



THE
**SALES
MANAGEMENT**
ASSOCIATION

RESEARCH REPORT

SALES FORCE ATTITUDES TOWARD FORECASTING

NOVEMBER 2016

RESEARCH UNDERWRITER



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Author
Robert J. Kelly

Sales Management Association

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Sales Management Association
1440 Dutch Valley Place NE
Suite 990
Atlanta, Georgia 30324 USA
+1 (404) 963-7992
<http://salesmanagement.org>

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Research Report: Sales Forecasting Sentiment

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The Sales Management Association is a global, cross-industry professional organization for sales operations, sales effectiveness, and sales leadership professions. We provide our members with tools, networking, research, training, and professional development.

Our research initiatives address topics relevant to practitioners across a broad spectrum of sales effectiveness issues. Our research is available to members on our site at www.salesmanagement.org.

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1 THE TROUBLE WITH SALES FORECASTS

Sales forecasting often tops sales leaders' lists of most vexing challenges. It's easy to see why. A research study we conducted last year with 137 sales organizations revealed the following:

- Forecasting sucks up lots of the sales force's time. Sixty-eight percent of firms indicate that forecasting requires "substantial effort" from their sales organization.
- Forecasting results are unsatisfying to sales leaders. Just 44% of firms are satisfied with sales forecasting accuracy, and only 37% are satisfied with their forecasting overall.
- Sales forecasts are fraught with bias. Forecasts are dependent upon salespeople's subjective judgements in 80% of firms, and 68% say their salespeople demonstrate bias in the forecasts they submit. (Interestingly, salespeople are three times more likely to overstate, rather than understate, forecasted performance.)

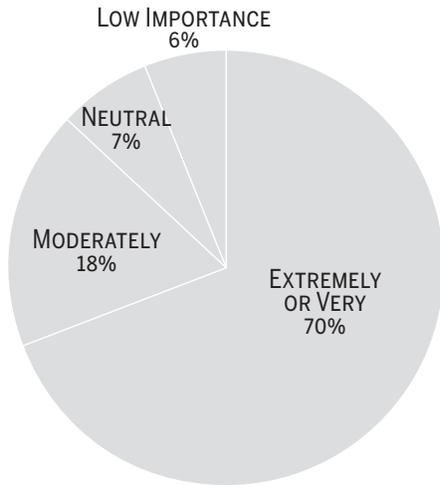
Since forecasting seems to be such a high-burden, low-yield activity in so many organizations, we wondered: Just what do rank and file sales forces members make of forecasting? To find out, we focused our most recent research on sales force attitudes toward forecasting. We analyzed responses from 341 participants who rated their firms' sales forecasting efforts on 13 dimensions. Our research focused on two distinct sales force constituencies: salespeople, who submit forecasts, and their managers, who consume them.

We found significant, and sometimes surprising, differences in how sellers and managers view forecasting. And, we identified a number of forecasting practices that correlate with higher forecasting effort and satisfaction.

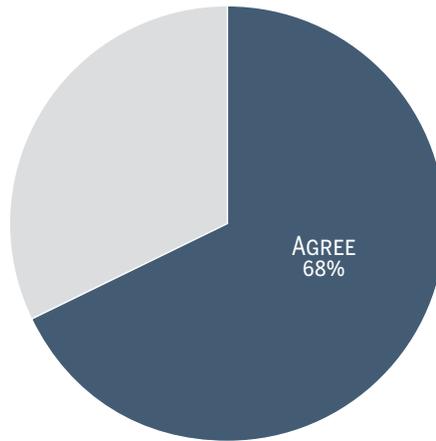


THE TROUBLE WITH SALES FORECASTS

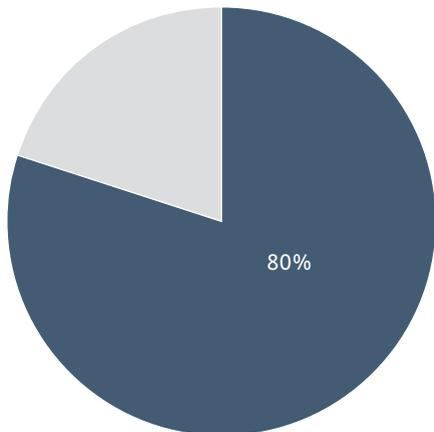
HOW IMPORTANT ARE ACCURATE SALES FORECASTS?



