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Survey Report:

The State of Sales Forecasting Benchmark Research

2021

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Research Summary

Throughout April 2021, InsightSquared in partnership with RevOps Squared actively engaged with nearly 400 B2B companies to understand how they manage the forecasting process, which lines of business are forecasted, how automation factors into forecasting and to ultimately, establish benchmarks for forecast management accuracy, process and performance.

Forecast Management insights and benchmarks were developed across multiple categories including process, responsibilities, accuracy, satisfaction, and forecast automation platforms utilized.

All data was segmented into cohorts to determine any correlations that existed between the forecast management data point and company attributes. During tabulating the research findings, we used the following company segmentation attributes: 1) Company Revenue; 2) Average Annual Contract Value; 3) Distribution Model; 4) Target Customer Market and; 5) Go-To-Market Motion.

Our key findings, including insights, ideas and opportunities are presented throughout the State of Sales Forecasting 2021 Benchmark report. Our goal is to foster new, innovate thinking and highlight opportunities to re-imagine how forecast management is approached, and how new innovative strategies built upon emerging technology including artificial intelligence and re-defined processes, can decrease frustration for the 68% of participating companies that are experiencing >10% deltas in forecasts versus actuals.

All data collected was anonymized, aggregated and normalized to exclude any outliers that are greater than two standard deviations from the mean.

Any questions on the benchmarks, data capture or data analysis can be directed to: **research@insightsquared.com** or **rayrike@revopssquared.com**

We asked revenue leaders to share their forecasting experiences, their strategy, accuracy rates, key factors considered, and more. Today, we are publishing the results.

Forecasting is a process that is deeply personal to me. It is more than a weekly or monthly activity; the reality is it is core to how we as revenue leaders are judged and valued. Hitting the quarterly number affords you the credibility needed to drive cross-functional process changes — those that will allow you to consistently deliver on growth objectives. Miss the number and the pressure now builds, with perceptions creeping in around sales execution issues. Missing the forecast commit is the #1 contributor to CRO's tenure in the role, which is now at 16 months for PE/VC backed companies.

I have spent the past three decades running revenue organizations and now have the honor of partnering with B2B businesses to improve their revenue operations, of which forecasting is a critical component.

At the core, forecasting requires process rigor and good qualitative judgement. But too often, both are applied inconsistently and without the data to back it up. Without a disciplined machine, teams spend hours in interrogations and Ops spends a great deal of time trying to identify insights from spreadsheet-based analytics. This approach will simply not scale as your business grows.

The result is often a lack of predictability, efficiency and accountability — a reality that is reflected in this survey. This benchmark research was created to help you understand areas of concern across your peer group, while spotlighting targeted focus opportunities you may want to reprioritize.

I am here to tell you, today I am more confident than ever, that revenue teams finally have the ability to bring in the data and identify the insights that will improve forecasting — for the long term.

Now is the time to transform. I look forward to being on this journey with you.

Todd Abbott
CEO, InsightSquared

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The State of
Sales Forecasting
Benchmark
Research

Forecast Management Research Summary

Forecast Accuracy is a Struggle, Creating Significant Risk to the Business

68% of participants report missing their forecast by more than 10%, and more than 9 out of 10, report missing their predicted forecast by 6% or more. This level of forecast inaccuracy, coupled with only 52% of respondents saying they measure forecast accuracy suggests a material opportunity for improvement in forecast management.

Lack of Sales Rep Involvement & Data Quality Most Impactful

Only **25%** of companies report their sales reps, those closest to the deals, are involved in the forecasting process. This Lack of Rep Accountability was identified as the top reason for poor forecast accuracy (57%), with CRM Data Quality (44%) ranking second, and Manual Processes (43%) and Varying Risk Profiles tied for third (43%). As manager span of control continues to grow, along with the rise in remote selling, Rep involvement and the strategy of bottom's up forecasting should be considered to improve accuracy rates.

Forecast Management Maturity Varies

Forecasting "Renewals" is more common than forecasting "New Customer Acquisition," an unexpected finding (**66%** vs. **52%**). New Customer Acquisition and Existing Customer Expansion were equal in the percentage of companies forecasting each business segment. At the same time, low forecasting of "Churn" and "Partner Revenue" limits predictability, especially for SaaS businesses who rely heavily on retention.

68%

of companies miss their forecast by 11% or more. Overall, only 15% of revenue leaders are very satisfied with their forecast process, leaving 85% wanting more.

Forecast Process Owner

Sales owns the forecasting process more than any other function at **49%**, followed by Operations (36%). With multiple business segments included in the forecast process, including Renewals which is typically owned by Customer Success, cross-functional revenue team alignment should be prioritized. This can be accomplished by a CRO role or Revenue Operations teams— whether centralized or decentralized.

Opportunities Forecast to Close Change Often

Less than half of opportunities actually close within the original forecast date. Of those that push, they move **five times** at median, placing a burden on forecasting owners to monitor frequent changes and the impact they have on the business.

Forecasting Platforms Exist in a Heterogeneous Environment

80% of participants are using two or more tools to manage forecasting, with more than 55% using three or more forecast management tools. While the CRM is the top tool for forecast automation, less than one third are using it for opportunity scoring — turning most frequently to Excel — creating inefficiencies and data silos. Modern forecasting tools can provide a seamless experience to fill this gap.

Sales Process Stages are Number One Forecast Variable

Sales Process Steps (**53%**) and associated stages are the number one input factor when it comes to forecasting opportunities, followed by Meetings Held (46%) and Emails/Phone Calls (43%). Executive/Economic Buyer Involvement is only considered by 30% of companies, a surprise given the growing size of buying groups.

Forecast Management is Challenging and Evolving

A large percentage of companies still don't have forecasting automation (**52%**), but of those that do, confidence in forecasting improves significantly. This is likely due to the ability to remove human bias and manual efforts, as well as the errors that come with. With only 9% of companies reporting forecast accuracy in the 1%-5% +/- range, advanced technology and automation present an opportunity to increase investor, board and employee satisfaction and company value.
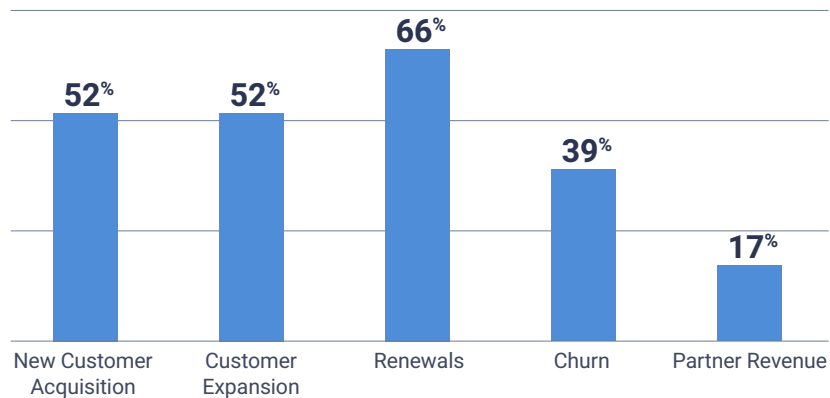
80%

of participants are using two or more forecasting platforms, with more than 55% using three or more forecast management tools.
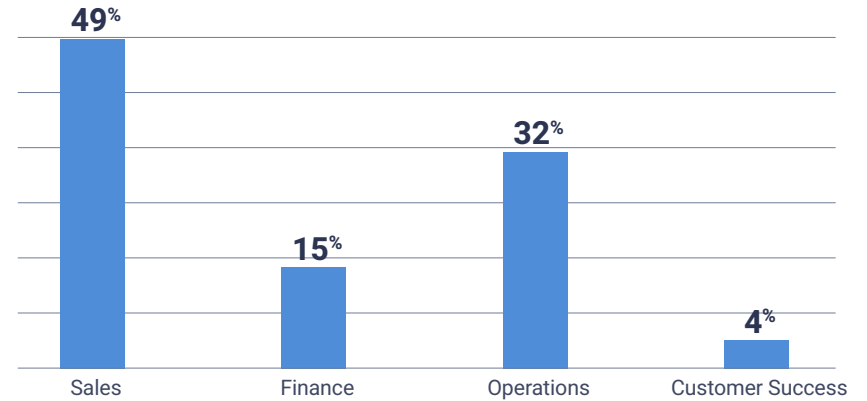
Forecast Management Process

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Forecasting Management Process

Forecasted Revenue Segments

52%	**52**%	**66**%	**39**%	**17**%
New Customer Acquisition	Customer Expansion	Renewals	Churn	Partner Revenue

Forecast Process Owner

|			
49%	**15**%	**32**%	**4**%
Sales	Finance	Operations	Customer Success

Only 52% of respondents forecast Customer Acquisition and Customer Expansion performance on a regular basis.

