Salesforce Forecasting:

Build a Revenue Forecasting Machine

Sales forecasting is the process of estimating the amount of sales an organization can anticipate within a specific timeframe. Over time, sales forecasting has become synonymous with Salesforce, a leading customer relationship management (CRM) platform that has helped more than 150,000 companies streamline and enhance their sales operations since 1999.

Salesforce is the go-to software for sales teams for a reason: It's an outstanding sales tool.

And yet for companies that have revenue coming in over time through bookings or subscriptions, getting the right insights from Salesforce can be a challenge for their financial planning & analysis and sales operations teams.

Most revenue forecasting happens in massive, unwieldy, time-consuming, and error-prone spreadsheets, leaving a huge gap in the value of this software investment.

These things are possible — right now, with no IT intervention. **When you pair sales forecasting tools from Salesforce with revVana, your business can track company-wide sales progression, set company targets, manage sales and revenue forecasts all from one place.**

Now is the time to extend the benefits of Salesforce. From pipeline and best case forecasting categories to qualitative or time series analysis and projection forecasting techniques, expanding the capabilities of this software investment delivers more than improved ROI — it gives you decision-making superpowers.

Here is how to build a revenue forecasting machine with Salesforce, complete with helpful tips to extract more value from your investment with revVana.

Why Salesforce is a Powerful Tool for Sales Teams?

Salesforce is an outstanding tool for sales teams.

They've set the bar for CRM Applications right out of the box — and with an entire AppExchange market with solutions to extend its capabilities, Salesforce is a force to be reckoned with.

With countless capabilities, Salesforce helps increase company success by allowing sales teams to conduct robust sales forecasting, manage both current clients and potential leads, and track customer behavior to help create a more targeted and successful sales approach.

Altogether, Salesforce helps sales teams predict both short-term and long-term performance to make informed business decisions that benefit the organization as a whole.

What is Sales Forecasting in Salesforce?

In Salesforce, sales forecasting is a tool that allows sales teams to create estimates of future sales revenue using different variables such as current pipeline data and a company's historical sales data.

The details that are provided by Salesforce's sales forecasting helps sales teams establish team quotas to help and continuously track sales progress in order to reach company goals.

What are typical Forecast Categories in Salesforce?

There are four types of sales forecasts categories that are commonly used on Salesforce: **Pipeline, Best Case, Commit, and Closed**.

Salesforce's forecast categories are used to classify the type of sales opportunity based on a sales team's level of confidence that they successfully land the sale.

When conducting sales forecasting on Salesforce, reports can reflect leads from one or multiple forecast opportunities.

The native Salesforce Sales Cloud forecasts page also features granular data control that allows you to generate reports based on role hierarchy, forecast currency, and more.

▶ **Here's a breakdown of each forecast category:**

Pipeline

1 **Leads who are in the early stages and require additional development to convert into a successful sale.**

Best Case

2 **Leads who are fully qualified and have a close plan, but require a bit more work to advance the opportunity.**

Commit

3 **Leads with an executed close plan and confidence of success, but still have a chance of failure under certain circumstances.**

Closed

4 **Leads who have been successfully converted into sales and require no further effort to secure the deal.**

How Do You Perform Revenue Forecasting in Salesforce?

Salesforce allows for customizable forecasting, in which users can create custom fields, change their forecast settings, or customize forecast categories as needed. The native Salesforce Sales Cloud forecasts page highlights forecast amounts based on the totals and subtotal of the above opportunity stages.

But how do these sales forecasts translate to revenue forecasts?

Typically, the answer would be for a sales manager or revenue forecasting team to manually create revenue forecasts and reports — but reader be warned, these processes are prone to human error that can impact your business.

This is where a cloud-based integration like revVana comes into play. With [revVana Salesforce Revenue Forecasting](), organizations can instantly translate forecasts in the pipeline and closed opportunities into forecasts of revenue streams.

Take the robust features Salesforce offers for sales forecasting and turn them into a revenue forecasting machine for your sales and finance organizations. Create forecasts at any sales level via your CRM data, and set rules to automate this process to ensure your data is always fresh.

No more inaccuracies, just constant revenue streams.

Who Uses Salesforce Forecasting?

Across the board, thousands of companies from dozens of industries are using Salesforce to conduct sales forecasting. However, its features are typically pushed to the very limit of what they can do.