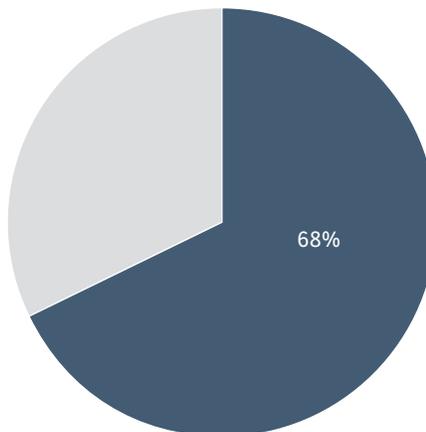
"OUR FIRM PUTS SUBSTANTIAL EFFORT INTO DEVELOPING SALES FORECASTS"



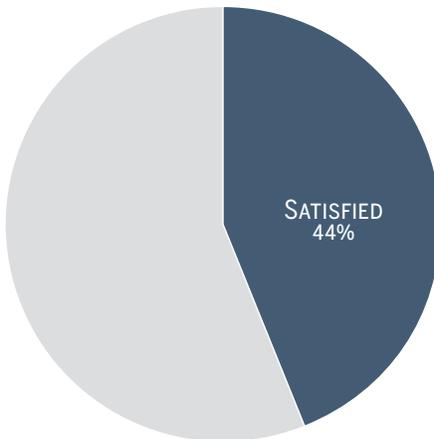
PERCENTAGE OF FIRMS WHOSE SALES FORECASTS RELY ON "SALESPERSON JUDGMENT"



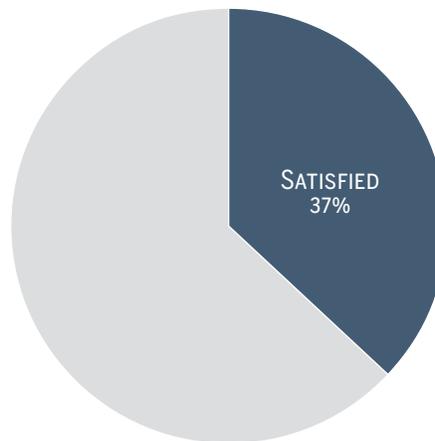
PERCENTAGE OF FIRMS WHOSE SALESPERSONS SUBMIT BIASED FORECASTS



FIRMS' SATISFACTION WITH SALES FORECAST ACCURACY



"OVERALL SATISFACTION" WITH SALES FORECASTS



1 DESPITE THEIR IMPORTANCE, AND THE EFFORT THEY REQUIRE FROM SALES FORCES, SALES FORECASTS REMAIN TOO BIASED AND INACCURATE TO ENGENDER HIGH MANAGEMENT SATISFACTION. SALES MANAGEMENT ASSOCIATION RESEARCH BRIEF: ASSESSING SALES OPPORTUNITIES. MARCH 2016, N= 137 FIRMS.



2 DO WE KNOW WHY WE FORECAST?

Forecasting's importance may be unquestioned by the sales organization's senior leaders. But those doing most of the forecasting appear less certain. Just 62% of salespeople and 58% of sales managers agree that "the sales force understands the business impact of sales forecasting" in their firm. [Sales managers were more likely to disagree (34% compared with 22% of salespeople); salespeople and sales managers who neither agreed nor disagreed were 15%, and 8% respectively.]

And just 53% of salespeople agree that "the sales force understands how management uses sales forecasts." Remarkably, managers themselves are even less sure – just 47% of sales

Do We Know Why We Forecast?

PERCENTAGE OF RESPONDENTS THAT AGREE



2 SALES FORCE UNDERSTANDING OF FORECASTING OBJECTIVES AND USAGE IS LOW, THOUGH STILL UNDERESTIMATED BY MANAGEMENT



managers agreed with the statement. [Twenty-nine percent of salespeople and 42% of sales managers disagreed; 18% of salespeople and 11% of sales managers had no opinion.]

These results suggest two realities present in many firms that should concern sales leaders: management may themselves be unsure of forecasting objectives, or may inadequately communicate these to salespeople. Neither outcome can bode well for forecasting effectiveness.

