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Class 3
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Class 4
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Class 1
Hi! Everyone! Welcome! Welcome!
I will give you all a moment to get connected to Audio. Get comfortable situated.
We are at Kickoff Day.
Hi, everyone! I see some familiar faces.
How are y'all feeling today? I hope you're doing good.
It is Friday, Eve, right?
Alright! Welcome. Everyone I know I have met, or at least virtually met, some of you before. But if not, my name is Alison, I will be hosting, facilitating today's class. So I am your point person to answer any questions. Let me know. You can send me a message in the zoom chat. You can message me on slack. I'm here to help in any way
but welcome, so excited for the first class of our mid year forecasting. Can you all take a moment to drop in the zoom chat where you're calling in from, and your linkedin handle. If you'd like to share, we'd love to get a grasp on where you are from. I know we have global members, which is super excited.
Alright, I'll give everyone another moment. But while you're getting comfortable I have brief housekeeping. I promise it won't be too much. But I just want to remind you that in order to earn your certificate of completion, 100 attendance is required, but not to where you can always watch the recordings. If you are unable to join a live session, I will upload them into the Chamo and make an announcement in slack and email. When they are ready they will be available the same day as the live class.
But if you do have any, follow up questions related to that. Send me a message.
If you are willing, enable please feel free to turn your cameras on today. We would love to see your faces, and we highly welcome engagement. You can raise your zoom hand, or you can send questions, comments in the chat. I will be monitoring them. And, like I said, we? We definitely want to have some natural conversation today, so feel free to share your thoughts. Don't hold back
alright. Let's get into the good stuff. I'm sorry to such a mouthful. But today our instructor, Stephanie Valenti, and special guest, Mike Simmons, will lead us in a discussion on 2024 annual forecast review. Let's get into it. Welcome, Mike, welcome, Stephanie.
Thank you. Happy to be here excited to have you all here. We're at 62 now. There are over 250 people registered for this course. So it is going to be a lot of faces, a lot of voices. We should have a whole lot of fun.
Alright, are we ready? Are we ready? We've got. We're at 4 min past. Let's go ahead and dive in Just 1 s. Here, I'm gonna share my screen and we'll get started. So that you know it is a huge storm here in Dallas right now. That's where I'm calling from. And my dogs are terrified. So they're going to occasionally bark. I apologize in advance. But but you're probably going to hear

them randomly. They just hate thunder! It's a this. I don't know what they think is gonna happen to them, but they hate it.
So as as Alison mentioned, my name is Stephanie Valenti. I am your class instructor, facilitator. For the forecasting annual planning in review. Course. A little bit about me. If if we haven't met or connected. I grew up in B Twob. Sales started in Fortune 100 spent about 8 years there. That was a non sas. There wasn't much saas when I got
started but it was in nonsense. It was in more programmatic type sales, but was B twob, I got my first executive role
as an Svp of global sales for a product based business. So think, forecasting standpoint. You're looking at one time large purse purchase and transactional mostly B 2 B. There went into a chief operating officer role, so left my sales and marketing hat behind for a little while to go learn and lead finance, manufacturing customer service. Hr. So I understood the
other side of the house, then bounced back. Because, you know, revenue leader once always a revenue leader. And so took a Cr role where I was leading a services organization. So again, different type of of go to market, and revenue model but running marketing sales, client delivery Revs and product. I then moved into a more president role as an interim to help an organization scale, which was in A B to C standpoint. And now today I can't tell you until next week. But I have signed an offer and the only thing I will say is, I am going back to Big Business.
and it is in Sas. That's the only tips I can give big Sas business, so I'll be able to share as early as next week.
Alright. Our guest speaker today is Mike Mike. If you wanna say Hello.
Hello!
Intro of your background. That would be awesome.
Yeah,
not all that dissimilar from Stephanie, I so I I was in Ops at Ups for a long time loading, unloading, then leading teams, doing all of that kind of stuff did that until I got into tech early stage tech enablement tech specifically e-learning before people really knew what e-learning was back in the early 2 thousands. And the thing that's unique about me is I always keep going smaller, like I've go from a large company of a couple of 100,000 people at Ups to
very small company in smart force. That was about 1,200 people. When I started there to an even smaller company in O'reilly Media a part of a startup
joint venture that they had with Pearson back in 2,008. I joined that company. I was employee 57 there and then in 2,000 and
15, took the plunge and started my own company. With a co-founder where. So now we start with 2 people and then built from there. I live in Arizona. I have an 18 year old and a 21 year old who are just getting out of the house, and I'm realizing that I am still supporting now. I am now supporting 4 adults so, working on disconnecting that
I have a whiteboard, I'm not afraid to use it. I share a lot of this content. A lot of the stuff that we're talking. We'll talk through today. You can see, via my Linkedin profile on Youtube. I am focused on helping people simplify.
create clarity so that they can focus on the work that needs to be done and get that done in the right order. And I think we tend to complicate things because there's so much stuff that we have to work through. So I am really excited to be here and talk about some of the pains of reforecasting. So, Stephanie, thank you.

Awesome. Yeah, absolutely. All right.
So this is the course curriculum. As you know, you have signed up for 6 glorious
hours of reforecasting content. Today, we are going to be doing the 2024 annual plan in review. So it is going to feel high level today, it's gonna feel problem solving. It's gonna feel strategic, right? But as we go into course 2, we're gonna get really tactical. We're gonna bring out the spreadsheets. We're gonna talk about
your businesses. We're gonna bring some people into. We have a guest speaker, Justin, dustin juiced is gonna be on that one. But we're gonna get into formulas. Okay? So that's when we'll get tactical. Then we're gonna dive into qualitative importance and really talk about what are the things outside of the numbers that you should be discussing, and then we'll go. How the heck do you roll this out mid year?
Right? How the heck are you gonna get this out to the team. What's the right way? Do you change comp plans, do you not? What are the things that you should be doing? So it is a full course load.
Here's what we're gonna cover today. We're gonna talk about the components of annual planning. So what should have been done? We're gonna get an overview of revenue forecasting. We're gonna talk about why we are re forecasting what the heck happened right? And then we're gonna go into some problem, solving framework that talks about postmortem and pre mortim, and then a game plan for alignment. These 3 tools
are exactly where Mike's going to step in and support. So I'm going to be more giving you that overview of how should have we annual planned what went wrong? And how did we get here. So that is what is on the docket for the day.
This is what I need to know first, though, I need to know how deep. I need to go on some of these things. I've taught a lot of courses, so if you have taken my forecasting and Cr. O school, my rising execs, forecasting class, or the boot camp that happened back in October. That was also 6 h.
Please say yes, if not, say no. I need to know how deep I need to go on some of these concepts that will drive how this class goes today. So if you're going to answer any poll, make it this one. Give you each another 10 s or so.
Alright, the results are, and I'll go ahead and share. Thank you for participating.
Oh, wow! Okay, awesome. So that means most people have not. So I am going to make sure that I spend a good amount of time in this course, kind of doing a recap of what the heck should have happened in the annual plan. Right? So in all my other courses, I am going deep on. Okay, it's annual planning time. What are the things that we need to do? What do we need to look at? How do we need to think about it.
Annual planning in the right way. And so that that's what we're going to focus mostly on this course today. But those of you that have been in the course. It'll be a nice recap. And then, remember, Mike, stuff is new, so you will get value out of today, even if there is some repetitive nature on what you have learned from me in the past
last poll in this entire thing, right? Is what size company do you work for? This is going to help me talk about things in the way that they need to be discussed from a forecasting perspective. So if you can give me some insight here, too. That would be great.
Okay, fast. Let's go ahead and share.
Okay.

love it alright. So we are mostly in under 50. We've got a good sprinkle over 50 and a couple over that 500 million. So overall it looks like it's a good good wide scale. What I will say is, for the most part
a hundred 1 million and under a lot of these things are going to be very applicable to you. I would say. Over a hundred 1 million to over 5. Some of them are going to be incredibly applicable. But you have a much larger finance team that's working with you on forecasting. So there may be nuggets of greatness. But there's also just going to be some change in process and whatnot. So just hang on with me. But really, that 100 million and under is is this is the process that you're gonna you're gonna find the most value in.
So re-forecasting. The way I like to talk about forecasting in the annual plan is that is a guide to help businesses achieve outcomes.
Right? So you could come into a really small business and say, Hey, we don't know what we're gonna do this year like. Let's just give it a college try, right? Or you could say, I'm gonna take the little data that I have. And I am going to formulate something. And I'm gonna say, what am I gonna do in top line revenue this year? What are what is the money that I need to spend and what is going to be my income outcome?
Right? So if you don't have a map, you're probably not well planned on where the heck you're going to go.
But when you have to re-forecast, something happened right? So this beautiful map, and it was so thoughtful. And you did everything right, but all of a sudden you have a road close and a detour, and you can't go this way. Something happened right? Something happened in the business. And so today we're gonna talk about, how should have you planned? So is what happened a part of your poor process.
maybe right? Or was it something that was economically driven? Product? Launch problems? You name it. There are 1,000 things that could happen. But in general, if you are re-forecasting, something didn't go as planned.
What I'd like to do now is go through the components
of the annual plan. So we all are speaking the same language throughout the course.
When you think about annual planning, it generally includes 5 components.
You have your top line revenue. So I want you to think about this is as like you have top line revenue. You have your budget creation and planning.
right? So all the things that you're gonna spend money on.
you have. What do we want the Ebitda to be?
You have your goal planning Kpi creation, are you gonna track? How are we all rowing in the right direction and the same direction, and then a review of the business and go to market plans and an evaluation. That's what you're doing before you come in to your fiscal year. Right? You should be doing all these things
in this class.
or let me
how it works together. So top line revenue forecast.
minus all the stuff you're gonna spend right? Your cost of goods sold plus the budget for head count insurance costs all of those things equals your profit or your ebitda, right in a very simplistic layman's term. That is how it works together. Goal planning is your how Kpi creation is

your accountability and your business plan alignments to make sure that you're rowing in that same direction.
We're just talking about the top in this class. So I'm not going to talk about budget creation and planning with you. We're not going to talk about Evida and profitability. We're not going to go into goal planning and Kpi creation, or even review of the business plan for alignment.
We are just talking about top line revenue forecast and for those of you out there. So I'm gonna I'm gonna throw another little caveat. We're talking about top line revenue. But all of the methodologies we're really gonna dive into today today. Because and then throughout the entire course because we're revenue leaders. For the most part, we're gonna be talking about bookings.
So I'm messing with you even a little bit more. But this is all about. How do we, as sales leaders come up with what our bookings are, and then work with our Cfo to turn it into revenue because revenue is recognized
money right? That you can spend not necessarily the bookings that are coming in. So, to confuse you a little bit more, I'm going to use the word revenue because we're talking about it at the top. But in in general it is a bookings forecast. I just want to make sure. I clear that just in case we have Cfos on here. I don't want to get yelled at later.
Okay,
what happens if you get this wrong right? Budget is based on forecast. So what happens? Your profitability tanks?
So you come into the year you're like, we're gonna do this much in revenue. Therefore I'm gonna sign these contracts with these. This marketing retainer. And I'm gonna sign this contract with this technology company for enablement. And I'm gonna hire all these people. And all of a sudden you don't hit the top. And what happens? You still have those spend. And then profitability tanks. That's what causes.
Well, the layoffs right commission is based on revenue. So if it's not achievable, what happens? You start losing your people because they're not hitting their ote, and it's not possible
your team bonuses are aligned to profitability. Your team's frustrated right? Because they're not hitting their ote, and they're the people working the 14 h right to try to get stuff working in the background. And then, of course, what happens is the team needs to get together and re-forecast. So that's what we are talking about in this course.
What's causing the re-forecast? I could put a list together of a hundred 50 things right? One 150 things. But here are some pretty normal ones.
We hit new revenue, but we exceeded our churn percentage. Great job, new business acquisition. But we didn't keep our clients.
We spent more without the result. Our budget was high.
and we did not get the Roi that we predicted
we missed net, new acquisition, or maybe we had the number of Logos, but our assumptions from last year, on average contract value went down.
Our deal time is longer, and we didn't anticipate that for ramp
right? Our conversion rate is declined. Who knows? Right? But all of that deal data? Maybe it's changed.
Maybe we exceeded top line. So if you're in services. Maybe we crushed it, and now I can't service it

because I don't have the head count to manage it, because I have resourcing problems, and I can't get the right people or people are leaving, or they were overworked, because we've been told to do more with less.
Right? So now we've got problems. There the list goes on. There are a thousand reasons. Or were you not involved
in the forecasting? Or did you use the wrong methodology, or did the founder say, we're going to do 10 million, and I don't know how or why, but we're going to do it. And you built your plan that way.
So there are a thousand reasons here what is causing a re-forecast
another piece, just so that we're all on the same page. This could also be. We exceeded everything because we are badass.
and we like, we're way too cautious. And now we need to actually go and expect more. Right? So this could also be a positive problem. But no matter what, under or over being off of a forecast is not the way that you want to run a business, it's not about just hitting expectations. It's about ideal profitability and investments for the organization.
So here's what we're gonna go through. I said, I'm gonna do it fast and dirty because the stuff I'm about to go over with you at a high level usually takes an hour and a half right? So instead, I'm gonna give a summary of what the heck should have been done and completed in your annual forecast to do it right. What methodologies? How should have you looked at the business.
and then I'm going to give it to you. High level. What we can probably do, Alison. I don't know if I'm speaking out of turn, but we may be able to share
the larger course on this from the past, if you want to go and look at not reforecasting. But truly that beginning of the year type forecasting we may be able to get a past course for you to watch. I'll I'll validate that with the Laura, but that may be something we may be able to do so fast and dirty. Here we go.
Did you review quantitative and qualitative data?
So did you separate all the data coming into the beginning of the year, and look at your math. But also look at your art right? Quantitative and qualitative.
Did you look at historical data. Did you spend time looking at all of your unit economics? Did you pay attention to your sales, headcount your product trends conversion and deal data, top of funnel, volume, budgetary investment.
churn attrition, serviceable market review. That list could go on longer. But did you pay attention to the data that you have
those of you really quick, because I know someone's gonna ask me, those of you in that 0 to 5 million that maybe are. Gonna come on and say, I'm a startup. I don't have data, right? Because every course I teach
someone comes on and says that you have more data than you think you have Google sheets right? And you know you can ask your, you know, founding ae, or even yourself, to track. How many discovery calls? Did I go on? How many went to pricing? How many did I close? What's the average deal size? That's data, right? So everyone has data and everyone has it. It just may not be as pretty in a dashboard, right, or any, or in tableau. Right? But you have. You do have some data

from an art, perspective, executive insight. The executives on your team are, are, have communities like this?
They have people. They can ask. They can look at competitors, they can meet with consultants. What are the things that they're hearing in the market? And how are you taking that account when you're building your forecast for the year? Industry trends, surveys from your actual clock, current client, base, new product, anticipation, economic environment, past historical team performance, gut review, competitive review. And are you getting executive? Buy in
what I see. Here is math, right? So when people make mistakes.
they're 100 math. They don't do the art, and that's not the right way to forecast. You have to do 50, 50, and people will fight with me on this. Not 75, 25. No, no, no, like. It's 50 50. Right? You need to spend the same amount of time you spend on the data on that art piece. We're gonna talk a lot about that. In course. 3. The qualitative importance. How do you do it? What should you be looking at? How do you get the executive team buy in, etc?
Did you separate your new and existing business. I've seen this way too often. Right? We're putting all of the business in one chunk and say, we do this much. We did this much business this year. We're gonna add some type of mathematical equation to to on an overlay. And that's how we're gonna figure it out can't do that. You've got to separate your new business.
What do we want?
What is achievable? What resources do we need, and what type of budget think head count in this perspective.
And then, from an existing business standpoint, it's what do we have? How do we keep it? How do we grow it? And how do we keep satisfaction high? You'll notice
none of those questions are the same. So why shove all that business like into a ball and try to say what you're going to do this year. They have to be separated. They also take different methodologies. They are very different mathematical methodologies. When you're playing with the math.
And so you want to make sure you're separating the 2?
Did you review how revenue growth is created?
So in the past? And you'll see why I say in the past everyone was really working that inbound thing right? So if inbound is still working for you, you now know that leads
are what product really should bring in right. They should have this amazing product market fit. And all all these people find out about your product because they need it. Marketing is gathering pipeline and sales is converting it.
But did you also pay attention to how it changes?
Right? I don't know who still has that perfect little inbound thing working, and it's enough for them to hit their goals. But all the businesses I talk to and Crs I spend time with, they can't only do inbound anymore. We now we're a team, right? So product, marketing sales are all bringing in revenue to the middle. And we're thinking about how growth is created together.
If this is how growth is created, we better be forecasting that way right?
Because if you're only forecasting in a way where sales is responsible.
And we're not taking into account marketing and product, or even HR. Or even finance.
Everyone has a play right? And how revenue is created. Then you're missing. How do you forecast your business?
And were you the only person accountable?

So I'm talking mostly to my sales leaders out here, so I know we have a really diverse group. I had the opportunity to look at all the titles before I came on today, and if you were the only person accountable. My cso's vp. Of sales, or some of the Crs out there. And you are at reforecasting point. You are probably not feeling so comfortable at this very moment. Right? You're probably not feeling great and secure in your role.
The average tenure of a revenue leader is 17 months. If you've been in Pavilion for a while, I'm sure that you've seen this, and I have been a part of this little statistic. Where it is 17 months. The reason for it is the topic we're talking about. It's missing forecast. You're keeping your job for longer than 17 months. If you're hitting your forecast. If you don't hit your forecast, you're not hitting your job. That's your job, right? So why is that
we are the only ones responsible. So my fellow cros or Vp. Of sales. Unfortunately, fortunately, we've made it our fault, because what we like to do is someone like the Cfo or the founder will come in and they'll say we need to do a hundred 1 million next year in revenue. And how many headcount do you need to do that?
So if you've experienced that before, you know, I appreciate the chuckle because it's happened to me in my very first executive role. It was almost exactly like that. It's we want to do 300 million step. How much headcount do you need? And I don't know any better. Right? So I'm like. And there was no community back then, because I'm old. So and I go in. And I'm like.
Okay, and I put together a really thoughtful sales capacity model. And I didn't know. That's what it was called, but I divided out books of business. I didn't separate, new and existing. I created quotas for everybody. I looked at ramp time. I created geographies, I mean, I was really thoughtful about it. It didn't work. Why? Because if it doesn't happen.
and and I you know I added them up, whatever. If it doesn't happen. I went in a silo and I said, It's sales responsibility to get this done, and that's all. Because I did the forecast by myself. Right? When you do the forecast by yourself, that's what happens. So we allow ourselves to be the only one responsible.
How do we change this?
It's really about playing the right role in the planning session.
You have revenue accountability in the center. And then everyone around that circle is responsible for revenue. A lot of people will be like, I don't get it like, how right? How is that? How is human resources responsible for revenue. We're gonna talk about this in Class 3. But I'm gonna give you just a little insight so that you can come along with me here
if you are hiring a lot of people.
and recruiting does not hit their time to fill, and they say that they will fill in 45 days.
and they don't buy the tool that you suggested to help with screening. So you get some bad hires.
and you built your plan where you know whether you did it from a capacity or a waterfall standpoint. You built your plan with these type of ramps and with this type of capacity. And now you don't have humans
to do the work. Guess what?
That's revenue accountability?
Right? So when I say.
revenue is a team sport, it truly is a team sport. But as the

sales or marketing leader. That is driving the forecast. You are responsible for making it that way right? If you go in your whole of an office and do it on your own. Then you're responsible. If you do it right, then you and the team are responsible, and you are simply the key stakeholder to drive accountability across the executive team.
So I'm going to pause for a minute
because I did very high level, conceptual overview. I also used words like sales, capacity, and waterfall. So I do want to quickly talk about what those are, so that we feel like we have some some understanding when we go into next week, so
sales capacity
is, you get a number at the top, and then you go in and you fill out how many headcount you need with quotas and ramps and average deal size and time to close. That's all you're looking at.
Waterfall
is you go pull the data based on deal stages and tell someone what is possible based on the current data that you have.
Okay. So for example, if I know, I got
500 leads
right? Today, I get 500 SQL. SA month.
and I know we convert those SQL's at a 30% rate.
Then I know now I have blank. I can't do that math in my head. I have blank amount of of pricing proposals right? And from pricing I know I convert at 40 to close one. Right? You want 4 stages.
Now, I'm saying, based on my average contract and my time to close. And all of my deal data.
I know that right now, with no more investments, I can do blank amount of revenue or bookings right per month
on the flip side of that. If it's the other way. It's oh, you need
$50,000 in new business.
Okay? I need 10 head count, because I know that each one of them can close one deal. The difference is you're relying on a human
instead of data when you flip it on its head. Right?
You're gonna learn. So I know this is high, and I don't have visuals for you, because I didn't think that I would have 70 of a class that hadn't joined before. So
I I you will have a lot of examples and a lot of deep dive on this in class, too. But ultimately you always want to go for a waterfall methodology. When you're thinking about quantitative analysis and supplement it with sales capacity. We will talk about that more next week, so don't get too concerned. If you're not following me there
before we jump in to Mike, I'm going to allow, because I went really fast. Allow some times for questions on any of the high level slides or strategy that we've presented thus far.
We've had a couple of great questions in the chat, but I'd like to take a moment to open it up to see if anyone that did engage in the chat would prefer to come off. It's a little bit easier for you to elaborate yourself if you'd like.
The floor is yours
right? When you started talking about waterfall, we had a couple of questions, and then you mentioned we're gonna elaborate more. So we're good. There.
Yup!

Well, then, I guess we can circle back to questions towards the end.
Nobody has anything. Does anyone want me to go back to a specific slide?
Hey, Steph.
Stephanie. There was one question from Doug around, how come, sales is not in your circle of dots, page for revenue accountability. I
answered it in the chat, saying, I think sales is in the middle in that revenue accountability role. But can you go back to that slide and and just talk to that really quickly.
Yup, Yup, absolutely so. Yes, that's right. So this is supposed to be. We're all accountable for revenue. But that key stakeholder is generally that vp. Of sales or that cr, whether they have marketing or not. Sometimes they do, sometimes they don't sometimes they have service and support, sometimes they don't. So I was establishing sales as a state holder. The key holder, and then everyone else is around them supporting that.
Thank you, Mike, for answering that.
Maybe just on that on that point, Stephanie.
Do you not think it's it's worthwhile having a department, for example, we've got a revenue revenue operations team that that kind of take the lead on you know, getting all the information from the different the various departments. From what you've said so far. It seems like it should be driven by bus sales, or it should be sales responsibility. Do you not think it's a better structure where you know, sales obviously is, is driving those pieces. But there is a key stakeholder beyond just the creded department to bring all those pieces together.
Erin, absolutely. But it depends on the organization, right? So if you're a so in my Cr experience, I was responsible for the total go to market. So marketing sales, client delivery, Rev. Ops and product. So I was that person in the middle that was responsible for as like if I sat with my peers with the Cfo. And a coo. Well, in this case, that they didn't have that either, but a Cfo or and legal, and Hr. Then I would be that person. It's going to be different, based on your organizational structure. But really knowing. So
knowing who is that key stakeholder on the executive team that's going to consolidate and collaborate and share the information openly with the executive team is the goal. So, Erin, in your case, if you've got a really strong Rev. Ops person. Where do they report Erin? Just out of curiosity.
So they'd report to the Cro.
Okay. So in this case, then, the Cr is still that executive responsibility, because, no matter what, they're not impartial, because they report to the Cr. So it does go up to the Cro in that case. But the job of that Rev. Ops person is absolutely to go gather all of the information. My only thing there, and we'll talk a lot about this in
course 3 is the way that you gather the information and present it back, and who you communicate with, and how, and like mutual accountability at the table instead of silos. That stuff's really important on how the actual like rollout goes. So we'll talk more about that. But great, great point, Aaron.
Hey, Stephanie? Just curious about what are some best practices you have seen when you're building out a bottoms up capacity or sorry bottoms up waterfall based model. And you've got a wide range of

productivity like with the example of the SQL. And Mql. You've got one cluster of folks that are really high performing and others are not. Do you just take averages, or have you like built sensitivities to say high medium, low.
Yeah. So we're gonna talk a lot about this tomorrow, when we get into like, I have models and spreadsheets to give you all that are, gonna show everything that you should look at, and hypotheticals and the formulas are already with assumptions. What I will answer you, though, so that you have some context.
I hate averages
as much as I can get away from averages. I do so if there are any.
let's let's talk about even segment. If you have enterprise mid market, small business. If you have state, local, federal, different cyclicalities, you have to forecast it separately.
A rule of average is going to get you in a whole lot of trouble, especially if there's more of a like, more than 1% of a delta in any of your conversions, but you can also do it with your A players, your B players, and your C players. If you're on one product line and you're not fully segmented. Your average contract value is very much the same. Yeah, you can do it by performance.
But I always say, although it's a pain in the royal rear ends because you have to create so many methodologies. I I always say anything
that is vastly different in your deal data. You've got to separate it out.
so we will. We will get into the nitty gritty with that next week.
Thank you.
Yeah.
Great question.
what else?
Finally, may I just come in and support you on that one? I am in Europe? So one thing, one big pinpoint for me has always been taken out.
Sorry about my dogs.
Does it?
Versus, you know, a a growth model, as you were saying before checking the customers rather than
looking at different model, which is growth, specific acquisition, oriented model. So just one support you on that one. Sorry about my dogs. I'll go mute.
Yeah, no, you're fine. They're not. They're not coming through that much at all. And yeah, for sure. I mean, look, there are a lot of different ways that you can look at business. We'll talk about that next week, like, why are there so many models? What's the right model for you? Mummy.
Why you should pick one over the other stuff like that. But but we are going to get into the weeds.
the absolute weeds, so you can get excited for that. Those of you that prefer spreadsheets over conceptual models. We are going to feed you, I promise what else before we hand it over to Mike.
Yes.
I'm wondering, Stephanie, what you think about the role of artificial intelligence in more accurate and easier, more rapid

prediction forecasting in sales. Is it already happening? Do you think it's gonna happen? Is it gonna be
positive thing effective? Just curious. Your thoughts.
Yes, yes, yes, and yes, it is happening. There are a lot of organizations out there that we're already doing, forecasting like real time sales forecasting right the claries of the world right where they're going in. And they're saying, Oh, we think this is the upstairs of the world. I know the CEO of Epste's on this call. So there are a lot of organizations that are already doing that. It is only gonna grow. It is only gonna be more beneficial. The interesting part is, how do we take real time sales forecasting and put it into annual planning? And I do know that there are some models out there that are being built for that as well. Since the ebst Ceos on here, if he wants to talk.
do you want to talk and add any clarity to your thoughts on it.
Yeah. Hello, everyone lovely to be here Guy Ruben CIO of Ebster. Yes. AI is absolutely driving more accurate forecasting. The the challenge businesses have had for a very long time is that the data is all over the organization. And so
where AI can really start to have a big influence is by capturing all of the data that historically, we've been relying on reps manually logging for us. We know that salespeople are not particularly good at them, strong at the admin, and therefore the implications of the of them not doing their admin correctly, for falls all the way through into forecasting. So
putting in technology and AI to take away that burden from the reps and putting effectively a machine in place to do all of that cap that content capture.
Whether that's email activity, meeting activity, all the call recordings, the discovery calls you know, we've got. We did a a great report. You guys can download it for free. at the Pavilion website or Epsis website, where we analyzed 4.2 million opportunities and looking at all the signals that influence revenue. So
yes, absolutely. AI will help you predict your numbers a whole lot more accurately, but really be cautious of the fact that the AI is only as good as the dice you give it access to. So make sure you're thinking about where you're capturing that data, taking away the admin burden from the reps, putting in machine learning, or AI to do the auto capture for you. That we've seen the delta between the top performers and average performers. This year has got the the widest we've ever seen.
and so the coverage every rep needs to hit. Quota is materially different at every stage.
And so really understanding what that coverage to quota needs to be and what each rep should be doing differently. Really, our narrative this year is all about the top, understanding what the top performers are doing, so you can replicate it across the others. But but yeah, really focusing on making sure that the engine, the AI is access to the right data is the fundamental principle. All the graphics and the pro predictive forecasting comes out the back of it, and and all that's relatively easy. If the dates is consistent.
Wonderful thanks, Guy. Thanks, for let me put you on the spot.
Awesome any more questions. I know this was. I said it was going to be fast and dirty. It was fast and dirty, so the goal is re-forecasting. But I did want to make sure we were speaking the same language any other questions
before I end it?
Question in the chat related to

let me go back. What's the difference between tops, down, bottoms up and capacity waterfall in general?
So so it's it's exactly that. Right? So if a Cfo says I'm gonna give you, I I need you to do 100 million. So they're giving you the number right? They're saying, here's your number. And then, now you're working from the top.
and you're going down right? You're saying, Okay, well, what data do I need? What head count? Do I need to hit that number? Generally, you 500 million and ups
you forecast like this right? So your finance team is saying, here's if we're especially if you're a public company, right? You're you're not getting to do a waterfall, but I still do it. So we're going to talk about that, too. So even in big business, I still do a waterfall on the side to prove my and validate my points. But
I digress from the top. They're giving you a number. And you're saying, Okay, here are the things I have to do. Waterfall is. Here's what I can do. Right? So I'm gonna start with real data, real deal data. I'm gonna go figure out, what are we doing right now?
And I'm gonna assess what that means. So if I come back, they say you need to do 100 million, I'm gonna come back and say, Hey, we've got a disconnect here, right? My data says that I'm gonna do 85 million next year. How did you come up with 100? They're gonna be like, I don't know. Tell me how many heads you need to make it happen right. Add more salespeople, add more budget.
and you get to say, all right. Let me use my data and see where we need to invest. And what could make an impact at the top of the funnel
to be able to drive the same conversions through. And that's how I'm going to create my gap analysis and all my go to market strategies and investments from the Gap.
So I'm being very honest. If we do no more investments. If we spend no money whatsoever, we're getting 85,
we're getting 85 million. You can want your 100. But I'm going to tell you right now, based on the data you're going to get 85, unless A, BC and D, so it drives your budget discussion.
Instead of just saying, I have to figure out right and make up things that need to happen, but not necessarily have a way to get there.
Also, when you do top down right, you are, generally speaking, working on the assumption that sales equals revenue.
So you are saying, Okay, you need 100. And they're saying, Okay, what heads do you need to do? 100? You're now saying sales is the only one responsible, because you're generally not diving in to any conversion data. You're just looking at quota data.
So and we'll show you again more spreadsheets and stuff next week. That'll explain this even more.
I hope that answered it.
Great. Thank you. There was a quick follow up question in the chat related to this. If you want to take it now, or.
Yeah, let's do it.
Thank you. Okay. So Dave asks, is one approach better than the other, which is used more by companies.
Yeah, 101 approach is better than the other. You want waterfall, waterfall, waterfall all day long. Sales capacity gets you in trouble, right? Because sales capacity. So in in.

I want to speak from a, if you were a Vp of sales or a CRO. That is also is, even if you're responsible for marketing and sales
from that perspective. If you do, a sales capacity tops down model.
And someone says you need to do this much. How are you allocating your quotas.
and what ramp time? And you even put like, I think we'll only hit 80 of that right. You are the one responsible.
If you do waterfall. And you're looking at top of funnel to bottom a funnel. And you're working what's real data. And everyone holds different pieces of accountability. Now you're creating a all-encompassing, holistic way to go to business. And it's not just head count. And it's not just sales.
You're you're allowing the data to drive your head count.
And I'm going to show examples of this next week. Right? So, okay, if I have 500 SQL's, I know that I need blank amount of Sdrs. Instead of saying, we need this many Sdrs to get to this number right? So your real data is driving headcount decisions opposed to a fake number that you want driving a headcount decision.
So always waterfall and big businesses. When you're given a top down number
I still suggest, if you're if you're in a you know fortune 100 even. Look at your own waterfall like, have your Rev. Ops or your BA. Or, if you're on your own, even, build it yourself to come up with your own gap
to figure out like what that looks like, I know for sure. As I go into my next role, I'm going to be doing that.
I don't care if it's billions. I'm doing it
because I know that it's a better way to build a strategy than the other way around.
Great question.
Very passionate about that. If you can tell. Okay, all right.
I think it's your turn, Mike.
Are you ready.
I am always. I am always ready.
Stop sharing Mike, or do you want me to do it for you?
Stop sharing.
We're gonna do. We're gonna go to the whiteboard.
We're going to build this stuff together. Can everybody see me or my, little small box, or do you know how to change it? So that
I'm a bigger box on your overall video in case we need to, so that people can see the stuff that's back here. We're gonna hit 3 things. And I tend to work in threes. 3 things we're gonna talk about problem solving. We're gonna talk about premortums and post mortems. And we are going to talk about alignment using game planning, building out your game plan. And when you pull all of those things together, it's kinda like the
top of the bun is the problem. Solving. To make sure we're focused. The meet is what happens in either the pre planning or the follow up, and then the the bottom part. That kind of holds all of this stuff together. Sandwich is the game planning.
I've been there and done that relative to re forecasting. It'll be forecast in the middle of Covid. That kind of sucked.