Salesforce was never positioned as a financial analysis application — BUT — it houses data critical to the revenue forecasting process. In this sense, it is a data management tool as well. Yet, because it wasn't designed for this purpose, there are limitations on how you can manage the data within it.

Finance/FP&A and Sales Operations teams usually extract sales data from Salesforce, but there are limitations on how they can manipulate the data inside the tool.

Most teams use Excel for this purpose. They extract the sales data out of Salesforce, add and remove what they must to make it as close to business reality as they can, then perform complex calculations to produce revenue forecasts. It's a cumbersome process, and it takes a huge amount of time — which is one of the reasons why revenue forecasts are often so far from accurate.

By the time the forecast is complete, the data they pulled from Salesforce is stale. There was or is no way to account for changes in deals or changes in the pipeline.

Most organizations have no way to manage run rate, bookings data unrelated to Opportunities, or really any sales data outside of the standard sales process (e.g. from indirect channels) in Salesforce. So Finance and FP&A teams have to pull this additional booking data into their spreadsheets from other sources.

In other words, while Salesforce is an outstanding tool for the sales team, it is not a single source of truth for sales data for businesses that have complex bookings or volatile run rate revenue.

Extending the Value of Salesforce to Your Entire Organization

Organizations are paying for Salesforce as a sales tool — but the truth of the matter is that Sales isn't the only team using it. It's also being used by Finance/FP&A and Sales Operations for revenue forecasting and planning, beyond its capabilities.

When an organization buys software with the understanding that it will be cross-functional, they demand that it perform well for each functional area.

Salesforce is not always adopted as a cross-functional tool, so most organizations don't expect much beyond the sales, marketing, and service-focused capabilities. But with a few tweaks, it can be so much more valuable to the entire company — valuable both as a tool and as a means to identify revenue in the pipeline and its impact on top-line financials.

4 Ways to Extract More Value From Salesforce

Salesforce can be a more powerful tool for the entire organization. But with limited capabilities around revenue schedules, Salesforce is usually not leveraged for revenue visibility and forecasting.

Until now.

Here are four ways to boost the value of this powerful software so every team — and the organization as a whole — gets more use out of it.

01

Align Salesforce With the Revenue Forecasting Process

Sales and Finance are notoriously siloed. Salesforce typically isn't used to provide Sales Operations and FP&A teams visibility into what revenue will look like over time, or how it changes when deals change.

For companies that have revenue coming in over time through bookings, order fulfillments, or subscriptions, this causes critical revenue visibility issues. In fact, there's no automated way to see how pipeline, run rate revenue, and bookings revenue are linked.

So, it's no wonder that the data produced by and extracted from Salesforce, the primary sales tool, doesn't usually align with the finance team's planning processes.

If Sales Operations wanted to find out, for example, how much revenue to expect monthly from the existing contracted base this fiscal year specifically, or how much higher that revenue would be if the sales team closed everything they committed in their pipeline, most organizations have no easy way to get that information in Salesforce.

The most straightforward way to solve this problem is to get sales teams, sales operations teams, and financial teams in the same room — and on the same page.

For this meeting of the minds, the sales team should come prepared to explain their rationale behind the sales stages they have defined.

This will give Sales Operations and Finance/FP&A insight into how Sales expects deals to progress, and they can better anticipate how those stages align with how revenue rolls out.

From here, Finance and FP&A can apply the same planning methodology for all deals in specific stages. This turns Salesforce into a more valuable source of revenue information and can make revenue forecasts more accurate overall.

Most importantly, this brings Sales and Finance into alignment, which can help the company respond more rapidly to market changes.

Though the alignment of Sales and Finance has daily operational benefits, it's this greater agility in the marketplace that can be most impactful on overall business growth.

A recent Aberdeen study drives this home: The top challenge in planning reported by participants was "Market volatility creates the need to dynamically account for change" at 49%, followed not even closely by "Poor communication, coordination, and collaboration" at 29%.

To simplify this process and move forecasts out of painful, time-consuming, manual spreadsheet calculations, revVana enables you to build and configure finance rules directly into Salesforce and generate sophisticated revenue plans without having to export the data.

49%

Market volatility creates the need to dynamically account for change

29%

Poor communication, coordination, and collaboration

This allows Finance and FP&A to produce revenue forecasts with their preferred structure, based on the products, services, and accounts they select, all inside Salesforce. Or they can export the data from Salesforce with more granular rules, so the calculations are done automatically, and before the data hits the spreadsheet.