3 ARE WE SUPPORTING SALES FORECASTING EFFECTIVENESS?

Fewer than half of our study participants consider their sales forces adequately supported with the information needed to develop effective forecasts. This sentiment is shared in equal proportion by sales managers and salespeople; just 46% of each group agree that “the salesforce gets sufficient information” for forecasting. [Sales managers were more likely to disagree (38% of managers disagreed, compared to 31% of salespeople; 23% of salespeople, and 17% of sales managers, neither agreed nor disagreed)].

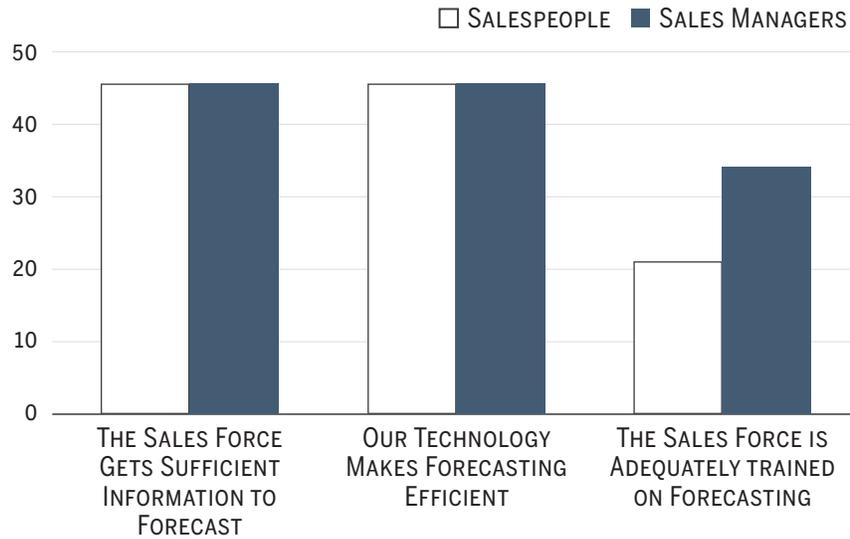
The same percentage (just 46% of salespeople and sales managers) agree that their firms utilizes “technology that makes forecasting efficient.” Sales managers are more likely to disagree with this statement, twice as likely, in fact, as salespeople; 48% of sales managers disagree, versus 24% of salespeople who disagree. (Twenty percent of salespeople and six percent of managers had



ARE WE SUPPORTING SALES FORECASTING EFFECTIVENESS?

PERCENTAGE OF RESPONDENTS THAT AGREE

3 FEW SALESPEOPLE CONSIDER FORECASTING TRAINING ADEQUATE. MANAGERS' ESTIMATES, WHILE STILL LOW, ARE OVERGENEROUS IN LIGHT OF SALESPERSON SENTIMENT.



no opinion.) Ineffective forecasting technology tools appear to more negatively affect sales managers, who in turn are significantly more critical of their firms' technology investments.

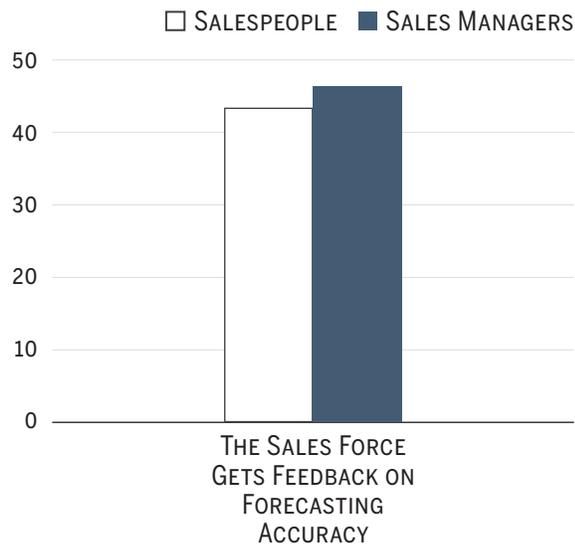
Opinions on forecasting training are less encouraging. About one-third of sales managers (34%) and just 21% of salespeople agree that "the sales force has received adequate forecasting training." Sixty-seven percent of salespeople disagree with this statement, compared to 59% of sales managers. Though neither group are especially positive in their assessment, salespeople are significantly more pessimistic than management, which suggests training efforts may be too narrowly focused on management in many firms.



