HELP DELIVER YOU ACCURATE FORECASTS?

A consultant will help answer any questions or queries you may have as well provide examples of how other companies are utilizing ForceManager's personal sales assistant to maximize their sales process.

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