Customer Renewals represents the largest cohort of companies, with 66% reporting they forecast Renewals – but surprisingly only 39% forecasted Churn.
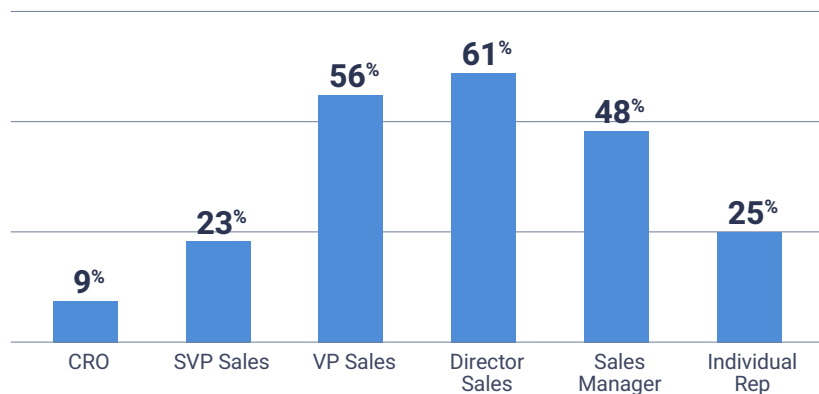
Sales was the department which represented the largest segment of forecast ownership, with Finance only owning the forecast 15% of the time.
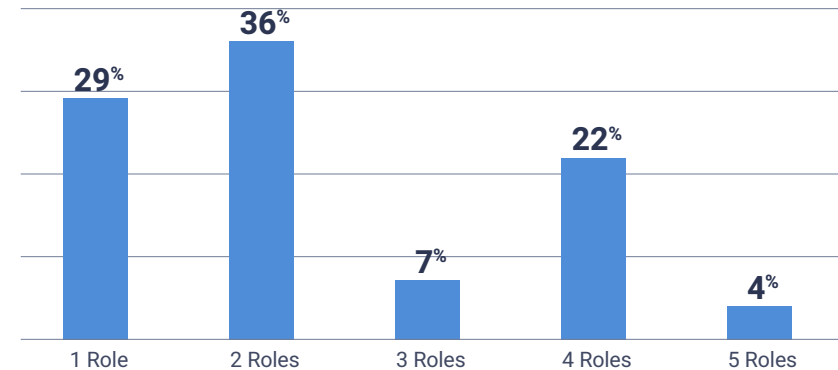
Forecast Timing

- Monthly
- Quarterly
- Both
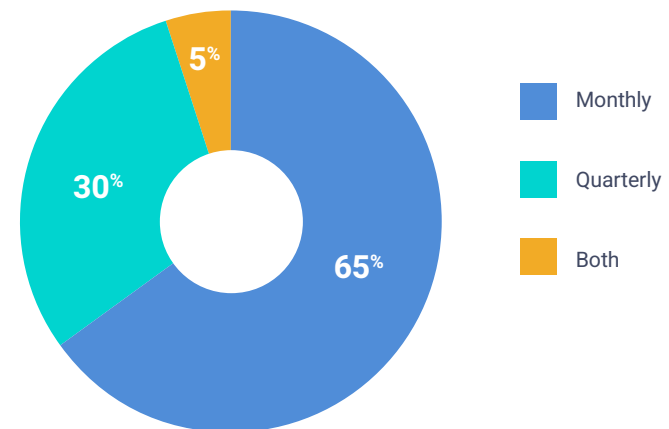
Forecasting Management Process

Sales Roles in Forecast Process

CRO: 9%
SVP Sales: 23%
VP Sales: 56%
Director Sales: 61%
Sales Manager: 48%
Individual Rep: 25%

Number of Roles in Forecast Process

1 Role: 29%
2 Roles: 36%
3 Roles: 7%
4 Roles: 22%
5 Roles: 4%

67%

of companies have only one or two roles involved in the forecasting process

Given Sales owns the forecasting process, it was not a surprise to see Director of Sales and VP Sales the top titles involved. Surprisingly, individual sales reps are only involved in the forecasting process 25% of the time.

67% of companies have only one or two roles involved in the forecasting process, with two roles most common. Nearly three out of every 10 companies have only one role involved in forecasting.

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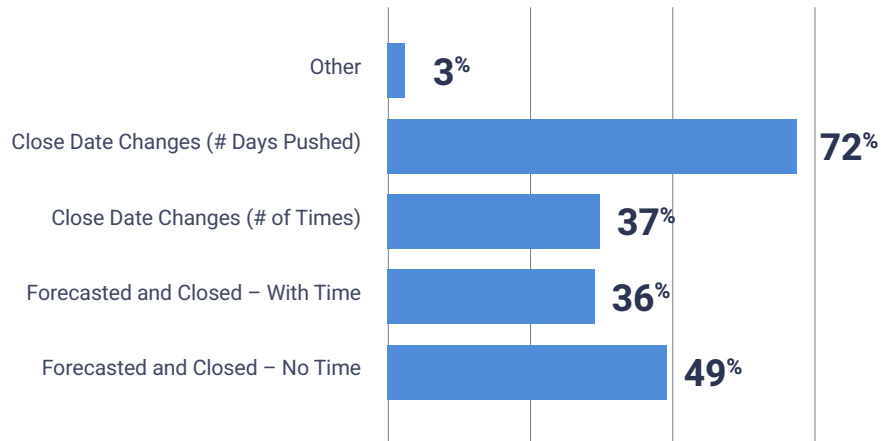
Forecasting Management Process

72% of participants capture the amount of times an opportunity pushes from the original close date.

Yet, only 37% of companies measure the number of time a forecasted opportunity close date changes.
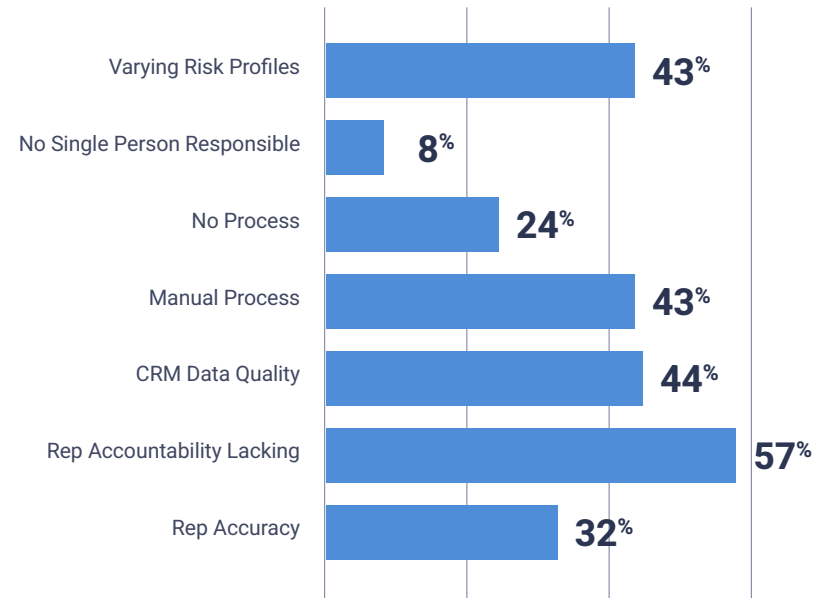
37%

of companies measure the number of time a forecasted opportunity close date changes

Forecast Metrics Captured

Metric	Value
Other	3%
Close Date Changes (# Days Pushed)	72%
Close Date Changes (# of Times)	37%
Forecasted and Closed – With Time	36%
Forecasted and Closed – No Time	49%

Forecast Accuracy Issues

Issue	Value
Varying Risk Profiles	43%
No Single Person Responsible	8%
No Process	24%
Manual Process	43%
CRM Data Quality	44%
Rep Accountability Lacking	57%
Rep Accuracy	32%

Forecasting Management Process

Though individual sales reps are only involved in the forecasting process 25% of the time, they represented the number one source of forecast accuracy issues.
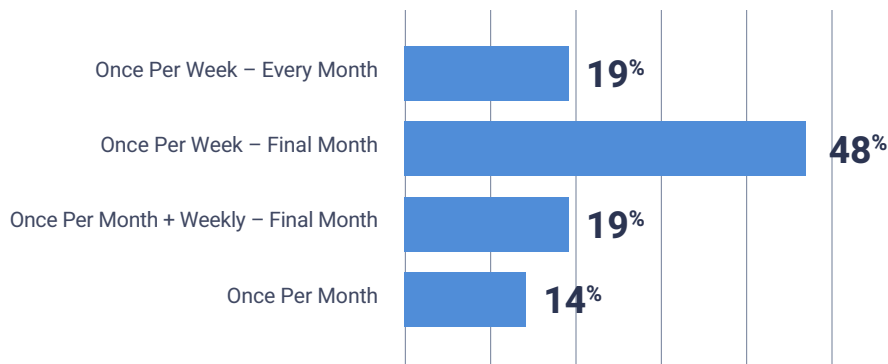
CRM Data Quality, Manual Processes and Varying Risk Profiles all highlight the opportunity for forecast automation using activity inputs + artificial intelligence.

