Running a successful business requires timely answers to critical questions. Many such questions — for departments such as sales, distribution and operations — can be answered with a single, accurate sales forecast.

After all, companies face the same questions every month. What’s this month’s sales number? How are we tracking the number? How confident are we of its validity? What number do we really think we’ll hit? How well can we make business decisions based on this number? But without real-time forecasting data that’s easy to access and analyze, it’s increasingly difficult to answer these questions.

NetSuite gives you the ability to run accurate, up-to-the-second sales forecasts, which let you address your most pressing business questions. As a result, you can manage your data — and your business — with greater confidence.
Importance of Reliable Sales Forecasting
Growing your business is a tremendous challenge. But an even greater challenge may be managing operations to support your personnel and financial capital commitments. And without accurate sales forecasting, you may find yourself unprepared. For example, the closing of a large and unexpected deal, or the reversal of an expected deal, can disrupt all your operations, including your ability to provide anticipated services and products, or to meet your cash flow needs. Inaccurate sales forecasts can also negatively impact relationships with customers, partners and suppliers.

Unreliable sales forecasts also compromise the accuracy of financial forecasts, which are critical to investors, partners, and ultimately, customers. Businesses that can predict their sales more accurately are considered more stable companies, better partners and superior vendors. Additionally, in today's competitive market, tight margins require advance planning. How else can you anticipate marketing, production and service levels that will meet both high and low customer demand? Without accurate planning, companies — including service providers to distributors, sellers to businesses, or to consumers — will incur additional costs. But reliable sales forecasting guards against unnecessary costs, minimizing the impact of unexpected events and giving you greater insight into your true sales activity.

The Need for Diverse Forecasting Techniques
Within small to medium businesses, forecasting has traditionally been handled by the sales organization, which uses spreadsheets to document the results. And estimates are often based on the sales representative's intuition, or "gut feel."

But is that the best way to generate an accurate forecast? Many companies find that it's not. Instead, accurate forecasting must rely on three critical forecasting techniques: calculated forecast, the sales person's "gut feel," and the number of actual orders in the order management system. Multiple checks and balances — and multiple inputs — will also increase the reliability of the forecast.

For example, companies need a comprehensive report of each sales person's opportunities, quotes and orders. Statistical models (usually based on the maturity of the deal, as well as your company's typical deal history) can be used to predict the outcome of each deal. Weighing the sales opportunity, along with a probability-to-close statistic, results in the calculated forecast.

Equally important to statistical predictors is the sales person's "gut feel." In a strong forecasting model, this experience-based prediction must influence the analytical segment — but without compromising the quantitative data. Yet many software packages offer only rigid methodologies that use statistical data, but exclude the vital, intuitive component.

A third key component is the number of actual orders, which includes current as well as future, recurring orders. In many companies, however, order data resides in isolated order management systems, making it difficult to process it as part of an accurate sales forecast.

Along with these three key metrics — calculated forecast, the "gut feel," and actual orders — sales managers must also be able to drill down into forecast results. Managers need to evaluate the details of each deal, as well as assess the individual contributions of each sales person.

How Accurate Forecasting Benefits High Wire Networks
Over the past two years, High Wire Networks has grown by 300 percent. Working closely with major carriers, value-added resellers, and communications services distributors, High Wire Networks installs and maintains voice and data systems and structured cabling nationwide. Because of the complexity of its business, High Wire Networks evaluates each aspect of its operations to determine the most efficient use of both human and capital resources.

In the past, High Wire Networks managed without any formal forecasting, as it was selling deals and doing "just-in-time" staffing for its contracts. But that method presented significant problems, says Mark Porter, President and COO of High Wire Networks. "A lot of small and midsized companies project their sales based on history. We just couldn’t grow the business in a smart way by doing that. A swing of $1.8 million is equivalent to 40 technicians, full time, for a month.”

Today, by using NetSuite, sales personnel are able to identify qualified leads with a best and worst-case range. Each lead is processed and re-evaluated in order to pinpoint the most precise number within that range. Plus, sales managers can track this information in real time, using NetSuite's Sales Management Portlet. The result is more accurate estimates, which are used to predict the resources needed for the next quarter.

“You can’t do any significant planning when your forecasting is off, either high or low,” says Porter. “With NetSuite's forecasting...
capabilities, we can finally link our financial picture to our business plan in order to grow more cost effectively.