02

Identify Revenue in the Pipeline Through Automation

It is possible to do sales forecasting in Salesforce, but the insight revenue planning teams can glean from it is limited. These forecasts will tell an organization what deals are closing, but it doesn't help them anticipate changes or see what the revenue looks like over time.

In reality, most organizations only plan revenue streams for their big deals. The smaller deals are typically summed up and discounted at 50% for revenue forecasting purposes. As a result, in our experience, organizations aren't accounting for up to 80% of their pipeline.

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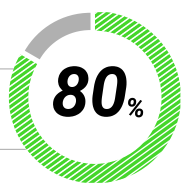


When Finance or FP&A uses this flawed data for revenue forecasting, it can cause huge problems. Companies make critical decisions based on revenue forecasts, sales managers set targets based on them, and leaders base quarterly earnings numbers on them.

Inaccurate revenue forecasts lead to planning mistakes and financial reporting gaps that can be hard to come back from.

So, it's no wonder why bringing revenue forecasting inside Salesforce with an add-on app has many benefits.

> **Revenue forecasts are dynamically updated when pipeline is changing, right inside Salesforce.**

> **In addition to having easier access to the data Sales is creating, finance and operations teams can manipulate the data so it more accurately reflects the reality of the business.**

> **It enables finance teams to see what revenue will look like over a specific time period, with flexible and granular views of the data.**

> **Because it's based on real-time data — not stale or expired data — the insights are more useful and immediately actionable for**

revVana Plan automatically generates revenue forecasts from the pipeline in Salesforce based on finance rules. Once the finance rules are set, just maintain opportunities in Salesforce and Finance/FP&A can forecast and re-forecast revenue instantly, with real-time sales data, as often as they like. Revenue forecasts dynamically adjust with changes in opportunities, and they can be modified even after an opportunity closes.

Finally, revVana also does something no other software on the market can do: It enables you to identify revenue in the pipeline. revVana gives organizations a 360-degree view of their revenue with a click.

A PwC finance benchmark study found that top-performing organizations spend 20% more time on analysis versus data gathering — and top performers are able to run at 36% lower cost. Imagine the possibilities when both data gathering and analysis are automated.

03

Track Revenue Changes Inside Salesforce

Change is the only constant when it comes to sales bookings. Deals slip, commitments change in size or date — and the traditional way of tracking these changes (if they're being tracked at all) is in massive, time-consuming spreadsheets.

When Finance or FP&A uses these spreadsheets for revenue forecasting, it can cause huge problems. Companies make critical decisions based on revenue forecasts, sales managers set targets based on them, and leaders base quarterly earnings numbers on them.