47% of research participants reported that when they forecast quarterly, the process is only conducted the last month of the quarter.
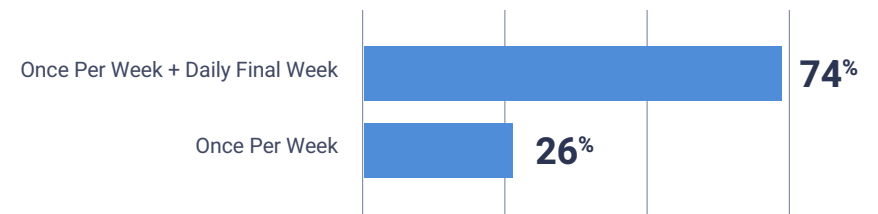
19% reported they forecast the quarterly performance weekly either every week of the quarter or at least once per week during the last month of the quarter.

74% of participants who forecast monthly update the forecast once per week.

Forecast Review Cadence
(Quarterly Forecast)

Once Per Week – Every Month	19%
Once Per Week – Final Month	48%
Once Per Month + Weekly – Final Month	19%
Once Per Month	14%

Forecast Review Cadence
(Monthly Forecast)

Once Per Week + Daily Final Week	74%
Once Per Week	26%

Forecast Benchmarks

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Forecast Benchmarks

Opportunities Close in Original Forecast Period

- 25th Percentile: **30**%
- Median: **47**%
- 75th Percentile: **67**%
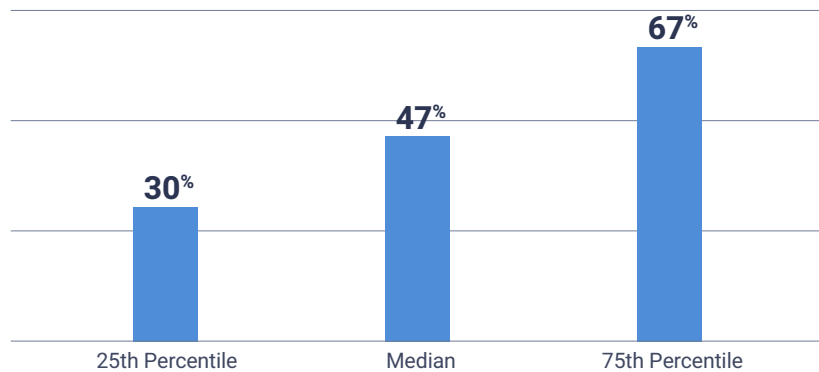
Number of Times Opportunity Pushes

- 25th Percentile: **8**
- Median: **5**
- 75th Percentile: **3**
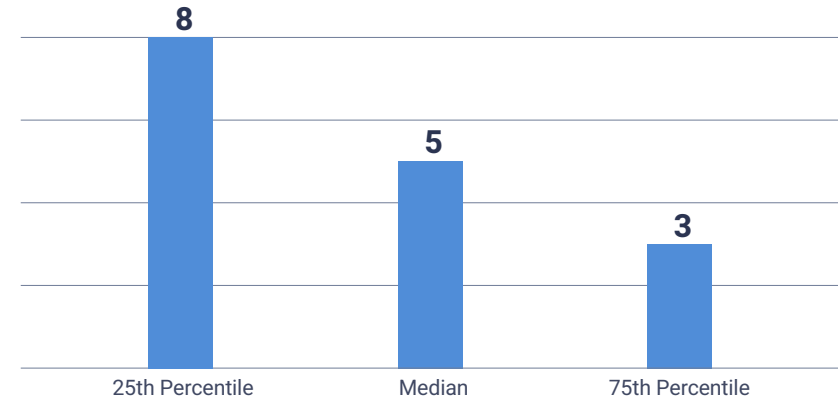
Less than 50% of opportunities close within the original forecasted time. This highlights a significant opportunity for enhancing forecast management accuracy.

Focusing on the issues associated with manual processes, CRM data quality and the impact of varying risk tolerance are three top areas of opportunity.

Five is the median number of times an opportunity pushes before resulting in Closed-Won.

Understanding the variables that are directly correlated to an opportunity closing, and closing within a more predictable timeframe is critical to reducing this concerning benchmark.

<50%

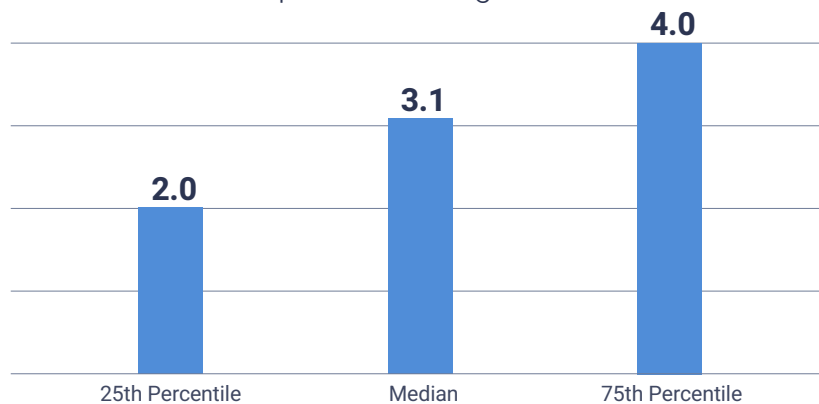of opportunities close within the original forecasted time

Forecast Benchmarks

Pipeline coverage ratio represents the amount of qualified pipeline ($) required at the beginning of an accounting period to deliver the dollars of revenue required for that same accounting period.

It is interesting to note that pipeline coverage ratio was not materially impacted by either annual contract value or size of company once beyond $5M in size.
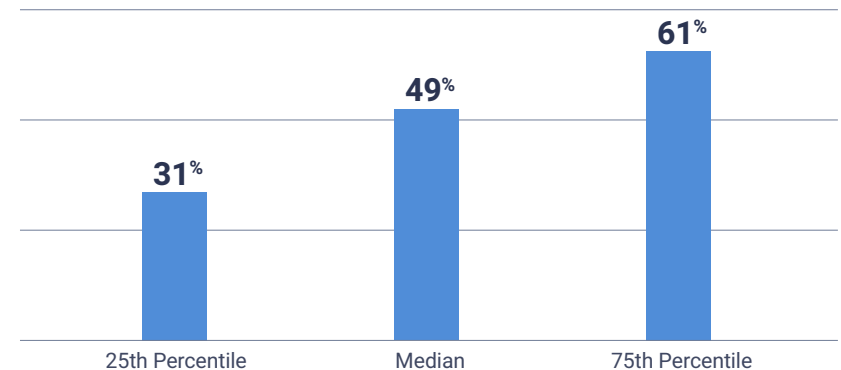
Quota achievement remains fairly consistent across multiple published research reports, and represents a major area of concern for sales and company leadership alike.

Quota achievement does not exhibit a high level of correlation to company size or annual contract value.
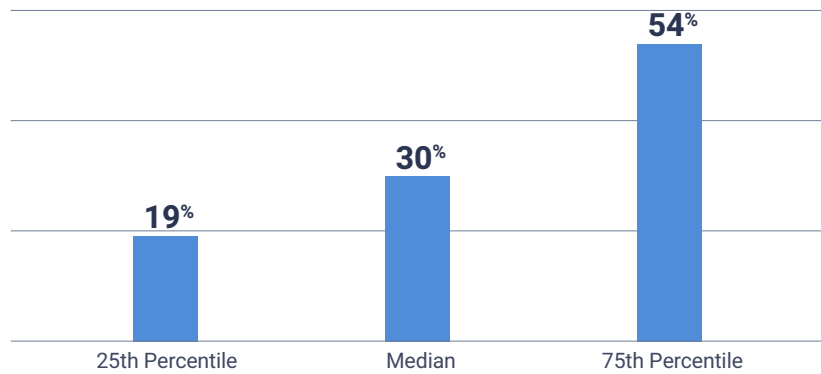
Pipeline Coverage Ratio

2.0	3.1	4.0
25th Percentile	Median	75th Percentile

Quota Achievement

31%	49%	61%
25th Percentile	Median	75th Percentile

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Forecast Benchmarks

Pipeline (Created and Close Same Quarter)