That wasn't in the plan. That wasn't in the annual plan that we put together, that there was going to be this pandemic and start shutting things down had to re forecast when we're in a financial crisis, and.com bubbles had to reforecast when we lost a major account account that represented 10% of our total revenue inside. The business had to re forecast when we've lost team members had to re forecast when we decided to go and bet everything on this new technology that we were gonna go ahead and do.
because that was the thing that we were going to do to reinforce the investment that a CEO made in the business, and ultimately it didn't work out.
So
there is all of this stuff that will come up at different parts and times as you do the work that you do, and as we do the work that we do
get comfortable with the idea that you will have to reforecast.
get comfortable with. Continue to watch the forecast and get comfortable with your Cfo. Or the people on the finance side, because they can be your best friends throughout this entire process
everybody inside your business is committed to success. Nobody wants to let people go
work, leverage the resources, and also bear in mind, as we move into this, that.
and was discussed earlier. Stephanie highlighted a hit on it.
missing your forecast really, really high
creates a lot of risk inside your business. It's better than missing your forecast low, because then you've got cash to do some things with.
But imagine what you could have done if you would forecast accurately, and you had the right capacity built into the organization to fulfill that capacity.
So forecasting high or low, missing at high or low, is bad.
What we want to do is get more accurate as we move through the process.
All right. So let's talk about problem solving framework, this thing that I've got up above the left side of my shoulder, my left shoulder
as a hexagon.
It originated as an account plan. It's been repurposed from an account plan
tool to a problem solving tool. It's like account planning that we used back in my days at O'reilly, both for enterprise accounts and Smb. Accounts. I needed to have consistency across the team in the way that we went to market and the way that we were engaging with customers, so that we're gathering the same kind of data or information and keeping the team really focused and do it at a scale that supported enterprise. Large accounts with large teams
and small accounts, small teams. What it does is it helps. It's helps create the alignment around that circle that Stephanie was talking about.
So the alignment around the circle. If you bring your executive team together and you can align on what problem you're looking to solve.
what problem
the specific problem you're looking to solve inside the organization. Then you've got an opportunity to actually move forward and start solving that problem. It is often that inside an executive team that people will talk about
the problem with. I need to write in black ink on something and be talking about 3 different resources.

This one is meant for that board.
This one could do damage to that board, and this one won't work on that board. But we're all talking about a writing utensil that writes in black we want to solve for writing in black.
Get aligned across the team. Make sure there's a high level of clarity around. What is the specific. Your problem that you're looking to solve.
The next question that I recommend getting into is, who
now, who
to some people is going to be really obvious. But what we want to know are 3 different. Who's who has the problem?
Who's impacted by the problem?
And who cares about the people who have or impacted by the problem.
The reason we want to get into 3 here is because we want different perspectives.
Typically, when my wife Jen comes in with a problem. What do you think the first thing I do?
Yes.
come on, somebody's married. Somebody's been.
Try to fix it, come up with a solution.
Up with the solution. No context. I just jump right into, hey, we're going to solve this thing
as problem solvers is people who want to help our teams and help our businesses and help our customers. We can fall into that trap really quickly. So let's pause
and just ask that question, who has the problem? Who's impacted by the problem? Who cares about the problem? Then we've earned the right to move over here into why?
And there's 2 questions on the Y side. One of them is, why does the problem persist?
Why does it continue to happen?
And then the other one is, why is it important to solve? What's the business impact of solving that problem? Whatever the thing is that we're working on
this works for individuals, that work for teams. The cool thing about working through a framework like this is we get to the point where we can align as a team. We're not talking about. though that's finances challenge, or that's revenues challenge, or that's whoever's Hrs challenge. It's our challenge as a business. Let's align as a team.
And if we can't answer those questions as a group
we've not earned the right to get into how. And I joke about this as being my Mary Poppins approach to problem solving which works both. If you're a Mary Poppins brand, and is a little kid or a guardians of the galaxy on Mary Poppins. Y'all, but it works get for context, we could start to saying, visualize, if I've not done this stuff at the top, I've not earned the right to get into solution yet. We rush into solution, and then we have to reforecast, and then we rush into solution, and then we have to rebuild our team, and then we rush into the solution.
and we get ourselves into situations where we're chasing shiny things. I am going to pause for a second because I know I'm talking really fast
questions, comments, feedback.
anything. Can you hear me?
Everybody there, I see nods. Okay.
We are here, Mike, one of the things, and just for everyone here, the reason I thought it would be great for Mike to come on and be our guest. Speaker is everything I'm talking about. Yes, there's alignment, but it is 100

the execution right. How do we just go in and fix it. But I love this framework because when you think about it, if you get really narrow and have aligned conversations on, what are we trying to solve. Who is responsible for it? And why is this happening? You can dig really deep
if we ask those questions, and we let's say it's net new acquisition. And we go around and we find that we simply have a business development leader problem. That's a way easier thing to solve. Then how do we solve that new acquisition as a whole? Right? So this is just so applicable. And I love love love this for the reforecasting. I wanted to make sure I put that out there. That's why I thought you would be great for this. So thank you again, Mike. I think this is great.
Thank you. And so and as the group has come together, you've nailed it, it is. Why does the problem persist?
Why does it continue to happen. Why do we continue to deal with this thing
that gets into the root cause analysis? You're toyed away. 5. Y's be the 2 year old inside the building like, why does this happen? Why is this continue to go sometimes? The why is
I'm not gonna curse and swear I must. Did it sorry is crap leadership inside the organization. So why does it persist? It's a culture thing inside your organization. So why does it persist?
The second one is, why is it important to solve what's the actual business impact? What's the change that happens if we win and we do this versus the risk? If we don't do this. So why
root cause 5? Y's
then impact? Then we've now, since we've covered the top half of our hexagon, we've earned the right to move into how. But
there's a step that we need to work in through here. So how?
First question, for how? How are we solving for it today.
What are we doing?
A lot of people, miss that. It's like, hey, how can we just solve this thing? We've already agreed. We wanna solve this thing we're gonna go in and we're gonna start building. No, how are we solving it today? The reason why, how we're solving it today is so important is because if you're not solving for it today or aligned on solving for it today, does PE do people really care? Is it really that important to the business or we paying each other lip services leaders saying, this is a really important thing. But ultimately, when we leave the building, we're all gonna go back and do the crap that we do. Anyway.
it's good to see some people laughing because we've all been there like this is this is, we get fired. We leave. We decide to end agreements, like all of that kind of stuff happens because some people talk about this
thing that's important to do. But then we don't actually do the work. And now the bottom half of the hexagon is where we get into the execution piece. So how today? Versus how tomorrow. This is what we want to test.
What's the vision of the future. Now we've got a understanding of both current state, desired state. We've I have understand stakes, we know, hey? If we keep doing it the way we've always been doing it, we're gonna expect to get these results. If we do this thing that's different in the future. We now have this vision that we get to work toward and rally around, and if it isn't working that we can kind of come back or we get frustrated, we can come back to our why and really dive into it. So how? How are we solving for it today.

how we solve, will we solve for it? How will we solve for it differently in the future? Remember, we want everybody's perspective as we go through this. So we don't have blind spots, and we come together as a team working through a simple framework
the most complex framework that I use, but simple framework to help make sure that we are gathering information and reducing blind spots. Now we've earned the right to get into things like when and some of the challenges around when specifically, when it comes to planning, is, we typically do annual planning.
And then we measure success in the context of quarters. And we have all these things like how many people have ever been sold to sold something? Somebody tried to sell something to you or like, Hey, you know, if you get this deal done by
March 30. First, we can get this kind of a deal, and then ultimately
come April second. We still give them the same deal.
We try to create these scenarios where we ask our people to really push really hard to get something done. At the end of the quarter. The beauty of the quarter is, the quarter happens at the same time every year
based on your fiscal year or calendar year that you operate in, you should not be surprised by it. Let's figure out, when when do we need to look at this stuff? When do we need to solve it by? If we don't have the timeline on when we need to solve it by. It's gonna be really hard to get a team together to focus time, energy, and attention on getting those things done. So the blue is when
and then down at the bottom.
Getting framework for problem solving is used for account planning can work on the work that we're doing and create this alignment across the team. Now we get into what are the things that we are going to do in the next 30, 60, 90.
This is where I confuse a lot of people typically
like, well, I don't wanna wait 30 days or one happy have it happen all faster, or that's great. You're a sales guy. So you think in the context of 30, 60, 90, I've changed my thinking around this, and how I present it. But it's more about short term medium term, long term. Where do we wanna be in the long term? How do we design backward. And then how do we start executing forward what needs designed for next logical steps so that we can take them and get alignment on those steps that we're gonna take.
Because when we start taking them as a team, if we're not improving on the thing that we're working on, we put this plan together. We're not improving on it. Then we, as a team, need to figure it out, we need to figure out what changed. Who's the executive who decided that they wanna chase some shiny thing because they wanna acquire a new piece of technology, because that's gonna re resonate better with the board
short term medium term long term 30, 60, 93 min, 6 min, 9 min 3 s, 6 s, 9 s! 3 years.
6 years! 9 years
pulling this all together!
If I've not been able to answer any of these questions effectively as a team, and we're not aligned.
Let's say it's on the Y,
or let's say it's even on the how we're not aligned.
That shape can't hold water. I'm now taking on unnecessary risk.

When your Cfo starts to see where you're taking on unnecessary risk. They start to get on board. They come together, they understand, risk. Your your coo understands risk.
People on your board should understand risk. What risk are we willing to take? At least we know it. We've identified where our risk is now we make effective decisions. Do we move forward or do we not move forward? What information do we need? Does this fit inside our spectrum of risk? If that any dotted lines that shape can't old water, then we're taking on risk. It's okay to move forward with risk. But let's at least be aligned as a team
which gets into that circle that Stephanie shared
alright
any questions or comments so far on the problem. Solving thing was that useful?
Right, Stephanie? I know you think it's useful because you brought me in here. So thank you.
Yeah. Okay, good couple of yeses. Couple, yeah, useful. I hate that fake urgency thing. Yeah, there's a that is that you know, you can't create urgency. You can reveal urgency. And this is a great way to start to reveal urgency like, Hey, when do we need to do it? What happens if we don't, what's the risk on that impact side? And then we start to pull those things together
like, you know.
A lot of great comments, saying, very useful, helpful everyone. Everyone's giving you some great comments, so I think we can keep going.
Cool before we move into. Oh, crap! We have a plan.
Now we're gonna start doing some work around it. We gotta figure that stuff out. Are there any questions around this or anything that anybody wants to clarify? And we're doing? We're doing okay on time. I'm probably about 5 min off, but I'll I'll be able to. I'll I'll pick things up here as we go through. And I also talk really, really fast. This is the beauty of being born in New York and then going to high school in Southern California. So I'm a little late back, but not so much alright.
Yeah, there's a question, Winnie. Hi, do you have your hand up.
Yes, please. Hi, Mike, this is just so stimulating and fascinating, and I agree with almost everything you say. Apart from one thing, I would like you to help me to understand better. So this is a amazing model. But how do we actually implement it? Does it take a long time is a workshop. You know that the actual human that we need to influence that part is always a struggle, isn't it?
Yeah, I mean, how many people get stuck in meetings?
Anybody have to go to a meeting
in the week, get stuck in meetings where no work gets done.
We think work happens. But all we do is we just talk around and we skate around the Puck and we skate around the Puck, and we try to get worked on. But we don't get worked on.
Yeah, it's where the work actually happens is in that 30, 60, 90, the short term medium term long term plan. We know what we're gonna do next, and we get people out there doing it. And then we report back the best way for this to work is in a facilitated discussion where the T where somebody inside your group, Stephanie, will talk about the integrator in the context of some of them business operating system models that are out there needs somebody who's going to operate, integrate.
help, move things along. Sometimes it's your coo. Who's leading it? Sometimes it's someone on the Rev. Ops team. Sometimes it's somebody in the enablement team. Sometimes it's somebody else. Sometimes you work with someone like me as an external person. That's that.

It happens when the team comes together. What's amazing is you get a group of people who are like, oh, wow!
We just reveal the Blind spot that we didn't expect, because we're so tunnel vision on something else. But that's where this. That's where this stuff happens, it's it's hard work, and it doesn't need to take a lot of time. I mean, you think about it. If I'm out in the middle of the street, and I'm bleeding out
like, I'm just bleeding. I do not want someone to be like, okay, well, what's the problem? Mike's bleeding. Oh, who cares about it? Who has it? Who's impacted by it? Oh, why did? Why is that happening like no, get the work done like tourniquet? And let's solve for it so that then we can move forward and create the space. But don't get lost by the fact that we stop the bleeding, and we don't need to go create the space for this
best times. To do this, I think doing this once a quarter is really valuable
at a minimum, doing it on an annual basis, and as you get more reps with it, and people feel comfortable with it, people will I? You will hear and see this while it isn't. That was the most productive meeting we've had. It's clear what we're doing. We actually did. It worked.
Can we do more of it? That's so. Thanks for the question.
The only other piece I would add to that. Mike, and one of the things I've seen successful, especially when I'm running multiple departments is anytime someone comes into a meeting like this. I tell everyone to take their departmental hats off.
So we are representing no department. We are a team of smart people who are going to help solve problems together. And so no one's at fault. Right? We are going to solve what we have found
together, and every time we come back into that room I give that as an upfront agreement of Hey, hey? Remember no departmental hats right? Just a bunch of smart people who want the same thing like, let's solve this together right? So that's just another caveat I would put up there.
That's helpful.
So important. And, Stephanie, it's important to O to go that next step further. Where.
when you're in that area and you're getting ready to move to the next step. Just make sure you ask that everybody has had their input and their feedback and put things up because some people can be.
And heck! I'm sure somebody's been in a meeting where someone's a little bit more vocal than somebody else, or somebody's a little bit more quiet than somebody else or somebody takes over the meeting.
create space for these conversations to have and make sure that you're aligned on each of these steps. Now, the cool thing is, you can go back in and rotate through the steps and say, Hey, now that we have a little bit more information, did something change? If so, let's address it.
The other thing I would do to to talk about Winnie's point is, put yourself on a clock, and maybe it's 5 min for each section. So that doesn't doesn't, so that you don't have a lot of scope, Prepper. It's 10 min for each section, or it's 15 min for each section, depending on the number of people that you're that you're working through. I wanna jump into okay, now, what meaning we've now got this thing that we said, We're gonna do.
Now, what do we do? And all of these are included in the slides. So when we said, Hey, don't, don't show the slides. You'll see this model in the slides with all of those questions so know that that's out there.

alright! How many people
are familiar with post mortems.
Okay, anybody want to drop either
come off mute or drop in the chat. What's a postmortem?
Why do we do them.
I'm I'm happy to come. If you do it as a way to I to gain learnings from whether you've run a process, or an outcome, or a project like what? What went? Well, what could we have done better? What are we gonna learn and take forward next time.
Awesome any other. And, Diana, thank you. I think that it, Diana. Yep, thank you. Any other thoughts on it, or example, or or experience anybody wants to share around post mortems. Do you do post mortems? Just kind of show up. I can only see a handful of people anybody wanna do like thumbs up or say, yes, we do post mortems, or have done post mortems. No.
Chat like reviewing a lost deal. Evaluation of a one close lost account identify what we can change. So there's some some there.
So I got this feedback in in a session. I did with a group in April, and they were like, you don't say post mortem.
And the reason they said, Don't say postmortem. The guy lost his wife
a number of years ago, so his experience with postmortem is very, very dark and
morbid.
it wasn't intended to offend him.
but those are situations that happen. But I mean ultimately what ends up happening when you do a post mortem. Something has something's died, something didn't work. Well, we did not hit the thing that we had expected. So we work backward. And we have all of these questions and conversations. I was fortunate enough by time when I was at O'reilly early days.
probably because well, it wasn't super early days, but it was the post mortem related one of those product launches that required us going back and reforecasting. I went around and I did the post mortem, and I interviewed everybody on the team who was involved in it, and to gather information around. Kind of what we do. Why do we do it? Where were some of the assumptions where what mistakes we made. It was insane to watch executives start to eat each other like literally point fingers, and blame people for doing things poorly when they didn't bring it up in one of those meetings. Lead.
Give yourself, you know, if you ever get yourself into a situation where you're working on a team on something. Make sure you speak up, make sure you ask questions.
It was also an awesome experience for me, because it started to identify where some of the blind spots are and gaps are when we do move forward initiatives, and we don't
agree that we're all aligned on the objective that we're trying to accomplish the thing that we're trying to solve for so postmortems can be an amazing experience.
There's another version of this.
and this comes from Army training doctrine, red teaming. And there are a number of companies that do this. Another view is pre-mortem. So what happens? If
so, there's we look back and we reflect, we say.
crap happened. We had to re-forecast. Everything failed. We didn't need our numbers. What was the cause? And what can we address.
The other view is before we actually launch the year.

What happens if we look at it and say, Hey, we've got a hundred 1 million dollar number that we're hitting or 200 million dollar number, we're growing by 50% or 20%, or whatever the number is.
why do? Why do we completely fail, like what happened. We're at the end of the year, and we've completely failed. This thing has broken.
You can apply the same concept and start thinking of the future around
everything failed. What are the pieces that led to it? And how can we start to envision a way to overcome some of those challenges in advance. This becomes another creative discussion with the team where people can start to say, Hey, you know what? There's a pandemic that we guessed that there election year can make a significant impact on the way that people are budgeting or in certain areas, geographic areas can create some challenges
of people. A key person inside our organization leaves. Somebody gets really excited about some new emerging tech inside our space and wants to go and start working there. Our customers a key con key contacts that some of our major customers go and start working for our competitors as they start figuring out how to build out their go to market. You can start to envision this
doom and gloom type scenario, get really creative around how things fail. So look at both a postmortem
reflection on where you failed, and a premortum
looking.
anticipating that you failed, and looking backward as a way to identify some potential blind spots in your forecast, in your business, in your team, and in your work. Any questions or comments on this.
There is a question in the chat that we can address from Stephanie, unless, Stephanie, would you like to come off of mute and elaborate a little bit on your thoughts.
Stephanie, Rick.
Oh, Hi, yeah, I don't know if it's as much a question. Well, I guess it's a question, but it's it's posing a question out to everybody that why do people only wanna look at what didn't work? I much prefer to look at both sides. What didn't work, what works today? What did work for us? How do we replicate that? So that it's more of a durable and sustainable situation that we're building for our company as we scale.
and you know it kind of goes to the the best salesperson. How do we identify the best salesperson? Is it because they closed a bunch of deals? Or is it because we had the highest lifetime value and retention and growth, opportunities, extension opportunities from deals that came in from an individual rep?
Right? So I look at Win. One deals
that we won that deal. That's fantastic. Given the same situation. How would you change that moving forward? What questions would we have asked that we didn't ask the first time. How could we have positioned ourselves even stronger with them? Because sometimes we don't ask for enough in those deals.
Right? So it's not just a post mortem for me. I look at it from both sides, and I want to find the best opportunities to see greater results.

Stephanie. That's awesome. Right? Like there's there. There are wins that we have, that we want to get information from that we can replicate and put in other areas, there's success that we have, and we can build on that success which is really powerful.
the. I think, probably the reason I go with this? The the negative or the failure kind of piece is Catholic guilt. So like it's this, it's this, this Stephanie. Again, I love your non verbal at least somebody gets my jokes. The it is. There's a there
you get burned by a lot of the negative type stuff, and you get really excited about the positive. And we have to have there's balance. Yeah, there's this light and dark that we can kind of move through and learn from. I mean it was. It was awesome. We have one guy who at. So I've mentioned to Riley a couple of times. We have one guy who was there who was hitting the cover off the ball year after year after year after year.
Well, the Cfo. And some of the leadership wanted to know. Well, why is this guy? Can we just do more of what he's doing?
We are an emerging technology product that enables people who work in emerging technology to do things better specifically in the way that they develop software engineering. And oh, by the way.
his territory was the Bay area.
And you know, like, right, yeah, we could recreate it if we put
if we create the Bay area in a bunch of other places, right? So there's a couple of different things that kind of come out in that instance. But look at just as a tool premortum post post mortem, and look at it to Stephanie's point. Look at it in the context of what really worked and went well and work all the way through that. So we understand it. But also what really, what worked and went bad, and you can look at it on both on both sides. That's awesome, Stephanie. Thank you.
Bright.
I got one more tool. And I'm gonna have to move to like super super fast again, are we doing okay, pace wise? Or do you want me? Do you wanna stop and just ask questions like I can get in this next one, or we can stop ask questions, which is a little bit of an iteration, and I.
Go for it, continue with the content, and then we can save some space at the end if we have it, unless Stephanie think otherwise.
I agree. Let's go, I think, getting the next framework in, and then we always, so that you all know we're all on a thread together all in a chat right in slack. So if you have questions, you can pose them there, and and Mike and I can jump in and and support them. So let's get through the content.
Alright. So this one originates in my go to market approach when managing large managing teams and having to build specialization and build scale. The model is there to grow, demand acquisition, retention, expansion. It's around simplifying. Go to market the function
of it, though, when you break it apart and you try to create alignment inside an organization. And this is gonna feel like every version of any management operating system, business operating system, all of those other kinds of things. It's gonna feel the same when you see it. And the reason it feels the same is because we all stand on the shoulders of giants. There's nothing new except what has been forgotten, which is the Marie Antoinette quote, which is my favorite one some people struggle with. Why, I'm quoting some person who also said, Let them eat cake, and is you has done some, you know, not so good things. But we there's nothing new except

what has been forgotten. We see, as far as we see, because we stand on the shoulders of giants, which is a Newton, quote. Newton stole that from someplace else, and in the Biblical terms, I think. There, so I'll said, there's a nothing new under the sun, I I think, and I miss that, and they're getting the Catholic guilds is gonna come back and get me.
The first thing we want to understand is, what is our goal.
What's the actual thing that we want to accomplish whatever it is. Let's align on what that goal is. Is it 10 million? And
AR, is it increasing by 50%? Is it improving retention, whatever the goal is.
And yes, you can have multiple goals inside an organization. But all those goals should nest together to the ultimate goal of the business. So what's our one? What's our one goal? What's our objective, then? What are the things that we are going to do
to get there?
This is strategy.
G goal.
three-prong strategy actions. What are the things that we're going to do to get there? How are we going to do it? What do we want to test
when thinking about it in the context of helping reps achieve numbers. The way that we'd look at this is, say, Okay, look, you've got a territory of 2 million dollars, 2 million in AR. What are 3 ways that we can get to that 2 million
like, let's build our strategy around 3 distinct ways that we can get there and then start applying our tactics to it.
The next piece is metrics. So this is tactics. This is the actual work that you do.
And again, we're just next nesting things under here a lot of times people talk about
okays, objectives and Q results right? How many people have done? Okrs.
how many times have you done an Ok or implementation? That's failed.
A better percentage is on failure rate is pretty close to the percentage of people that we had who didn't, who haven't gone through the Stephanie's forecasting stuff right? Like we have all failed.
There are so many people who implement okrs, and they start at the front end of their business. I'm gonna have all my teams fill out these okrs because that work for Google. They didn't actually read the book and implement Okrs across a leadership team for the first 6 months to determine
whether or not that was the right fit inside their business, and they could align, and they figure out how to tweak it. So goals simple. What's our goal? 3 prong strategy. What are our actions that we're gonna take metrics. How are we? What work are we going to do? And the thing about the metrics piece for me? And you'll see game, plan, goals, actions, metrics lead to execution. The thing about the metrics piece is, this is where we hold ourselves accountable to getting the work done
and
hold the work accountable to work it.
because sometimes the work we agree to at the beginning of the year doesn't work.
but we keep doing it because we said, That's what we're going to do and somebody else. And we tell folks people to go through and do it like, Hey, you gotta make a hundred dials every day, because 100 dials they turn into 10 conversations, and those 10 conversations could turn into

one opportunity, and that one opportunity, as we scaffled it out is going to help us get to 100 million
at some point in time. Right? So we go through this process and we do it. We laugh because we see it happen. How do we empower and enable our team to work through building out their process? Now, how does it apply to the leadership work that you do
when you identify a goal
and you show your strategy with the team and you come together as a group as a leadership team with that strategy.
Now you're aligned.
We're not getting into a situation where somebody inside the room is like, well, no, I didn't think that that's was the right strategy, and we shouldn't have done that from the beginning. Well, then, speak up on the front end of that conversation in that discussion. So we don't have to go down the road and start reforecasting. So let's align on our goal. What's our objective?
Sometimes there's a lack of alignment
like in the last full time. Cr role that I had. We had a lot of pressure relative to however, we were defined defining enterprise value and the building enterprise value. And if you talk to members of the Board, they looked at it as in a certain way they. They looked at the data that we were able to collect as enterprise value.
If you talk to some other people, specifically, people who hired people and had teams of people. We had to generate cash to keep those people so like we. There was a disconnect between what were the things that we were doing to drive that enterprise value, and it created tension in the business when things started to fail. And when we started to get external pressure and the key about doing this and keeping it as simple as possible
is if you're aligned with your team around the goal, the strategy actions, the tactics, the work. Then, holding yourself accountable to getting the work done and and the work working, because sometimes you do all the work, and it's not getting you any further. You have to fire the work. You can fire work.
you can fire people. You can change things around. You can fire strategy like you could go through and fire the stuff. If you've got the data, make some decisions
when you when it comes. When those conversations happen in the room that you're not there on Cfo is talking to this Cpo.
Cfos talking to the Coo Ceos talking to the board. They start having a conversation around things, and they start questioning your judgment. They question the work that you're doing. You can come back to your game plan and say, Look, we, as a team agreed, this is what our goal is. This is what our strategy is, and these are what our tactics are.
Thank you very much for the time.
I need a drink of water.
Great, Mike. Thank you. So, guys, we've got 3 frameworks. I wanna remind you why, this is applicable to re forecasting everything else. You're gonna learn in this course is tactical. You're gonna get on spreadsheets. Right? You're gonna talk about data. You're gonna get it. Talk about how you do things in a in a board room, and how you have the executive meetings. But nothing else in this course is, gonna talk about, how do we actually
problem solve and find out why the heck didn't this work? And what should we focus on to drive change?

Everything else is tactical. So I'm so thankful that Mike came on and was able to share these frameworks with you. I'm going to share my screen really quick we have got.
Oh, where did you? Where did you go
deck? There you are. Okay. Everyone can see the deck
almost there.
Okay, good. So you are going to get these frameworks. I just wanted to let you know they're in here. You will be receiving them in the deck. So again, all of those questions the post mortem pre, and then aligning your game plan right? So, Mike. Summaries are all in here. From there. We need to recap what we've learned, and then I'll do. QA at the very end.
So high level annual revenue forecasting is the revenue portion of a company's annual budget. Okay? So you've got the top.
That's the stuff that's coming in. You've got the middle. That's the stuff that's going out. And ultimately you have the bottom. We are talking about the top.
You always want to make sure you're taking qualitative and quantitative. 50, 50, no. 80, 20, no. 100. It's 50 50. Both are equally important when you're going about forecasting your business and re-forecasting your business. It is not finance going into a room and saying based on our trends. This is what we're doing. It is so much more than that.
You wanna make sure that you're using a defined problem solving framework to overcome blind spots and gain perspective. It's not high level. Oh, business development's broken. It's not working right? It's really getting into what is exactly not working. And how the heck are we going to solve it? Using Mike's framework, and, lastly, vision, clarity and alignment will help you move forward as a
full team. Go back to revenue. As a team sport. Everyone is a part of that revenue engine. Throughout this course
we are going to talk a lot about the things in more that we talked about today in far more detail. What 50 questions should you ask at the table to get people aligned? What what methodologies with spreadsheets should you use? How do you use those methodologies and re forecasting, not just annual planning. What data should you look at? What should you not forget? Right? How should you deploy these things? All of these are going to be talked about. We're gonna have guest speakers throughout all with different expertise that's going to come in and support port. All of these topics.
That is all I have for you today. We made it with 5 min to spare, and so I will then open it up for QA. Anything that's on your mind, or anything that maybe I said we weren't going to talk about that. You want me to add to the content. Go ahead and come off mute, and let's chat through.
Thanks, Stephanie. We did have a question. That came up while Mike was speaking. If we could cover it quickly from Ann and ask.
she commented. I like this idea. How do you navigate the many? What if and evaluate which ones are more likely to happen.
Yeah, super hard. The for for me. I like how many people are familiar with pompadoro technique.
Pompidoros so 25 min on 5 min off. Kind of go in. You put a clock out there, and basically it's a hey. Let's get all of this stuff together over a period of time. Then once we have the stuff together, then let's stack rank and order and prioritize as a team. Be comfortable with the idea

that there are gonna be things that fall below the line and things that sit above the line. Fortunate, I was fortunate enough to work with Intel early on in my career as a as an enterprise account manager, and they talk about the Zbd line they had this they these do you know, there were things. If they fell below the line they were not going to get those projects done. So we talked about what would happen if we could lower the line or bring projects up. What will end up happening is you'll have a list of all the things you're not gonna be able to solve for everything. I my recommendation is no more than
5, ideally 3 prioritize, and then go and nail one thing at a time, and work all the way through it. This is where the alignment is, and if somebody doesn't align doesn't agree.
then you gotta get through the point and saying, Okay, well, that's awesome that you don't agree, and you have an amazing perspective. And this whole thing is really, really important. Are you? Is there anything that prevents you from moving forward.
because if there is, they may not be the right fit for your business, and it sucks to let executives go and tell people that they're not the right fit, but 70 showed it. You have 17 months. Odd average.
That number keeps getting lower.
We've we've got a lead. We've got a lead in there and look for leadership inside the organization. So great. Great question! It's going to be the the easy, the simplest way for me is agreeing to a specific clock and then operating inside that clock.
As a reminder. This is recorded so you could probably go back and watch this at like point 7 5 speed, and I'll actually slow down. Sound like a normal human being. But the thank again. Thank you very much, and love the questions any other ones.
We're up to date in the chat. Just excellent feedback. On what a great session this was! We have an extra minute or 2. Would anybody like to come off of mute? We'd love to hear from you if you have any final thoughts.
Wonderful
great, and you know how to reach me Linkedin, or slack in pavilion. If there are things that you'd like to add to the course curriculum that I may not be able to do it right. We're time constraint, but I'll at least take it into consideration and make sure that we're covering some of the things that you want. So don't, don't be. Don't be shy.
That's so kind, and you can also share that with us in the feedback survey. I just dropped in the chat, feel free to elaborate in the comment section like what you love, what you want more we can kind of, you know, tailor, make these classes with the ability of timing, of course, but your thoughts mean so much to us. So thank you for coming off a mute thank you for engaging in the chat. That's what makes these classes so great. Mike and Stephanie, your passion today and your enthusiasm is just like contagious. I feel
I'm so excited. Thank you so much for being here and thank you all for taking time out of your very busy schedules to join us.
Have a wonderful weekend almost the weekend ahead. Thank you. Everyone.
Hi guys.
To review questions.
Bye everyone take care!