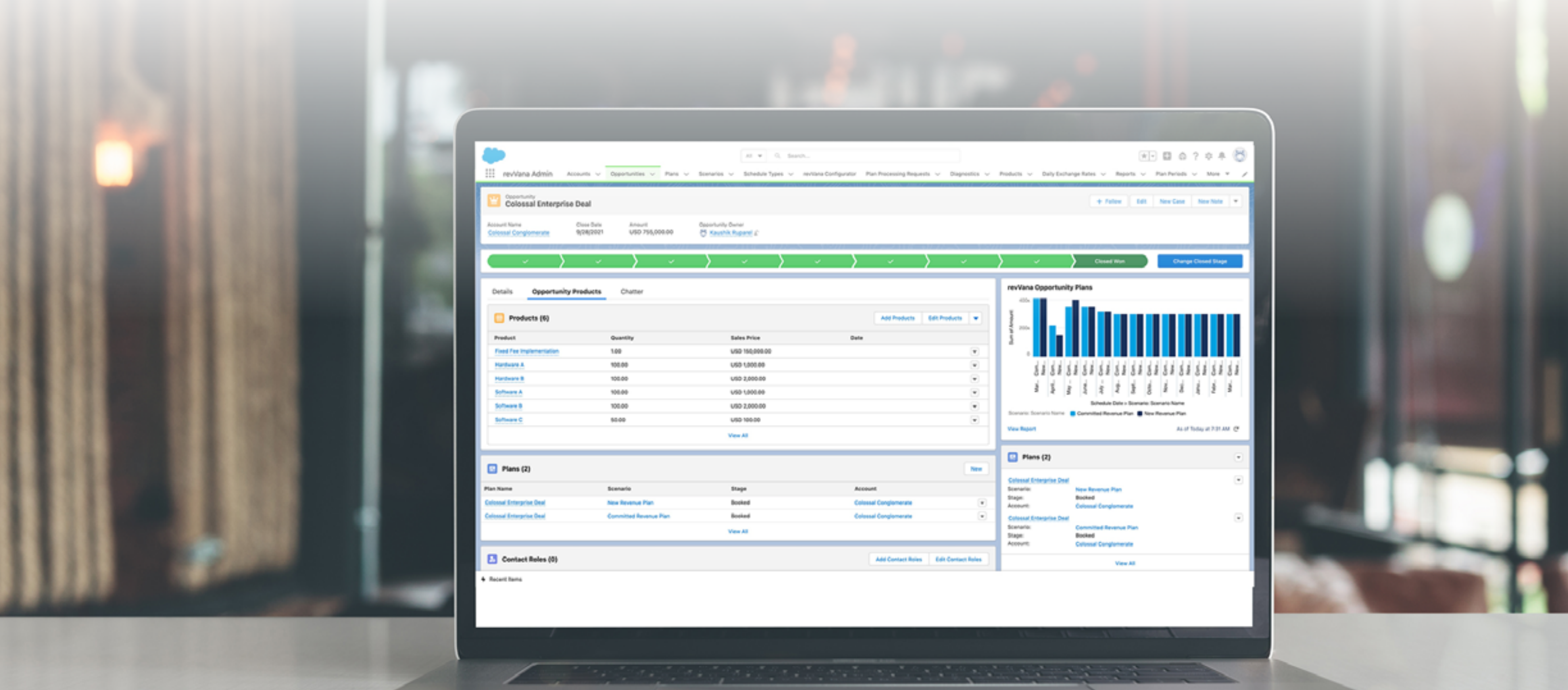
Inaccurate revenue forecasts lead to planning mistakes and financial reporting gaps that can be hard to come back from.

Besides limiting the visibility of this data to the teams that need it most — specifically Sales Operations and Finance/FP&A — this requires additional work from the sales team.

The sales team is already spending their time in Salesforce, so, why not track changes in bookings and account run rate forecasts there, too? This feature can be added easily to Salesforce Sales Cloud with an app like revVana Plan.

CSO Insights reports that quota attainment currently sits at an average of 57%. There are top-line benefits to keeping sales teams out of clunky, error-prone spreadsheets and, instead, keeping them focused on selling.

Tracking changes in sales commitments and revenue changes post-deal-close inside Salesforce is a better, more effective way for customer-facing teams to manage this activity. It keeps Sales focused where they have the most impact: On the sales process, in the sales tool.



revVana

04

Give the Sales Teams More Visibility to Revenue in Salesforce

Sales and Finance have vastly different requirements for how they view sales data, and the silo walls between Sales and Finance in most companies eliminates the feedback loop.

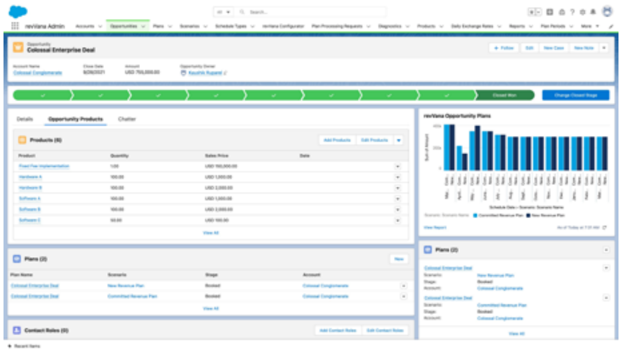
Giving Finance insight into sales data can improve planning, but giving Sales insight into revenue data has huge benefits, too.

When Sales has the ability to compare and measure actual revenue attainment to booked deals, they can gain insight that:

- **Gives them a better understanding of how bookings relate to their quota and revenue targets**
- **Enables them to take more responsibility for revenue created**
- **Empowers them to proactively address issues with customers**
- **Keeps them better aligned with company goals**

Managing account facing teams in this way gives them visibility to the direct correlation between revenue growth and active account management. Revenue visibility is powerful for Finance/FP&A and Sales Operations teams — but it can be equally as powerful for the sales team.

Salesforce with AppExchange applications like revVana can help create a two-way Sales and Finance exchange of valuable insight for the organization.



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