54%

30%

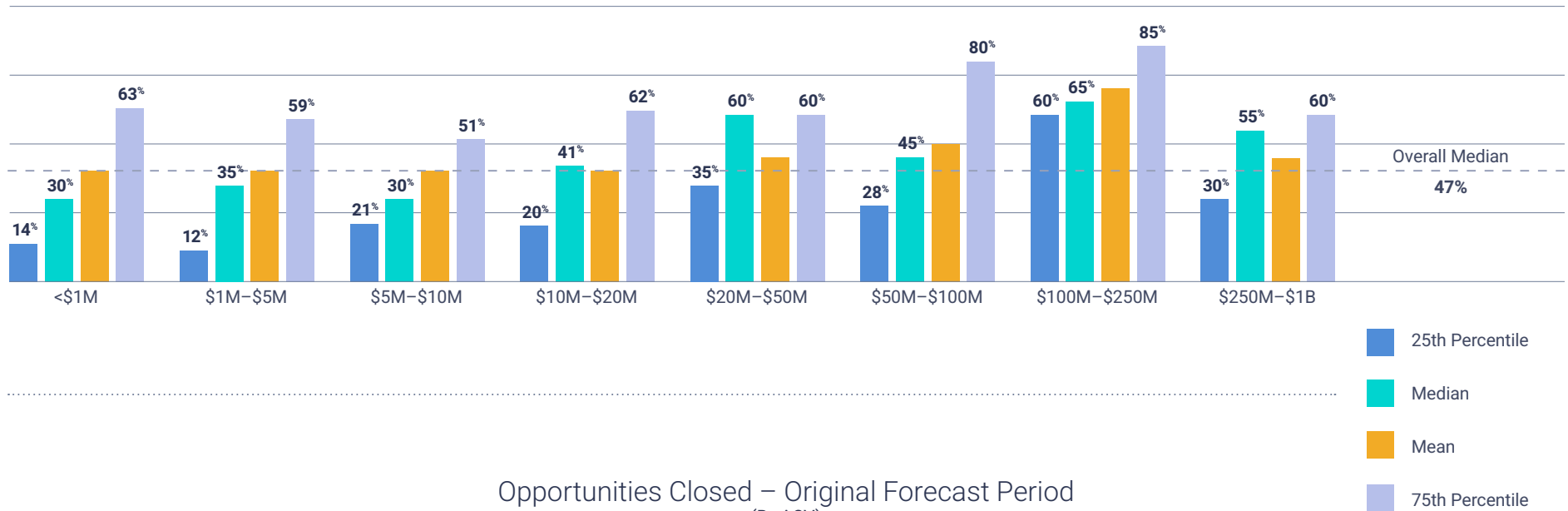19%

25th Percentile   Median   75th Percentile

Pipeline created and closed in the same quarter at 30% of total closes presents unique forecasting and business planning challenges that require insight into historical trends, coupled with real time understanding of variables, such as activity that is difficult in manual forecasting processes.
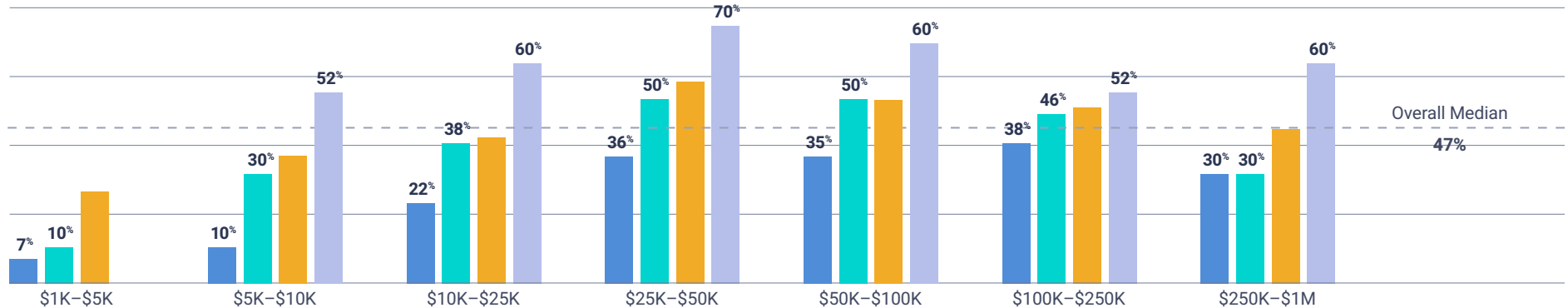
Opportunity Close Rate
(Win Rate)

56%

30%

20%

25th Percentile   Median   75th Percentile
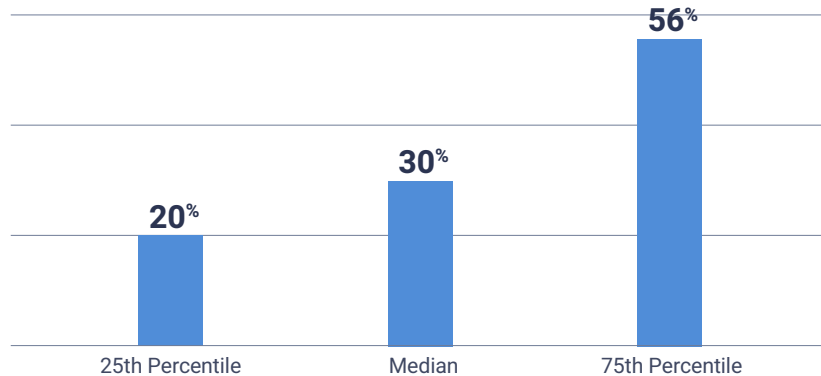
Forecast Benchmarks (By Cohort)

Opportunities Closed – Original Forecast Period
(By Revenue)

Overall Median
47%

<$1M: 14% · 30% · 30% · 63%
$1M–$5M: 12% · 35% · 35% · 59%
$5M–$10M: 21% · 30% · 35% · 51%
$10M–$20M: 20% · 41% · 35% · 62%
$20M–$50M: 35% · 60% · 45% · 60%
$50M–$100M: 28% · 45% · 55% · 80%
$100M–$250M: 60% · 65% · 65% · 85%
$250M–$1B: 30% · 55% · 50% · 60%

- 25th Percentile
- Median
- Mean
- 75th Percentile

Opportunities Closed – Original Forecast Period
(By ACV)

Overall Median
47%

$1K–$5K: 7% · 10% · 20% ·
$5K–$10K: 10% · 30% · 35% · 52%
$10K–$25K: 22% · 38% · 40% · 60%
$25K–$50K: 36% · 50% · 52% · 70%
$50K–$100K: 35% · 50% · 50% · 60%
$100K–$250K: 38% · 46% · 48% · 52%
$250K–$1M: 30% · 30% · 45% · 60%

Forecast Benchmarks (By Cohort)

Opportunities Close Date Changes – Number of Times
(By Revenue)

- 25th Percentile
- Median
- Mean
- 75th Percentile

Overall Median

5 Pushes

Cohorts: <$1M, $1M–$5M, $5M–$10M, $10M–$20M, $20M–$50M, $50M–$100M, $100M–$250M, $250M–$1B, >$1B
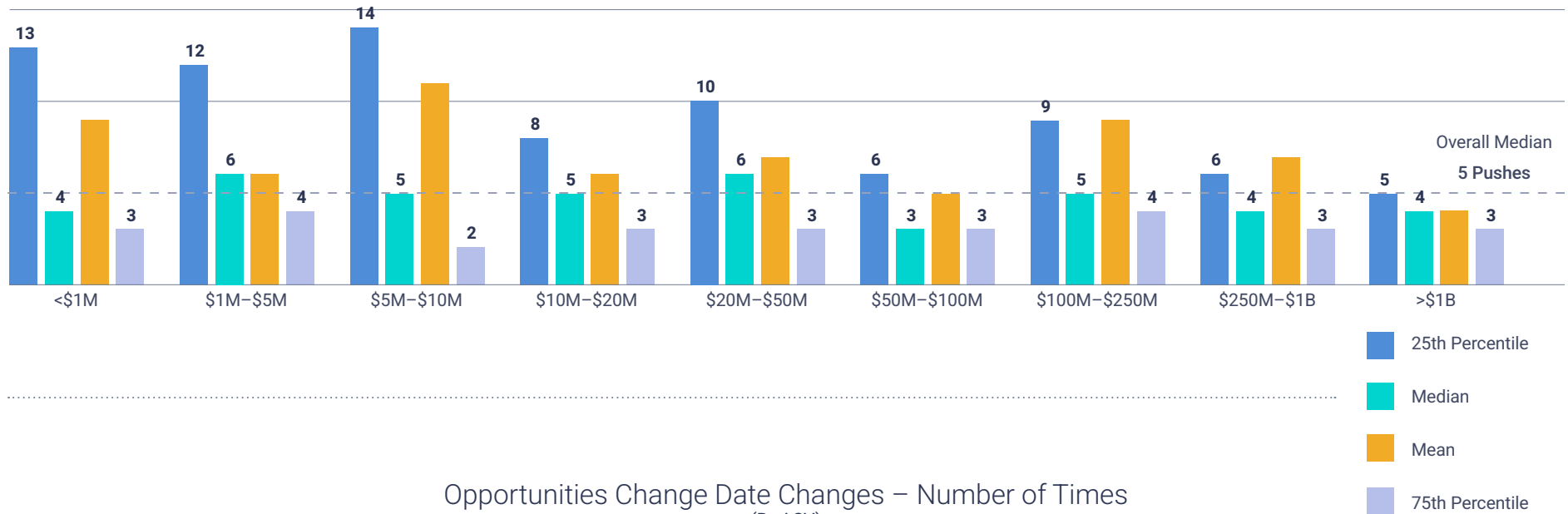
Opportunities Change Date Changes – Number of Times
(By ACV)