Class 2

text
Hey? Everyone! Welcome back!
Happy Thursday! Almost the weekend again! What?
Alright! Everyone welcome, welcome, so happy to see you! We appreciate you taking time out of your super busy schedule to be here with us for this live session. We are going to be able to have great conversations today, ask questions participate. We'd love to hear from you if you'd like to engage in the chat or come off of mute this is definitely meant to be open, ended conversations, and we got a great one for you today. If you have any questions, please feel free to send me
a message in the zoom. I'm happy to answer anything related to Pavilion or this class specifically
if something comes up later, feel free to send me a message on slack, I will keep my eye out for it.
But now for the good stuff. Welcome back, everyone. How are you feeling today? Hopefully, you're doing well.
doing good. Okay, thanks for sharing. If you're willing and able for those of you that were not here for our kickoff, please feel free to turn your cameras on. We'd love to see you if you can. We understand if you're not able to, though.
All right, we are back for session. 2 of midyear forecasting. I'm excited to have Stephanie Valenti and our very special guest, Dustin Jost. So I'll pass it over to you guys, and I'll let you elaborate a little bit further on your own selves.
Welcome, welcome.
Fantastic. So if you watch the recording or we're live with me last week, you know who I am. I'm Stephanie. I am your instructor and instructional design teacher for the entire course. We are gonna be talking about the actual spreadsheets, quantitative getting into the data today time to get tactical.
So that's what we're going to be going over. Dustin is joining me dustin. I have a slide for him. But, Dustin, if you want to introduce yourself really quick, then after that we'll go ahead and get started.
Yeah. Hello, Hello! Happy Thursday, everybody. I'm Dustin Jose. I'm a currently chief revenue officer at Osano. We're a series B company in the data privacy platform making the Internet a more transparent place. So really excited to talk about all my failures and lessons. Learn and share some of those. So you can learn from them.
Love it all right. I will go ahead and share my screen so we can get started. We have a lot a lot to talk about today.
alright.
I'll miscombobulated. There we go.
Alright. Let's do this thing. So
As a reminder, we have 4 courses and this fabulous reforecasting boot camp. The first course was last week on Thursday, and we did a really
quick and dirty overview of how should you look at forecasting your business when you go into annual planning session. We also had Mike come in and talk to us about how do you do? Problem solving in the right way with great methodologies. Got some great feedback on that course. Today we are going to talk about evaluating different methodologies.

Next week. So next Thursday we'll dive into qualitative importance. So what are all of the things that you should do on that art side? And then, lastly, we're gonna talk about all alignment and deployment. So how do we actually align the executive team to all be on the same page? Where does the accountability go? And then how are we deploying this out? So just as a reminder today, we're getting into the nitty, gritty
we're gonna talk about gathering your baselined data.
reviewing your assumptions.
and then the different methodologies for new business and existing
here is that guest speaker such a great headshot, Dustin, so Dustin and I both live in Dallas. We used to be Phoenix chapter heads together back when Pavilion was called revenue collective. So we go way back. But Dustin is a breaking the mold and has been in his Cr role for how long? Dustin, at the same company.
About 3 years in this one, and then in total, about 14 years of leading revenue organizations.
So just great, right like we hear over and over 17 months, 18 months, you know. Maybe 2 years. Dustin has lasted a whole 3. So really excited to have him on here. He is fantastic with his very complicated spreadsheets that I'm sure that he will go over with you at some point
as a reminder last week. These are the things that we took away right it annual revenue forecasting is the revenue portion of a company's annual budget. Right? So again, for those of you that have not been exposed to this before you have revenue at the top.
you have all the things that cost you money to get that revenue people right? Technology, maybe cost of good and then at the end, you have your income. Right. So we are looking at the revenue portion of a company's annual budget.
You always take qualitative and quantitative approaches. 50, 50, right? So not 75, 25, but 50 50 team sport approach. How is everyone responsible for being able to drive revenue for the team? Even if the Cr is that key stakeholder with the executive team. It's still a team sport, right? And then, lastly, problem solving to understand the why. How did we get here? We talked about pre mortim post mortem what worked, what didn't work. We talked a lot
about different frameworks to come to solving those problems.
So let's go ahead and get tactical
new business methodologies. We're gonna talk about sales, capacity and waterfall. But so if you've taken my classes like Cr O school rising execs or the other boot camps. We always just dive right in to the methodologies. One of the things I want to talk about is if you're mid year, and you're forecasting again the amount of data that you're pulling from. And what you're pulling is a little different.
right? So you're not in October or November and guessing what you're gonna finish the rest of the year with, and then using those trends from last year, you're actually having like data that's less than 30 days old right here with you in this year, in this economic environment that you're also pulling from.
And so I think that's important to keep in mind as we jump into these methodologies today, you are going to want to pull data from now from right now, and and in the past, we're really looking more historical.
So one of the things when we come into new business that you hear is, what impact can we make at the second half of the year. Right? So they're not coming in. And if you've taken my other classes, it's more the Cfo. Saying, how many headcount do you need right if I'm going to

give you 3 to do 300 million right. How many heads do you need if I want you to do this much? And the answer is like, No, that's an awful quote. This one is 2, right? This is tough
in a re-forecast. You're generally free forecasting like we discussed last week, either. You exceeded like you were too shy.
My guess is for most of you. You overshot, and you're a little under, and you have to re-forecast, and, so to say, what impact can we make on the second half of the year can really start to get you in a little bit of a mess right in a mess such as you're not going to meet the second half.
So when you really think about second half of the year, data is so important for actual ability. On what can we do for the rest of the year? Not. Let's let's let's theorize on all of the things that might be possible.
So
if you think about what you did in annual planning, if you used sales capacity, here are the things that you were pulling.
You were creating territories. You were assigning those territories to reps.
You were target getting target accounts and segmenting them into tiers. You were doing quotas based on benchmarks. You were including ramp periods, quota cushions, percentage of like, what percentage of your team is going to hit quota right? And then you were looking at headcount. Right? So one head count equals a certain amount of money.
We talked last week about this not being the best way right. But if this is how you forecast it coming into the year. Then then this is probably what you pulled
when you think about the data points that are needed. When you're building a sales capacity model, you're looking at revenue model, a revenue number, right? I need you to do 100 million. Then you're breaking down into different verticals, different sales, data looking at even time studies building those territories ramp times, deal velocity, capacity, average deal size and historical insight. So you've got a whole bunch. If you look at the pyramid, you're saying revenue number
collections of data budget review. And then you get okay. I need this many people. Right? So that's what this looks like. That is sales capacity. We talked in a very theoretical way about this last week, but here it here is in more detail. This is a very simplistic example to give you an idea of how people build these right? So they'll put their vertical.
the name of their person, their rep.
their start, date and ramp date. How long does it take them to ramp right? And then, they'll say, based on their start, date and ramp date. This is how much revenue we or bookings we expect them to bring in
per month.
Moving forward. Then I'm going to discount it here by 20%.
And then this is what I can expect. And people just take that discounted line. And they say, Here you go board. This is what we're able to do right for the rest of the year. You have some data, not a lot. But you're the little right. You're looking at average data close by segment. You're looking at average contract. But as we discussed
people, human individual salesperson does not always in a mathematical equation, equal revenue. Right? We talked about that team sport where there was that whole diagram where there were all these different pieces that has to be together to make this happen, which is why, sales capacity was tough right

now on the flip side of that waterfall. We've all seen a funnel right? This is on its side. It could be up and down. It's whatever way you like to look at a funnel. But in a funnel we're not putting humans into our equation, right? We're just using data. So we are taking in this little model here. We're taking a lead
to an Mql. To an SQL. To a deal to actual closed one. So but you can use any state you want whatever makes sense to your business right? If you're not looking at leads and Mql. Anymore as a part of your deal funnel and your first
stage that you're modeling is an SQL. And then you're doing opportunity created. And you're doing price presentation. And then you're doing close. That's okay, too. But we're looking at data.
Waterfall forecasting is all about starting with controllable actions and outcomes that are data driven. So I am not starting with the number someone gave me. I am looking at my funnel and saying, Okay, how many leads are driven by product and marketing? How many actions do I have of targeting accounts? What are my conversion rates and deal stages? And then how do I make sure that I'm incorporating deal stage link from stage to stage to stage, to stage.
the biggest takeaway and waterfall that that is so important that people forget to do. And we talked a little bit about this last week with someone's question the averages. If you were with me, you remember the averages
don't do that right. Anything grossly different
from one segment or product or territory needs to be forecasted separately. If you have a win rate of 30 right in mid market, but in enterprise it's 50. Don't merge them, and just say that we have right? A 40% win rate. That's not what we want to do. So you really have to spend a lot of time segmenting this out.
A very simplistic example of a waterfall is simply starting in this case at a marketing qualified lead.
See here that we have a quantity of 500. Let's say that's real right. That is real data, that we had 500 Mql's, and we only converted 15% of those to a sales qualified lead.
And then of those sales qualified leads 34, opportunity 33% of those to proposal 50% of those to opportunity close list. If we look at an average contract value of 28,000, all we're doing here is average contract value times the Ops close. And we are saying
to our executive team, hey! In one month, as long as we keep our marketing qualified leads at 500, and nothing grossly changes with the sales team I am projecting that we're going to do $117,810 in contracts.
So I want to make sure everyone understands right. So instead of
the board or the CEO coming to you and saying, I need you to do 200,000,
and you say, alright. I'm gonna need 4 reps, and I'm gonna have to hire them by this, because they'll need to ramp by this. You're then saying, here's what I can do based on the lead volume that we're getting today or the sales quality side volume, whatever you want to look at.
And here's how much I can do.
And now I need this many people to actually manage it right? So how many? How much investment do I need if I don't have 500. Let's pretend that we did this. And he said, No, no, no, you still need to do 200,000.
Will you now have data to say, hey? With 500 leads. I've got $117,000. I'm going to give you right, that's all I can do. But if you want to give me more budget, Mr. Cfo, right

to drive that marketing qualified lead volume up, and we assume similar conversions. Then guess what
we might be able to get to that 200. But I need us on the Mql. S. To get to 700. Let's talk about the gap that we have to make that happen
is everyone following.
So now you're talking about things in a very like data, driven intelligent way and not about a human being able, a single human being able to make something happen within the business. You're also now taking all of this data and saying, how many Sdrs do I need to manage those 75 leads
instead of saying, Let's hire 10 Sdrs because they might be able to find more. You're like. No, no, no, this is what we have. So how many do we need to manage it? Head count, to manage those 25 Ops. Right, etc, etc. Now you could look at time studies and things like that to understand. When we hit this many
marketing qualified leads, we know that that equals blank amount of reps, blank amount or Sdrs blank amount of aes, etc, etc. Whatever your model is.
these are very simple examples. We're going to dive into spreadsheets here in a moment that are going to get much more detailed. But I'm just making sure that everyone's following with with the tactical
before I do. If we remember last week we talked about all of the things that you need to gather right? So you need to gather a lot all of your Crm data. You need to gather historical trends. sick locality.
You need to look at your that that acv, you need to separate your business. This is all new business, right. So hang with me on the new business side you need to take. Make sure that you're looking at average rep attainment right now with the quotas that are sitting out there. You're needing to reevaluate anything you did in your existing annual plan that you made an assumption, and that assumptions off.
So you need to go and line all those out. I always say the term when I teach this is assumptions make an ass out of you and me unless we put them in front of the team right? So here all the assumptions I made team. If any of these are off, we need to monitor them on a weekly basis so that we can discuss them and watch those and so
before Dustin, I know you're my next slide before I do that I'm gonna get out the handy dandy spreadsheet that you love Dustin. You just.
No.
Spreadsheet. You hate this spreadsheet.
I've even got a better version to spreadsheet now. It's just not finalized.
Oh, it's spreadsheet.
Spreadsheet. You hate the spreadsheet.
I hate this one.
You do. But but, guys, I use this because I want to. It is very easy to teach with. So I and it will help build additional understanding to why these methodologies are important. So hang with me. So so this spreadsheet, which you will all have right. You have assumption tab on the bottom.
This assumptions tab will build all of your data for sales, capacity, waterfall and renewals.
One thing to note

this, spreadsheets really for recurring revenue businesses. So if you are in product or services, it is still really great information. But I would not use the spreadsheet to forecast your business or even like
e, even like utilization type models either. This is very much a sas sign your contract type, methodology, spreadsheet but in this, if you look at it, you have a model start date. So everything in blue. You guys are gonna be able to make a copy right and use this, but everything in blue you can change. So we are modeling 2 different tiers.
All of this data right here is for sales capacity. So we have a quota. What quote are we getting? Remember, we're starting at the top
the average contract value based on tier.
How long it takes a rep to ramp
quota achievement. That's that buffer.
And then number of customers at model Start. So maybe your brand new custom company and you have 5 customers right now in each tier. That's what that is. Those could that can be moved to 0 that can be moved to 25, it can be moved to hundreds whatever you have there
as we go down. This is your waterfall data. So all 4 stages. I'm only doing 4 in this model. But in here you can do whatever you want here. Right? So if you are not marketing led at all, and you are field sales led.
Cool, right. Change these to sales led motions. If your products led, you can change this around too. Right? So. But here's where you can put the stages that make the most sense, the most important
is, what is your stage to stage conversion?
The Mql. To SQL. Conversion rate, right? How many Mql's turn in 2 SQL's, and so on and so forth, until you get to that closed one stage.
This, there is your first stage all the way to closed. One will give you a certain percentage.
If we look at the split between the tiers.
I am only using this for models sake, for education. I do not recommend you doing this when you were building your own, separate it out into 2 spreadsheets. Okay? Or 2 areas of your spreadsheet or 2 tabs, because while by putting enterprise and mid market together and just splitting those tiers. What are we doing?
We're averaging right? A lot of this data I just put in up here. I taught you not to do that, so don't do that. But this is just a great example of of a way. If your data was the same, you can put tears on here and just split those.
This part's important and too often missed because the mathematical, like part is more complicated right? Because you now need to put delays in your stages. You have stage one. So how much time does it take
for stage one to stage 2 to happen in this case it's super fast, so it's 0 for mid market. But it's a month in Enterprise
stage 2. How long does it sit there? Stage 3. How long does it sit there. So your total sales cycle in length for mid market in this case is 2.5 months and an enterprise. It's 7. You can change any of this information. To get the what's going to be populated on the next tabs.
Lastly, we have renewal assumptions. This is how long is the contract
customer churn at renewal date.

Okay? So if they're 12 month contracts and they do not sign on again at the 13 month, what percentage of them did not sign on. This is the churn rate
upsell on retain. So of those that stayed, how many were actually upsold like spending more right, and that will give you your net dollar revenue retention.
This, then, models out, based on your average contract size that you put up top. What could this customer look like from 0 to 5, based on this net dollar revenue retention.
Yes.
Hey, Stephanie? I just wanted to clarify in Row 56, the upsell on retain customers. That's percentage of the contract, or that's percentage of logo.
Percentage of the contract.
The contract. Okay, thank you.
Great question.
All right. So these are, this is just the data part, right? We just put in all of this information. Most of this
should be data you can very easily pull from. I do want to remind everybody. I get the same question. Every class. I'm going to say it again.
Everyone has some data, especially if you're mid year. So if you are a startup and you're like, we're pre revenue, or we're about to go to revenue, or we have 3 Logos. You have something right? You can pull from. So really start making sure that you're pulling from what you have. And then, if you're really new.
I would even like put a little assumptions column right here and start saying on this date, we're assuming that this is our conversion, or that this is our average contract value, and then
look at it every single week in your leadership meetings we assumed this, but we're seeing this red, yellow green. Do we need to talk about it? How is that going to impact our model? Right? So that's another great way. But really defining those assumptions, especially if you don't have great data, is something that's very important.
So we, before I move into the outputs, because this is the only spreadsheet. This first little sheet is the only one that you need to put information in. It's going to populate all of it for you. So. But before I move in to show you what those outputs are. Are there any questions so far.
Yeah, so we're a couple of questions and Chat Justin is on it, though. Thank you. But if anybody would like to come off with mute to elaborate. Please feel free.
Dustin's work in that chat. Good.
Dreamed.
And.
State like.
Them on Aol instant, messenger all over again.
Oh, I love it!
Alright good! Let's go ahead and look at the outputs of this.
So so everything that we put in from a sales capacity standpoint will populate here. So you'll look at I always like to hide this one, so let me hide that really quickly. So for 2024, which is the year that we're forecasting. We wanted this model to start in January. If you were re forecasting, you don't have to do that right. You can have this model start in July.

Right? So just make your adjustments. If we go back to this assumptions. Tab, make your adjustments there you'll see here we're putting in the sales team member. Name verticals we're putting in their names.
Their monthly quotas are populated based on what we put in that assumptions tab, we can change their start dates, and it'll give you their ramp month based based on what we had set up in our assumptions because we had put ramp 3 months or 6 months right, whatever we had put in. And it'll start to populate, based on that first month.
What is going to be calculated as we start to go down. So you have quoted Target. And all this is doing is adding the number of people by different vertical and giving you the total bookings number right? So if we look here.
we have, I'm like, Oh, my total's at top. We have 90,000, right? 91, 91, because we only have these 2 people on here. If I go in here and change their start month.
because you can change this here and change this person. Let's say to Fab.
now you'll start to see we're populating a bit more
right? So that's all you have to do there, but it'll all it does is add it up. So you have it broken down by tier.
and then it shows you the total amount here
if you go to quota achievement.
This is that buffer that you put in in your assumptions. Tab. So I want to have a buffer of, I think from a quota achievement standpoint, 90% of the team is hitting enterprise where 78% of mid market is. Remember, pull this from the data that you have. This is midyear. You know what your sales team has been doing, so go pull it.
go. Make sure that you have that information.
If we go down to actual bookings. This is just this.
minus your little discount, right? And what the actual is that you would want to give to the board. Okay, so you don't give them 50.
You give them 39.
Right now, I will say I argue with at least one person will come off mute and have, like a little bit of a debate on? Are we setting our teams up for failure? Why are we saying that we are only gonna give 78% of this to the board. So we're inflating their quota. And is that the right thing to do? You're gonna hear a lot from me in the other courses where it's not just about quota. What happens when someone goes on maternity leave what happens when someone it you have a high level of attrition because you hired a new manager and the people that like them right and they left. Those people have to ramp back up. So this is your buffer to make sure that you're protecting yourself from things that you cannot control.
Right?
So happy to get more of a debate about that. But that is that is the reason. And we also know that not everyone hits 100 of quota all of the time.
your your number of sales reps on payroll.
Sales rep count. So how many of you hired versus? How many are actually producing? And then it just counts all of your new Logos down here.
Okay? So a total of 3 new Logos based on the average contract side.
Now, waterfall looks a little more complicated, right? Because we're not just dealing with quotas and adding them and putting in a buffer. We're actually using data. So if we look here again, we

are starting in January. In this model we are looking at raw and qualified leads is just pre up here. But we're starting with marketing. Qualified leads.
The one variable that you can mess around with in here is your lead growth month to month to month. So let's talk about that really quick.
Let's say that the number of Mqls that you are getting today is
60,
right? And in February you got 80. You've got an actual 80.
These should stay at 0.
Okay, so drag that bad boy.
Then you go through your model right? So this is 0. I'm in. I'm in my, I'm going to the team. I did waterfall. So I'm going to the team. Here are my Mqls. Right now. We got 80 in February. I'm anticipating that we're going to do the exact same thing
with the budget I have today.
right? I don't think that we're gonna have growth. Maybe July is our like high point. So I'm gonna put like in this month, we're gonna have a spike.
But then I'm going to go negative 20 here to bring it back down. Okay, so you can mess around with that a little, but don't go and put. Oh, we're going to grow our lead 50 month over month, over month, over month. You don't know that yet, right? You didn't give you any additional budget. You can only only assume what's already happening. Right? Just use your data. Only for this moment.
Now we can go through, and all we're doing is we're looking at the split between the 2 Mql's. Remember, that was something I I mentioned before. In this case it's 50 50,
and then that conversion rate. That's on your assumptions, Tab, and it's just building it down for you. So we have. We went from
60 qualified leads. And then how many went down here to sales qualified, and so on and so forth.
Look right here. So I'm sure some people are going to be like Steph, how is there? 75? We did have some already in pipe. Right? So I said we'd already add this many that were being worked. So you can change those to 0 as well. But we wanted to make sure we gave you Summit model start. So this was what was in pipeline. Right?
So you go down. And now we have 30 opportunities right? How many are sitting there based on our conversion rates in January? We really wouldn't have any bookings achieved.
based on our time to close
right
now we go up and let's go ahead and look at July.
If we had 96 Mqls we would have 44 sales qualified leads, 24 opportunities, 14 closed, one and 570,000 in bookings achieved.
broken down by enterprise and mid market
quota, achievement buffer.
And then here is the target.
Is everyone following me?
We've got some European symbols. That's great.
What questions.

Only questions on anybody like to come off of mute. I see, Doug, you just had a question. Doug asks, wouldn't it make sense on the model growth rate, to have 2 rows for conversion rates based on segment.
Yeah. So in all honesty, I again, this is for teaching purchase purposes. I would have mid market have its own, and then I would have enterprise have its own.
and I would do state local government on its own or education on phone. I would not consolidate. I'm just doing this to try to simplify for learning. But great! Call out, Don't don't do them together. They're 2 different right? Trying to shove everything in and simplify. But I I don't recommend it.
Great question.
What else.
No, we just got another one in the chat from Ryan. How hard is it going to be to update this model? That's to me we'll be. You'll be able to adjust. You can make a copy and edit absolutely. We'll share rights that you'll have editing rights. So when we do share. Just please make a copy, so it's yours.
Yeah. So we've had a lot of these messed up over the years. Please, please, please make a copy. Fixing. These is not always fun the last time I didn't have any time at all, and I had somebody so kindly do it for me, which is why there were some European
money is in there.
Awesome. Okay.
from a renewal standpoint. This is simply this is a very easy spreadsheet. This is not what I use for existing business. But it is here we're all it is looking at is your total new Logos.
the number that are going to be up for renewal. Right?
It's then looking at your number of churned Logos.
looking at the blended rate.
and then starting to break things out by cohort year
for Mid-market and Enterprise
cumulative on all 3, and then your totals. And so it just gives you this AR added and renewed at the bottom. So it is pulling all of this from sales capacity based on the number of Logos achieved.
Right? So it's plus this minus this. This is how many we have. This was the average contract size. It's a great way to model out your business development with churn, and upsell, but I have different methodologies that I'll share for existing business.
All right
any more questions before I turn it over to Dustin.
Looks like we are up to date on the chat. Thank you.
Yay, yay, okay, Dustin, do you want me to stop sharing? And so you can do your thing.
Let's do that. Cause, you know, I'm gonna be bouncing around.
I know you are. I just love it.
Alright, let's have some fun with this folks. We're talking and reforecasting, and all of my lessons learned. So let me share my screen. Got the right screen. Alright. So let me first give you a little bit more context on the story, because when Stephanie talks about how I'm breaking the mold as a Cr, which he really means. I'm breaking a lot of shit as I build things. So learned a lot of lessons. My career started off

pre, software was in it staffing and then realized that I no longer wanted to sell myself as a product and instead wanted to go sell actual software products. So I had a great opportunity to join a very early stage company called your cause back in probably 2,010 or so
your cause was doing about 600 k. In AR. And had 5 customers at the time. They had 5 really big name customers. Dell Medtronic. Best buy like I know those folks. There might be less risk in joining the startup. So I joined your cause as the very first salesperson I was kind of taking over from that founder led sales motion
after about a year and a half brought in about 1.7 million in AR, and said, we've got something here. I'd love to build this organization, and fortunately had that CEO, who just trusted me, put me in that management leadership position and then stayed on with your cause for 9 years, where I saw us through our series, A, our series, B, getting us to about 18 million in AR, at which time we are acquired by blackbodly traded, highly matrix 4,000 employee organization that has about 600 salespeople.
and I stayed on for another 2 years, where we grew to about 42 million in AR.
I then was super naive, and said, I wanna go scratch that startup pitch again, and you know what I think I can do what I did at your cause in like half of the time. From all of these lessons that I joined, that I learned. So I overcrected and went to a very early stage company, doing about 600 k. In AR again, but quickly realized that they were not gonna be my next year. Cause, however, it was a very different motion from your cause. Your cause was traditional enterprise sales. This company was all product led growth.
So I was actually owning the revenue number without salespeople reporting to me we were driving revenue through self. Serve sign ups. You wanna talk about a different way to forecast. That is a whole other model entirely usage based and based on website interactions going through a product funnel to then ultimately get them to sign up and pay us.
Then, finally, that brings me to Osano. You think I've learned my lesson about joining early stage startups, but as my Cfo likes to say. I kind of addicted with that self masoist phase where you walk into a company that doesn't even really have product market fit, and you gotta figure all of that out. So I joined Osano at about 12 million. We've now surpassed the 12 million dollar mark. Sorry I joined it. 2 million. We're now past 12 million close our series. B, about 6 months ago. On a great journey. And if you wanna talk about complexity of forecasting, this has it. All this has multiple market segments, not even market segments. We align to ideal customer profiles because we have different types of buyers that surpass or span different market segments. So we actually anchor our forecasting model on 3 distinct ideal customer profiles.
We also have multiple horizontal industries. We have a usage based model, a self serve model plus an enterprise sales model. We got it all. So I've taken a lot of the lessons from that seed stage to publicly company and roll them together here at Osano.
and I think the reality is, when I got early into my sales career, like most of you, we didn't have a pavilion. We didn't have a revenue collective. We didn't even have sales, hacker, so we just had to figure it out. So most of my lessons came from trying something failing, and then just applying logic to figure out how we should get there.
Early on it was the traditional headcount capacity model. But the challenge I had with that is, when you are early on. You don't have a lot of repeatability in the funnel. Your aes are probably running around trying to onboard. Customers do their own outbound. So this lack of funnel

visibility means you couldn't really figure out what you were feeding your aes and a headcount capacity model just didn't work.
So that's where I kind of first come up with this idea that wasn't unique to me. But this logic based idea of. If I'm going to sign myself up for a number, I need to know every element of how I'm going to get to that number, because annual planning and forecasting or re forecasting is less about the science behind everything, and more important about how you, as the revenue leader.
are getting confidence to get to your number because you are chartered with explaining to the rest of the company how you're going to get to that number. So I always like to say, if you can't explain it to your mom, your dad, your sister, your brother, then your re-forecast or annual model probably just doesn't make sense, and you need to bake a little bit more logic into that.
and data is always going to be a path to the answer. But it is rarely the answer. I'll never forget the first annual plan that I turned into one of my my early stage, CEO, at at your cause, and said, Hey, Matt, there's no way we can get to this number that you're giving me. The data just shows it's not possible. And he's the one who said those words to me, he said. You gotta remember that data is a path to the answer. It's not always gonna be the answer, though.
and you know what he was right, because I figured out what growth levers we needed to change what data I was getting. We doubled down on those initiatives, and we exceeded our plan that year. So keep that in mind. Historical data is so important. But more important is you understanding and rallying the organization around how you're gonna change those inputs, how are you influencing what the plan is telling you so that you can stay
very dynamic?
You've gotta force instrumentation. If you're at an early stage company, or you're at a big, publicly traded company. I saw this with Black Bod. We were doing pretty good on hitting our annual plan around our last few years at your cause. But then we got acquired by Blackbod, and that bottoms up funnel conversion model that I'll walk you through, which is more of the waterfall ma methodology, they said. You know what that's cute. But we've got this headcount capacity model that we use here at Blackbod.
and those 2 years I was at Blackbody when we actually missed our number, because the head count capacity model did not take into account what the dynamics of got to market actually are, which is, Aes are no longer the sole source. For where you generate your pipeline and your revenue instead, you've gotta stay dynamic and think about multiple channels and actually model that to then get your resources.
So I love that Stephanie already teeed this up. Your forecast is your fight for more resources. It is the one time where you're gonna be able to show somebody who's highly data driven a Cfo. Their numbers driven. You're gonna be able to show them the numbers and what you need to get to that number. So keep that in mind as you go through re forecasting, you should be reallocating resources based on what you saw in actuals in the first half of the year.
And most importantly, there is no silver bullet template, you know. Stephanie makes fun of me because of how much I dislike the model she just went through. But that's because it's not meant to be a silver bullet. You need to work with your finance partner to customize one to your needs. In fact, the model that I'm about to show you it is not a template. You cannot just go in there and start entering some numbers, and it spets everything out for you instead. It's more of a framework. It's something you could sit down with your finance partner

and say, Hey, I really like the way that they're thinking about this, could you go and create a model that achieves these same inputs and outputs for me. And you know what? If they can't, that's okay. Cause you could find some great excel gurus on places like upwork. We had just actually gone through a Cfo interview process here at Osano arrived on an amazing one, Ryan, Messia. He was most recently at quarterback, and I wish we are done with our own re forecasting, because the model
he just built for me blows my mind. In fact, funny joke! I was sitting here in my office one Friday, a little bit late. He was walking me through this new model, and my wife got home, and apparently after we got off the call she heard me under my breath.
This model is beautiful, she goes. What the hell are you looking at? And she goes. Really, you're nerding out on excel models and saying that these are beautiful. I'm done with you. So anyways, all that to say work with your finance partner on getting a model that becomes your tool for success for succeeding in your role.
So let's get into this. This is my tip for how to protect your job, how to fight the the fight for resources and ultimately how to stay really dynamic and set expectations across an entire go to market organization. Now, this is not pretty, and it is not meant to be a template. You definitely wanna copy this. But there's not this concept of. Apply these inputs, and you will then see these outputs, but instead, follow me in kind of my mindset and philosophy around this.
This is tying your bottoms up model, or some people might call it top a top down model, because you're starting at the top of the funnel. I call it bottoms up because you're starting from the bottom of the customer journey.
But you're tying your bottoms up model to your head, count and capacity model. So the biggest thing to take away here is there's no one single perfect model. Use multiple models to gut. Check yourself, to give you more confidence in your model, because, again, this is a game of confidence. How confident are you in being able to achieve the different scenarios that you're laying out.
and this takes every individual call it marketing channel. Call it customer journey channel. Whatever you wanna do, we have our paper click or paid media. We have social paid media, third party email marketing, organic search, direct traffic, referral traffic events and field marketing. Sdr outbound ae, outbound organic, social and email marketing. You probably already have some other channels besides this, you may have a channel and partner ecosystem channel.
You may have a third party outbound agency that you're working with, or maybe some of these channels don't apply to you. But the the goal. Here is you first identify all the channels.
and it's all about first touch interaction. So yeah, there's tons of different attribution models. How do we attribute this lead to paid media versus
social media. You wanna look at first touch attribution. Where are they starting the customer journey? And for here you can kind of ignore this budget row. But we're starting at clicks.
and then I'm modeling the click to Mql. Conversion rate to Mql's, to Mql. To SQL. To SQL. To SQL. To SQL. And whatever acronyms you use.
So the goal is, you're trying to sign up this channel for certain number of sales qualified opportunities, and you want to be specific to the Channel as well as those conversion points, because now you have set expectations on what you think, the customer journey will look like.