4 FORECASTING FEEDBACK

FORECASTING FEEDBACK

PERCENTAGE OF RESPONDENTS THAT AGREE



Most in the sales force aren't getting feedback on their forecasts' accuracy. Managers are more likely to agree that "the sales force gets feedback on forecasting accuracy;" 47% of managers, and 43% of salespeople agree their sales force receives feedback. Managers are just as likely to disagree as agree (46% disagree, compared to 36% of salespeople who disagree); 21% of salespeople, and 8% of managers neither agree nor disagree.

4 FEWER THAN HALF OF SALES FORCES RECEIVE FEEDBACK ON FORECASTING ACCURACY.

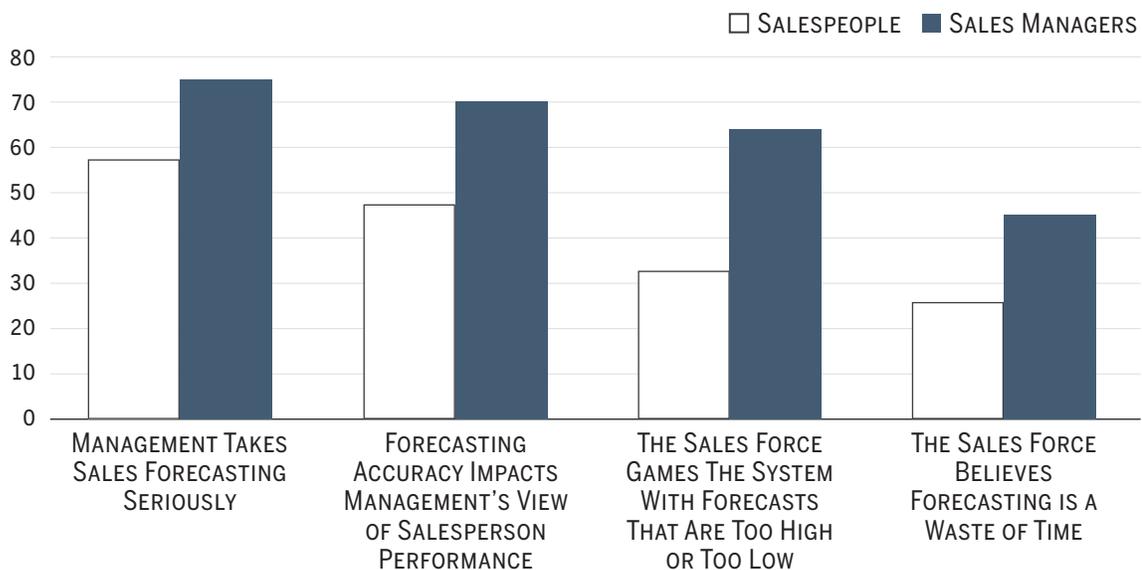


5 WHAT MANAGERS KNOW ABOUT FORECASTING THAT SALESPEOPLE DON'T

Our research shows that salespeople discount how seriously management takes forecasting. Managers themselves overwhelmingly agree that “management takes forecasting seriously” (75% agree; 16% disagree; 9% have no opinion). Their salespeople are less certain. Just 57% of salespeople agree that managers take forecasting seriously (16% disagree, and 20% have no opinion).

WHAT MANAGERS KNOW ABOUT FORECASTING THAT SALESPEOPLE DON'T

PERCENTAGE OF RESPONDENTS THAT AGREE



5 SALESPEOPLE MAY UNDERESTIMATE THE IMPORTANCE OF FORECASTING, AS WELL AS THEIR FORECASTING EFFORTS' IMPACT ON THEIR OWN JOB PERFORMANCE; YET MANAGERS MAY VIEW FORECASTING MORE CYNICALLY THAN THEIR SALESPEOPLE, AND ARE MORE LIKELY TO CHARACTERIZE FORECASTS AS “GAMED” OR A “WASTE OF TIME.”