Overall Median

5 Pushes

Cohorts: <$1M, $1M–$5M, $5M–$10M, $10M–$20M, $20M–$50M, $50M–$100M, $100M–$250M, $250K–$1M
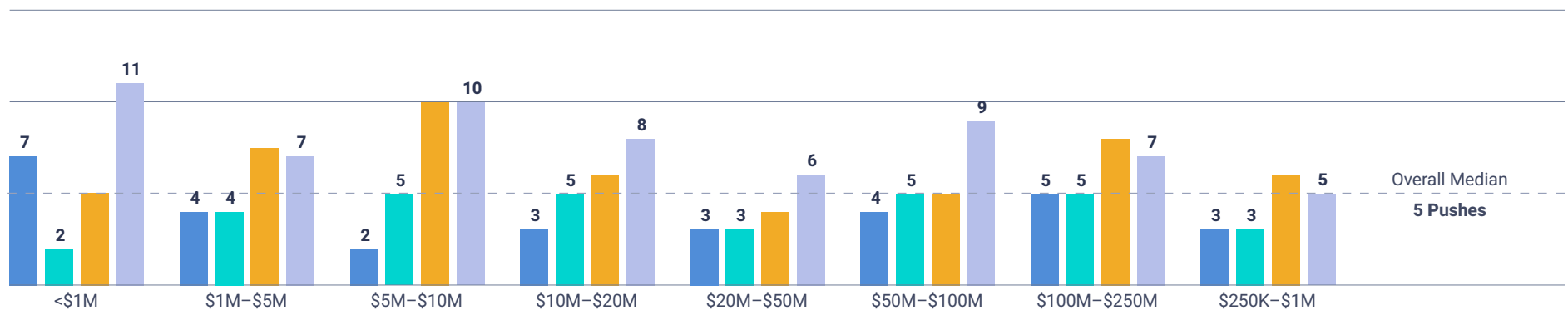
Forecast Satisfaction

Forecast Satisfaction

Measure Forecast Accuracy

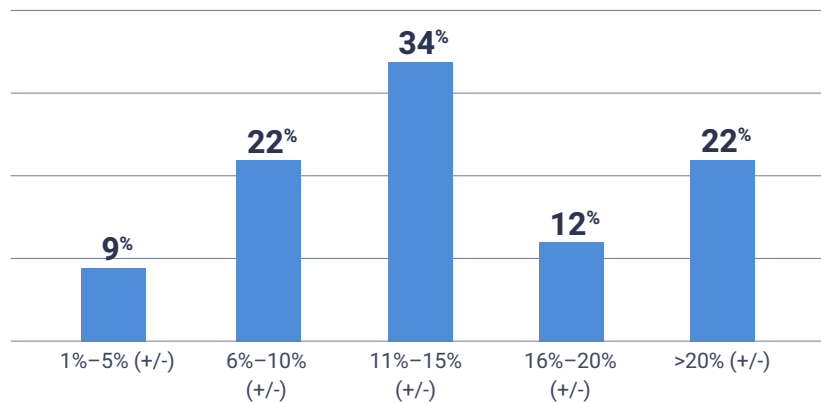- Yes — 52%
- No Answer — 32%
- No — 16%
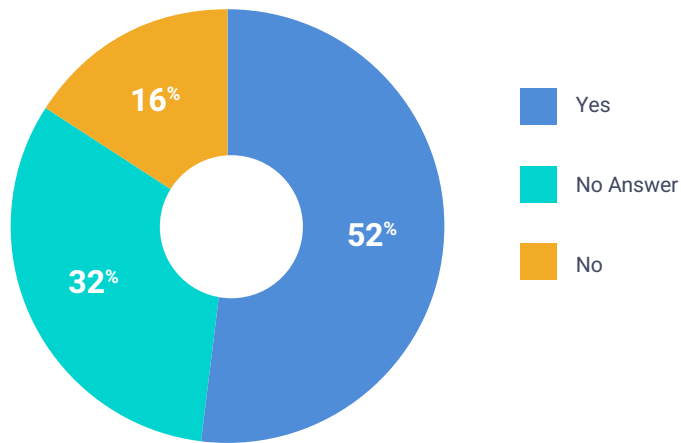
68% of total participants reported forecast accuracy that was at least 11% or greater off from the actual results. Less than one-third, or 31% reported forecast accuracy of 1%-10%, which introduces significant financial risk and credibility challenges with investors and board members alike.
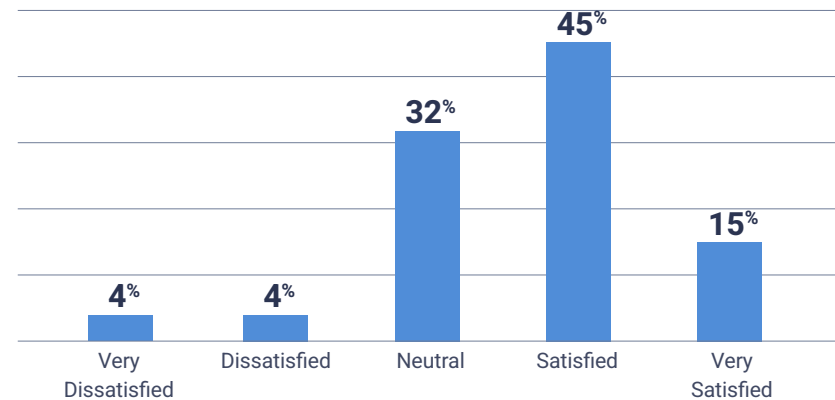
This level of forecast inaccuracy, coupled with only 52% of respondents saying they measure forecast accuracy, suggests a material opportunity for improvement in forecast management.

40% of respondents are not satisfied with their forecast, and an additional 45% are just mildly satisfied. Only a small percentage (15%) are very satisfied. This leaves a lot to be desired.
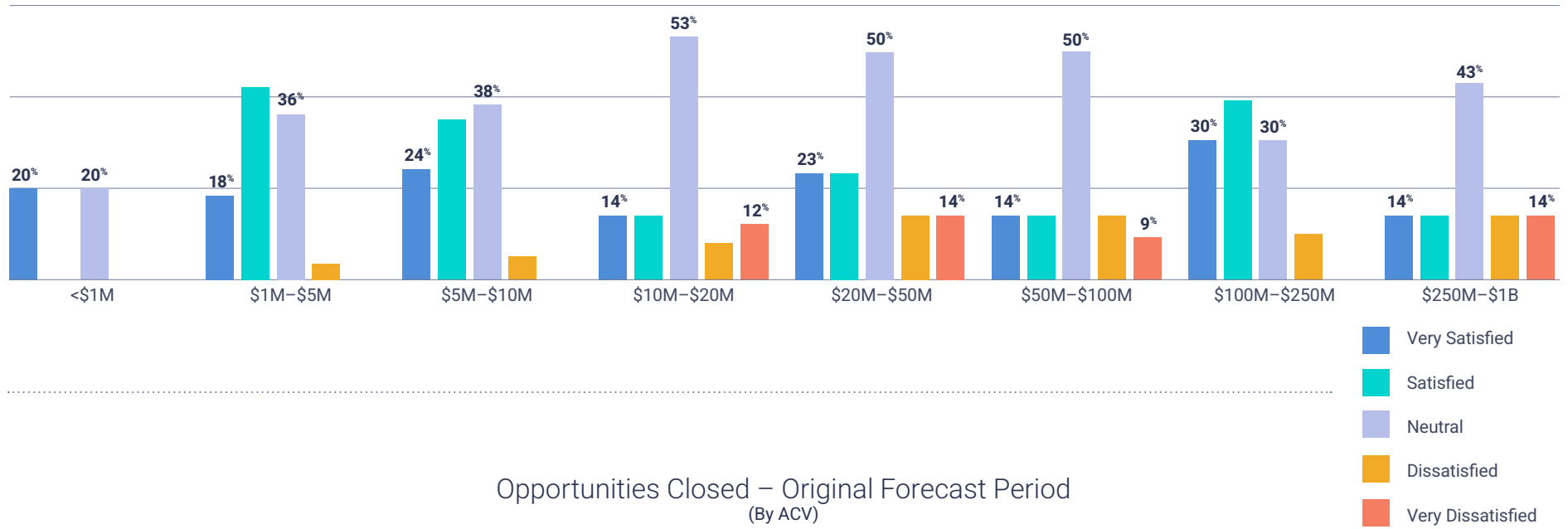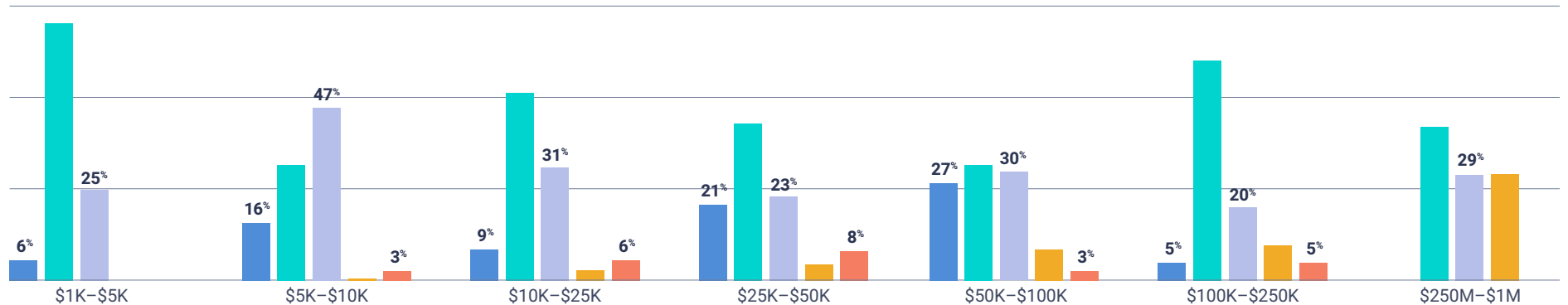
Forecast Accuracy