And this is forcing the instrumentation of Hey, if we're setting expectations and assumptions on this, then we actually have to measure that.
So this is a really good forcing function for Rev. Ops to come in and say, Oh, we do need to put some sort of mechanism to measure this, or if you don't have Rev. Ops, here's your opportunity to go. Make the business case for Rev. Ops, because you're building these assumptions, and you're tracking, checking against these on ideally, a monthly basis like we have here.
And yes, you could. You could model Multi Channel attribution or customer journeys where maybe 50% of your Mql's. Then go into an email nurture. Here. You can get fairly complex. I've worked with fortune 1,000 companies that do that. A little bit more of a data science exercise. So make sure that you've got the right resources and data to do so. But the goal here is you're trying to set expectations at a channel by channel level.
And you do that for each of your channels. These inputs are going to vary based on channels. You've got impressions versus open rate, or as you start getting into outbound, there's different ways to approach this where you might want to start at the first email or first touch for outbound. That might be a cold call could be an email, could be a Linkedin social selling point, whatever it might be. In this case, we actually had a little bit more repeatability on the outbound side.
So we're actually just modeling, based on number of Sdrs and then overall attainment assumption at about 70%. Here again, I'm getting to the number of Sqos that I expect from each of these channels.
and this is also taking to account staging and periods. So let's say that it takes on average a month for an SQL. To then become an sqo. Well, the model should be built, so that if it becomes an SQL. In January it doesn't hit until February as an SQL. And this is why you want a finance partner working on on this with you.
Now we get into the fun stuff where we're actually tying this into the head count and capacity. And the goal here is, what is your goal for the number of sales, qualified opportunities that each ae needs per month. So you should be modeling out what is an ae's capacity, so do your calendar checks. How many new Demos do they need a week? How many follow up, Demos? Do they need a week in order to hit their number. How many is too many?
So we anchored on 20. That should be the model that we apply to each of our aes. Now this would vary between market segments. So this does not take into account various market segments. Another reason why it's not a template and more of a framework, but this tells me how many aes I have covered, based on how many sales qualified opportunities are coming in. So if each ae needs 20, and I'm bringing in 80 sales qualified opportunities.
I can cover 3.9 9 aes. Now, I'm layering in that headcount capacity model. So ee what their quota is. I'm accounting for ramp here so traditional. 3, 4 month ramp.
and then I am trying to balance the number of aes with the number of what I call res or ramp rep equivalents because you've got ramp. So that means in their first month of ramp they probably have 25% of a quota. Well, that is 25% of an ae. So if you have 6 aes, you actually have 6.2 5 aes, because you want to be feeding those aes with some degree of pipeline.
and the goal is, I'm trying to make sure that these 2 numbers align, and sometimes I might be over meaning I need more capacity. So I'm not stretching aes too thin, and all of a sudden their win rate takes a dip
in other times, and this is most important. You don't wanna over index on your head, count, because if you don't have enough pipeline coming in, you're gonna have some attrition from Aes

who just can't hit their quota. So this is how you're balancing out the expectations between marketing and sales, how you're balancing out, you know what in in candidly, this is one of those at Osano this year was a big bet year for us.
We had a pretty backloaded plan. You never really wanna have a backloaded plan. But it was logical, because we have a lot of really exciting products coming out. We hired a new Cmo in Q. 4. We need that Cmo to ramp up, and then we'll see some pipeline production.
So one of the ways I wanted to protect myself in the Goto market organization was not by going out and building a plan that has me hiring aes until I saw, or until we see, the pipeline production at the top. But I still needed to be a bit more aggressive on the plan. So what did I do? I modeled in increasing Ae's quotas? Because that's a much easier lever to pull, hey? It's time to increase quotas, because
we've got more coming in the funnel. And not to mention that means we could actually increase your otes
versus. We're gonna go hire more aes. And if that bet at the top of the funnel did pay off now, we've hired people that we don't actually have top of the funnel capacity for. So this is where you can start hedging your bets and figuring out which levers you actually want to pull to get to where you want to go.
So again, just the mindset. Your goal. Here is aligning ramp equivalence with the aes covered through the bottoms up model or top of funnel model, whatever you call it, and have a clear path to get to your plan.
Let me just stop there and see if there any questions that came up in the chat, or if anybody wants to come off mute and ask anything.
Dustin. There was one I couldn't answer for you, because it's on your spreadsheet, and I don't want to put words in your spreadsheet.
Sir.
Is it intentional that budgets only tied to Ppc. I would assume events would have budget attached? Would that be relevant to calculate your cost per lead. And eventually, Roi, I started answering it, and I'm like man.
No nailed it, you know. I should probably even remove that from this framework, because I use a separate model to look at cost per lead cat to Ltv. All that from a costing perspective. I had that in there purely as a quick check. But yes, that is intentional, and that's what you're trying to do with that budget. Field marketing should have a budget. Anything where you have variable spend, or that transactional programmatic spend should have a budget associated with that.
Yeah.
cool.
alright. Well, let's talk a little bit about how this differs with reforecasting versus an annual plan, because that's what I set up for the annual plan. The good news is that is what our entire got to market organization is anchored on. So every single one of my leaders across marketing sales. Customer success
is looking at that model on a monthly basis. We have a monthly assumptions and variance check across my go to market leadership team, my Cfo and our Rev. Ops, where we look at what were our assumptions? Where did we miss those assumptions? Why did we miss on those? And what type of initiatives are we putting in place to ensure that we're closing the gap

now? I know one of the questions earlier was, how often do you look at that? You know, if you're a privately held company? Oh, you got a lot more flexibility. You could re forecast whenever you wanted if you're a board or investor led company. You only have so many opportunities to re forecast, I will say, and take this as a little bit of my own learning. I used to think that re forecasting was one of the worst things that you could be doing as a cro, because that showed that you missed your assumptions, and you missed what you thought
you are going to be able to do, and, in fact, that kind of bit me in the butt. In the last 2 years, because I didn't really want a fort re forecast last year.
But let's be honest. There are so many externalities that have impacted every single one of our businesses that everybody on this call should embrace, re forecasting. Get your board comfortable with re forecasting, have the open conversation with them about how they think about re forecasting, because now I've gotten us in a much more dynamic space, and the board loves it because they understand that they're just externalities in this market
that is really hard to make Sas and building businesses predictable. But if you are showing that you're constantly striving for predictability and you're zeroing on initiatives to help you get to repeatability. The board is gonna love you.
So when you talk about re forecasting versus annual plan, you just gotta shift your mindset. You wanna narrow your focus. We are not annually planning. We have already agreed on our methodology. We've already agreed on a lot of our inputs here. Maybe you're gonna be making some changes. But you wanna narrow in onto what the growth levers are that you have confidence in you actually changing. Between now and the end of this year
there could be a reality that maybe you came in and inherited an annual plan that just makes 0 sense.
Fortunately, your reforecast might be more like rebuilding an annual plan, or in other cases you signed up for a lot of massive bets. And now none of those assumptions actually added up. And you're doing a whole rejigger of your model. That's okay. But again, set expectations and align with your executive team on what your goal is. The the idea here is with re forecasting, though, is you only really have about 6 months to make that difference?
Really, even probably 2 to 4 based on your sales cycle. So what are the realistic initiatives and growth levers that you're anchored on to achieve your 2,024 plan
take into account market conditions. I've seen this time and time again, and I am guilty of it. It is a philosophical hurdle when we are in probably October, November, December. We're all doing annual planning. We're also trying to end the quarter strong.
And we have this mental block where we don't really think the realities of this year are gonna carry over to next year. Surprise they always do. I've seen every Cr have this just grand vision of what market conditions will do next year. Don't do it with re forecasting. You know what market conditions are looking like.
Probably a hard conversation to have with your board, too, because I'm never net a board that likes externalities. But, hey, we've got an election coming up this year. You should probably take that into account based on your industry, based on your conversations with customers. Election cycles almost always impact
economic purchases. So take that into account with your re-forecast. Be bold about that with the executive team. Then work with your CEO to understand how that might land with the board and what kind of messages you're gonna need to to to relate.

I'm about to get into this, but the best way to account for externalities is scenario planning. Have a downside a base case in an upside plan, and if your board doesn't like hearing about externalities, then don't really put those into your base case, but definitely paint it in your downside and ensure that you're presenting a downside scenario that does take into account those externalities.
And then, lastly.
Really quick to add, just to add to that really quickly, so that everyone's following the the the 3 pronged approach. So when I was a Cr. At a PE backed company. They did not want to hear about externalities at all. If we think about that worst case, best case, and like even a or a better right like sky is the limit. Give me a thousand pounds of budget. If you can build those 3. What I did is, I said, nothing changes on the worst case. Nothing. Here's the data that we've had, everything. The range remains the same. And this is exactly that what's going to happen? So that they knew when I built that next case, whether we call it best or most realistic. It was in order to do this today. There is a gap of this, and I called it out right in the forecast. So I said we would have to have blank more leads or blank, more pipeline or blank, more headcount or blank events, right or blank partners, and I put it underneath the increase right there in the forecast, so that they could very boldly see we could do this, but there was the but and it was bolded, and it was. If I don't get this. It will not happen right, it will stay right here. So it's very important to think about what are the things that you need.
If you are going to say that you'll do more, and it can't be efficiencies, and it can't be. Your people will just get better, or the training that I put in place is going to make an impact in 30 days.
We need to be realistic about how long things like that take right? So really put those in there in a very bold way. If someone wants you to improve the second half of the year.
I really wanted to hit home there on that one.
Very well said again, this is about protecting your job. At the end of the day.
Well and making the company right like making realistic bets with the company as well. Right? I I because it's not just your job. It's your team's job.
I love that, Stephanie, I mean just the the mindset of hey in revenue. Our job at the end of the day is to ensure that everybody else gets a paycheck. That's how you gotta approach forecasting. So
the last piece on this is just speed right? And it could be very easy when you go through a forecasting exercise for you to get into a lot more strategic, longer term conversations. Remember re forecasting, we are primarily focused on the last 6 months of the year. If you're in an 18 month rolling forecast model awesome. But you're prioritizing the last 6 months of the year. And what you're gonna do to hit that number.
So prioritize those swift decisions rather than extensive collaboration or deliberation around other things that you could be doing.
The other thing to just consider is, don't just look at the first. The 6 months of the year. Right? Don't look at the first half of the year. Only go back
right because there are cyclicalities and and seasonalities in your business like. I see people not look all the way back when they re-forecast, and they're like, Oh, well, why is October like so high? Oh, October sucked last year, and we didn't take that into account. The way that we

should have right. So just make sure. Don't just take the last 6 months. Look at the last 18 when you're re-forecasting to really put back everything into perspective.
So last piece I have for you is a little gift. I love myself some templates and checklists and things. So pull together a very simple checklist for midyear reforecasting. This will be sent out. You can make a copy of it. You got some awesome ideas, feel free to shoot them my way because I love sharing this kind of stuff that everybody can build on top of. We're kind of crowd sourcing here.
So when I think about re-forecasting. There are 3 different milestones, alignment inputs and communication. I love that Stephanie is gonna be talking about communication in your next few sessions, because, oh, that is probably the most important when it comes to re forecasting. It's one of those things where we tend to get a finished product. But what are we actually doing with it. Well, now, it's on our shoulders as leaders and revenue leaders to ensure that our entire company is rallied around that and understand that we all own revenue.
So under alignment, the really first few milestones are first validating those data sources. Have you validated those data sources? And I love there was a some kind of chats going on around, you know. How do you do that? You maybe got a new leader in? How do you maybe go back and revalidate those data sources. Make either Rev. Ops or Cfo. The owner of the single source of truth.
You can't have marketing and sales debating around what is the right data set, so shift it over to Rev. Ops, or if you don't have Rev. Ops shifted over to your finance, have them validate that kind of make them the bad folks in this make sure everybody is anchored on those data sources.
You gotta understand those deviations from your H. One assumptions.
and what you can do is put those against your your next model. So this this new model that I wish I could share with you. If we're just done. What I love about it is I've got every month for the next 6 months, plus we also do 18 month rolling forecast
and then preceding that our Cfo. Has pulled in actual data from the last full year, and then summarize that in a quarterly format as well. So I can actually see what some of those trends and variances might be seasonally. But I've got that right next to me, so I can check our growth assumptions overall
then, like, we just talked about, what are your key initiatives and assumptions? What are we actually able to control in the next 2 to 4 months to impact the next 6 months you wanna agree on your deliverable and timeline. And that's specific to the re-forecast itself. So this is when you're kicking everything off.
you should say, Okay, when do we want to have a initial model done? When do we wanna have our final done that we're then presenting to the board? When do we have, then the board approved model that we're gonna present to the company?
And what is the deliverable there? I think that's more important than just the timeline. What does good look like? What does done look like? Is it purely just the excel model? No, it should be the excel model plus the logic a few slides that explain your path to plan, and that's something you then present to the board, to your executive team, to the entire company. So know what your deliverable is
scenario planning. I think, Stephanie said it better than I can have different scenarios. Have your your downside case, your base case and your upside case, because that allows you the

flexibility to tell a few different stories and actually get some of those controllables and uncontrollables out.

And then, lastly, align on your cadence. So we get this re forecast in place. What do we do next? What is your monthly assumptions and variance review? What's your cadence down at a sales manager level versus a director or Vp. Of sales. What's your cadence across marketing? And if you're not already doing a rolling forecast. Maybe use this as an opportunity to build the model for a rolling forecast. I'm just a big fan of rolling forecast because it gets you out of that mindset of, okay, now, we're getting into 2025 planning. What are we going to do? Different next year? Y'all. Well, next year is just going to be iterations of what we did this year. So figure out how to build on it incrementally, as opposed to have these kind of massive changes just based on seasons.

then your inputs. This is probably the most important right. Tie your funnel model to headcount capacity. If you're not doing that already, use your re forecast, and as an opportunity to do so narrow in on those growth levers and initiatives kind of like the alignment. This is less about aligning with marketing, finance, other functions. This is now, what are you aligning on? How are you? Gonna improve, win rate? How are you going to improve asp? What's our pricing and packaging that we're leveraging there? Or what's the enablement that you're doing with sales to increase win rate

again, opportunity for you to say, Hey, I really need to increase, win rate, and I think the best way for me to do so is go hire a dedicated sales, enablement manager, fight for resources, woohoo, determine your thresholds of change. So what is the logical degree of change that we can expect from each of our scenarios, meaning, as you look at your degrees of change. Let's say you had 8 reps in last quarter, and then in Q. 4, you're expected to have, or your model says you need to have 14 reps.

That's a pretty, a logical degree of change. You're gonna almost double your entire ae capacity. Do you have the right onboarding plan? Do you have the right recruiting infrastructure? These are the holes that a good board are going to immediately poke. You have a 200% increase on outbound in a quarter. How are you achieving that? So know what your logical thresholds of change are?

Document reasoning for every single assumption? Best way to do this is, add comments for every cell where you have an assumption in your model that says, here's why I think we can achieve this, because those are again the first holes that your executive team, your cross functional stakeholders. Everybody is going to poke.

identify how you're reallocating that realloc, that word resources because everybody right now is struggling with outbound right every portfolio I come, I talked to you from our investors is trying to reallocate those Sdr resources to figure out what kind of output they can get from them.

Well, identify that reallocation and what you're now expecting. And then finally, do those sanity checks. What inputs have aggressive assumptions that are out of the range of others. And what outcomes do they actually influence? Have those sanity checks built into the model which usually means just have some charts that show your growth rates built in so you could be like. Hmm! That's a little too hockey stickish where that's a little bit lumpy. I think I need to adjust that using visuals are a great way to have sanity checks on the thresholds of change.

Lastly, and I won't spend too much time on this. But communication you have multiple stakeholders you need to communicate to, and this isn't all of them. But you have your individual

contributors. You have the go to market org. You have Rev. Ops. And that's more change management. Because now you have different goals, different processes, different initiatives, and Rev. Ops needs to operationalize that in the organization.
Then you have the company. Remember, you're you're building a culture of, we all own revenue. So, communicating the re-forecast to the company is one of the most critical communication events that you have in a re-forecast.
You have your board, and then, finally, that monthly plan and assumptions. Review. Make sure you have that communication format in place there.
So hopefully, this is just a helpful checklist to get you going, and at least give you a starting point, feel free to customize it, make it your own and folks, that is all I've got, so I'll stop sharing and hand it back over to Stephanie.
Muted any questions for Dustin before I share my screen, and we dive a bit into existing business methodologies.
I just wanna say how refreshing it is to
this is fairly new for me. But to hear this data informed data based approach to forecasting. I've been in the business for 25 years as as a sales account, and and everything has always just been
pulling numbers out of one's cavity, and when I would ask a question like, Where did that come from? And how much did we sell last year, and how? You know? No, that they they didn't want to hear about that. So I'm hoping this is a trend that more and more leadership is going to be wanting to support, realizing it's it's the reality of the numbers and data is powerful. It's not just making stuff up out of thin air. So this is refreshing and exciting for me. Thanks.
Yeah, love that. Thank you for sharing that.
Yeah, you're in welcome company. We all feel that way. And I think that's why we build things like pavilion. So we all have each other's backs, because sometimes presenting this to CEO will just tell you how psychotic your CEO is, and how much they have their own reality. Distortion. Field versus you know you inserting a a true view of reality.
For sure, for sure. You know all of this comes from. And Dustin shared come some of his, you know stories. It all comes from battle wounds right? I've been in organizations where they've told me do this much, and I didn't know how to push back. And then, when I learned how to do this and say, I'm going to use data, and I'm going to bring that data to my board and tell them if you give me nothing else.
Here's what's happening
right? And put yourself in that uncomfortable situation to have to battle for your team, because ultimately you're not just battling for the team that reports you. You're battling for the rest of the executives at the table. They just don't know it yet.
Right? So Taylor, I know I'm really leaving Linkedin hanging on that, aren't I? I don't start until next Tuesday, so I've really tried to like not proactively share but I soon a week too soon. Taylor.
Yeah, yeah, so funny. But in general, guys, I talked about it before. But I want to say it again. You get this number with no investment, and then you plan for the gap.
Right? That's what this is all about. So you will have all your data. You say I can do 150 million. You're coming to me and saying, you want me to do 2. We're talking about 50 million here, so let's get in a room and talk it through. How are we gonna get another 50 million? And that's where you start to build strategy.

And that's where you start to build new motions and ask for budgets. But that is the process. That is, that is how we use our data to to drive that gap plan. So thank you for sharing dustin. Really appreciate it. Let's go ahead and dive in. I'm gonna go a little fast for existing business methodologies. Because
we don't have a lot of time left.
Let me get through this here all your templates. Okay? So when you get this stack. You're gonna have all 3 of these have checks or have hyperlinks, so you can go and you can grab them. Remember, make copies, please. I have a couple of more. That talk about like
more of a services business. If you are running a services organization and you need an example. DM, me and Pavilion. Okay? Because it there's not a lot of people on here that are. But I do have a services organization, one that we can use.
Let's talk about existing business methodologies.
Cohorts.
cohorts are a very commonly used method methodology for looking at your recurring business. All a cohort is is dividing customers into a group. Right? A cohort. You're usually especially if it's contractual type business, or even like a utilization type model. You're doing it by date of acquisition, and you're lumping those people together and monitoring their behavior over a set period of time.
You're then looking at existing business calculation based on contract length upsells and churn. This is what it looks like. This is really blurry. I'm not expecting you to get anything from this. I just wanted to provide a visual. So you're looking at the acquisition quarter, or you can do months right. Or if you're really high velocity, you could even do week.
The number of customers that were acquired within that said quarter and then quarters since they came on with the organization. Right? So 0 all the way to 14, you can heat, map it, you can look at where we seeing trends. In this case it's expressed as revenue retained, not lost.
You can also, instead of doing it as revenue retained, you could do it as number of customers as a percentage. There's a lot of ways that you can model this out. You want to separate as needed again, so don't shove all your clients into one. Use your segments so that you can get great trends. But this is really about looking at an average trend based on when they were acquired, so that you can even go back and say, Gosh.
what did we do differently with cohort. Q. 2, 2,017. We've retained them so much better than all of the other time. What happened during that time? Right, and go dive into additional data to understand more.
From a non recurring business standpoint. I've been in product based businesses where you're selling one time large projects like consulting gigs. Or even large, like commercial real estate type stuff. These are some of the the things that I've had. Some success with defining mature clients as your first step.
What makes a Chi a client mature right? Is it that they purchased more than 3 times and spent more than a certain amount of money. And so you're using them in your forecast. You want to create a baseline for those
you then want to create growth, opportunity, and declining opportunity. So, for example.
this is a little messy, but it's an example. Let's say that this top line was your revenue
of your existing business.

You have a baseline, so let's say you had a couple of one-time orders that you know are never going to happen again. Right. So we had a 1.3 million dollar project in February that will never happen again. In April we had another 1 million. So we're pulling those out.
And so we have something that's normalized.
Maybe it was a margin thing who know. But we've normalized that. So we've gotten rid of it.
We now are saying we can do from a growth perspective with this existing book of business.
We're making some marketing investment. We're opening a new territory. And so we're going to be able to assume new growth by month of blank.
This is all hypothetical, by the way, so don't look too much under the numbers of what they mean.
decliners, we've got some weird market conditions. And so from some of these market conditions, we believe that we're going to lose 1.2 million in total. And because we're not sure where it's going to come from, we're going to give it an even spread.
I'm then also going to look at a decliner of a saturation of one of our product lines.
And so we're anticipating a decline of 7 of you know, it spreads based on the cyclicality of the business. But we're anticipating that type of decline across the board.
And so ultimately, if you look at 2022, verse 2023. You're coming to the team and saying, guys, our existing business is going to decline this year.
Here are the things I'm saying. We can grow. Here are the reasons and areas I'm saying that it's going to decline. And now you're coming to the team and saying, Here's what I'm assuming is going to happen?
How do we want to fill the gap if we're anticipating more out of this business? So this is not contract. This is either product or one time purchase. But it's a great way to think about even a sas type business, right? Of what are my growth levers? What are my declinners? And what could I anticipate happening in this business, especially if you've done termination for convenience in this economy?
Okay, I went. I went kind of fast because I want to leave some time for questions. The other thing to remember is, if you're in a if you're in a sas business. That first methodology that we showed just for renewals is your most common way to look at your existing book of business. Right? It's upsells, it's churn, and it's looking at net client retention. And so that is, that is the most common way to use which it. I did not put in here because we went over in the spreadsheet
questions.
I have a question, and sorry I'm not on camera. It's around cohorts. So I know you walked through the cohorts. If they are in this case it was signed customers. But when you are looking at cohorts for opportunities that are in the pipeline, I I've never been able to quite figure out if you're trying to get conversion metrics or or latency trends on when to end the cohort. So let's say, okay, th these opportunities were all created. Q. One.
Some might have a super long sales cycle so like, at what point do you decide that here we're now going to capture the the analysis of this particular cohort.
Yeah. So, and when you were building the pipeline cohorts, were you doing it by like vertical or segment? Or were you just looking at total.
Total only because, mo, we're mostly in the same vertical we're going to be expanding. But for now most of the opportunities were at least in in the same industries and sectors.

Okay, and
when and did you have, like your enterprise and mid market, too? And they were together in one.
We only have enterprise.
Just enterprise.
Yeah, you.
Dustin. I saw you shaking your head. I don't really. I have never done opportunity cohort analysis. I've always looked at it a bit differently. So do you. Wanna.
Yeah, can you kind of rephrase the question on like, what's the outcome you're trying to drive with the opportunity cohort analysis.
Sure. So it's more around. You know, looking at at through across the stages of the customer journey.
From how long it takes to get from an opportunity created to a pilot, from a pilot to assign contract. How many are actually converting to assigned contract? And looking at that in a cohort. Analysis, that's I. I think it's just as important to do it once they're signed, but also before. But my question is before, at what point are you saying? Okay, look this this opportunity. You know we haven't been able to get any valuable metrics from it, because they've either gone silent or you know. Now it's, you know, month 4. At what point do we kind of close off
the that period of time to then gather the information.
That's a good question. I have done opportunity cohort analysis, so we can kind of see trends on deals in flight, but not so much at the stage level. So the way I probably think about that is just what's the degree of variance from your your like averages. Right? I almost think of it as like.
how do you create a threshold or rule of thumb? For when you close out a lost deal, and you know one of the rules of thumbs I I use is a lost deal on average, should be no longer than 10% longer than your one sales cycles, and so you could probably think of it that way is what's our degree of variance from our averages that we won't then want to go ahead and close those off, because it's almost looking more at outliers rather than our our true Median.
I like that.
That is very helpful. Thank you.
Thanks, Dustin.
Anything else?
Alright, let's talk about what we learned. We went over new business methodologies and existing business business methodologies. That's it, right. But we talked about a lot today. We talked about what are the dynamics of how do you sell a re forecast? How do you make sure that you're doing waterfall and allowing data to support the additional budget and art information that you need. We had a checklist from Dustin. We talked about the importance of cyclicality in your business. We talked about assumptions and making sure that we're outlining those assumptions and tracking them. We talked about a whole lot.
What's happening next week so qualitative.
qualitative importance in the very beginning, if we go back, we said
qualitative and quantitative, 50 50, so each gets their own class. Right? So this was your quantitative. We talked a lot about data. Qualitative is coming next. And then, lastly, alignment

and deployment I am having. So I don't want this to be a surprise. I am having a substitute come in as a just in case. So I'm gonna try to make it. But it's my first.
It will be my third day in my new role, and I didn't want to ask for an hour to have to teach a course during onboarding. So I'm gonna do my best to come. But I am having a substitute teacher come in same guest speaker but this person will just be instructing the course. So so thank you in advance. It's Darren Darren, and he's on this call. Actually, Darren is on this call pre work for next week, so use your business assumptions to fill out one or 2 of the templates, play around a little bit, see what it feels like.
Right? Put your data in there and see what spits out and then come to the next class with any challenges. And there's gonna be a QA. When we get started right. This was a lot of information in an hour and a half, and it was a lot of data, and a lot of you watching us play in spreadsheets. We'll play in some of your own. Come back and let's answer some more questions. I know that Darren is a CEO of like a forecasting
consultancy? Darren, interrupt me. Am I saying this wrong.
It is a software application, not a consultancy. But yes, that's what we do.
Awesome. So he's gonna help with that. So lots and lots of stuff going on here. So he'll be able to. He's an expert in it. He'll be able to answer some questions there as well. That's all I got. So I hope today was helpful. I'm gonna stop sharing. We've got like, 7 min for questions. If you guys want to ask anything right, we're kind of an open book.
There was a couple of notes in the chat. Was Guy trying to say something? We got a little note over here that perhaps you had your hand. So yeah.
It. It was. It was really just a comment on the last question that came up. So we we do a lot of analysis on what we call funnel analytics. So really trying to understand. The gates and triggers from moving from one stage to the next and one of the one of the things that's been really interesting is comparing the average number of days in stage versus the average number of days in stage when you win
and consistently, the deals that are winning are the ones that are progressing at pace.
So really trying to understand. You know again, you've all got the data. You just need to find ways of extracting it. But if you can, if you can understand the the average number of days in stage. When you lose versus. When you win, it'll give you a really good indicator as to when you really want to be pushing the aes on
whether they should be thinking about either course, correcting the opportunity or closing it off, is lost.
Thank you for that. I appreciate it.
What else were you wishing that you were going to get something today and didn't, and would like to come off mute, and just ask.
That's a great question. And for those of you that are watching the recording, if you would like to chime in at this moment, use the feedback survey to answer that we can bring it up in our future classes.
Wonderful!
Alright, Stephanie.
Great question. This is seldom in Dallas as well. Howdy, neighbor?

We're just now starting to look at marketing. Qualified leads as part of our process and funnel. It's not something that they've ever tracked before. And again I'm new at this company. So what is the best way? Is there a
way of coming up with a number of what's reasonable, what is aggressive? What's not aggressive enough when it comes to expectations? Or what's the number? If you've not before. If it's a new thing you're doing, if there, it's new brand new process.
So Mqls are a tough one, right? Because it's all about how you're going to define it. As an organization. So it's that's the first step. So if you can get together as a team and say, what do we truly define as an Mql. And whatnotates a conversion, then you can decide.
How many have we gotten in the past that might fit this definition to give yourself a baseline? Then just put that out so like one of the things that I had done in the past, and it was my number one mistake. In one of the forecasts I, Bill, is. We started with Mql's.
We had some aligned definitions, but the the CEO at this organization had a pretty big marketing background and said, Oh, no, we can grow. Mql's 50% month over month. We're gonna do all this stuff we have to. And I did not challenge that enough, because the thing is is that at the very top
your Mqls are off. Guess what happens to the rest of your funnel.
Stop.
It's
it's
crap, right? So, really, really, really, try to get honed in there. My suggestion in this is, if I got to do that again, I would say, cool, leave Mql's out of my forecast. We need to track them, but leave them out of my forecast. Let's talk about what actually comes through and is very easy to track for us, and is very easily defined. Maybe that's discovery
right? Every discovery meeting that happens, no matter where it came from. But every discovery meeting that's a little more controllable. So but if you are going to put it in, define what it is, yeah.
make sure there's great definition.
Great thanks, thanks.
Yeah.
alright. Anything else
coming into a long weekend, at least for us in the Us.
Alright
good stuff. Anything else for Dustin. He's still here.
If you think of anything afterwards, feel free to share it in the slack channel. Stephanie and Dustin are both there, so they can see it.
Awesome. This was great all. Thank you.
Thanks. Everyone.
For coming.
You, Dustin. Thank you. So.
Aye.
You hear your weekend.
Hi feel free to reach out with questions. Take care, everyone. Thank you.

Class 3
text
Hello! Welcome, everyone!
Welcome, all! Give everyone a chance to get connected to audio.
Thank you for joining us for week 3. It is great to have you all back. My name is Mo. Bonner. I am with the learn team with the 1 billion at any time. If you have any questions during my session today. Please feel free to send me a message here or on slack as well.
We are super excited this week. We have Jonathan and Ann here they're going to lead us on the topic of qualitative importance.
Thank you again for joining us. Welcome back to Week 3, and I will pass it over to you, Jonathan, and.
Awesome awesome. I'm Jonathan Tice. I'll introduce myself in a second, and then I'll show a couple of slides and then introduce the most incredible person. And PAL. So 1st of all, I I've been a sales and marketing. Well, go to market leader in the industry for about 32 years. That means that was before the Internet for those of you been up there. I started off as a field marketer
for a mainframe software company that worked for for netscape, and and and oracle before I before I go any further I'd be remiss, Guy Ruben. Thank you for joining the call. Sorry to call you out, but wanna thank you for all the work you're doing with your research around the state of the the software industry. And specifically the 2024 report. If anyone has not read that.
go to the site it's a simple goal search. And again, Guy, your contribution to this community is immense. So thank you for that. And okay, now, I'm really nervous because I got Guy Ruben on the call alright. So back to my intro. So I've been a sales and marketing leader for about 30 plus years and and
it was around 2016 that I got bit by the bug of forecasting revenue forecasting. It was always a big part of my sales roles of having to call the number, and so on. But forecasting is a little bit different. Forecasting is as we'll get into again. To it is is a way of communicating and providing alignment and predictability to the business.
And and and it's not easy. Hence why, we have a course that takes 5 classes to get through. So today's class is gonna focus on the qualitative side. Now, if all of you been following along, the 1st class is kind of the foundation part of forecasting, and that's the annual planning.
And, in my opinion, annual planning needs to start 35 days from now.
if you're a sales and or a go to market. Leader. Your annual plan needs time to calibrate to this current market, and the summertime is the best time to do it, especially if you're partnering with your finance peers. Because when when the normal planning period happens, that's when you're all closing business or getting things done for Q. 4. So a strong appeal to take all that you learned in this in the annual planning process, and start that as early as possible after the July long weekend
the second class was with the incredible Justin Dews. That guy is amazing. I wish I was I I said in his class couple of weeks ago a couple of sessions ago, and, man, he must have covered off a bunch of different methodologies. We will have time in a second to do any clarifications and questions. I did notice in the chat
that one of the key assets hasn't been uploaded, and so I know mo's on that, or Laura's on that and and a lot of the quality. Sorry. Quantitative methods really take on quantitative data and and

and massage that in various ways, like the waterfall from a sales capacity bunch of other things. I'm of the opinion you can't do forecasting without data.
Now, a lot of the data that you need. It's kind of gut feeling and and and a little bit of like just spidey sense. And today's session is gonna be more on that qualitative side. My belief is all quantitative data started as qualitative data. And so you'll hear Anna and I talk a lot about is how we morphed our approaches to really tighten up our approach. And then the the class after this is gonna be host by Darren! Landa, I'll talk a bit about him later. But, boy, you guys are in for treat. This guy's
pretty amazing. So let's we're gonna cover off today. Yeah, we've already done this
today, I get to get joined with somebody who I've never met before this this past Friday, and I've been trying to meet her. Gosh for for maybe a couple of years now. So I really feel so fortunate as Stephanie Blunt. He's brought us through, brought us together for this class, and because I barely know you, although we got to connect it real quick. Maybe you could give us some background on your history. And what you're doing now as a as a fractional 0 and a Rev. Ops Exec.
Sure, thanks so much, Jonathan. And yeah, very, very excited to be here. I see some familiar faces. Hi, sacat! Hi! Jess, hey, arena so I'm and bow before I started night consulting which I'll get to in a moment. 5 times. Operator, you know. 20 plus years. I started actually in finance. So doing. Financial planning and analysis of forecasting is in my blood before moving into Ops and analytics, building out data teams. Both in the United States and then in Africa. Yes, lived in Africa for 5 years. Any Cape Town peeps out there. I salute you.
And then really building out bi teams before coming back and joining this thing called Sas, and so had really worked in Sas for several years. 5 or 6 startups high growth, a few that went through Ipo or acquisition before last year deciding. Hey? You know what I think. I don't know. If I wanna go around 6. I'm gonna start my own thing. Ignite consulting does fractional Cr work, and Rev. Ops executive work to companies as early as seed stage.
which was a bit of a shock to me. All the way through to a public company. So very, very excited to be here.
And you all can understand now why I'm so excited to be working with animal, but humbled, I'd be quite frank. So we are going to. I'll lead the discussion. But I've asked Anne to to chime in with where she can with her experience, because it's quite, quite this extensive. The 1st thing is we're gonna take a poll there. There are 3, 273 people registered. So far, 46 people have logged in. It'd be really important for us to know who is in this group.
and so I'll pass over Mo, who will pop up a poll in our zoom in our zoom room here the 1st one's gonna be about just what your function is. The second one we'll we'll talk about that, and then the second will be about just what your forecast horizon is. And that was horrible frequency. So 1st one.
and if you're not in any of these functions. I'm curious what you do. Just put that into the chat. If you could
thank you.
And it has responded. So far we have almost everyone's fine, and give a couple more seconds. I bet you, Guy, put HR.
Alright, and we're going to end the poll.
Right excellent. Oh, let's pull the zoom controls right over top here.