Forrester Research Identifies Top Forecasting Functionality
A recent report from Forrester Research also points out NetSuite’s leadership in this area. “NetSuite leads the field in forecasting with a detailed audit trail, support for revenue-based and product-based quotas and forecasts, and multiple ways of looking at a forecast, such as expected value, best case, and pipeline,” according to the Forrester Research Hosted Sales Force Automation (SFA) TechRankings™ Study (January, 2005).

Ranging from the basic to the advanced, NetSuite’s forecasting tools address the needs of small and midsized businesses. With reality-based sales information, forecasts are more dependable, and hence, more useful to your business. NetSuite makes accurate sales forecasting possible with its single, integrated enterprise architecture. With NetSuite, users can finally share data across departments. Additionally, they can easily view the data via customizable role-based Dashboards, which deliver key performance indicators (KPIs) in real time.

Triangulated Forecasting
Inside your company, it’s essential to run accurate forecasts so as to achieve better operational foresight. Outside your company, you must set expectations with investors, customers, and the market.

NetSuite’s Advanced Forecasting enables more accurate forecasting with a system of checks and balances that triangulates the sales forecast, presenting it in a single, real-time Dashboard view. The three key metrics in the triangulated forecast are:

- **Calculated forecast**
- **“Mood ring” forecast**
- **Actual orders**

NetSuite vastly improves the reliability of your sales forecast, giving you the foresight to manage your operations. With NetSuite, you maintain the integrity of your forecasting process from start to finish. Plus, sales executives can access the original estimates, adjustments, ranges and overrides any time through the Sales Management Portlet.

Mood Ring Forecast
The “mood ring” forecast is based on the sales person’s intuition. This forecast can override the calculated forecast, but without linking it to a specific opportunity, thereby leaving the original forecasts intact. At each level of management, executives can add their own “mood ring” adjustments. This capability can correct over- or under-forecasting by sales people. And like the calculated forecast, the “mood ring” forecast can be applied to the three forecast levels. Moreover, the sales manager can commit his or her team to a forecast number for each level by using the Sales Manager Forecast Editor.
Actual Sales
NetSuite automatically tracks actual sales through its integrated order management functionality. Closed sales and recurring revenues are automatically included in the forecast for a reality-based view of what has closed and what is likely to close. NetSuite is the first and only company to offer such a capability. In fact, the few forecasting systems that incorporate closed sales do not address recurring or “most likely” sales that are already recorded in order management, essentially ignoring critical forecasting data.

Forecast Dashboard and Reporting
The Forecast Dashboard contains information and tools for sales representatives and managers to report, review and update sales forecasts. Users can view everything from the smallest to biggest detail—anything from opportunity per sales representative to the overall sales forecast.

The Sales Management Portlet within the Forecast Dashboard shows a single, hierarchical view of the sales organization. It also lets users view detailed and summary data. From a single location, sales people can easily drill down to the real-time details, simplifying a process that would typically require multiple spreadsheets and different computing systems. Flexible, user-friendly views, in turn, promote adoption of the system as well as a successful sales environment.

A host of KPIs gives users insight into key data, such as open opportunities, opportunities won, opportunities lost, comparisons of pipeline, forecast and quota information. And since NetSuite is pre-integrated, sales based on orders can easily be compared with sales based on invoices. As a result, this information aligns to bottom-line revenues.

Report snapshots, which are summaries in graphical or list format, show the status of open deals. So you can always take the right actions at the right time. Examples of snapshots include: top deals outstanding in the period, top customers, and best — and worst performing sales representative.

With NetSuite, you can use packaged or custom-built reports. Packaged reports include: sales by sales representative according to sales period; forecast compared to quota or to actual orders; forecast by sales person according to class, department, location; forecast by item, product or service; sales pipeline projected and weighted by sales representative; pipeline by status according to sales period; open and closed opportunities; and won and lost opportunities.

Summary
Inaccurate sales forecasts can cost companies millions in terms of expenses, earnings and credibility. That’s why, in today’s competitive environment, there’s no room for planning or forecasting errors.

To address the needs of small and midsized businesses, NetSuite offers Advanced Forecasting. It provides a reality-based forecasting process, which is triangulated between three important metrics. Armed with the calculated forecast, the “mood ring” forecast, and actual orders, your company can achieve better planning and greater success. Additionally, NetSuite’s Dashboard gives sales managers access to real-time forecasting data, enabling them to lead their teams more successfully. NetSuite is the first and only company to provide you the comprehensive tools and information that drive better results and higher profits now and in the future.

Contact NetSuite
To schedule a demo or free trial of NetSuite, please contact us at 1-877- NETSUITE or www.netsuite.com.