- 1%–5% (+/-) — 9%
- 6%–10% (+/-) — 22%
- 11%–15% (+/-) — 34%
- 16%–20% (+/-) — 12%
- >20% (+/-) — 22%

Forecast Satisfaction
(Overall)

- Very Dissatisfied — 4%
- Dissatisfied — 4%
- Neutral — 32%
- Satisfied — 45%
- Very Satisfied — 15%

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Forecast Satisfaction (By Cohort)

Opportunities Closed – Original Forecast Period
(By ARR)

<$1M
- Very Satisfied: 20%
- Neutral: 20%

$1M–$5M
- Very Satisfied: 18%
- Satisfied: 36%
- Neutral: 36%

$5M–$10M
- Very Satisfied: 24%
- Satisfied: (value)
- Neutral: 38%

$10M–$20M
- Very Satisfied: 14%
- Neutral: 53%
- Very Dissatisfied: 12%

$20M–$50M
- Very Satisfied: 23%
- Neutral: 50%
- Very Dissatisfied: 14%

$50M–$100M
- Very Satisfied: 14%
- Neutral: 50%
- Very Dissatisfied: 9%

$100M–$250M
- Very Satisfied: 30%
- Neutral: 30%

$250M–$1B
- Very Satisfied: 14%
- Neutral: 43%
- Very Dissatisfied: 14%

Legend:
- Very Satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very Dissatisfied

Opportunities Closed – Original Forecast Period
(By ACV)

$1K–$5K
- Very Satisfied: 6%
- Neutral: 25%

$5K–$10K
- Very Satisfied: 16%
- Neutral: 47%
- Very Dissatisfied: 3%

$10K–$25K
- Very Satisfied: 9%
- Neutral: 31%
- Very Dissatisfied: 6%

$25K–$50K
- Very Satisfied: 21%
- Neutral: 23%
- Very Dissatisfied: 8%

$50K–$100K
- Very Satisfied: 27%
- Neutral: 30%
- Very Dissatisfied: 3%

$100K–$250K
- Very Satisfied: 5%
- Neutral: 20%
- Very Dissatisfied: 5%

$250M–$1M
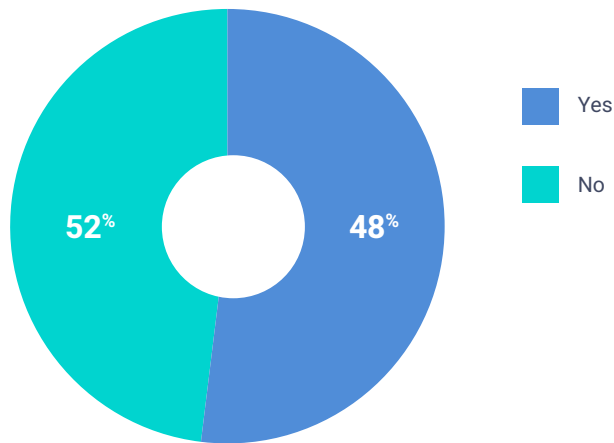- Neutral: 29%

Forecast Automation

Forecast Automation

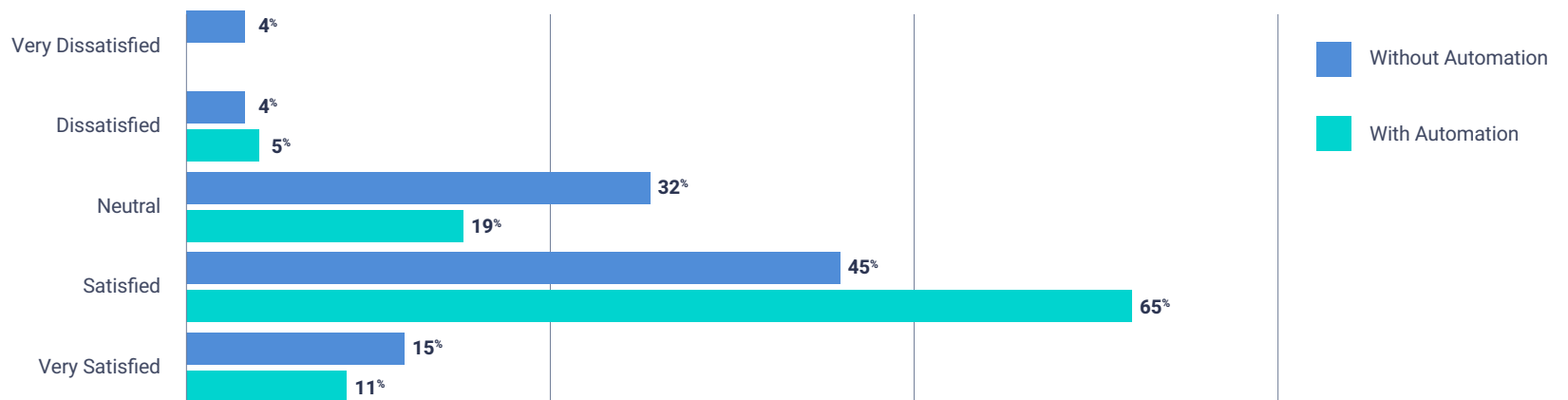## Forecast Automation

- Yes (48%)
- No (52%)

A large percentage of companies still do not have forecast automation (52%), but of those that do, confidence in forecasting improves dramatically (up to 76%). This may be due to the ability to improve cross-functional visibility and alignment — as well as the ability to remove manual efforts, and the errors that come with it.

Correspondingly, the neutral perspective on forecast satisfaction decreased to only 19% with automation.

Dissatisfied and Very Dissatisfied responses decrease to 5% with automation from 8% without automation.

52% do not have forecasting automation, but of those that do, confidence in forecasting improves dramatically

Forecast Satisfaction

	Without Automation	With Automation
Very Dissatisfied	4%	
Dissatisfied	4%	5%
Neutral	32%	19%
Satisfied	45%	65%
Very Satisfied	15%	11%

Forecast Automation Utilized

Business Intelligence platforms are used by 41% of responding companies for automation, yet only 25% for opportunity scoring.

Likewise, while CRM forecast automation at 56% is the number one forecast automation platform, only 30% use their CRM system for opportunity scoring.

Excel is the number one tool being used to determine opportunity scoring, which seems like a big process efficiency opportunity for companies with a CRM platform in place.

CRM Forecast Automation is the most commonly used forecast management platform. Dedicated forecast management software is a close second at 54% of respondents.

Still most organizations report needing to use multiple forecast automation platforms simultaneously than any other response, with **55% using three or more forecast management tools.**

This number of forecast management tools, in concert with over 68% of companies reporting forecast misses by 11+% suggest current processes and approaches are producing sub-optimal results.