Very good, very good. So nice. Mix. No. Hr, actually, last time I. We had a bunch of Hr people are forecasting class, which I thought was awesome because of capacity planning and so a nice mix, I think the content that we've got will be quite applicable. Everybody. The the thing that we will get into is
forecasting is not notice how we've been saying fail forecasting and not sales, forecasting or revenue forecasting. It's more of an overall discipline. And the the top percent of marketing leaders are those that can forecast the results so hopefully, those markers will get a lot out of this. Let's go to the second poll, which is, how, how far out do you forecast
what
and oh, you know, I'll get you to tell us when you when we see the results, just how far out, because you mentioned this yesterday, and and it's not, there's no wrong or no necessarily right? Answer this.
Are we doing our results?
We are doing good. Almost everyone has responded. Thank you all for getting those prompt responses in, and a few more seconds.
and we're going to share the results.
4 quar. I'm amazed by how many 2, a 4 quarter is out, and.
Dame, I am really impressed by that. I'm like large enterprise businesses with a very long sales cycle. Is that what I'm thinking.
Yeah, that's what I would. And and then we tell with this, what what is your current horizon? And why is that.
Yeah, I mean, it really depends again on on the state of maturity of the organization, on their sales cycle, because so much can change. So when organizations that I've worked at, or that I consult with that have more of like a quarterly cycle, we'll do 2 quarters at a minimum. Ideally, we want to get to 3. But things change so quickly. I find that if you do more than that it can, it can be a little bit hard, just given how fast? When I've worked in organizations
like Medallia, where, when I joined, we had a 12 to 18 month, we forecasted 4 quarters out. But I will say that 4 quarters out, you know. There, there's always a little bit of this that happens. So yeah.
Later in this session I'll walk through an approach that I've done, and I've coached before. It's it's not for everybody. But, as you said, as Ann said, depending on your sales cycle, and and how you run as a business. But I'll I'll walk you through a rolling 4 quarter process that I have implemented and updated every bi weekly. And and I'll speak specifically, Dan's point is, it does 4 quarters out is little bit opaque. But
as we'll talk about the qualitative to quantitative, there is data sources that can inform you, and and also the key, with all forecasting, isn't so much the accuracy of whether you got the 4 month out. 4 quarter of pro number, right? It's has it changed? And why? What do you do about it? So we'll get into that. Let's do the final forecast, poll, which is, how frequently do you all
do you all come together and and and re and redo your forecast.
Thank you. Everyone for getting those polls answered so promptly. A few more seconds.
and we will share the results.
And just said she feels very strongly about this one, so I know. Let her take the lead on this commentary. Why do you feel so strongly on this end.

I I mean, I'm a weekly forecaster every single week. You gotta know what's happening. And and I feel like that is not just so you can report out it. So you can drive a lot of accountability with your team. And you know what's happening in the deal and how you're gonna pivot and like assist the team or go in a different direction. So I find that weekly is is very, very critical. Interesting, interesting. And and me I I was Bi weekly, and I think now that I reflect on it was mainly because that was our slad cadence, and also the way I worked. I didn't have the tools that exist today to grind the numbers the way I wanted them. But interestingly, I was at a company that did revenue forecasting. And we had companies that did daily
revenue forecast updates because they were dealing with near real time data how we did it. So no plug for them. It just is. The frequency really drives as to what Ann said is is the needs of your business, and also just the rational business cadence. Obviously, instrumentation and tooling is so critical for this, we're rarely not. Gonna I don't think we've talked with any specific vendors but th, this should give you a good insight as to which one might fit best, based on what? What process works for you.
Okay, well, thank you very much. That was very helpful. And we'll try our best to to to tailor the content to you 1st order businesses. I was asked to do a knowledge check. If your board asked for a head count Plan.
what is the 1st step that you should take. I don't know. Do we set this up in a full
if we didn't.
We didn't. We didn't set up in a poll. But please, everyone feel free to put your letter response in the chat.
Yeah, how many ask, how many put D
alright. See?
Dab.
I think.
Ccc, CC,
yeah, yeah, I think.
oh, interesting. Otherwise be, yes.
yeah, yeah.
If you don't have your sales capacity to figure it out first, st that's kinda hard to do waterfall plan right and and often, by the way just on this topic. It gets iterative, I've found, because a every time. By the way, if your sales leader and you're to venture back board or PE, for that matter, be prepared to answer this question. Every board meeting.
if you could hire more salespeople, how fast can you hire them? Where would you put them. And and it's really important that you have an answer for that. As to why you wouldn't hire more, and also what the expectation is under how that budget, how that budget would realize. So, for example, when I get asked that in a Q 2 board meeting in July, and has to do with a shortfall bookings. And they go. How fast can you hire people? It doesn't matter. It's not gonna change this number this year, right? It takes too long to hire them and ramp them to have an impact this year. But if they're if we're so far ahead is like, Go, baby, go, then you always have to have an answer for that. So hence this Capac sales capacity plan is a good place to start, and of course the waterfall plan, the back set up. So
that was fun. And then just said, Hey, well.
the organizational structure one way to go, jess

that is interesting because of the whole dynamic around what is the most efficient path and channels of growth. We've come from a sas industry that only thinks this direct sales fit as the default channel, and so therefore org structure nor design. Really does. make a difference. I did a article just for Christmas not to plug it, but it was on a a, a framework for where best to add go to market capacity
based on the jobs that need to be done in line with the customer, the buyer journey to value realization. And so, if you're interested, I could, I could post later the link to that. But because there is no answer or design, I think will be one of the biggest topics moving into 2425 because of just the obvious thing we're all seeing in that. So, okay, thanks, Evan, appreciate the the plug for that good
last week we talked about new methodologies and existing methodologies from Dustin and a whole bunch recovered. I'm familiar with all them. If there's any particular questions or comments or things you want to share, or, if we need to discuss, this is the time to do it. And acknowledging the fact that we need to load the the one forecasting template from the 0 school. The best way to to put your hand up is literally put your hand up, or just drop a question into the chat.
No, okay.
alright great. We have time for more fun. Content, then and then open discussion. Well, let's get into it. So today's so for today's session, Anna and I really wanna have interaction
with so many people on the call. 51. Now, apparently the records 83, and we got a call a few people get them on this call
for this one. The only possible way we can get interaction is if you interrupt, I'm gonna be watching the chat channel on the right here, and mo's also gonna have the the luxury. Yes, really. Come on, people, we need to make some phone calls, get more people on this call. We need to hit 84 so so please, as you're going along. If you wanna like, add your commentary as an accent or add a question actually, it's great if you put queue Colon.
So I know visually, I can see the question but we're gonna cover a lot of topics, and it's best when we're able to go off script and talk about our anecdotes and and our experiences. So so to kind of get into the qualitative side.
Qualitative.
Let me just without dressing the sides so much. Let me go back here
when you have your numbers dialed in, and you have a perfectly accurate forecast. You should retire by a lottery ticket. Right? The reality is is that with the changing dynamics of the market and competition and product release cycles and customer center, and so on, is you're constantly looking for data signals to inform a predictable future
and and and and and often it's best to commingle multiple data sources if possible, and then start to wait them. Because really, in the end, you wanna have some level of confidence of what predictability you can project to the business.
If you're a real forecasting geek like me. There's a book called Super Forecasters, and it talked about a group of individuals that were just in the general public who out forecasted the CIA and all the data sources that they have. It's a real fun book to read. But the key point for this group is multiple data sources and constantly monitoring your assumptions and looking for signals that will inform causality, not correlation.

And so for example, huge number of downloads of a product trial could be a causality to convert to a certain level of revenue based on conversion rate. Then you start tweaking a similarly a demo request, and so on. So so the key thing is is you're always locking in on your quantitative data. But you're always looking for other data sources. And to do that.
you really need to kind of sit back and say, what does this make sense? What am I missing? What assumptions am I making that I need to kind of validate with data and and and and and then you need to do the is it actually does the plan make sense? This is really more speaking towards the plan as well as the the forecast especially if you're in a situation where you're ahead of plan, and you're asked to up your forecast and therefore up your capacity plans, and so on. And so this what we have thought we would do, and and anything you'd add to that before you hop into your sequence.
No, I don't think I was actually just answering Saquet's question.
So here I get going there. Thanks for doing that.
So great. So so I'm gonna I'm just gonna I'll read that in a second, because I wanna set up when Anna and I 1st met on Friday, we said, What do we? What's the most important thing we feel we need to project in light of
this qualitative element of of forecasting, and and told 2 really wonderful 3 or 4 wonderful stories. And and I thought, you know, if you could share a couple of those with us, one is around. How to raise the barn, so to speak, is a lot of people in the last class that I taught. We're really getting this mechanism in place for the 1st time. And and and I think Ann's got a lot of great perspectives. And then the next one is really how to dial it up. And so so with that, I'm gonna I'm gonna pass over to Ann.
and I'm going to advance the slides for you, so I'll just look for you to do a thumbs up, or something like that, and or we should make you bring a bell. That's we should do.
Sounds good. Sounds good. Let's go ahead and jump on in
alright. So fun. Fact, this is actually a real slide from many, many years ago, when I had to do a challenge to get the job at Medallia as their director of Sales Ops. And analytics back in 2,016, and my remit for my challenge is back when they made people do a lot of free work for them. To get jobs was to develop a new forecasting methodology for their 100 person sales team and to present that the leadership team.
This was one of the slides from that and so hence why, it said, Sales Ops not revops, which I am now the 1st thing I really thought about when I compare this to you know my world of finance where you're really forecasting a lot of the time, the past right? So i i i did expense forecasting for, and had a 200 million dollar budget for expense. And I got within 1%. And why was it I able to do that? Well, yes, because it was in the past, and you had a lot more information
sales forecasting when we think about that revenue, forecasting bookings, forecasting, etc. Has, as we all know, much more an element of science and art.
And I didn't really understand this until I got into Sas and started doing more like go to market sales forecasting. And so I think that's the element where you have to have enough rigor and structure to provide some of the science around it. But then you also have to allow for the art that human insight. And this is where your reps become very, very critical.
Next slide, please.

So also this slide is from that deck. I still referenced that old, that old deck. I got the job by the way. So when when I was thinking about this, the kind of core components of a really strong forecast involves quite a bit of triangulation. And I've repeated this in every single organization that I've been in fun. Fact, every single in-house company that I joined. As their Vp. Of Rev. Ops revenue strategy went through these exact steps.

and every single client that I've had has asked me to do this. So I feel like it's it's it's pretty good pattern recognition. Now, it always has started with, like, what is the base way that we're gonna talk about our deals. So really, our our opportunity stages. You know your buyer journey. Maybe you call it sales, for I don't care what you call it. But how are you going to have like a standard with which you manage those deals and talk about them in the same way with the same vernacular, and hopefully it is buyer centric.

not some internal checklist that somebody is doing. I have definitely gone into organizations where either they didn't have a sales process, or it was a checklist what they had to do, and there was nowhere in there what the buyer was doing. So those were things that we kind of blew up and revamped.

The second piece is obviously the overlay of the forecast categories, and when I was talking about this with Jonathan. You know I'm talking to to season leaders on this call. So I imagine you understand this. But one thing I find is that people really confuse. What is your sales process, your buyer journey and your forecast categories, and they think they're one of the same. And I'm always like, no, they're they're distinct. And that's like a really important point for my reps to understand. When I'm like

your sales process.

do it. That is what is it is black and white. You do these things. If you do these things, you advance them. Yes, they might be associated with some sort of conversion rate. If you have enough volume, you might even be able to forecast off that if you're for if you're something like salesforce, high transaction, volume industry. But if you're not salesforce, and you have just a few deals I wouldn't rely on, you know, more like probability based forecasting just simple conversion rate applied to your amount.

And this is where your forecast category, I think, plays a role. I have examples of what these look like, but I found this is where you really empower

the rep. The reps. Manager. Maybe you have a regional director. You go all the way up the chain to your Cr to be forecasting at a deal level, and then be forecasting an aggregate where your commit most likely is. Come in. And that's really where that that human insight that art comes in. That's where that gut comes in. And the 2 really have to play together. This data driven adjustment, I added in, because

that's where maybe you're like, okay, I think I know. Now you're looking back at your data. So I was an early user of Clari. I now use gong quite a bit. And I would really look at. Okay, here's what we're calling. But actually, what is history shown us? So I always tell this one story. When I was at Medallia, I would support the North America sales forecast every week with my area of Vice Presidents and the area of Vice President was common, and he would drill his reps on their deals.

and then they would make their calls, and he would make his calls. My job was to say, Okay, wait a minute. You know, Ashley, you seem to be calling this deal as a commit which we associate with like probably having a 90% chance of closing. It happens to be in Stage 2. When

I look back at the data from all of our deals. The only deals that I've ever close that were in Stage 2 have less than 15%. Why is your deal different?
And so that's where we would really use the data to kind of inquire. And then sometimes that would make them change their forecast. Sometimes they would double down, but it was the conversation around what was happening in the deal, driven by data that was important. And that is like that last piece of kind of the collaborative discussion. So I'm just gonna pause and see if there's questions.
Okay, no.
I find actually, just to to reinforce the triangulation is, is the closer you get to the the nearest order. Your forecasting, the more important the qualitative becomes with exactly like you decided described. You still need triangulate and and and add in some gut, filthy other quarters. But and and and actually, later, I'll talk about how to mix 2 at the same time. So but you've got better content than I do. So let's go there.
Okay, this slide is I changed it from that ugly pink that you asked me to do, Jonathan. So I made it blue. I kinda would like to break this down, and I use this whenever I'm rolling out forecasting to my reps to an organization to try and make it like these are the steps we're gonna go through. And we talked about this right, having the buyer stages. Usually, if if you have had stages in the past, really understanding your conversion. Sometimes I join organizations
where they don't have stages, so they have no conversion. So we're we're having to just kind of take a guess and and hope that we're right. That's always a fun one. We've already talked about the forecast categories. But then some of the other tactical steps. Obviously this all comes down to the data. So what I usually off often find is, maybe they have a sales process. No one really knows what it is. Nobody really believes it. They they don't really manage their deals. There's really poor hygiene. I I worked at a company called Maven clinic.
and I remember I was probably one month in. And my CEO, said Anne, your number one priority is, I need you to get a handle of this forecast. Nobody knows what it is. The data is all over the place. So it was really that aspect of accountability, and so really drilling in that like.
If it's not in Crm Hubspot salesforce, it does not exist to me. And so the best sales leaders that I work with are the ones that really hold their team accountable. And we say, you know, these are the 5 or 6 things that every single week you have to have updated, and usually how these forecast calls begin. And I'm gonna talk about that in a second. This accountability, this operating cadence, is
no one really does it. It's it's kind of like a grind to get them to, you know. Fill it out, but I always tell them I'm like, listen, it will continue to be a grind until you just realize that this has to be done in advance of this meeting. And then we can focus on what we really should be focusing on which is the deal strategy. But I always find that launching these from start to like really having, like a mature forecasting
machine, those 1st 4 to 6 weeks are clunky.
Everyone's kinda like, do I have to update it? Why do I have to update update next steps? The next steps actually, like, speak to what's happening in the past. None of them are forward thinking. None of them are about what the customer does not, none of them about what they are going to do to change the customer. So these are all this like education journey, which is why this weekly deal review. I call it a weekly deal strategy, even though yes, there is a forecast, is critical.

absolutely critical, and I will share. A couple of years ago I was interviewing for a coo job and I met with the 2 board members, and I ended up saying no to it, and moving on to something else. But they said, and the number one thing that we want you to solve for independently, 2 separate conversations is operating cadence. I was. They're like that is the most critical thing that this organization needs. This is a series B company.
And so it's something so simple. But having the cadence keeping the cadence running, the cadence, having people know what is expected. My sellers know. Every single week you come your hygiene better be tight. I don't wanna spend time talking about hygiene. You've gotta be ready to make your call that you are. Gonna make for the quarter current, and next your commit. Most likely that's language that we use.
and you need to talk about the other deals that aren't quite there. And what's gonna take it to get there and then be ready to talk about any deal in your forecast deeply, and I'm going to assume that you are following our sales process. When when we set all of those standards, then you really allow time to talk about strategy and how you're gonna advance the deal.
I'm just going to pause.
Yeah, and there was a a great question from Mitch. Just if you could. Just elaborate on forecast categories is the term you used and how you used it before you go there. I do wanna say that guy. Ruben went off camera because he's grinding his teeth because he might have a solution that helps deal review identification. So he.
Are you on the payroll, Jeff? Jonathan? Are you.
No, he's not, never met each other. But I've really been quite fascinated, 1st of all, for the contributions that Epsa has given to to Pavilion. There's no relationship between us we've never met, but I do know that when I when I heard about some of the stuff he was doing. That was one of the areas. And so that's the last plug guy time or send the check. But back to you, Anabel Mitch's question.
Yeah.
Test Categories.
Absolutely. And so forecast categories, pretty standard you can make. They exist in salesforce. There's kind of out of the box. They also insist in Hubspot. Typical nomenclature is, it's at a deal level, and the ones that I usually see are some you some people call it pipeline, which is kind of confusing, because there's your pipeline, and there's the forecast category called pipeline. Hmm! I don't know about that. Then you might have one. That is like, I have a bunch of different one best case most likely commit.
and these are like different forecast categories at a deal level. Usually we associate like commit is like it is your blood number like this deal is coming in. I'm writing it in blood. They do not slip, that's a commit, and it's their ability to. For the rep, first, st to say, I have rep forecast category. And, by the way, this is important. If you use tools like clari, or use tools like gong they integrate. You can like aggregate up. So you can say, what are all the deals that we have and commit? Right? But actually, that's not gonna be your forecast, because those are the deals that are 100% coming in based on what you know as part of your operational forecast. This is where that art comes in. You're most likely. I usually see it's like, it's probably about like a 70% gut. But remember, this is where people get confused because they're like. Is that the conversion rate? But your conversion rate is this, I'm like, no, this is like your gut is something you think like. you're about 70%. So maybe 75, that's going to come in.

I actually in a few organizations fun fact. You would never think that sellers like forecasting once they get through that 4 to 6 weeks. I had sellers say, Okay, and I get it. I wanna get more granular commit. Most likely. Best case it doesn't capture it all. There's something in the middle there 50 50. I know that we're doing something right when my seller asks me to add a forecast gather because they wanna get like tighter on it. So I've added ones that's like 50 50 like it. Co. Go either way. So I have a
that is happening literally right now with one of my reps. I talked to her about it yesterday, and she's like, All right, Ann.
tomorrow. I have a meeting with the decision maker. We're gonna it where we they submitted the proposal. They've seen it. I understand the value they're having a meeting. It's a go. No go decision. It's gonna happen, or it's gonna not yes, we have this in our proposal process. But she's like this meeting is gonna like it's either gonna definitely happen or not at all. I also will see that sometimes with Rfp, so it enables you to basically make more of a qualitative call
on top of what is happening within the sales process. Did that answer your question, Mitch.
Yeah, I think so. I guess another way to to kind of say this, does it correlate with, say, scenario planning as well? I I'm just kind of. When I as you were talking.
I was almost thinking that
that might be a way to kind of, you know, to to basically map it against those. It's nuanced in a in a way. But I was just wondering if you know your reaction to that.
I'm not sure I about scenario planning. Jonathan. Do you have any thoughts on that.
So I I'm a guy and interpreter. My definition scenario plan may be different than yours is, Mitch, but what I think, what what Ann was referring to is is deal level, best case, and so on. When I view scenario planning, it's like of these 3 deals, I'm going to get 2
right? You just know. There, you know that kind of one of them's gonna slip. I don't know which one I know for sure. One's gonna slip, though, and so when I would do forecasting in quarter forecasting or next quarter forecasting it, all had to deal with of this mix, I'm gonna win 3 out of 4, and I'll contract them next quarter. So I'll put that in so that that becomes more of a sloppy science, really. But that that's my.
Right, right.
0 planning. And there's some great tools now that can automate that math. So yeah.
By the way, you bring up a really good point, Jonathan, I know we gotta go, but I wanna I wanna bring this up.
I have used, and this is where you get even more advanced right. I have seen this medallia did this. I've had other clients who did this again. Once you get to a certain state of maturity where you're you're really forecasting at a deal level me as a Cr. Or me when I was like head of Rev. Ops would be like, Okay, here's my call, which is an aggregate of all the things that's going on. This is my commit. Most likely this is my call for. Commit this mic, and it might be a mix of those. It might be pieces of them right?
I think what I also see sometimes is deal level forecast, and then there is a commit most likely call. That is, that aggregate of things happening across all of them. But it's it's even more art, and it takes a lot more skill to do, I find reps that's really hard for them to understand. So keep them to the deal level forecast with having a forecast category. But have your managers be doing that? So I have seen, like at Medallia, the Avp. Would say, like this is my commit. Most likely call, maybe at a rep. There were 10 deals that were going to be forecasted in a quarter

at a rep level for commit, most likely. And they added up to call it $800,000, the Avp. Might say, all right, we're not gonna win $800,000. We're not gonna win all of those deals. But we're definitely gonna probably win up like one might come in, maybe to these 4 absolutely coming in. I'm gonna call it like 600 k. That might be a mix. Some might come in higher, some might come in lower, and they would make an aggregate call, but it took a lot of pattern recognition to do that artfully.
Yeah, and and and also a lot of
if you're trying to be accurate it takes a lot of data that if if it's available to you in the Crm. Your life is easier. I wanna I'm gonna I'm kind of segwaying to the question that the nick asked. But when I was chief sales officer, low sales leader we would have up to 65 to 70 deals in quarter, and I would read every single deals next steps.
That was weekly updated cause that told me whether there's actually progression with the deal cause. I knew them next step. But that level of understanding gives you a better gut feel because of. I know this rep is really consistent about getting things move. This rep's not as diligent, or you know, this kind of you get into some really interesting pattern recognition that I'm sure AI would be better than my brain. But to the point of but the point of Nick's, how do you? How long does it take before they get bought in
the thing I want to insert. Here is your your sales. Executives will only do things that serve them 1st
as much as people again pound on you to say you gotta have this done. So the way I do this in this scenario is, look, we have an intense meeting where you get to get the best of the best minds out of a group of people, and you better be prepared to show up, because if you show up and you're gonna get out twice as much value by being prepared and being articulated being on the spot.
But if you don't want that value, then maybe we'll just exclude you all together. So the the value for this type of process is so that the the Ae can take themselves to a higher level and have a much higher predictability of their payment, their their commission check.
So so think about how you twist it and turn it into the best. Yeah, it's a sales job. No question right? But it is really important that you have this mindset that make it about them 1st and then you second. And and the biggest thing is is every rep wants to win and make a lot of money. And this is a meeting that we're talking with. The meeting that Dan ran where they can have an increased chances of making a lot more money.
There was a question for Adam.
Can I? Can I add one more thing, cause I've gotten this feedback from reps where there I like in my last company, Maven clinic. There was a real resistant number there. There was no cannons, there was no forecasting happening, there was no forecasting methodology. How did they get to their number that probabilistic fancy word for. Just take a conversion, apply to mount, spit out a number, and hope you're right. By the way, we ran that alongside ours. My forecast was more accurate every time, so just in case you're wondering
for those in your reporters. But I remember that the the big thing, was Rep said. And typically the structure for this deal strategy that I run is you start out with.
you know.
We'll run them, for maybe an hour depends on the size of your team. I could run them for an hour for like 10 reps, and we usually would have our Cs leaders also attend. So really,

connection across the funnel, my marketing leader would sometimes also attend to really think about demand and what they needed to be doing. I think that's really really critical. But we would actually give the floor to the rep, and I would work with their leader to be like, I want you to have either a win or learning from the week. And so people came ready to learn from their peers that was big.
And then we did that. Then they knew, okay, great. Now we're gonna run through it. Everybody's gonna do a call. And then we're gonna coach. It became the meeting to attend because I talked to leaders like, Oh, Ann, like I do all that deal, coaching one on one. I'm like, you're missing the mark. They need to learn from each other, and I was talking with one of my reps yesterday. Truth, Feedback Jess, you're here from resilience. So this is fun. And she shared. And I was really thinking about where we've been, you know, a year ago, to several months ago, to where we are now. And she said honestly, I just think we got like really lucky in terms of deals that we run because there was strategy around it. She's like, but now we're I like hear us on these deal strategy calls. And I hear the reps like getting creative and thinking
together with a leadership team about like, how do we get this deal done and giving feedback. And it's just another level of conversation that's what's in it for them, right? And I always say, like these meetings are for you to show up as a GM. Of your business
period.
Amazing. Hey? By the way, the best part of the of these classes are the questions being asked rather than the content we prepared. We'll get to our content. That's less. Yeah, I I think what an's is ways way better. But and there's 2 questions for you. And I also wanna attack on to the second one. But Gong and Clary.
Yeah.
How are you using tools like them? Maybe them. You name them both specifically. But how are you using them as a predictability in your forecast?
Yeah. So I mean, I use Clara a long time ago. Relaunched it to actually at Medallia. This was in 2016 2017. We had 350 people using it across the organization. Our sales teams use it. Our solution sales teams or Cs teams account management. Our legal team used it crazy. They were very involved in helping us get deals over the line. And so that you know, as you know, Clari started in forecasting. That was their bread and butter, and then they've expanded
in in an inverted way to what gong has done. I think they're really strong on their like Clary score. So I would look at that score to just be like, is there anything that is and it was, you know, based on a lot of their machine learning models for what deals got done. I use that I use their conversion analytics to understand. Like I was giving that example of, you know the Rep, who was calling a commit deal in Stage 2, and what the historic conversion rate had been for all of our deals at a segment level
just to validate or invalidate their calls.
True story. I haven't used Clari in several years, so I imagine they've done a lot more since gong I use in every single one of my companies. So I run my deal strategy review out of gong.
and I have run my deal strategy reviews out of gong, and every company I have been at, and the reason for that is, you know, the single pane of glass, the integrations your ability to. For me. It's not just about knowing what's in the Crm. It's being able to see all of the activity in the 2 way engagement and being able to see who is engaging, so I'll get like aggregate level view of my

deals and commit most likely based on my forecast category, and then I'll drill into the deals that seem like
sketchy, or that actually seem really good and and that helps me and my team with coaching. It also helps me understand? Like, you know, there are a lot of signals. If I see rapid fire response and somebody's calling us, I'm like, Yeah, these are good signals, and they're lining up with the call.
Nice given. This is a session on qualitative. That was an awesome question asked. Thank you and and appreciate. I'm not as skilled with gong as yours, so maybe I'll attend your class when you teach that one.
this could be an entire class's next question. So let's try to distill our answers around, partner heavy, how do we? How do we leverage the channel in our forecasting? And and and I and it's really hard, is what I'll say to start, and it really relies on on, on very close collaboration and trust building but other than, of course, your partner managers, really knowing what's going on, what what have you done, and that that has been successful, or you know.
Yeah, it. I mean, it's gonna depend, obviously. And how partner assist you. So in organizations where we have a really really strong partnership angle that we had to set up. And we we had no idea like, who's gonna look like, you know, the 1st year it's like we're just gonna pay everybody we're gonna double, pay them and hope it works out. Poor Cfo did not like that one very much, but we learned a lot, and what we learned was, you know, like, like a lot of partner functions. Partner really helped us in terms of
quality. Pipeline generation coming in and filling the top of your sales funnel. So getting like your S. Zero's into your s ones. And then it really helped us accelerate late stage deals. It helped us with our velocity of our sales cycle overall. So what we would do, and I maybe this is less around forecasting. I'll get to forecasting in a moment. We leveraged our partners to build pipe, but actually in terms of the instrumentation of
of who made the call. The call was the seller because the seller owned the deal partner helped source the deal, and then the seller would make the call. But we had partner team sit on the call and say, do you see? And I would actively say, You know, Sam, hey? This deal came in through Xyz. Partner, this person like, do you see any risk? What are you hearing from your side to either validate or invalidate? So in more of that triangulation.
Good, you know, and partnering like in the 30 years I've been around, alliances and partner have been part of my career more recently. There's a lot of attention to it, because our biggest challenge that I'm reading is Sas is time to relationship.
In other words, our marketing signals aren't working. People are engaging. They're not answering email. So on. And where you have a relationship that you can proxy of trust to. That's where a big part of it is now partners again. Smart cause. They realize how valuable important that is. So. One thought that I've helped execute is is that when you run joint partner strategies. You do that extra work for the partner so that you can manage the lead flow for them so that you get your
visibility, even though if in this case this partner led versus partner influence, and so on. So again, we th it's I think there's a lot more we all can learn, despite our paths around partner enablement. And but the really the key thing here is there's 2 dynamics that are going on as relates to partners trust

they have the trust of the customer, and if you're new to them that you don't, so you're it's a proxy of trust, and 2 is the speed of trust. How fast can you translate that into a relationship conversation, and ergo, into a meaningful conversation? Let's go to that. Let's go to Everest. Yeah.
Yeah, so full disclosure. The these slides are from a talk I did a couple of weeks ago at the Operators Guild summit. And it was all around, you know. Rev. Ops speak, Rev. Ops, and one of the components that we talked about was forecasting. And so you know my my motif for this talk was was around base, going from base to Everest, and kind of like the the mountain climbing, and I really feel like getting to a strong forecast culture. You have to have, you know, kind of like that right gear, if you will. And we've talked about some of these components already. So now we're gonna kind of dive into them.
Alright!
Alright. So I like to kind of start with, I'm talking to Sellers the pain situation of of what I'm normally walking into when I join an organization? And and they have a problem with forecasting very, very low trust.
Nobody trusts the forecast. By the way, in that organization it was all Cos and Cfos and I. I did a poll. I said, how many of you believe your go to market forecast? And there were about 70 people in the room, and 0 hands went up 0. So you know, very, very low trust
no predictability whatsoever. They're missing forecast. You know. Poor accuracy which, as we know, leads to poor company planning. You can't really staff appropriately, you know. Are you gonna have to like make some cuts? How are you doing with your hiring? Very little rep ownership? I like to call this like, it's being done by, like probably some financial analyst at a room who's very far away from the deals with no input from the rep yikes. That's that's a catastrophe.
And then, really, you have like really poor attainment. So this is a a story that I have encountered time and time and time again next slide, please.
Alright. So you know, this idea was like, What's your base base camp solve? What's your peak? Solve? If you're dealing with, you know a Rev. Ops team, or whoever is doing your forecasting in house, and you have something like in place. This is usually what I find. It's top down probability based. We talked about what that is already very disconnected from buyer actions. You know, it's like this checklist. Nobody's actually thinking about the buyer journey and what they are doing. Really centering around value. I run a very like strong value based sales process. Usually. There's not a lot of dis discussion around like risk mitigation. So it's more of like a readout on the forecast versus like, Okay, what are we gonna do about this? What can we pull in that cadence coming in very appropriately, and then, yeah, spreadsheet math. We talked about this, the financial analyst sitting at a corner, probably me when I was 20 years old
next one, please.
And so Peak, solve again. This is just a reiteration of what we have kind of discussed already. So maybe this is a bit redundant now. But, you know, strong sales process. You're like, what do I have to do? Alright? Go and talk to your sales, leader. Go and talk to your Rev. Ops person. Really interrogate that soft sales process, and usually what I find is, do your reps understand it? The number of times that I've gone in, and I've done like a listening tour. And I talked to reps and like, do you actually understand what these things mean? Has anyone like walked you through what this exactly is? Have you provided input

often, no, nobody. Actually, it just like is like words on a page that. So I think this is really really important. We've talked about like rep level forecast. I also believe in manager level forecast like mid level. And then there's your Cr level forecast, and the Cr level forecast is what then becomes the executive forecast that, like is is sent out and presented to the board. I can't remember, Jonathan, if you and I talked about this or someone else but
I was talking with another leader. It might have been you, Jonathan, where they said, Hey, my rep, my cr forecast became the financial forecast for the company, because it was so accurate. I will share a couple of companies ago exactly my forecast. That was what went to the board. There was very, very little adjustment that became our revenue forecast because it was so accurate. And then, lastly, we talked about like what tech you're using like.
you know you could start out in spreadsheets. I'm not saying jump immediately into some tool. But you're not gonna be able to get the full picture of what is happening in your deal out of spreadsheet. You know, you need to actually have some way to understand what the customer is doing or not doing with you. So I'm gonna pause for questions. There is one more slide around outcome. But anything to date on this.
Okay, let's go last one. Then
what everyone always likes. I'm I'm a Rev. Ops person. So I like thinking numbers. What what do you get if you do all of these things? And this is like true, actual past life case study of what happened, and I'm not saying it was all the forecast guidance that led to this. There were many things that contributed. But when we compared what what it was when I came in where we were 30% off forecast, we had missed bookings. We had 20% attainment of our reps that were very low forecast accountability. A year later
we doubled our annual bookings. Our forecast variance went from 30% off to within 5. We had very strong forecast accountability, and 80% of our reps hit quota. And so like, I think this is the power of what a strong forecasting culture can do for an organization.
So let me, if I could just recap what I took away
hearing that for a second time. Now, as the key, the key things to take away for all of us. I can start with that double bookings.
No forecast method is going to double your bookings, but
a fork. No, no, you're in. But you're gonna like we're gonna go with. But the rigor and the discipline and the focus and the attention and the I call it. Consciousness is what will undoubtedly happen every time you roll out a more effective process
and a byproduct is definitely you should definitely take credit for doubling the bookings, because that rigor and that raised consciousness will definitely drive revenue, and it'll be hard for you to directly attribute it. But it will happen. It will happen. It's happened every time that I've had to do similar things. What Dan's had. The the next thing was it both? Yeah. The thing that we took away was that
per the question th that was submitted. This really needs to be about the rep, and I know. And you really believe that cause you're such a great coach and and supporter. In fact, I imagine everybody's on this call. It would be that would would self identify that way, and that if we can make it about them and help raise their performance. What you do is you not only raise that person's performance up, you raise the peers around them, you raise the standard of excellence.