Salespeople also discount how their forecasting efforts affects management's perception of salesperson performance. Seventy percent of sales managers agree that "salespeople's forecast accuracy affects management's perception of their job performance," but just 48% of believe this is the case (33% of salespeople and 15% of managers disagree; 19% of salespeople and 14% of sales managers have no opinion).

And while about one-third (32%) of salespeople say "the sales force games forecasting by submitting forecasts that are too high or too low," twice as many sales managers (64%) say forecasts are gamed by the sales force (59% of salespeople disagree, compared with 16% of sales management; salespeople and sales managers with no opinion are 9% and 20%, respectively). This suggests salespeople may overestimate management's confidence in their forecasting objectivity. Additionally, it may indicate managers are more apt to manipulate their own submitted forecasts than are salespeople. In either case, it's clear that managers are more cynical in their view of sales forecasting's objectivity and accuracy.

Reinforcing this view, most in the sales force disagree with the statement, "sales forecasting is waste of time." Just 26% of salespeople consider it so, far less than managers, 47% of whom consider forecasting a waste of time. (Fifty-nine percent of salespeople disagree that forecasting is a waste of time, compared with 38% of sales managers; salespeople and sales managers with no opinion are 15% and 17%, respectively).



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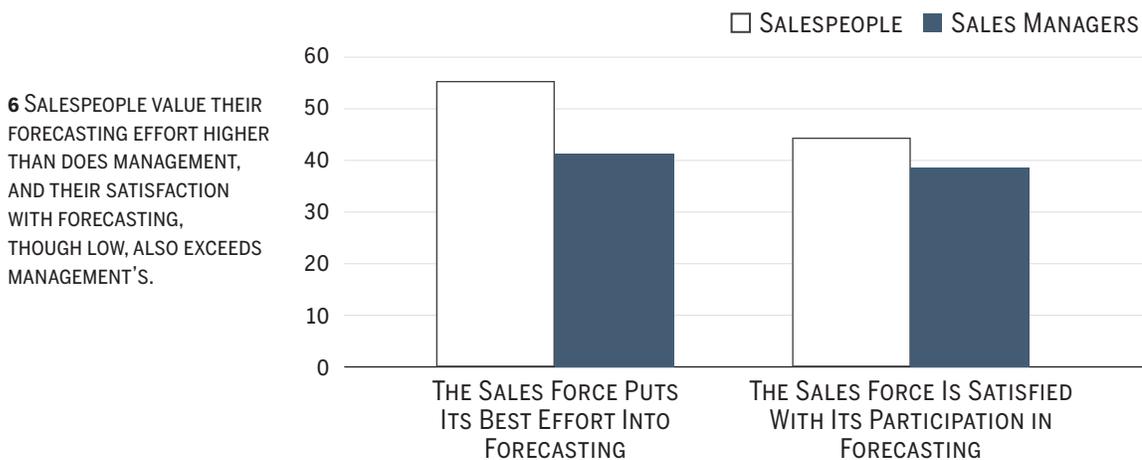
JUDGING SATISFACTION AND FORECASTING EFFORT

Similarly, salespeople are more positive in judging the sales force’s forecasting effort and in assessing the salesforce’s overall satisfaction with its forecasting participation. Sales managers are less positive in rating the sales force’s satisfaction with sales forecasting, or in assessing their forecasting effort.

Fifty-six percent of salespeople agree that “the sales force puts its best effort into sales forecasting,” compared with just 41% of sales managers (21% of salespeople and 49% of sales managers disagree; 29% of salespeople and 23% of sales managers have no opinion). And while overall satisfaction with forecasting is low, salespeople are more likely to be satisfied with their forecasting participation than are sales managers (44% of salespeople are satisfied, compared to 39% of sales managers; 27% of salespeople are dissatisfied, compared with 38% of sales managers; 29% of salespeople and 23% of sales managers have no opinion).

JUDGING SATISFACTION AND FORECASTING EFFORT

PERCENTAGE OF RESPONDENTS THAT AGREE



6 SALESPEOPLE VALUE THEIR FORECASTING EFFORT HIGHER THAN DOES MANAGEMENT, AND THEIR SATISFACTION WITH FORECASTING, THOUGH LOW, ALSO EXCEEDS MANAGEMENT’S.



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RESEARCH UNDERWRITING

This research was made possible in part through underwriting support from Tableau.



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