Forecasting Platform

Platform	%
Excel – Automation	27%
Excel – Opportunity Source	38%
BI Automation	41%
BI – Opportunity Score	25%
CRM – Forecast Automation	56%
CRM – Opportunity Score Only	30%
Forecast Management Software	54%

Forecasting Platforms Used (#)

	%
One	20%
Two	25%
Three	31%
Four	14%
Five	8%
Six	2%
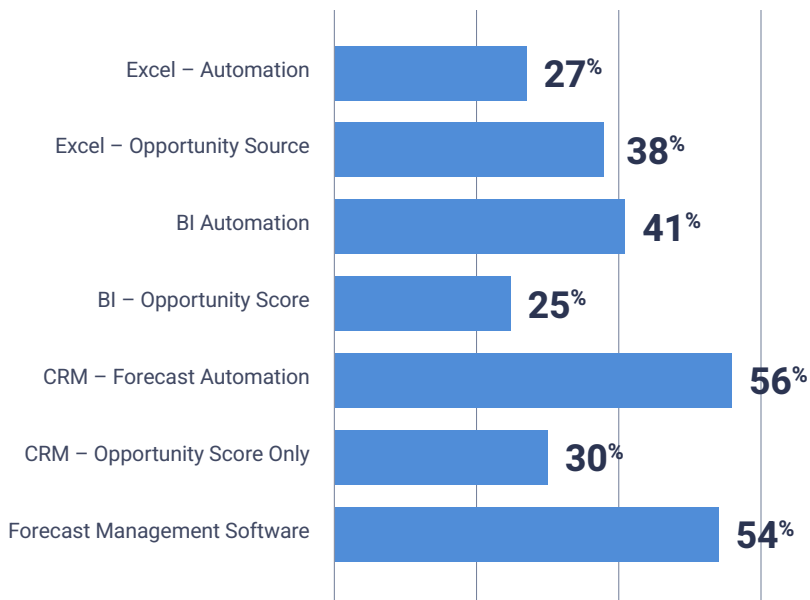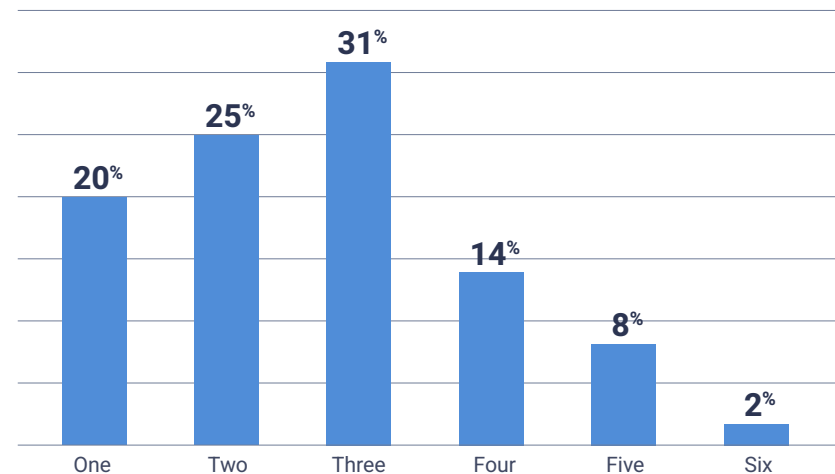
Forecasted Opportunity Factors

Forecasted Opportunity Factors
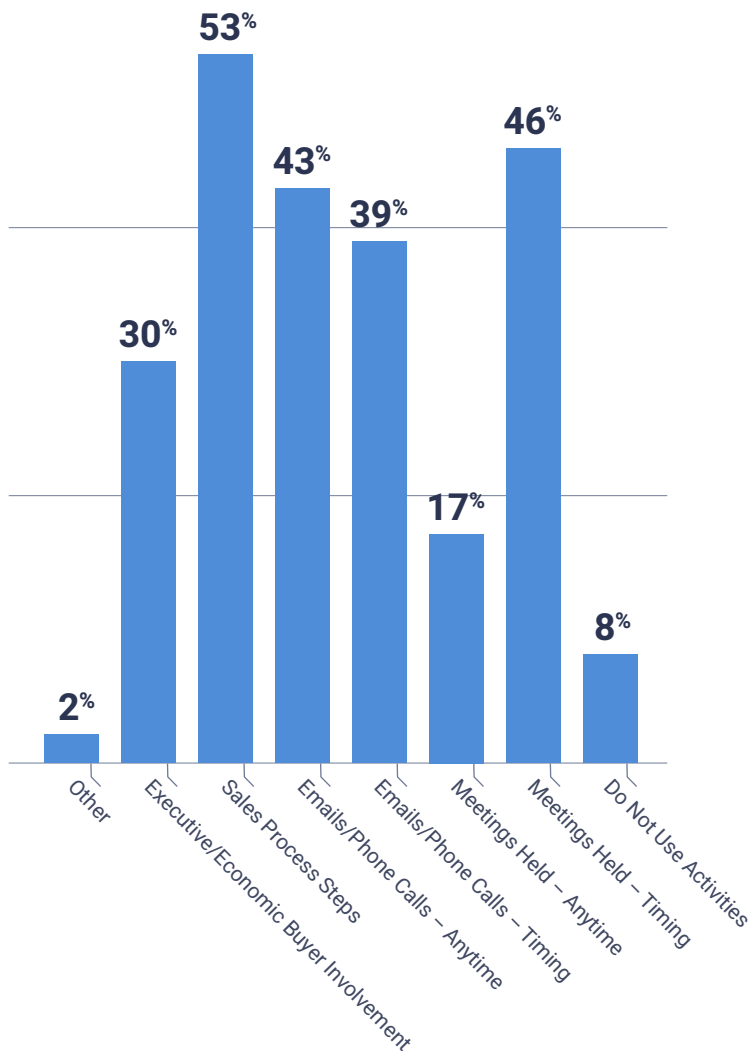
Sales Process Steps (53%) and the associated stages are the number one input factor when it comes to forecasting opportunities, followed by Meetings Held (46%) and Emails/Phone Calls (43%).

Interestingly, Executive/Economic Buyer Involvement is only considered by 30 percent of companies, a surprise given the growing size of buying groups. Not involving key stakeholders can often prolong deals and should be considered to improve deal progression and overall forecast predictability.

39% of respondents have advanced to factor in the timing of emails and phone calls, while 43% are looking at the same activities without timing, which can at times present a false narrative if significant time has elapsed between events or since the most recent event.

With 68% of respondents having forecast misses of 11% or greater, it is possible that many of the input variables currently being factored into forecasts have not been validated using advanced artificial intelligence to understand their statistical significance towards win rates and deal progression. Understanding which deal attributes are predictive to a company's business can improve forecast accuracy.

39%

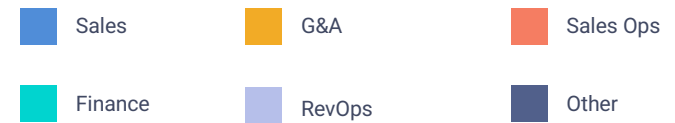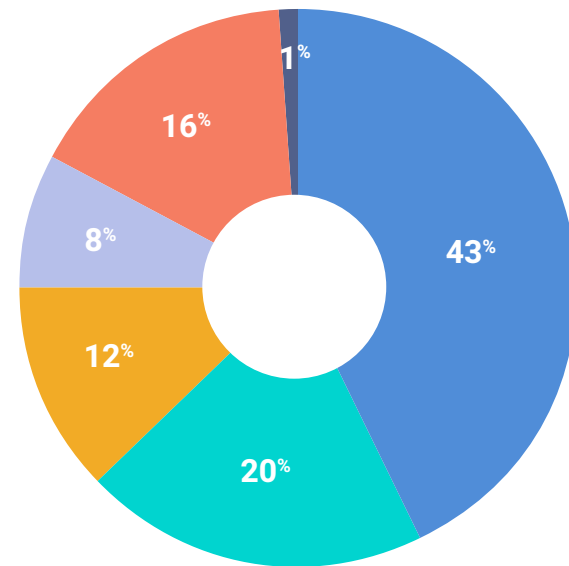of respondents factor the timing of emails and phone calls in their forecast
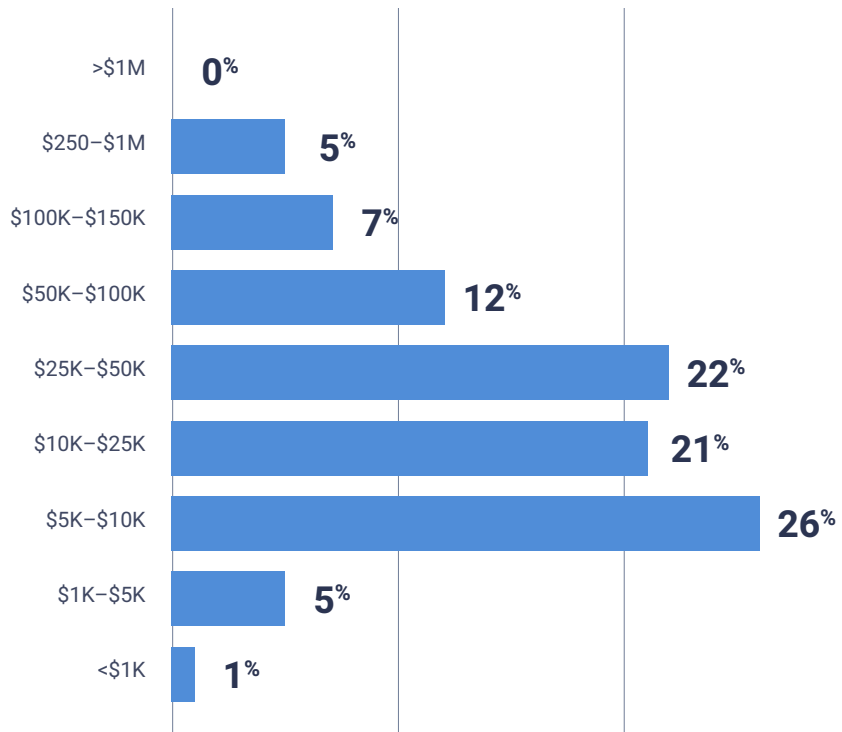
Participant Profile