I always say that as a leader my number one job is to set very clear expectations, and then quickly say, I know the expectation I just set are very high. My second job is to help you get there, and your job is to tell me what you need me to work on. And so the expectations and the rigor are really important. The with the sub process and that kind of leads into something that kinda got glossed over. But I wanna highlight is
is that relooking at your sales stages? What your expected activity in stages and what your exit criteria, so that it's binary and customer informed, is one of the best mechanisms to get predictability
and 90% of deals that are lost in the last stage, or because you didn't do something in an earlier stage, typically discovery.
where you never actually quantified the problem. if we have time. I could talk a bit about. So how I'm innovating this process. And again, I, one of my fractional gigs around quantification of problem before we go into talking about any solutions. But but I wanna stick back to Anne's points
another key one is, it's about alignment and alignment is, is by setting these expectations and the rigor and the process that Anna aligned. Every rep kind of gets kind of in board, because they see what's in it for them. They also start sharing stunts and tricks and hacks for how to get better at it. But the alignment also goes ops and revenue, like I hear so many conversations between where Rev. Ops is pounding and hounding the ae, it should never sound like that. Right? Yeah, it does, but it shouldn't. And so there. So this type of approach will drive alignment with Ops. And then one thing that we couldn't get into enough detail. But I know it's part of man's process, and definitely, mine is the alignment it has around with marketing, with Cs and also with product.
even if you're a direct sales organization. I feel that we we are leaving one of our best assets out of the process by non volume product earlier and more often and then finally, the most important person in the room when they're in the room is finance right? And and and the alignment that you get when we we were talking about accuracy. In in one situation I had a Cfo that was forecasting Ebitda over 4 quarters based on my 4 quarter bookings.
and when you have that level of confidence by the way, she was always using those numbers. But she was downing them by 60%, and that number creeped up to 85%. Finally she says, you know what? I'm confident enough now. I can base my forecast oners.
but I can't tell you what that does for all the other elements of of your finance relationship.
the the ability to have trust and clarity and transparency. And at the same time. This type of process educates the finance person about parts of the business. They never get to see
that they need to understand, especially if they're an organization that might be in a capital fundraising cycle. So there's some really interesting alignment elements about this process that we couldn't get into enough detail on. But I want to highlight so amazing. And you can see why I was so excited about doing this with Ann. So I want you all to get your pillows out because I'm gonna present some content. And so just to kind of recap
you know, looking looking at a past as indicators. I certainly wouldn't use the covid years as indicators of the future, but it's also very important. looking at averages and so on you know the the this is good. I guess I'm I'm not presenting the song very well, but other than to say that
you need to look at some of the assumptions you're making, and then really challenge them with qualifying, then reset those assumptions something that we we didn't touch on before. And I'll try

to a bit more is around the Hr. Side. So many of our forecasts are for assuming future hires, and in that process we're assuming we hire them when we say we're gonna hire them that they'll ramp when they say they're gonna ramp, and they're gonna be as good as we think they're gonna be as good. And they're gonna stay
right. And so so those assumptions also need to to kind of factor. And I'll talk a bit more about that. A second
obviously, to keep current. It helps to, you know. Do some competitive research. How do your competitors do it in pavilion. It's amazing how how many of us will share our methods, because it's really not a competitive advantage in the in the marketplace, but it is helpful to understand how peers. Also, if you're in a portfolio type, environment like Vc or PE,
you can be darn sure that your PE board or your Vc. Board is comparing you to their portfolios, so it wouldn't hurt to reach out to your peers and then say, Hey, how are you doing it? What works for you. What can I learn from you? And so sometimes those are structured by the by the ownership. It's far better if you just reach out informally.
swat. Analysis are always helpful because it helps you identify the Blind Spot. You didn't. You didn't see, because you're so deep in the fight. Every every single day and week in trying to win deals retrusted articles. I have articles. I don't know if you could trust them, but I have some articles that I can share as well around forecasting in the areas of revenue forecasting, which is different than bookings, forecasting as a finance person, and understands the 2. But when you sell something you haven't done anything as far as revenue concerned.
you have to earn that revenue or realize that revenue and trying to forecast when that revenue gets realized can really be tricky if your revenue is based on a variable like usage based. And of course, macro economic conditions. I I actually have no idea with the consultants. I mean, that might be. They hire people like us, and to help them, or it might be your consulting community. You can help you with your forecast, but nevertheless.
so I I touched on this before other qualative things that that keep me up at night when I do. Forecasting is really the time, the lag time to hire sourcing hiring. We always forget that somebody needs to give notice. We don't factor that into our lag time. If that person happens to be in France.
good luck, it's gonna be a quarter, you same with Uk, and so on. So, depending on where you hire that lag, time can really bite. You. Make sure you build that into your assumptions ramp to quota is, you know. I'm sure we all did. We talked about that in the last class in the waterfall pipeline lag, meaning the slippage that happened.
The deal velocity and stage slips. Those can be a number of different reasons time to 1st deal. And actually the a great sales leader, Kyle Ordman's Pavilion community might recognize him. He's really don't miss a chance to see him talk about whatever he's talking about.
He measures time to 3rd deal
cause. Oftentimes a 1st deal could be a false signal, and the 3rd deal is really about repeatability of process. And so that's kind of interesting to use that as a qualitative data that could become a quantitative data. Seasonal adjustments, abrupt competitive threats will also be on the lookout. And of course, attrition is so hard to forecast.
Unplanned regretful attrition is hard to forecast is much easier to forecast planned attrition. But that's for another course, altogether. So other qualitative things you might think I I know I had another bullet point. I just forget what it was. So I'll just move on.

Okay? So I wanna I wanna shift gears. But I wanna do it ended. Let's is there a good chance to just check for questions and
we have a quote. We have you already answered it way to go? And what was the any thoughts on improving linearity?
And maybe you could explain your answer. There.
Yeah, I wanted to make sure I I understood. Saquet. So just like tactics for improving. Is that what you wanted to hear.
Yeah, like, you know, you're going through the 12 weeks. And the 1st you're way off from plan. And then last 2 weeks. It, you know, suddenly.
Yeah, the hockey stick. Yeah, I mean, the hockey stick is definitely real. I do think just as a factor of having the cadence. I mean again, if you're going in, it's gonna depend your organization. If you're a mature organization or you have this setup, this may not be as much of a of a of a quicker win as possible. But I often find reps are just like parking at the end of the quarter, and they're not talking about the deal, so there's no urgency for them to roll it up. There's no creativity. There's no coaching for like, hey? What if we did this to get it in earlier. I have seen one organization we were in that we were trying to incent. We did like a early payday spiff, and so if you got deals in by, like the middle of the quarter we were going to spiff you, we're going to pay you more money
that actually drove people bringing in deals earlier in quarter, because sales reps are money motivated? I've also in organizations, and and this is a little bit more strategy wise, where, like, they had a really long deal cycle. And this is where it's so important, where, like having your marketing leader or having your your cr revenue leaders be via through, put back to the executive team to say, Hey, actually, you know.
we need a more accessible package that we can get stood up more quickly. That is like, like, maybe it's like cheaper in market. It's not as expensive. They can make the decision more easily. They can make the decision with our budgetary threshold. How can we get something spun up very quickly? I've done that in an organization, and we were able to accelerate deals in earlier in in the quarter earlier in the year, as a result of that. But that's much more of a strategic approach than something like more tactical.
I don't know, Jonathan. Do you have thoughts.
No, not better than those.
No, that was great. Thank you.
Yeah, let me do that. The
yeah. Let's move forward I wanted to. So, as I thought about sorry, let me back up. Typically, I teach the quantitative or the rolling out part of the class where, which is actually the 4th class. And and it really made me think about what quantity qualitative data sources do I realize, do I use? We've talked a lot about them.
And then it realized that this method that I've been using since 2016 it was taught to me, and I've evolved it since then. But it isn't necessarily pure. My origination of IP but it has allowed me to to to to be much more effective. But I realize that it actually is an active, dynamic way of bringing quantitative analysis with qualitative analysis. And what you're looking at, there's no way you should be able. Read the slide. So don't try to.
because we're gonna go into the more detail on the left hand side. The basis point here is an enterprise enterprise sales typically 4 to 6 month sales cycles. Sometimes, if she was 3 and and

we would forecast the bookings every quarter. Sorry every 2 weeks, 4 and 4 quarters, and and it was based on pipeline coverage as the key focal point.
And the notion here was that you needed to have 3 times your quota in closable business for that quarter
and that's very different than total pipeline coverage like I always had boards. Ask me for. What's my total pipeline coverage was such a we useless number, because it didn't really mean anything, because it stretched over quarter, you know, and if it was 5 x they were happy, or whatever, no matter what, every time I said the number, and it was 5 x at least. But this is a much more meaningful one, because the concept there is that if you have a a threex you're gonna win, a 3rd lose a 3, rd a 3rd will slip.
and and then over time. You can do retro retrospective analysis to say, maybe it's not 3 x it's 2.8 2.7. You can. Even. I've even gone to the point where I had team level X factors because of their competitive rates, or how their market works and that kind of stuff. But for simplicity. And you'll see it's hardly simple, but it will.
And then what you're looking at is the presentation that I would give every 2 weeks where there's a management discussion, Mdna. For those who've worked in public companies. Mdna is a management discussion analysis where I would explain each number. But I'll get into that. But I have to bounce to another slide
as I do that our best to a slide deck as I do that I will share the power of the Pdf, that I'm gonna walk through. Actually, as a Powerpoint, I'll share in Pdf form and the sample spreadsheet so you can hack around and play with it. I'll post that. I'll actually I'll get Mo to post it to the group. and of course you know who I am, so you can always chase me down for for that directly back to Zoom, and we're going to share.
So again, the reason for sharing this is is bringing the qualitative and the quantitative together. There's a lot of sides in hearing a skip over. But but it's important to understand that forecasting is something that people kind of get a little bit freaked out about. So it's important to say what it isn't. It's never perfect. I've never had a perfect forecast, and it's not a commit. But what it is is it's a powerful way of communicating.
prioritizing and aligning.
And what what we're basically you're doing is you're basically is, you're having the data come to you. You're analyzing. Oh, let me do this. It's a little bit easier analyzing. What is it telling me? And what do I need to do so. So is my pipe. The 3 questions are, is my pipeline healthy? Is my X factor coverage? Okay? More often than not. It's not just let's just face it. I've never heard any sales that are complaining that too much pipeline, let alone 3 x right is really hard to achieve right now.
but it's critical that if it's not 3 x, then your only 2 factors are.
increase your win rate, or or go look for bluebirds.
and those are 2 very hard tasks. Right? The second thing is the most important thing for me. Is is it getting better or worse?
Because if it's getting worse, then I really need up by remediation, and then finally, at the highest level, what should I be focused on as this? Is it from a Cr perspective, so this will become more obvious when I kind of dive into how this works. This slide you can refer to later, just explains how you get to this. But basically, in this scenario we have quarterly targets. We

have threex this is how much pipeline we need at the start of the quarter. And then the 1st data entry point is what's today's pipeline.
And then the data point we carry back from last period, 2 weeks ago was that period. So 1st of all, I have a pipeline gap, which is a positive I have 4,400 400,000 more pipeline than I need. That's good bad news is I had. I've lost 600,000. So I need to explain that right? Similarly, this pipeline in the middle tier is really about. I need to win it to close it next quarter in this scenario, right?
The next one is, I need to build enough pipeline now so that I can close it 2 quarters out, and the 4th quarter is really about, how's my marketing engine doing? Am I converting the way I need to? And do I need to shift my marketing mix. And so what would come out every 2 weeks. This is anecdotal. So it's not confidential data. But this is exactly level. I would explain every number.
and I would explain every number to the Elt, so that they understood the dynamics of the business.
Right? So the 1st a was, hey? Looks like we have enough to cover the quarter. That's good news. Bad news is we lost 600. Here's why we lost 350 to a close lost and 2 50 slept.
and so we'll have a conversation as to why I said, can we bring it back right? It looks like in in Q, 2, I'm 7, 50 short, right? And and so I I. So so I need to get either 1020 deals of this or 10 deals of this to have enough coverage. How do we pull that pipeline forward? Right? And I won't go through all this because you can read the slides when you get them, but but when you provide this oh, the most important thing sorry. The most not obvious is is G. And H.
I would forecast with the Cmo.
Always, always, always. This was one forecast that I would stand upfront. I would do most of the talking, but the Cmo. Is talking about Sdr conversion. If they report them, even if they don't. But most importantly, Mike, marketing conversion. So, for example, I'm 3.5 million short. That's not a big surprise. But we have a lot of good traction or or pike campaigns. I think that you know, if I were to do an adjusted forecast which you will see shortly. I would have much more confidence. Those campaigns will convert, and so on.
So so
again, you're basically commoditizing that your sales leadership could control this quarter or next quarter.
It's really up to your Sgr. Conversion, or, however you do pipeline conversion again. This assumes a 9 month to 12 month sales cycle, and then really is your marketing. And here, you can see, is now part of the alignment, because if this, if if 4 quarters out is a chronic issue, we need to rethink our marketing mix, we may need to take investments out of sales and put them into marketing. Oh, my God! The heresy of that! But that might be the right thing. And then but it allows you as a as a as the sales and marketing alignment to be tighter.
This model does not include at this stage the Cs factor which I would love to reproduce this now that I later, when I had the full revenue life cycle, I used a different approach because it was a bunch of more transactional sale but expansion business could easily be factored in this way as well. So so just to just to wrap up
the key to this is the data tells you the what
the analysis and the deltas
tell you the so what but the most important process part of this process is the now what?

So every 2 weeks at the start of the Lt. We would review the now what? What was the most highest priority actions that needed to happen over 2 weeks to try it, at course. Correct. And let's do a readout on them.
And and this is an area that I think gets lost because we run off to our next meeting. We forget the hey? What do we commit to? But these highest important actions that you identify every 2 weeks are the difference between you making your number or not, you providing accurate visibility and frankly keeping your job. So what? So what now? What is a key takeaway from this. If you could.
I'm gonna pause because I just went crazy. And I've drip simple water. See? There's any questions on that.
Okay.
yeah. So much harder for you.
Any any
clarification clarifications, questions on that? Nope.
Pooh!
We are just rocking.
I'm gonna bounce out of this, as I said.
I will. Yes, sake. You'll feel you'll you'll get that deck in Pdf. Form. It says confidential, but I shared it with everybody, so don't worry. With the confidentiality. and and there's a lot of talking points in there as to how you do the math mechanics. And as I said,
the there'll be a spreadsheet that looks like this.
That I'll that also drop in which is basically the exact same number. So you can go and play around and macaron with it. It has the formula how to build it out here.
Awesome. Could I just chime in when I I love this? I I want it as well. I want this for myself.
So complicated.
And I'll share that you know. I talked a little bit about this, and I think it related maybe to Saket's question up above that, like pipeline to bookings model. So so critical. I've seen this done like really back envelope. I've seen it done very, very advanced. But it is in a in the simplest way, like we would build okay, based on the amount of bookings that we needed a particular quarter. We would look at. You know, our historical pipeline conversion some people use when rate, I actually use something called a pipe yield rate, which was a little bit different. And I was talking. And I want to just.
High level. Speak to this because I think it echoes what you're doing here. And we would do this every single quarter based on what happened in the quarter, and what our Delta still was the next year. And and so this was.
Keen.
Informed. How much pipe do we need to generate whether it comes from marketing sales? Sdr. Partner, I don't care where it comes from, but has to come from somewhere. The most advanced models that I I worked with that, I think, are enough to be dangerous, are we? Would look at our pipe yield. Which think about it like, based on your period of how long a deal cycle takes. Let's pretend it's quarterly. That's the easiest one you start that quarter with a certain amount of pipe by the end of that quarter. Hopefully you yield it. Aka. You've you've closed one right. But then other things happen to your pipe.

Lost it downgrades, it slips, and so at the end of the quarter. You you might have like you have the getting pipe. How much you yield by the end. What is also interesting? We started doing this, and then we started looking at it, based on new business and expansion or upsell business, because they had very different yield rates, and they had very different velocities. We then got more and more scientific, and we're like, well, not all pipe is created equal.
So what about source? What is the yield rate when we think about marketing source pipe or sales? Source pipe or Sdr source pipe. And when we started looking at this, we realized our highest yield came from sales source pipe that was supported by marketing with marketing collateral. So we're like, okay, that's where we need to double down. And it's this detail that I think allows you to really understand kind of like, the the input factors that affect your outcome. We got
so with such an understanding of the numbers that when we went a step further and we said, We're not going to just look at the period of the pipe, and what happened at the start by the end? We were actually like
pipe that you begin the quarter with and pipe that you create in quarter also has different outputs and outcomes. And so the last thing I'll say about this is, I remember this was several years ago, and we just could feel the momentum we was closing all these deals. Our our standard, like sales. Velocity, was probably like 3 to 4 months, and we had a couple of deals. When we looked at our our average deal cycle it had reduced considerably, was underneath a quarter, and there was actually a couple of deals that close in one or 2 weeks.
Wow, yeah, and.
But then what was interesting is when we looked at our overall yield rate, I'm like, why does our pipe yield? Those seem flat? I'm like this isn't right. This isn't right, cause it was blending it. And then I'm like, do me a favor. Cut it by in quarter, yield and cut it by beginning yield, and our in quarter yield was 3 x. And so we're like, what did we do? That drove this in quarter pipe, and we realized a few things. Number one. Our in quarter pipe that had that massive yield difference was very Abm supported. So have those marketing dollars.
The second thing that we did was we really doubled down on like champion tracking and finding people used us. And so this is where, like going, taking these models and then using the outputs to dig in to understand what are the practices that are really changing your like, your outputs with respect to your rate of winning, or your yield is so critical.
Oh, man, I'm so glad you shared that. Yeah, the segmentation that you just described you can only get to when you see the data, and then you go back. Go, let's look at this data. In the last class. I think you guys covered off cohort analysis. That's a great example, a chord analysis just turned a different side and and a and and were you able to
flag your pipeline based on source? And did it, did you ever get to the point where you could forecast, based on on that categorization.
Did.
We did.
I mean, it was a big data exercise. I will tell you. I was trying. I I cannot do it. I was an analyst many, many moons, or you don't want me doing that anymore. But luckily I had this amazing Vi go to market analyst who was like, and we're not gonna do this. And like, I'm just gonna build this quickly and snowflake for you and spit it out. And that was when we got a lot more scientific

about it. And it became really easy, not only just to make the target, but then think about it. I then said, Okay, here's the
the overall target we have. I had to go to my head of demand. Generation be like, this is what I think we need for you. Can you sign up for this. She's like, I don't know if we can do that. I'm like, well, what do you need to like? I'm gonna need this more budget. So it allowed her to be able to go and ask for the budget. Otherwise, if she couldn't do it, I had to go get the sellers, but they could only do so much. So we're able to present a really unified story to our CEO. Around. This is the pipe that we need. Here's the data that supports it. Here's what we need
need in order to drive that pipe so you can hit your bookings target.
Wow, wow, yeah. So the the kind of a another great example of just reinforcing qualitative informs. Quantitative, the collaboration, the insight. Just your spider sense of that. The better you inform the team around you being your executive peers. The, you know they're the ones will also, I identify as not to make the forecast a contentious thing. It's actually, as I said, it's a communication method
you're communicating what you're seeing, and if it's good news you share it. If there's bad news, you share it. You just you know you know I had. I once had a a senior leader that I reported to sea level who kept changing my forecast, is it? Didn't look good.
and and I would go crazy because I'm going like Michael was his name.
You you can't do that. He goes. No one looks bad. I said, Yeah, but the problem is, if we fix it. he's also. I said, No, it looks bad because it is bad.
and in fact, it's, you know it's shit, and and we'll never get credit for cleaning up the stuff if we don't at least tell them that it's there, right. But you're also sending a really bad message to your executive peers about your accountability, and see you know a seriousness about the business when you do that, just as a as an end to that story. From that point forward I always shared my forecast as images on a slide, so we couldn't change them move.
anyway. so we are at the point where we have some QA. And then, if we have time. I have a couple for those that have a consumption usage based model. Steph Rak has offered to teach the the class. I I'm just kidding, Steph. I'm looking at you.
Why.
that's what I get for being tardy. I was running an Otvc.
Not at all, not at all. So the reference for the rest of class is that the last time I spoke with Steph reck was on this really interesting challenge around, how do you do forecasting with usage or consumption based models?
And how does revenue realization happen? So sorry to call you out like that, Stephan. Would be fun for you to teach the class on that cause. I always learn from you. But before we go there, and if we go there what
Questions, comments, reflections. You may never get the chance to see Anne and I in the same room ever again. So anything you want to ask about Anne's incredible career and history, that's included.
Yes, I would inclined to send that class. What any comments, anything that's on your mind, based on all the stuff we've been throwing at you.
We're
how about someone volunteer, how? What qualitative data source? Let's see who's the most creative? That's still awake on this class here?

Who? What's the most from listening to this class and reflecting what data qualitative data source. Are you now going to leverage or use differently in the next quarter?
Drop it in the chat. We'll have some fun with that
in the right-minded yeah.
Okay. Whoops. I didn't spell that right?
Yeah. Segment. Yeah.
thanks, Sheldon.
Who else.
Dave? I know I have to call you out, Dave Fisher, but I know you've been active in the entire class. You must have something you're gonna use in the next quarter.
Yep, this spreadsheet right here.
For the that, that rolling footwork, great.
And stupid.
Publish real quick.
What qualitative data sources. So for example,
1 1, i'm in the supply chain space.
And I'm really interested in the policy changes. This is not a political statement, but the policy changes around the electronic vehicle market in North America.
and whether that because we have a significant number of companies customers that are in the battery space. And so that's something I'm looking at
is is how that policy will impact their business to the positive or to the negative.
and so those are the kinds of signals at the macro economic level that I'm I'm thinking about another qualitative data source, actually is is I'm introducing a a new method of selling around value realization. And it's how fast can my sellers get away from feature selling and and sell realization of value to the customer?
So that's another example. Is the speed of them learning a new muscle around, calculating value for and with the customer, and forecasting when that value will be realized by them, should they go ahead with us.
So that's a different type of forecasting altogether that
any other thoughts on that
want to hear more about that.
The the the concept that I'm implementing is is that in the end only the biggest problems will get solved. In 2024, and 24. We'll get funding in 2425.
I'll say it again. Every organization has a massive number of problems, but only the biggest ones will get the funding to get solved. Therefore, for you to win a deal. You need to help your champion fight their peers for budget.
whether it's been budgeted or not. And and so we had just lost a deal this morning that was budgeted and negotiated by procurement at the last minute. Someone scoop the budget for a more important problem to be solved. That's the reality it sucks for us somebody, one that's great. But so so, therefore, in my, in my selling method that I'm implementing is the job one is to get the customer in the discovery process to 1st understand how big is this problem, what is the impact of this problem?
Let's get to a a value thesis as to what how large that impact is. And so we do a lot of math and calculation, efficiency modeling. And all this kind of stuff. It's all pretty simple stuff. And then we

ask the question, is a 2 million dollar efficiency problem big enough to get the attention of your business, because if it's not.
don't go any further, you're not going to. You're not going to win the deal
right. But then you say, if it is now, you're really in the fight, for whether you can get that money is, how fast can that value get realized by the adoption of the technology in its fullest extent, not onboarding, not training, not daily usage value, realization. And so we've created a model for how the rep
helps forecast those realization date milestones.
And yes, they're being implemented by Cs and onboarding and a bunch of teams. But but it's really. And you can only do that with a tight collaboration with the customer in that plan.
But if you could pull out one particular one very, very detailed plan of all the things that need to happen, and then every 2 weeks you can update that forecast to the Senior Executive to say our value realization Csus is 1 million dollars within the next 9 months. That means help me calculate what 9 months from now is. That means on March 20 or 30th you will realize a million dollars of efficiency calculated as 100,000 per month. And and now.
2 weeks later, somebody stalls. Somebody didn't. Procurement didn't do their job, hey? Just want to update you that 1 million thesis is now April 15.th But here's what you could do to get back on track.
So the mutual success plan is anchored on a compelling event. That is value realization, not contract sign, because customers don't really care about the date that they sign the contract they care about whether they're gonna realize the value and the relationship they're having with you. And so part of what I'm doing is teaching my team on how to actually do the hard work of that project, planning the work back schedule and the quantification of value. And so which me luck?
Because we have sellers that have been told for 10 years on how to feature cell category sale. And look at how great my company's founder is. No disrespect. And and and and we have not really been centric around the problems we're solving the quantifications, the problem, and in light of the cost of capital, how fast can we solve those problems? So I'm on a journey to try to, you know. Tweak that model just a bit.
Jonathan, I was just gonna say tying what you just said about back to our forecast and even back to sales process. You know, I said, I run a very like value based sales process. And in past ones, one organization I worked with that was like one of our like. I think it was like our stage 4 stage 3, which was like present value, but it was presenting the value of the business case, and it was a joint partnership that you developed, as you said.
with your customer, quantifiably, and we actually had a solution that, like whether it was an efficiency cost savings or like a revenue generation. That was a critical part of our sales process. And then we even had scores around the process to develop that value plan which wh. Which really helped us again because it was part of the sales process, and how we operated that then helped us with our forecasting down the road.
If if any of you are implementing I I just love it because you mentioned the Mutual success funds and and the collaboration. If any of you are implementing that type of process, and the terminus is contract signed. You're doing it wrong
because you're not going to get any collaboration. The customer around a terminus being they signed a contract. It has to be something about them that's meaningful to them that it resonates

at the senior executive level, and then, when you do that, you now have a direct line to Senior Executive via email every 2 weeks, saying, Here's how we're doing. They don't need to be involved in the muck. But you have that.
And, by the way, the fastest path to expansion is gain recognition for the value. Realize. So what I'm predicting is that our expansion rates will double and happen twice as fast because of this approach in this this.
So we'll see. I don't have the data to prove it yet.
But love that you're also doing that. And I probably copied it from you somehow. I'm I'm sure. Okay. So
I love that. There are the reference about value advisory teams. And I wrote back to said, That's no, that's the job of the now. And and frankly, that's a real seismic shift for how we how we train aes in an earlier call today, someone mentioned that 9% of Aes are doing 90% of the bookings, 90% of the bookings. So I would start with them first.st but this is a very interesting time we're in. Predictability has never been harder. And hopefully out of this class. You you've kind of added to the great disciplines of that have. Ha! That Dustin and Stephanie have have shared in the 1st 2 classes to the quantitative stuff, and how you mix that together with an and I I think the key thing is is this is changing all the time. So we're part of a community in pavilion where we can reach out to each other, ask for help and share each other. It's a i call it, you know, 2 way mentoring in that we all can learn from each other, even with the amount of experience that I have. I learned a lot every day specifically from people like Ann. And of course, Steph, who's also on the call and there's a bunch of others I'm probably missing because I can only see 20 faces. To move forward. And so here's here's we're at right
is is, we've we've got the analysis. there, we need to tie it to the Cfo revenue forecast. Which very interesting is that is a conversation that you need to have with your Cfo. To ensure that their assumptions of conversion.
booking, conversion to revenue is accurate. So, for example, a simple term like, I will sign a subscription agreement, but only start paying it in tranches of 10 as they are activated. That totally messes up your revenue plan as soon as you do that versus charging day, one for everybody which most customers are not going forward with. but the next stage is really about the executive buy in and okay, so next week you are all in for a treat.
Never met Darren just like I've never met Guy. But Darren is a really interesting person in that. He's the CEO of a company called Onset. They are a revenue planning tool. So hopefully, it's not a demo and pitch. I doubt it, because, listen to his experience, he's run global sales for numerous telematics firms.
I was in the telematics space in the past, and I'll tell you it's 1 of the biggest challenging forecasting challenges. Rather. Okay, Dave. I'll get you your question just sick. In that you're actually forecasting 5 different products because telematics which Dave worked for 3 companies. We nearly competed at Navman ones. Is. You've got a subscription revenue. You got a professional service. You've got a device
there's warranty revenue, and and then oh, and then it all has to do with when it gets activated on the truck. So so you know, really, press Dave, if you can, on some of the challenges that he has had there. But more cool than that. Dave was a Vps sales at a company called Ptc. Back in the early 2 thousands. Does anyone know why, that's even relevant?

