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## The Imperative for Sales Planning

### Managing sales performance seems to be simple. Why isn't it? And what's missing from the portfolio of processes used today?



To reach the best possible outcomes, sales leaders must be able to govern and optimize the processes they rely on; meeting this challenge is the essence of sales performance. However, those leading and working in sales must cope with myriad often disconnected processes. Establishing sales territories, accounts and quotas that work requires both access to historical data and information about projected targets, but bringing this data together in a form that can support planning efforts can involve significant work. Our benchmark research into sales analytics finds that scattered sales information is the most substantial impediment in more than half (52%) of organizations. This issue challenges sales operations, hinders sales effectiveness and is motivating new investments in technology.

### Why is it important for sales leadership to be actively engaged in sales planning?



While it's common for sales teams to assess and update the sales plan on a weekly basis, much of this time often is spent gathering and assembling data rather than on the actual planning process. Almost half (48%) of the organizations participating in our research indicated that preparing sales data for analysis is the most time-consuming part of sales planning. Inefficiencies such as this stymie effective planning, which requires being able to integrate sales data from a variety of environments.

It's critical that sales leadership be able to update the plan as needed. But visibility into sales performance is a broader issue for an organization. For example, it's essential that finance and operations executives be able to understand sales projections and the data that underlies them so they can plan for their units appropriately as well as provide feedback and guidance on any issues or opportunities the forecasts may raise for the organization. And requests for executive support and collaboration across the organization work far better when they're accompanied by visibility. The days of PowerPoint presentations and spreadsheets are over, as these tools severely limit efficient and effective collaboration and the overall potential of the sales organization.



## Is collaboration with Finance and Operations really all that important in sales planning? Why?



In sales planning, working closely with the finance and operations units has become a key ingredient for success. In a well-functioning organization Finance's interest goes far beyond efficiently processing incentives. Having visibility into revenue targets and profitability enables it to provide guidance on the application of SPIFs based on the margin performance or the carrying cost of inventory of specific products. Also, when Finance can access the details of recruiting, hiring, onboarding and ramp times it is in a better position to provide guidance on headcount adjustments to ensure that revenue targets can be achieved. And when Sales collaborates with operational leadership on the impact of the sales plan, the organization is better positioned to deliver products and services on schedule and can better understand where additional resources might be needed for customer or field service. Ultimately, this collaboration will lead to increased customer satisfaction, which is essential for effective sales performance.

## How does the management of sales planning impact sales performance?



While most sales organizations do some form of sales planning, many are focused primarily on territory and quota performance and the incentives related to compensation plans. Unfortunately, organizations don't always consider sales team dynamics. For example, when an individual leaves the sales organization, whether expectedly or unexpectedly, we often see a reactive ad-hoc response. Hiring managers scramble to find a replacement and rush to ramp into the position a new sales team member as skilled in the specific selling experience as his or her predecessor was.

That's an inefficient way to proceed, and one that's unnecessary as well. Most in sales leadership do not realize that they can address resource planning for sales headcount more systematically by using historical team turnover information. With a sales headcount plan in place that is aligned to the revenue plan, the sales organization can be better prepared to take on territories and achieve quotas. Supported by the right level of planning, a confident sales leadership team will be able to focus on sales strategies and avoid the reactive dynamics that unfortunately are all too common in the sales organization.

## What are the obstacles to effective sales planning?



To be best-in-class, a sales organization must have the right sales planning processes, but that is only one of the keys to success. As I pointed out earlier, gathering and assembling data for analytics has always been a challenge. The pervasive and siloed use of spreadsheets and presentations has created more work and undercut the agility and efficiency needed for an effective sales organization. Our research finds almost two-thirds (63%) of sales organizations reporting that reliance on spreadsheets negatively impacts the management of sales analytics. Reliance on personal productivity tools is an enemy to effective planning. A coherent, integrated approach eliminates many of these obstacles, enabling sales organizations to collaborate on growth, boost performance and achieve the best possible outcomes.



## What's wrong with using just sales analytics dashboards to manage sales performance?



Analytics have helped sales organizations in many ways, enabling them to create metrics and present the data in easy-to-understand visualizations. In fact, dashboards have become a common part of almost every process and application used in the sales organization. But while they can be helpful in delivering some sales information, they are less effective in helping guide future actions. Most dashboards reflect past sales performance but do little to support forward-looking planning based on analytics. However, dedicated tools and applications designed for sales planning and performance can help organizations overcome the limitations of traditional sales tools.

## Why has planning become a required component of sales performance management?



Sales planning is something that every sales organization does, but not always in a unified way or with the right approach. Sales leaders must address what is being planned, of course, but must do that in the context of appropriate collaboration and the environment of the right technology. Effective sales performance management requires clearly articulated and commonly shared goals. And this requires the right planning environment, one that brings together organizational leadership and operations with sales managers and sales professionals so they can work together efficiently.

## What are the next steps for sales organizations to take if they want to instrument effective sales planning?



There are three steps your organization should take to achieve effective sales planning. One is simple, and two are complex. The first step can be accomplished in short order: Assess how you perform sales planning and determine the latency and impact of accessing up-to-date sales plans. The second step is to consider what technology will help your sales organization. Seek to map disparate sets of tools, historical data and projections related to sales performance in a unified, systematic and continuous manner. Finally, move to unify the entire sales organization with a common sales planning environment that helps provide insights and guidance on achieving quotas. Also, involving Finance and Operations in the strategic and tactical sales planning can facilitate a better understanding of—and more organizational support for—your sales objectives. These three steps will help your organization achieve its full potential in sales planning.



### **Mark Smith - CEO and Chief Research Officer, Ventana Research**

Mark Smith is the CEO and Chief Research Officer of Ventana Research and drives the company's global research agenda. Mark is an expert in enterprise software and business technology innovations including the business areas of customer experience, sales and marketing. Mark covers the digital technology innovation areas of artificial intelligence, business analytics, big data, bots and natural language processing, collaboration, Internet of Things, mobile technology and wearable computing.