Participant Profile

Title

- CEO — 13%
- CFO — 17%
- CRO — 16%
- SVP/VP Sales — 26%
- VP/Dir RevOps — 8%
- VP/Dir Sales Ops — 14%
- Other — 6%
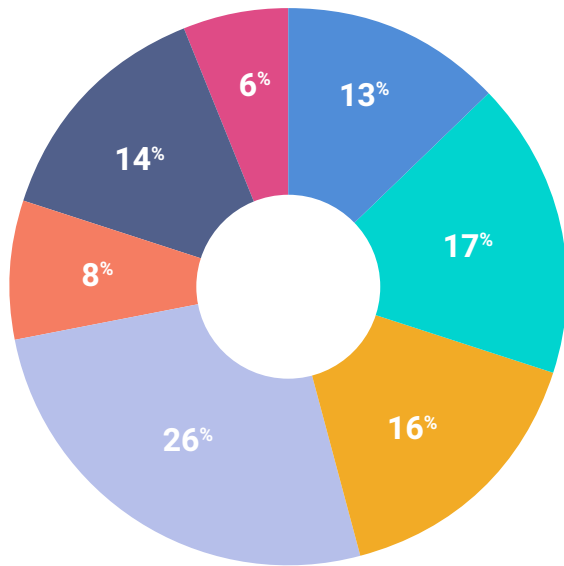
Participant Department

- Sales — 43%
- Finance — 20%
- G&A — 12%
- RevOps — 8%
- Sales Ops — 16%
- Other — 1%

Participant Profile

Annual Contract Value

- >$1M — **0%**
- $250–$1M — **5%**
- $100K–$150K — **7%**
- $50K–$100K — **12%**
- $25K–$50K — **22%**
- $10K–$25K — **21%**
- $5K–$10K — **26%**
- $1K–$5K — **5%**
- <$1K — **1%**

Revenue

- >$1B — **1%**
- $250–$1B — **3%**
- $100K–$250M — **5%**
- $50K–$100M — **12%**
- $25M–$50M — **18%**
- $10M–$25M — **22%**
- $5M–$10M — **25%**
- $1M–$5M — **11%**
- <$1M — **4%**
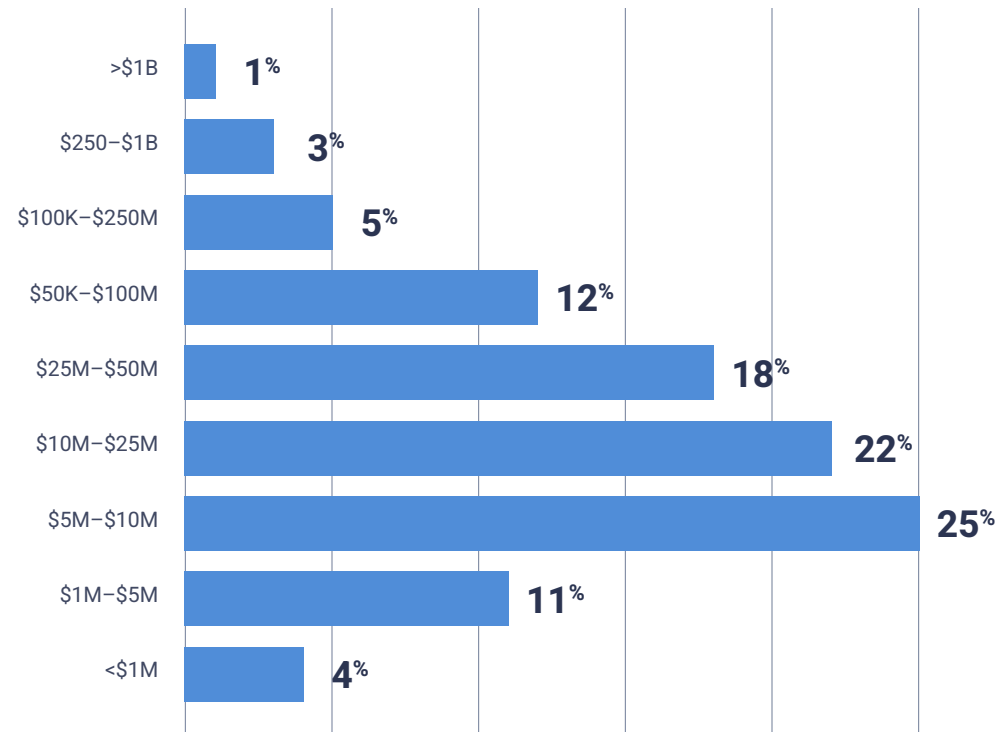
Participant Profile

Industry Segment
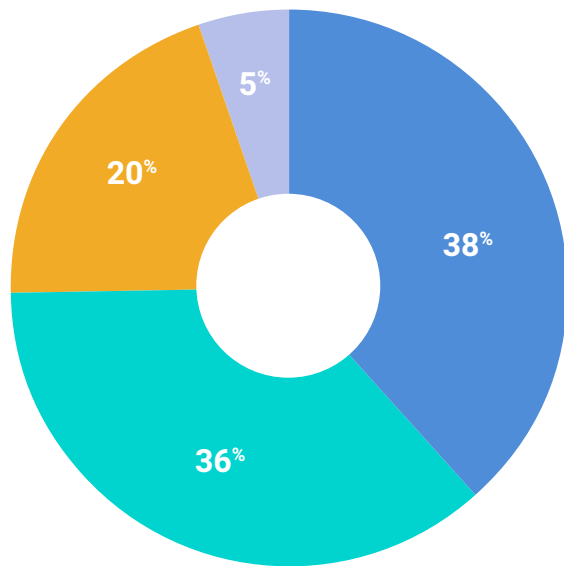
- B2B Software (On-premise)
- B2B Saas
- B2B (Technology Services)
- B2B Other

Primary Target Segment
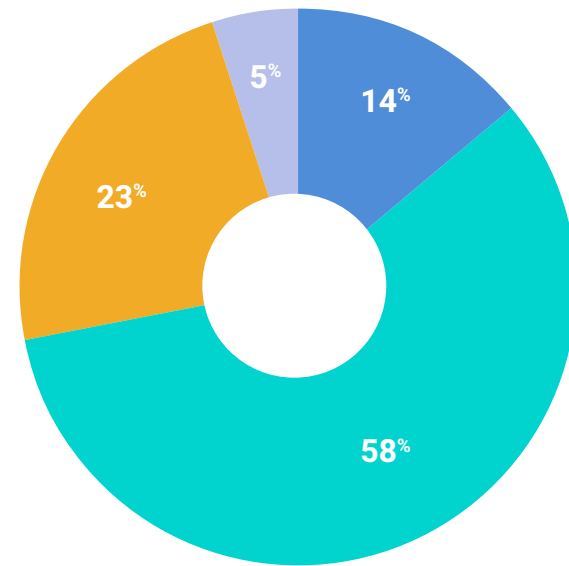
- <$10M (Small Business)
- $100M–$1B (Commercial)
- $10M–$100M (Mid-Market)
- >$1B (Enterprise)

Participant Profile

Go-To Market Motion

67% Sales Led
33% Product Led

Distribution Model

eCommerce/Online	25%
Channel/Partner Sales	11%
Inside Sales	4%
Inside Sales + Field Sales	44%
Field Sales	17%

Disclosures