You probably heard of medic. Has anyone heard of medic before? Yeah. Medic was invented by Ptc. In the early 2 thousands? And so I would be plugging him for questions around, how did that happen? Like? Usually this kind of innovation never happens, because there was a great thought, something bad happened that forced this out. That story I want to hear, but really enjoy your time with Darren next week. Send in my regards. Might sneak into classes for fun. Any other. Co. Oh, yeah, we have one question from Dave. And then we'll open up to the 3 to 5. Okay, typical range of X factor. I use 3 and so and then I'm gonna get you. A comment is to 3 to 5. What I wanna share is, I'm clear as is that it's closable business in that quarter coming. So, therefore, your stage gates and your need to be accurate, you need to have the close dates based on something that is meaningful as far as a compelling date with the customer. So the close date is a function of the stage.
whether you're going through the gates, and also whether that customer is actually committed to to buying that quarter now. And why would you put 5 just curious.
It just depends on your win rate. So like again, you really have to understand what your historical win rate is like. I have joined a company
had a 10% win rate. It was really bad. Now, did we need 10 X pipe? No. But did we definitely need more than 3. Yes, but actually, beyond that, I think the segmentation of your market is so so critical, because while we had an overall, 10% win rate and Smb, our win rate was more like 40%. And so that's what it. But like our our enterprise win rate was really bad. But that was because there was a major process
issue. They weren't really doing effective discovery, all of these things, but I think at a minimum. 1st establish what your win rate is. See what that is based on your segments. Hopefully, you have before you even done any of this. Like, I think, Stefan said. At others, you have to have a really clear understanding of your Icp. Get your Icp 1st segment, your market, compute your win rates, and then try to determine what your what your threshold of pipe ratio should be.
great question from shell around
new employees bar journey
hang on any concrete ideas and strategies how to ex expedite the sales cycle and how to create urgency with customers. So in light of the bar journey
in the new, in the state of the current market. I'm gonna ask you and to answer. So I can formulate some of my own ideas. But you know, 18 month sales cycle. What kind of things would you recommend.
Yeah.
Accelerate that.
So this one was not an anything on sales cycle, but this I will share the story for me when I was a buyer, and yes, it was. I was buying gong, and it was not the 1st time I bought gong, but I was not the decision maker. I was the very influential champion. The Cfo. In this organization was the decision maker, and he was quite stingy. Cfos are. And so, you know, even though we all knew we needed gong, or we knew we needed, you know, call recording revenue intelligence tool blah blah blah. We had to justify the used case to him.
and so I remember it was it was really dragging, even though we knew we wanted it like, how are we gonna unlock him to wanna move faster? And what we did is I actually invited that sales rep strangely to my house during Covid in the backyard, and we talked through. He did really great discovery, and was like, Okay, what does that Cfo care about what's really top of mind for

him? In this case all the Cfo cared about was Cac. That was it? Nothing else mattered outside of Cac.
So then it was like, alright, we can't just say it's gonna help you attack. We have to get a lot more specific. So he was like, well, talk to me about some of the initiatives or things that you've been doing in this organization. I had just done our 1st close lost review and close lost close. One analysis. So I actually had quantified with our own data. What the amount was that we were close lost, and we had, like a 70% close lost rate. It was bad and what the key factors of that were, and one of the factors that we identified
was really, really poor qualification. So then we started thinking about that like, wait a minute. If we get better at qualification, we're gonna have less clothes loss gonna be more efficient. And so we were able to establish this connection point to Cap. The moment we did that, I still remember, I created 2 slides.
One was, you know, what does gong do? Blah blah blah
one. The next one was, how is gong going to specifically help us, and then the next one was, what is our payback period? That's what I called it with respect to our Roi. So I said, this is the amount of gong. Let's call it 50 k. This is the amount that we're losing every single quarter to close lost 4 million dollars. This is the amount that we're losing to the qualification. This is how gongs gonna help us. Here's my implementation plan and we're gonna have it. Minimum Eightx Roi was conservative. Cfo signed the next day.
And so I think, coming back to like, what is the key thing that person cares about? How do you create urgency? And I think specificity really really matters here.
Yeah.
I, like to talk.
And I just wanted to say thanks so much, and and Jonathan, for taking that question, it's a little off topic, but it's just front of mind right now, and also, thanks to the folks, Simona and Steph, for also chiming in with very similar ideas, making sure you're targeting the the right
best customer, making sure you're doing your due diligence on seeking information. And then I love the the nuance of personalizing it, personalizing it, personalizing it and focusing on return of investment and also the cost of inactivity if they don't do it. Here's how much, maybe money they're going to be losing along the way. Thanks.
Oh, awesome! Thank you for that. I'd like to just kind of comment on to this one that you just said so is
Roi is a term that's being banned around. So be careful with it. No, no disrespect user. Right? because with the cost of capital, if your Roi doesn't have a cost of, you know time, value of money. Then your Roi is kind of shady, and that's kind of math. A lot of the Aes don't go through. That's why I kind of shifted towards value realization from Roi. We also can't possibly calculate all of the eye on their part resourcing, and so on. In fact, most most vendor Aes would be scared to, because that number is pretty big, but the reality is, if it is really big
may not be a problem we're solving, and you're never gonna get the deal.
What's the phrase value of what? I'm sorry.
The value realization. And and so, for example, the the company, I won't do a pitch to the company, but the company that we have tangibly takes away a ton of manual data entry, and we can actually calculate the value of those people who were doing it. It's in pockets all over the place has to do with supply chain and tier 2 and all the stuff but but and so, 1st of all, we need to

get them to vet and validate that. Yeah. Those 30 people who spend one of these companies is 20,000 HA month damn manually data entering.
And so our 1st point is, if if we don't quantify that, you're never gonna get credit for solving it right? So as an it person, they'd rarely get credit for the business tangible business value that they deliver with their project. So that's the 1st stage. But 2 is, we need to know that you actually, that isn't big enough problem to solve, because there may be bigger problems. And that's just a secondary thing. So and then most support the Cfo cares. Oh, that's great! Here's here's how the Cfo thinks very personally, very, basically.
you want me to pay you how much money and how much do I get back, and when do I get it? Those are the 3 questions. The 1st one's easy. You. The second 2 questions is.
how much do I get back? And when do I get it? And if you can talk that way to a Cfo, you're probably gonna have your paper a little bit higher on the stack than everybody else's when it comes to signature time. But then it's it becomes an incredible alignment, because in 2023, I did a bunch of research analysis as to why churn was so bad. We called a Revenue leakage. It's a little different than the Clery revenue leakage, which is pipeline leakage. I was talking, revenue and revenue being
the the chances of a renewal was less than 20 if you didn't achieve a tangible business outcome in 90 days.
And so the single biggest revenue leak was a failed onboarding. Why, shiny objects happen? Nobody there to implement no one in there to use it. Everyone goes on the next thing, and then you have a churn after 90 days. But you don't find out till 14 months later, because they aren't returning your emails. And so so I really glued in on. How do you prove and demonstrate value realization as fast as possible, and that every Cs
Qbr with a client is about forecasting the value to be realized in the coming quarter. It's not about Csat and Nps and those silly things. So anyways, I wrote a bunch of articles on that it probably put you sleep. But currently, now it's a segue, is. I realized that this big disconnect happened when the buyer journey evolved and we didn't
specifically in the front end when buyers are are begin their journey to value realization, they are really trying to get their head around the problem.
And so we've all read from the challenger sale and other sources that you know they don't engage with us in person till 50 or 60 or 70% through the sales process. Well, the real the real reality to that is, we're not offering any value
for them to engage us.
So now it's time for us to flip that that script and be really, really great about the job to be done in the early stage, which is problem, understanding, problem quantification
problem, peer alignment.
And you don't even get to the solution until you're convinced that you can solve the problem. And then they beg you to say, Oh, please, can you just tell me how you solve the problem you're not selling at that point? Right? You're now collaborating. There's a lot of neuroscience behind this. But anyways, I realize it's now 33 min after they are. We're in overtime. I should probably wrap this up, and I'm gonna leave it to you for last comments and summary comments, because I've talked way too much, and then we'll have mo do the the close of all that.

Yeah, no, just really. Thank you all so much. I mean, I learned a lot. I love this sheet. It takes me back to pipeline building models when I need to build currently. And I think the main thing is, yeah, really, I know, we keep coming back to this
centering the sales process around your buyer. Critical. Make sure you're doing that. Look at the sales process. Make sure that not just you understand that your reps understand that your managers understand it. Your finance people understand it. Make sure everyone in the go to market understands it.
prioritize that operating cadence and hold to it. Do not skip that meeting, do not not have it. You have to ha have that for accountability. And then, you know, math matters. You know there's a reason that, like you all want this sheet. I want this sheet, because, like math is like
anyways math matters, I'll leave it at that.
We'll go like a tree. Fias person. Okay, before I enter. Loud is in the house. I set that set sufficiently high expectations of this presentation next week. I'm hoping to join Darren. Thanks for joining us, and and and thanks.
Love to do it.
In addition to this, and I'm gonna hand it now over to Mo. Everyone will see Darren next week. Maybe I'll sneak in because I know this guy's got a lot to offer. So mo over to you.
Great session.
No, it will be.
Thank you. Thank you so much, Jonathan. Thank you so much. And it's been a great session. Everyone I have posted the survey for today's session in the chat. Please get it if you have a moment, please complete that, as feedback is ex extremely important for us in pavilion here, thank you all for joining us. We will see you next week.
Excellent. Make sure, Eric, you tell everyone tells you how great of a job mo did. Mo with 7 in for Laura. Way to go. Thanks, Paul. See you on.
Alright, bye, everyone have a good one.

Class 4
text
Hello, everyone
welcome. I give everyone a chance to get connected to audio. If you are in a place where you can turn on your camera. We would love to see your face. It just helps with the engagement for class and our session to make it more interactive. As our classes here Pavilion, are for our members. Thank you. Everyone for joining in. This is our final class. We are a 4 week mark and just a quick announcement before we get started, as always. If you have a moment, please take a second to fill in this
the feedback survey, as the survey is super important for us here at Pavilion today we will have a seek feedback form for today's session as well as the final feedback form for the entire session. Throughout these 4 weeks
during today's session. As well. Please feel free to raise your hand. Come off mute. Ask any questions that you may feel during the during our time together today, and if you have any questions at all, I am here available to be a private message, sorry or slack as well. Today we have Darren here with us. We also have our guest Speaker Jim, and we also have a guest

speaker Kim, joining in as well with us today. Thank you for being here. I'm gonna pass it over to you, Dan.
Well, good morning, everybody. Good afternoon. I guess. Good evening where we might be. My daughter's doing a semester in Florence. It'll be right now, so it's getting late into the evening for her. Thanks for joining this morning. I have the great fortune to to present to you today. It's also my malfunctional guest. Because number one, I'll say, presenting to peers. There's 1 of the hardest things you can do. And you're all peers in the community. Done these kinds of things before.
Number 2. You guys all know Stephanie Valenti. She's a rockstar. She started the coursework. You know, she got her new role. So I get to present her content. Today
I will do my best to do her content justice. But I will say that for better or w worse. Forecasting is something I've done a lot. And re-forecasting is something I've done a lot
in the small business world, the startups. When we were growing fast, I was part of the team that said, How do we invest more? What are we gonna do and re forecast regularly? I also live in the private equity world. When our product lost product market fit when we were losing market share, and every forecasting was kind of going in the other direction. You will maintain a level of profitability whether you like it or not. Adjust the business downward to, you know, deal with the product market fit. So I've re forecasted in the negative direction as well. I've done it quite a bit so hopefully my experience will be useful. And you know, the questions will be answered. Well, I have the great benefit of having Jim Robertson with me right now. I spelled his name on the slide. I see it's Robert's son, not Robert Ton. I'm on the slides. Come up. Do I need to show the slides by the way, or are you sharing them all.
You'll be sharing the slides.
Okay, let me go ahead and share my screen, then. And I'm gonna go to this one
share. I'm gonna go to the deck. I'm gonna put it in the slides. So I'm gonna view slideshow done done done. Boom. Hope everybody can see my screen. Okay.
so, Jim, I'll ask him to introduce himself in just a second, but and Kim will hopefully join shortly. Look, Jim, is gonna be my finance brain on the call. If I can't answer a finance question, Jim's the guy, and I'll let him explain why. And if Kim is out there I'll let her explain her role as well. If not, I'll I'll kind of introduce her, and when she joins we can defer to her also, Jim, you wanna introduce yourself real quick.
Sure. Yeah. Nice to meet everybody. I'm Jim
Robert Ton today. And I've been known, Darren, for a long time. Now we work together at a startup
here in Irvine, California and I sort of grew up in the Fp. And a organizations have been wearing a data science hat as well
as of late, and have gone on to be a fractional Cfo role for several organizations.
and work with very closely with Darren again, and happy to join and give that kind of Cfo finance perspective to everybody.
Fantastic thanks, Jim, are you out there? Have you joined yet by chance?
Nope? Well, Kimber Kim is kind enough to join us. Kim is someone we partner with. Kim was a principal rsm, she's on the technology consulting side. If you don't know. Rsm, there are 3 billion dollar tax accountancy.

So like, she's got a lot of expertise in the the technology side and the process side of report forecasting. Jim's got the finance expertise. I've done it a lot. So hopefully, we'll be able to answer questions as they go. Wanna keep things really interactive, feel free to ask away I am in Las Vegas right now. If we look at my background I'm in a hotel hopefully you can hear me. Oh, well and hopefully, housekeeping doesn't come bang on the door very loudly at some point I put on the do not disturb but let's get off to the races.
1 point of disclosure I wanted to make before we start. I am the CEO of a company called outset outset Ops is the full name outset ops.com is the URL we build a product that helps people, build bookings, forecasts, and reforecast and manage their businesses on a long term horizon. However, this is a community learning event. I'm not gonna show you our product. I'm not gonna talk about our product. This is not a vendor presentation. You know, after the fact, if you see something that's interesting, let me know. But today we're gonna focus on process and make sure we get you really good information that is not vendor specific. Nothing I have built into this is specific to my product.
So let me start with with Stephanie's content first, st you know. Thus far we talked about annual review planning a 1 0 1 in Class one we talked about, you know, baselines and tips and tricks and things to think about as you begin the annual planning process. In session 2. We started to look at forecasting methodologies. We talked about things like sales, capacity and waterfall and cohort based, and a baseline plus
in in session 3. We really got into the quantitative versus qualitative. We put a lot of focus. And I think, Stephanie really emphasized, why qualitative also matters? It's not just a data driven exercise. It's bringing in your own judgment those sorts of things.
Today. Session 4 is really about going into alignment and deployment.
But when we do this re-forecasting process, we have to gain buy in from a broad audience. If we fail to do so, the re forecast will likely fail. And let's be honest. We're doing the re forecast because something already failed right? For better or worse, it might be something out of our control. But nonetheless, we're we're reacting to a problem. So aligning and deploying is a a big folks what we'll talk about today. And I wanna make sure we cover that. Well.
so as part of that process, we'll talk about team accountability. We'll talk about gaining buy in from the Board and the CEO and rolling out the plan. This is all core content that Stephanie has created and talked before, and I'll be sharing that with you.
Then, in my guest speaker role, I'm gonna talk about some nuances that I've learned about pinning down forecast types. To make sure we stay on path
and deliver against the plan. And 2 mechanisms that I use and find really really important. One is called daily management which is often confused with micro management. I wanna make sure I get the distinctions right there. The second is problem solving.
We're working through a re-forecast at this point because we do need to problem solve. So it's really important that we touch on those 2 items. I see that Kim has joined. Hey, Kim? Welcome, I took the time to introduce you. Kind of as a principal on on the tech side at rsm, do you want any color to your background or role?
Sure so finance an accounting firm. We have audit tax and consulting. I sit on the consulting side, and both work do forecasting for our own organization and business, as well as we work with pretty much all Sas companies, and help them with their forecasting processes. So that's my experience with this topic.

Fantastic. So the audience, the participants, you know, as we go I will at be asking both Jim and Kim for color commentary. If you wanna ask a question. Either thing they're best suited to answer, you know. Let me or mo know head love to hear from Jim or Kim on this topic. And let's make sure we take advantage of having them here.
So you know, one of the 1st things I want to do is do a poll.
We've done a lot of polls and past sessions on company sizes, those sorts of things, but I'm really wondering where you are with reforecasting on the questions that will pop on, or you know we rarely re forecast. We're reforecasting. Now we're gonna do it soon, or, if you like where I've been at times. We do it every year. At the midpoint we're off. We have to re forecast, but just love to get a view of the audience of where you guys sit in this realm
and motor the pole pop? Or do I have to take action.
No, no, Dan, just one second. That's okay, or at this time of our troubleshoot. If you can put your responses in the chat.
And you guys, I forgot.
Are.
Yeah, B and D in the process we're forecasting now. We do it every year. I've been there. B and C gonna do it soon fantastic
every year.
re forecasting now every year. Okay, so for a lot of people, it's a really colors are rarely. I like that. For a lot of people. It is more common or about to do it. Now that's great. Another rarely. It's rare. Okay, fantastic. One of the things I'll say on the Ray forecast. And, Jim, I'd love your color on this in a second.
I often find that I get to a spot where we're going to re-forecast the sales bookings. But it's not gonna be a full re forecast, meaning we're gonna re forecast what we plan to deliver
or early forecast to be forecast. That's great. You know. Sometimes we'll change the bookings number. We won't change anything else, and we're not changing our commitment to the board or the broader business. We'll just be realistic about what's going to come. I don't know, Jim, from a finance perspective. Do you see that pretty commonly that the bookings number changes, but maybe not everything else changes, or or is it the inverse.
Yeah, for sure. Yeah, I mean, that's a great point. I think there's
kind of 2 levels of reforecasting to that extent, right where there's a kind of an internal.
you know. I've
commonly heard to like plan to hit the plan right where it's like, you know, we've have a commitment that we forecasted in our annual planning process that the Board's aware of. And that's our commitment that we're trying to hit. We've seen some things we expected to do are working. Some things aren't working. So we're gonna reforecast in terms of, you know, double down on the things that aren't working and and try to make up for some of these things that aren't working and still hit that original
overall target number. Right? So sort of an internal re forecast. In that case. You know, I do also think there is the case of you know the big reforecast. Right? You know. Covid happens. The world shuts down, and you're going back to the board tails between your legs, hey? There's no way we're gonna hit these sales numbers that we originally came up with right. And you're kinda asking.
you know, asking to read, adjust your your target for the year with them.

So I would say, the second type is definitely more rare than the than the 1st type. I think 1st type could happen pretty frequently. Yeah.
For sure, so like to roll in another poll. So a lot of you are re-forecasting. I'd like to try to understand the high level. Why, so, you know, is it economic headwinds?
Is it an unexpected change in the business?
Is it the old, the the targets are unattainable. That's what happens, you know, or we just do it every year, because it's what we do.
I did see the poll pop that time. Oh, thank you so much.
We'll give it a second and then see if we have some results.
As that comes through. I will say I've lived a lot in the targets set. We're unattainable. Especially in the startup world. Here's the top down goal. Good luck go! But, Mel, what do we see? So far from the audience.
We have almost everyone that has responded. I'm going to in the poll at this time and share.
Okay, so pretty broad set. Economic headwinds are getting a good bunch of us. Unexpected changes. Okay, very nice. You know. Kim. I thought I might ask you, and sorry to put you on the spot. You know you look pro across lots of businesses at Rsm of these 4. Without speaking specifically about clients. Is there one that stands up more than the other from your perspective?
Weird.
I I'd say a lot of our, for our clients do.
Well, most set that original forecast. I think we've seen an increase in the concept of reforecasting every year, just because they're trying to develop a consistent process and methodology. I know our business. We reforecast every single year, but I think what we're seeing even more of is even throughout the course of the year.
rolling, re-forecasting as things change. And that's and that's really hard to do. And that's where I think just more technology and more support enables businesses to be more agile.
Fantastic. So one more poll just so we can really drill down into what people wanna see today? What's most beneficial when it comes to re-forecasting for using attendee. What's your biggest challenge or blind spot
for me? A lot of the times, especially in private equity, was gaining agreement that we need to reforecast. Oftentimes the pushback from the President would be we're not reforecasting. Now. You've got 3 months to fix the problem. I don't want to do that. Because there's a negative connotation sometimes with reforecasting.
Sometimes the biggest blind spot for folks, I think, has been, you know, if you haven't been through revenue architecture, you know the way my design course work sometimes is getting that that connection between sales, marketing, finance, and product. All 4, can be challenging. Yeah, but definitely to see what the audience has to say.
Thank you. Everyone that has responded. So far we
have almost all our responses.
and I'm going to end the poll at this time.
Predicting sales bookings with greater accuracy. Yeah, that's a huge one that I see really, commonly I'm gonna talk about that a little bit.
And how I think.
And people need to address that when I get down kind of into to my core content.

I see the intersection is number 2, number 3, I guess, tied with gaining agreement that we need a free forecast. Okay, so it's a pretty broad cross section. Hopefully, all the content we covered today will be helpful. I'm really excited to drive through this. I'm gonna ask one question that I asked myself when I 1st thought about this coursework. This visual is there for a reason? I was in the army way back when and I ended up going through some sniper training. I'm not talking the fancy stuff you see on the Discovery Channel. It wasn't that big, but it was a 40 h set, of coursework.
and one of the things they drilled into my head at the time was the concept that there's no such thing as a counter sniper. You are a sniper, whether you're targeting people or material or other snipers, you are a sniper, you have targets.
and so on. My brain. I kind of keep thinking is re-forecasting really different than forecasting. They're actually super similar. I think Stephanie has talked about them a lot for the course work for me. Re forecasting is really just forecasting. But we're dealing with a smaller subset. We may not be trying to re forecast every single thing. It's probably tied more towards problem solving and working through from there. That's the way I think about it. So I always go back to how do we do run the annual forecast, whether we know on the re forecast. That's gonna fix known problems. And that's why I included problem solving as part of the discussion. So anyway, I just something to think about. I I had that instructor way back, when who would say, You know, there's no such a thing as a counter? I will say there is re forecast, but it's just a subset of forecasting.
Alright. So let's talk about team accountability. This is a slide that Stephanie shared early on. You likely saw this in week one, and if you kind of attended and view that class stephanie walked you through who is accountable for the forecast, and I do love this slide. Now, one of the things I reasons I think we end up. Reforecasting
is we go through a huge forecast plus process. And then we leave this slide. I'll talk about this later. But if you go through the work to build a big, beautiful forecast and get the collaboration and everything you need, and then it becomes a domain of the Cr. Across the year, just re forecasting every month or giving it a number every month. This all collapses right? So we have to get everyone to be accountable, and that has to continue during the re forecasting process. And I think one important question to ask yourself in a re forecast. Is
is there a team that did not participate actively? If not, why did they not understand that they have a variable. They couldn't get through. Maybe product could not deliver for some reason. But the bottom line is all these departments on the outside are responsible. When I get to a race you a little bit later in the document I'll talk about who's accountable, because I think that's also really important. Somebody has to be accountable to keep this plan living and going and making sure that we're delivering on our promises. You know, each and every single day
when you get ready for the free forecast. It's a lot like the forecast. You know, the ideal plan is to call a meeting. This is something you're not gonna go solve via slack or zoom or email. Most likely Zoom might be used extensively if people are remote. But I think you wanna try to get people into a room? If I had my druthers, I think Stephanie would agree, this would be an off site. We spend a couple of days together before the off site. There would be a lot of pre work on to get this done

in my past life in the private equity world, an organization of scale. We had a gentleman named Mike Bloom, and his job was to run around and get data from all the stakeholders. Make sure they did all their pre work. So they're ready
when we went into the off site to actually get work done and make decisions while we were there that actually became about a 3 month process. Twice a year. He'd spent the 4th quarter of the year getting ready for the main forecast, and the second quarter of the year getting ready for the re forecast.
So I think that you have to think about reforecasting a lot like annual planning. I think you have to prep for it, and if you can go meet off site, pull people out of their offices, and get them to spend time together, if possible. Consider hiring a 3rd party facilitator. I've had a really great luck with that, but in a second I'll talk about what happens when you are the facilitator and what you need to do.
stephanie would talk about how it's a really good idea to start with the big, hairy goal. The audacious goal is for her words. Where do we want to be in 10 years?
Yeah, when I've been in the strut, smaller companies in particular, that can be a great North star. It's a goal where I want to get to. But I personally index towards really quickly getting it under the one year and the 3 year right? If we're moving quickly. If things were changing rapidly, I like to focus on the one year and the 3 year goals and work against those
especially in the startup world. I often say that I feel like that old cartoon with Mickey mouse and goofy. One of them's driving the train. They're standing on the front. Of the train lay down railroad ties one at a time. It's hard to think about 5 and 10 year plans at that point. We're trying to forecast this year. Maybe the next couple
it's important to try to get an upfront agreement before you go into the meeting, or Sandler an upfront contract. If you want to think of those constructs.
everybody comes into the room needs to agree to what we're going to accomplish. I need to come and prepared to accomplish those things they didn't understand. That is, conflict is okay. We are not going to agree. They're gonna be things we really don't agree upon. Sales to marketing, for example, can have healthy debates about lead quality. Whatever the case might be. We have to get down to a point where we can look at the present forecast, create the new, and be accountable for the new commitments we're making into the business.
So it's a really fantastic meeting. It's a really difficult meeting at times, but we wanna get every detail on the table. We wanna walk through the team and excruciating detail. We want to do the team how to get where we got. If sales team is counting on extra marketing. It needs to be really explicit. This is how much we need. This is when we expected, you know, is it? Gonna come right? If customer success, do you still about the onboarding components? They get to their upsell component same kind of thing
right? This is the time to really focus it on getting it right. Maybe you've met with product ahead of time. That's a great pre precursor to figure out what's on the roadmap and what you can build in and plan around into the forecast.
One of the logical goals in that store only becomes always becomes if we build something from product into the forecast and product doesn't deliver.
Well, that's tough. In my experience. Rarely does the board or the CEO get say, Okay, never mind.

You don't have to deliver that part of that revenue, chunk. The 1st position of the way is going to be. Figure out how to deliver it, and that's something we'll have to rise to as leaders in the business. It may seem unfair, but that's reality. We're often confronted with
while you're in the meeting. As the facilitator. Remember, it's not always what you say. It's how you say it.
You're gonna come in and try to pull things from people. You're gonna try to get them to contribute to speak about their fears and their worries. Right? I don't believe this data. This isn't gonna work. That's a great input. We want people to feel safe to say what they they're thinking what they mean. I'm as a facilitator. I view it as my job to pull from people. I feel really comfortable, asking uncomfortable questions.
It would be great for me to say. I see Mitch's name in the chat. Hey, Mitch, I hear what you're saying, but your body language is way off.
You know the way you're presenting and what you're they don't match. I I get a feeling there's a concern there. Can you flush this out further? Let's talk it through
right. If somebody's sitting there very quietly, not saying anything I might say, and I'm gonna go to to Bob first.st But then I'm going to mitch Mitch. I wanna come to you because, you know we really value your input. We haven't heard much yet.
So for me, when I'm the facilitator. I am trying to pull from people. I'm trying to be curious when they share a point I'm going into. Why, I'm looking for levels of why below the point they share or the concern. Okay, let's flesh that out further. Give me more details. Right? Take notes while other people are speaking. If you can come back an hour later and say, Hey, guys, Mitch made a point earlier. Let's come back to that. You can make those reference when people know they're being heard.
They're more likely to talk play back what you heard? Hey, Mitch, let me play back what I think. You just said I. Wanna make sure I understand it. These simple queues. As the facilitator can help. The audience feel very comfortable and help you build consensus before you move on to the next step.
one of the other big things for me that's not on the slide is I make it clear that ego and title don't belong in the room.
When I run these sessions. If I'm in charge, specialize in the Cr. Chair I got, buy in from my CEO Cfo. And others first, st that they don't have rank in the room during this part of the process. I facilitate. They'll have plenty time, make final decisions. But when we're kind of getting things going and really working together. Let's leave rank outside the room. Let's leave title outside the room and let's focus again to the root cause of the problem
and going to solve it.
So there's a big questions to drill into. The font is really little on this slide. Stephanie was really clear that she wanted all this content here. She wanted you to have it. I'm gonna download this slide. And she doesn't expect you to read it. So I'm gonna try to bring through the salient points. That she wanted to share. These are really big topics that we want to talk about. If we're re forecast. And because revenue is down in particular or missing our bookings targets.
you really have to dissect the support staff in every category that's supporting this budget operation service technology administration management. I have really personal experience here. I had a model one time where my account management team had a really great idea to save money.

They were gonna move all account management to India, with the exception of one person who had triage it here and then route it through. That was their idea to save money, and they're racing off to implement it for the rest of the business knew what was happening. I had a real problem with that concept. Having one person in the Us. Time zone from 8 to 5, right is not the right way at a 50 million dollar business scale to manage an account management team.
So I had to go rain that back fast. So making sure you dig into each and every function, and how they plan to support things. And in this model, is important. If your teams gonna be asked to do more with less, how are you supposed to do that? Is there going to be technology that's gonna come in and support
are the new processes. You can deploy right? There's lots of things you wanna look at. I wouldn't be afraid to look into each department and how they're deploying their human and capital on the sales side. There's this concept of, okay, you know, if the revenue is 50 million dollars and I have 50 reps. That means I need a million dollar per rep. Right? That's the average you need per rep. But that's not the quota. And that's not how you can build your structure. You're not gonna have everybody hit 100% of their number. I think we all know that.
So you're gonna have to build the forecast or the quotas. Excuse me at a higher level. It's never fun to raise forecast, for example, in a re forecast. By the way, but there's gonna be a lot of work you have to do, and look at the supporting structures to get there? Do I have the marketing spend to support creating funnel for all these people?
Do I have the Sdrs help what they hand off of leads? If that's part of the process, do I have the sellers to work the leads? If I do? Have I done time in motion to make sure they can. If we're gonna have this many leads coming through and close this many deals can account management flow through it. All these things are interconnected during the reforecast just like the forecast itself.
So there's lots of questions to go through here. There's lots of painful questions to ask. In a re-forecast what happened to the budget for internal promotions? I have had this happen to be in the Cr role.
I had a very talented Sdr. Who I plan to promote on July first.st we were going through the re forecast and I had to take that promotion away. This is somebody who had worked there 3 months had hit every target just during a really fantastic job. I was pleased to mentor and help this young person, who was, you know, just getting their career started. I wanted to make them an Smb. Seller, their 1st time closing, and I had to sit down and say, You know what? That's not gonna happen. The business condition changed.
I felt terrible. But that was the reality of the re-forecast
me personally. I could have sent the person out of the room and said, You know, good luck. We'll try again in 90 days. The commitment I made to this individual was, if you stay with me, I am gonna try very hard to get you promoted as soon as I can
if you're really upset and really hurt because I just going back on a promise.
you know. Maybe I can help you find someplace else to work. If you need to look outside, let me call people I know, at Salesforce. I used to work there, or Ptc. I will help you. These are difficult conversations. When you're dealing with folks. Who are in the ch in the in that kind of challenge I see a quote

from. Is it from Selden? I wonder if it takes more than one person to set the tone of a difficult conversation about forecasting and be forecasting, I think the actual answer is, Yes, and then the future slide. One of the things that I'll kind of telegraph. This now is discussed
when you're getting ready to roll out your reforecast try to figure out who your
your your posives and your negatives are, who? Who's a detractor? And who's, I guess, a protractor in terms of the forecast. And if you can find the people are positive about that and get them engaged early. You know they can help get the culture maybe
growing in your direction earlier.
I don't know. So let me want to flesh that a little bit further with the team. Can we talk about it for a second.
No, I just I I love the culture that you're describing. I like that checking titles at the door. I like that. This is a safe place. Let's have an honest conversation. How do we really feel? Let's what what we? How can we
keep this communication open and candid?
I've been doing this for 26 years since sales of some sort, and I've yet to really find a place where all those wonderful best practices
and that kind of sense of camaraderie and honesty and and openness.
Has flourished. It's
it. There's so many pitfalls that happen when you have these difficult conversations and the back biting and and the
parking a lot conversations. And the
passive aggressiveness is just mind boggling. So I I'm still hoping. One of these days I'm gonna be able to create that perfect environment where people can be honest and candid and check their egos a little bit at the door. And so, for the good of the whole company to move everything forward. Still still looking.
Yeah, it. It's hard to build. It's hard to maintain. It's gotta come from the top.
When I was a company inside the Ford portfolio. So Ford is a kind of a private equity, conglomerate. 18 operating companies. They're on the Fortune 500 list, very, very big. When the CEO Affordive came down to an operating company for a meeting. Oftentimes he would carry a stuffed animal, and it was a hippopotamus
and I always thought it was kind of Corny, but it worked. He'd come in. I need plug this hippopotamus, he'd say, Hey, look! I get it! I'm the hippo in the room. I'm the big, big thing that everybody sees. I'm the CEO of this entity. Right? Can we agree that I'm not the bottomist today? Can I set this on the count in case talk to me like in a person can engage in this problem, solve together.
And you know, when you can get people at the top to behave like that. I think it goes a long, long way for me personally. Again, the stuffed animal is a little Corny, but it worked, and people opened up and talked so I'm always right.
The.
Other really difficult questions to focus through. Here is, what's the process for requesting additional headcount through the year? It's a re-forecast. Let's assume we're in a negative position. What happens if somebody quits? Am I going to get to backfill that?

What happens if I get ahead a little bit? Can I have some of my resources back? These are things to talk about in that meeting. So as you work through month 7, 8, 9, 10 of the year. We can hopefully know the the guard. We also the boundaries. That we're working against
and I'm gonna advance one more slide and talk about human resources some more. But I may then ask Jim or Kim to give their color on on what they've seen kind of in this world.
But as you're in the room, it's really important that we acknowledge we're reforecasting for a reason. And we build accountability metrics for lots of things.
If we're re-forecasting because we're becoming bookings. And the new forecast requires to be a higher new roles, we're gonna shift from Smb to enterprise. We're gonna add Sdrs, we're gonna get rid of Sdrs in favor. More sellers, whatever the case is, gonna be when those decisions are made
human resources, HR. Has a massive impact on the rest of your annual success.
If they can't fill fast enough, the plan's not going to work
right. If we can't upskill the people when they come on board the plans not going to work right. I see a lot of sales leaders in particular. Make the mistake of blindly focusing on capacity. I need the people. I need the people. I need the people right, and they'll screen that, and I'll shout that but if they're not careful. I'm not looking at the time to hire the time to on board if they're not adjusting those time balance in the plan regularly. How often have you seen somebody set the annual forecast in October? November?
Put in plug values for ramp for sellers reforecast in June and not change the ramp
right? They haven't take what they learn and try to figure that out right? So all these metrics have to come in to figure out what you're going to do. We talked about internal promotions already? There are things that we need to think about.
in a purely legal and right, and fair and awesome equitable way, like maternity leave.
I'm a huge believer in having maternity and paternity leave.
I've got to think about how that might impact the year when I'm forecasting or reforecasting.
I'll give you an example that is near and dear to my heart. My son is now a 22 year old firefighter. He just graduated college. He's doing wild then. Fire fighting. Now he's out in the woods today.
22 years and 7 months ago my wife, and her boss and her boss were all sitting together at a dinner table. And the 3 husbands were there, and it was funny because my wife ordered a sprite and not a Margarita. This is actually in place on a Friday night, and then her boss ordered a sprite. Then her boss ordered a soda water. They realized that night that the entire chain manager, rep manager on directory, all pregnant, all due in 7 months.
Right? I loved the way the organization rose that took care of them, those sorts of things. But have conversations. Okay, what happens? We lose people to leave during this process. Are we gonna backfill? Are we gonna cover. What happens to quotas? Get those things defined?
So, Jim, maybe I'll start with you. We talked about kind of
building the team, having the conversation, the impacts of aligning other components to the organization holler. You might want to add on what you've seen on these report, where you forecast in these scenarios.
Yeah, for sure. And this tied into your previous poll question, too. And I think 2 sessions ago, we're talking about different forecasting methodologies, but making sure that everything aligns, I think, is really like from a from a

finance leaders. Perspective, anyway. Really important piece of the forecast, right? It's easy to say we're gonna hire more heads, and that's gonna add quota. And we can expect a reasonable quota attainment. And therefore we're gonna get more sales. But unless you're also obviously, and I'm sure everybody in sales feels this innately, you know. But unless you're getting, you know, increasing your marketing activities and getting more pipeline to keep those new closers busy. It's not gonna necessarily translate into revenue, right? So making sure that all of those pieces are aligned throughout the reforecast, and all the teams are kind of balanced, I think, is a important aspect of
of the kind of Hr.
Forecasting piece, as well.
Yeah, it is. I mean Jim and I work for the the same company at 1 point in time. I've heard principals at the company say, you know, along the way? As we are racing and trying to go fast, we could probably quantify about 6 million dollars and mistakes we made in terms of hiring too fast, for example, or too slow, or investing in the wrong programs. All those things drive really painful human resource changes. So, Jim, I know you've lived it
great. Let's move forward to marketing since you mentioned marketing. This is also a really important part of the reforecasting process. As we're reforecasting. What's gonna happen to the marketing budget for the balance of the year?
Is it fixed?
Is that gonna change as a percent of trending revenue if we get on track. If these new processes are deploying or working, are we gonna get to spend more on marketing? If we continue to slide. Are we going to spend less on marketing? Are we gonna chase that falling knife? Right? We're not selling enough. So we're not gonna talk about ourselves enough. So we can't sell enough and kind of go down this cycle
understanding that part of the plan, the what ifs where we're gonna go? Is really really important? You know, what are we gonna do if we find a month from now that marketing and sales are wildly misaligned.
Marketing, says I delivered a hundred 20% of my lead target and sales is still missing
right? We had this in a past life. At a board meeting I was there. Sales is having a hard time. Marketing went 1st at the board meeting and described how perfect marketing was. We're ahead on every single goal. Everything is wonderful.
By the way, not a bad marketing leader. That's just the lens. They looked through
sales felt we're not getting the right leads right. We didn't do the work ahead of the board meeting. We hadn't aligned during the re forecast process to make sure we're in sync. We have different views of things. I've lived 1st hand. How painful that can be! So I'd like to have these conversations during this session. Okay.
let's have a clear definition of all the points in the chain. As we work, move through our bow, tie and let's talk about what happens. If something misses and how we're gonna attack it, and we'll cover that on a bit more and problem solving.
One thing I will say during a re-forecast that's not on the slide. But I will add from personal experience.
is.
be careful, during the re-forecast of overthinking or mucking around too much with marketing mix.

we got heavy into that kind of downward cycle. Wrong product all those kind of challenges we had
when we did reforecasting wanted to save money because we are profitability driven. We started looking at the marketing mix too closely, and we say across these 10 things. That's my technical term. These 2 give us the biggest return. So let's only spend on those 2
right. There's the biggest return, per.
you know. It took us 2 or 3 months to realize, because these ads died because this event wasn't attended. Or you know these other contributing 8 things.
the results from the primary 2 we put all our money into began to degrade as well.
Right? So as you're going through this resist the urge to slash because it looks perfect in the spreadsheet. This comes back full circle to that qualitative discussion. Okay, we wanna change the marketing mix. Let's talk to the marketing leader and team and say, if we change this lever, what are the impacts on the others? Let's really work that through. To make sure we don't get surprises.
It was embarrassing to me as the GM. In this particular company, because I stood at the all forded leadership event and talked about how we cracked the code on roast return on advertising, spend by focusing on mixed and show the great results we had on those 3 months.
you know, month 4. We were already started to degrade in the slide because I was wrong there.
So we gotta be really careful about kind of dependencies.
Yeah, that's right, Vladimir. The black box about distributed is a real thing. Don't let that Slider slip away.
Cool, Kim. I've been going for a minute, and I haven't come to you. Any color you want to add on what we shared so far.
Yeah, I've been thinking about the culture question a lot, because I do think it's a really important one. And I do think this is just, it's evolving as more data becomes available as well. And I think, yes, if if the tone at the top is open and transparency, that's the easiest way to build culture, but I also think.
the more thoughtful you are with the process. And whoever's kind of wants to be that owner and driver who takes the time to think through what is gonna happen in the business. What has the past told us about the business? And what do we think could happen, and different ways. We might wanna be managing the business like we're, you know, expanding into different territories or whatever is happening like, if you're thoughtful about doing that
and bringing it up, because some of these executives are under so much pressure that it's easier for them to point a finger. And just like, you know. Blame. But if you kind of bring it up to them with a thoughtful process, I think
you know you could do a bottoms up approach of driving change in an organization. It just it takes time. Everybody's busy with a day job. Sometimes forecasting is like a check. The box things that people wants to get through versus really. This is how we're gonna all manage and work as a a unified team for the whole year.
Yeah, without a doubt. Great point. I love the way you the use word thoughtful in there. You know you gotta be thoughtful about how you approach these things. I agree that. you know the the L ones, the hearing. Most people in the organization might have so much pressure that they might rack quickly. And what you said in there, what I heard I wanna make sure I heard it right is, you know, if you have an idea on how to fix something, or there is a problem, you know. Bring

a solution, hey? Here's the problem. I think I have an idea. Can we talk this through? It's a great way to engage it's got that kind of an underpinning of what you're sharing. Kim.
Yeah, cause, I think sometimes that you might bring ideas that haven't really been thought through or people are executives are so busy, too, that you know
it's you can open dialogue too.
So this is always a fun one. I don't have a product person on the call to join me. I wish I could have pulled somebody in.
But I'm gonna guess if I should put a poll here, how many of you were re-forecasting because a product did not launch when expected.
This has happened to me a couple of times. I was encouraged by the senior leadership team and I bought in. By the way, that said, hey, we're gonna launch this new product in in August, right? So whilst we're sitting here in November of the prior fiscal year, and we're planning on this big bump in August, you know.
never comes, or it comes 90 days late. It's too late to impact the year. What are you gonna do there? So it's really important to in it involve product in this process. I'm part of a podcast series called How'd, you get that number, we're including a CTO, you know. Ha! You know, all these numbers are built. You have the product. How's what's your perspective on these kind of things which I'm really excited to have that conversation, but how is product held held accountable to their timelines?
If they miss a timeline, how do we address it? It's always going to be messy this one
in in my opinion.
Right? I think Seldon said it. In my opinion, I agree completely. It's pretty common in technology sales. In my experience. It's also common, is I don't get forgiveness when I was in the Cr role. Hey, Darren, yes, we plan for a million dollar uplift from new product. Entering in August. It's July products not coming in right? It's not gonna come into October. We're not gonna spend anything money marketing it, you know, till September. It's not gonna hit this year. But you still gotta find that 1 million bucks
right? That's still your job. We have to hit the top line commitment.
So I've gotten into the habit honestly, of saying, if there's I'm not saying this is perfect or right. But if I have that 1 million dollar uplift 8 months out from a product that's supposed to come. I instantly start thinking about how to fill that gap on day. One of the forecast for the re forecast cycle. I don't say it out loud. But I say to myself, let's assume that's not there. How do I plan for that and get ahead of it?
Understanding how the growth number was calculated. Sometimes that 1 million dollars spent dumped on your lab in that future month is for a product that's ill-defined. It doesn't have a price yet that doesn't have a marketing plan behind it yet. It's almost as much a wish as it is. Fact.
I don't have great. If somebody on the call has solved this, or crack this, or has a really great process. I would love to hear it. This is one that I always find it messy, and I just prepared to have contingency plans, for
I'll pause for a second to see if anybody's cracked the code.
No, okay, I'm not surprised. It is a tough one. Then there's finance. I'd love to hear from from you know, Jim and Kim on this one as we get going. But you know, as we start to trend natively towards that goal.

What happens? There are so many nuances here. That frustrate us all. If we don't talk to finance and understand what the flow is. Gonna be I had a really great relationship with my Fpna. Analyst was a G and M. And a past life had about a hundred 1 million dollar P. And L. Couple of 100 people involved with this in in the business. I had an Fpna person I worked with all the time.
and we did all sorts of discussions. Okay, what are we with a positive variance? Are we going to spend it or keep it right? Are we going to tuck it away, or are we going to invest?
What do we do with a negative variance? Right? I used to do things like work by with my finance leader and sorry if you aren't finance folks, and I'm gonna have Jim Chattan in a second, because I am not a Cfo with my finance leader. I created a accrule every year at $20,000 per month for my incentive trip in the subsequent year.
I knew I would never spend $240,000 on a club trip. That was kind of nuts, but it was an easy way for me to tuck something in the budget that was occurring at 20 KA month for a future spend. So if I had a 50 K negative variance or an opportunity to invest 50 KI could pull from that. Not impact the incentive trip. And that jump through a million hoops.
So I would actually look for I don't know, Jim. I don't know if you said hiding things, but I would start using accruals and have early conversations about what went to the positive and negative variance. And I would try to flesh that out in the re forecast, because again re forecast to do it a problem.
Jim, you want to add some color to that.
Yeah, happy to. And I saw Kim came off mute, too. So I I think she might have some comments here. But yeah, I mean, I think that's in general pretty common. You know, and you could sort of tipped onto, like, you know, at multiple layers. Right? You know, I think there's in general. everybody's trying to hide things in the, you know, in the budget to have a little bit of contingency, right, you know, just like a home remodel project budget, you know, they're gonna have.
you know, you don't know everything right? And I think that's that is generally a good budgeting. Best practice to allow for for some
contingency. I'll call it in there. Yeah, obviously, you know, as in the finance side of that, you know. You don't.
You want everybody, you know. If there's 10 Darren's hiding
money in a you know, in a in a line, right? You know. Obviously, that's you know. You can get to place. So that's pretty unreasonable. But that's the negotiation of this whole exercise that we're talking about here, right? So
cool.
Yeah. And I would say, from the finance perspective in in general. And it depends on how big the organization is, too. But finance really does just want to get an accurate picture of what is expected to happen in the business
and know that, like a thoughtful process like again, this concept of a thoughtful process like, I've actually thought about my year like I might have thought about events I want to go to, or just there's been thought. And when I'm not just taking what I did last year and just rolling it forward or applying, you know a rate that there's hey? I mean, intentionally thinking about what the year is going to look like when investments I need to make.

So really from that that side, it's more just about the transparency, and if things might come up because we don't know everything that's going to happen. That's a nice place to put a bucket, a catch-all bucket to say, Hey, I know I'm going to need to make some investments. I don't know exactly what they're going to be. But let me put a catch-all bucket there.
Yeah, that's great. I'm having those contingencies in place. I always struggled that work for some reason. Is such a good idea. The thing I wanna add on the finance slide, which isn't here. But I've talked about publicly many times.
many in sales particular. I grew up in sales. You know. That's kind of what my career was. I often thought of. Finance is the land of no, every time I go there they say, no, no, can't spend it. No, that's how I thought of them.
I finally had to hit a spot where I realized that finance isn't the problem. I was the problem to Kim's Point. I wasn't coming through with thoughtful details on the program.
It took me a while to realize that every Cfo on this planet is acutely aware that you cannot save your way to a liquidity event
you have to invest.
We just have to be really responsible stewards and bring forth the right data. And the right programs understand how the finance side of the business works to get that. Yes, from finance. And I think it's really important to remember. Finance wants to say, yes. If they're saying no, it's 1 or 2 reasons we're not bringing forward the right? Ask? Or things are so acute, there's just nothing they can do. Jim, is that largely? A fair statement is kind of high level. But in your Cfo role is that fair.
Yeah, I think that's largely
a fair statement. I'd say,
finance needs.
Prizes is the the bottom one.
But that's exactly
we watched what.
Predictability. Yeah, exactly.
By the way, you might get some expenses to talk about tomorrow. But that's different. Okay. moving forward.
So like when you get to the end of this re forecast meeting. Everyone should have their metrics. Everyone should know their their accountability to the revenue number. I once had a Cfo. Say, this is very controversial, and I'm not saying it's the right thing to say. But he stood up and said, going forward in this company there are only 2 jobs.
There is sales, and there is sales support.
Figure out which role you are in
and do your part.
And it would actually ask somebody writing code. On a specific feature. Hey? What's your part? And driving revenue hire in this company? Oh, I'm going to this cool, new thing. It's coming out August. I'm working really hard to make sure it's on time.
Thank you so much for supporting sales in that way. That's kind of how he deployed it. But all functions need to leave this meeting, knowing what their accountability is towards the revenue number and what they've committed to deliver.

Each metric has to be evaluated and updated at least weekly. I'm going to talk about daily management in a minute, so I'll come back to that
and it needs to be done without finger pointing. And we've talked about this in the heat of the moment finger pointing happens. But the bias should be. No finger pointing.
The bias should be. And this is also one of the hardest things. I'll talk about problem statements in a minute. Somebody's got to walk into a room and say, this is the problem, as I see it, without fear of being attacked.
Again. Culture?
Now they better be able to support it. I'll talk about that in a second. But again, if you address the team you get through this meeting. Well, you can sign off on the number, and you can actually get ready to present it to your board. Cause. That's gonna be really, really important. And we'll get to those slides in just a few minutes.
So let me pause here. That was the prepared content from Stephanie. On planning for the meeting. Hopefully. I did it justice. I'm sure she could do it well better than I. But let me see, we have any questions that came out of that part of the process.
Right now, Darren, we are caught up in the chat, but if anyone has any questions, please feel free to come off mute, or raise your hand.
Well, I've got a I've got a actually question. I don't know if it's both this specific part. But kind of goes back to the survey in predicting greater a bookings with greater accuracy. You know, we talk about alignment. You know, it's getting kind of you're we're really, in this kind of context, we're talking about realignment around re forecast. I'd like to get the panels kind of
reaction to how to get alignment
to refining that accuracy through introducing new methodology, like.
you know, waterfall versus just relying on sales capacity. And sometimes, if there's lack of data. how you get alignment for
you know, investment moving forward to again, you know. Refine that accuracy moving forward. So I'll stop there. And, Darren, I'd love to get your thoughts on that.
Yeah, sure. Great question. So look, I'm a big believer personally. In
the fact that planning
around sales capacity is dangerous.
I've of all I used. That's why I used to do all my planning. Just so we're clear. What's the quota? What do I think a rep can sell. Let me build the head count plan. Let me go
when I did things that way. I ended up creating a really expensive line item for headcount in the budget.
Before I figured out how to support that head count.
Right? So you know, if I had $100 I might have consume 60 of it. Just thinking for the sellers that I needed before I thought about Sdrs and Solution Engineers before I thought about marketing everything else.
So look, you, do have to capacity model. I don't like to start with capacity modeling. I am more on the side of starting with kind of a a cohort based analysis of top of funnel entrance and seeing how they spill through the pipeline over time, running regressions against that and kind of algorithmic algorithm algorithmically.
trying to plot bookings forward. Try to figure out what our trajectory is absent change and then try to optimize by saying, how do I lift that trajectory or take cost out of it? So I am no longer a

fan of starting with sales capacity, though I would say many, if not, most, still begin there. Jim or Kim, do you wanna give thoughts on how to, you know, make those adjustments, or or add some color.
I totally agree. I'll give it more from our our own perspective, where we are a services business. I'll also work with the software ones. But from the services side, we also do a capacity model, right? It's based on number of consultants that we have billable hours and what their goals are, and it doesn't work well, because you're always chasing right? You're just chasing to fill the hours versus being really thinking about like
do you have recurring revenue. What's your recurring base? What's your future base that you need to add onto that? And what's your net, new Logos? And thinking about kind of the different categories. And and then how you're going to go get after those categories. So I'm more of a fan of thinking about
making like you, said Darren, having the cohorts that you need.
and then go get targets for those, and then you can kind of flow it through the model.
Jim.
Yeah, definitely. And I'll add to that, or maybe, I guess, address a little different part of, I think Mitch's original question, which I think there's also a component to like, how do I get
budget for this which I understand the problem right? It's easy. You don't a sales tool to get budget for a sales tool that's gonna help you get more sales right? You know, that sort of sells itself in a way harder to get
budget in your organization for a tool that's like, well, we need better alignment, right? Because it's a little softer thing, a little harder to quantify. You know. I think there's like a
I hate to call this that. But a good case study in the like, you know, the tech layoffs that were like super famous recently, right of, you know, I think you could attribute that to. Yeah, there was certainly economic Edwards people didn't see coming. But you know, also, I think there was a lot of just alignment issues wrapped up in all of that right, like a lot of organizations that
you know, funding was cheap and easy in 2021. And so they over hired and their sales teams, without ever ever putting together that plan to fill the pipeline like we're talking about and
took them 6 months or a year to realize that. Yeah, that's, you know, just adding, the capacity is not gonna increase our sales right? And then
they're, you know, laying off those those folks
once that
realization sets it so I mean, it's a little
kind of doom and gloom perspective on it, you know, there's also, I think, a lot of the case studies from different Rev. Ops tools that I've seen lately that do a good job of painting.
You know some of the, you know some of the returns for that sort of alignment.
That agree with Jim Jim's comments with a 1 notable thing that a lot of companies that already invest a lot of money in sales Tech in particular.
you know, it's not uncommon to hear somebody has salesforce and clary and zoom info and sales navigator and and and
so I am finding more commonly that if somebody wants to add new sales tech these days, you have to deprecate something as well. Cfos are trying not to add net new dollars into that category, Ceos and others. So you have to have a really good case if you want it. And in your case, you might want to figure out what you could do without just personal experience.

Cool?
Okay, this is my guest speaker component. So I'm gonna go through some things that that I have come to believe over time that that I hope helped the broader audience. I'm focusing on the side of simplicity here. There are
all sorts of models and baselines, and and templates. You've been given as part of this course, and I've seen them, and they are awesome. Sometimes I also like to think what's the simplest thing that I can deliver. What's the thing that I can give to someone that they could use today. Immediately. That would make sense for the broader organization. If this is too simple, I apologize. But these things have helped me a lot when I think about how to try to avoid needing to re forecast.
Okay,
the 3 things I wanna talk about are, I have kind of evolved to consider 3 types of forecasts. I'll talk about what those were, but they're very separate and distinct in my brain. And and I think about them very specifically.
Then there's this component of daily management. This is making sure we never fall behind when we're trying to hit our goals. And the last is problem solving. I'm I will follow up and share some great problem solving templates that I've used in the past. With the community. If you guys would like to see them. I need to dust them off this weekend
meaning they're from a former employer. I had to cleanse them. Of lots of things, cause they're super cool. But these are things that I think are really important. When you if you're in a re-forecast.
You probably got there for a reason. Hopefully, this will help. So let's start with the 3 forecast types in my mind. I now think about a bookings, forecast.
a sales forecast, and a financial forecast. Some of you may do this already. Naturally, I usually see people have kind of 2 forecasts. There's a sales forecast and a financial last week's guest speaker. I can see her face, but I can't think of her name right now. She spoke about how accurate her forecast was on a 12 month horizon, how she was really, really good at it.
I think that's fantastic.
I think that's real Christian. I see those templates. I will definitely get them out.
The the, the.
I think you just separate, the sales forecast and the bookings forecast, and let me describe each. I'll tell you. I'll show you why. For me. The bookings forecast is built during the annual planning process. And it is a live there that happens in the 4th quarter. Usually. It includes bottoms up historical data going into that forecast top down assignments right, it really becomes the goals for the business.
It's composed of 3 things. Number one is the scene of pipeline seen pipeline for me is what you can see in your Crm system. It's an opportunity as an amount of stage, a close data probability. However, you stage opportunities in your Crm
there's a notice of unseen pipeline. This is where your historical data tells you what's gonna happen that you may not know yet if I have a small business. flow. That has a 30 day sales cycle. I don't know who's gonna close in August or September or December right now. They might not exist in my pipeline at all. But nonetheless I have to have a mal model to go plan what that's going to be. And this is where I say, it's really important to do it algorithmically.

Too often. What becomes a sales forecast. We'll talk, which I'll talk about in a second. The sales leader is guessing, or somebody's on a spreadsheet guessing. I prefer a deep analysis of historical data and trends to see where we're going on. Lots of variables. It's not just the deals are there when but what's the deal? Size? What's the average deal duration? How is that changing? How's it changing by dimension, by a geography. Right? I like to look at all these things and develop a really clear view of what I call the unseen pipeline.
using some pretty heavy regression analysis. And and Jim has helped me with that many, many times in the past.
Once I understand my seen pipeline and my unseen pipeline by month. I don't know the future, preferably 24 months at least. Right? If I'm working that way, I start to make strategic bets. Okay? What best am I gonna make to change that trajectory? My sales capacity adjustments, right events, new partnerships, product launches those sorts of things. Restructuring or re align the organization.
Right? So my bookings forecast is this living thing. That is built algorithmic bitly, that's extends away out under the future. And really, really, importantly, has buy in from all stakeholders.
Right, I should say. Hey, on a 12 month horizon! Marketing. Here's the number of leads I'm counting on by dimension
right again. Segment could be business segment, small business enterprise, or geography, whatever the case might be. Do you agree with this? Can you support this? Can you feed this? This is what I think I need.
Right? That's how I build my unseen and plot forward. I layer my bets in this lives.
This is updated at least monthly, hopefully, more frequently.
So I got this rolling 12 month bookings forecast looking way out into the future.
I think people often feel they do this, but they don't. What they end up doing is getting under the sales forecast. They intertwine the sales forecast and the bookings forecast the sales forecast almost always becomes, what are we gonna deliver this month? Next month? Maybe this quarter. It's very short term. Maybe
the subsequent quarter, right. It's opportunity driven that that is coming from the Crm. It's usually kind of got a view of the seller. Maybe the 1st line manager of you from red Dot. Rev. Ops help with a tool like clear gong. To kind of get things out. But it's super opportunity driven.
It's a rollup of yield-specific things
by definition. It's going to be short term.
Because, look, I've been a seller. You worked with sellers, the Crm data for the deals that they're gonna close to the next 3 months to put money in their pocket. Probably pretty good. You start talking about December of this year or April of next year. Not so good.
right? It's really hard to evaluate against. So I think that sales forecast is the short term cycle that we have to look at. It's really important, and I'll show a visual on this in a moment. But the broader team really can't help
if I get into trying to make next month was today's June 6.th If I'm trying to figure out how to make July, it's probably too late to ask a lot from product or human resources or marketing. Right? This is something only the sales leader can know. Right? So I make a big distinction now, internally, about the bookings forecast versus the sales. Forecast
any questions about those 2 before I advance to the 3.rd
It's not rocket science, but I just want to make sure we're all in sync

cool.
There is the financial forecast. We all know this. This is the domain of the Cfo and the finance team. You know there's a monthly close around this process. I think that bookings forecast also needs to have a monthly close. But we go through me say, alright, what were all the inputs that we said would drive this month in the future. Months are all those inputs true? Are the trends holding? Are they going? We wanna go right. Finance is a super set of of sales and bookings. But the bookings forecast for me is the forecast of greatest importance when I think about things which sounds kind of odd, but it's the bookings forecast, and all these dependencies that can tell me now how I can impact 4th quarter
from a sales and marketing spend perspective. I can be a lot more efficient trying to fix 4th quarter today
that I can be trying to fix it in October.
So let me show you visually what I think this mean and how it flows through. Jim hasn't seen these slides. So Jim, after this, or Kim either gets to say, Darren, that does not hold water. You've got it wrong, and I'll be fine if they do but this is kind of the view of what I've come to believe.
We start this annual planning process. I'm gonna say it's a calendar fiscal year to make life easy, right? So we're working on this bookings forecast October, November, December. And we're thinking about next year, right? If this is an annual plan.
right? Because we're starting October, 6 months forward. We feel like we got this we got. It's a little bit cloud. We got a vision. What's happening all the way out till till December of next year, and everybody's online. We've had these meetings have agreed this time. We're to go about it right? We know it'll change a little bit. Let me get past 6 months, but we are on right. The financial forecast is locked in right. That's commitment to our investors, to everybody else we're working with that's built. It may change Meta, but of course that's being built out on the next year.
Here, hopefully, with as much clarity as possible, I would say. Any lack of clarity in the financial forecast is probably worry about the bookings. They're gonna come. I'm driving that lack of clarity.
Then you have the sales forecast in December. Your Cr, 90% of the time is focused on December, maybe January and February. That's that sales rights. This little bitty cycle. Right? So we finish the plan right? December. We're closing the year. We're high 5, and we're thinking about Presence Club on the sales side. We get moving. So we go into next year.
and the fire drill starts this 1st quarter right? And all of a sudden we're saying to ourselves, hey? Let's not distract ourselves of December. Let's get focused on this quarter and next
right all of a sudden, again, a little hyperbole in the in the view. But it makes the point. We start forgetting all those 6 month out kind of things because we're running in the now, and that sales team is still running on this 3 month cycle.
They go forward in another month.
right? And you can get to a point where all of a sudden all that work. You know that long term bookings and all the inputs and the coordination between sales human resource. Everybody can begin to degrade
right. And then we find ourselves chasing our number.

I wanna talk about the bookings for us, hey? Sales, leader, things are off. What's going on? We gotta re forecast. Can you tell what's gonna happen for the rest of the year? I I think this is a lot more common than a lot of people like to acknowledge or admit.
This is why I've gotten this notice, and we got a bookings forecast, a sales, forecast, a financial. They have to be separate and distinct. The bookings forecast is owned by the team. The sales forecast is on by the sales leader. Let me pause there, Jim, I said. I'd give you the opportunity to say, Darren, that's the dumbest set of visuals I've ever seen. You're wrong, or does it feel kind of right? Or somewhere in between.
Yeah, I it.
It feels like the visual representation, something I was trying to say earlier, and that you really see how you get into that plan where you could end up in the mid year, where you're yeah, totally missing. And having to go back to your board, kinda you know. Yeah, this this plan just didn't come into fruition.
you know, if you kind of catch your eye off the ball there, I mean that
walk through really nicely exactly how that could kinda appear month by month without anything. Major, you know, falling off the rails.
Jim, any thoughts? Does it hold water with you?
Yup, I agree with, James, yeah.
Anybody on the call. Think, Darren, this is already the way we do things, or this is too simple, or it's off. I'd love any feedback.
Actually, I just would like to
give some reaction.
it's interesting because I I'm a Cmo and a lot of times
I always, you know, like to advocate, you know, being in the room, you know, as early as possible, not being asked after, you know, you know they've already the pains is already dry. But what I like about this is, I agree with you, Darren.
From a marketing standpoint, you know
it should be a collaboration between, you know, you know, right across the go to market on bookings, but definitely in sales like.
you're on the hook for that. So like, if you're not getting that pipeline, you gotta figure out how to get that, you know, intra quarter. So I I actually like
how you've separated that out, at least from a con, you know, from a
like a concept. Standpoint, then obviously financial is is self explanatory.
Very good. So about a racy
this is, you'll have it in the deck. I'm not gonna say perfectly assigned everything people might view nuances or do it a little bit differently. The 3 that I kind of hold
pure right.
only one person can be accountable in a racy right? That bookings forecast. The sales leader is accountable to pull the team into a room
and make sure all the team inputs are managed. And I think the sales leader has to drive that because he or she owns that that bookings number and they need the support from marketing and sales and product. I'm sorry marketing and human resources and products and everybody else. Sales is also, of course, accountable for the the the sales forecast.

I put the Cfo or the finance leader as accountable for that financial or revenue forecast. But everybody else. If you look at the the bookings. One, with the exception of maybe customer success
at, you know, has some actually customer success. If they're doing the add ons expands. They definitely have responsibility. And people are consulted. On the sales forecast. I have human resources as informed, because again, they can't hire that quickly to solve for things. And then you see the rest.
One thing, if you talk to somebody who knew me in a past life and says they'll tell you Darren hates races. I don't hate races. I think they're awesome.
I hate it. When somebody says we have a racy for that. When I say, Well, who's in charges? We have a racy for that.
sometimes it's like on a wall, or it's defined. But it's not managed. I've got a problem. Who owns this? I've got a race for no who own. Talk to me. Darren owns this. Jill owns this. Let's go look at the problem. I don't want it to be kind of a a guide post. I wanted to drive to the next level. Darren owns it. Let's go talk to him. If that makes sense
subtle. But there's something I always kind of barked about.
The next thing I wanna talk about is daily management. To stay out of trouble. I love daily management look daily is a term that you can change. Daily management comes from Lee. Manufacturing. Daily management is a very simple concept. If I'm doing transmissions on the line. And I need to build a hundred transmissions a day to hit my car production target.
And for some reason I only build 99 transition missions. Today, I have to think about, how do I build 101 tomorrow? So I don't fall behind production.
I think oftentimes we think about working across that both boat time revenue architecture. We don't look at things at that detailed level.
And that can be challenging. So in a perfect world. This might be a bad example. But let's say, we want to look at SQL's generated daily. Let's say we promise the North American Smb, team, an average of 10 SQL. S. Daily. Right? I would wanna look every day on Monday we deliver 12. Great. We're ahead by 2. On Tuesday 9. Little nervous to me. But that's okay. We're still ahead. although they were 7 on a Wednesday. Now I've got a problem. I have to find a better get 24 on Thursday and Friday. Right? What can I do to influence that change
right? If you start to look at things that daily model. You can start to challenge yourself, hey, folks, we're behind. What can we do to pick this up? So we don't fall behind and continue to fall behind. I need 24 on Thursday and Friday. How do we go about that?
The term daily management comes again from lead manufacturing constructs? But it could be weekly right? You could. Our daily management could be a weekly exercise. But I like, you know, the people who are impacted here. If N. SQL. Generated as a function of marketing, handing off to an Str.
I like the marketing leader and the Sdr leader to get together and say, Hey, where's the gap? Why isn't it working? And I want to do that fast. I don't want to wait till the end of the month. I don't wait till the end of the quarter. I want to get into it fast, and I want a solution around it.
If I see 2 periods in a row. We had 2 misses. We missed Tuesday and Wednesday. That's a visual cue to me that I might need a problem to solve
right? I missed my mark twice or so, which week, if I missed it 2 weeks ago, I'm gonna go problem, solve monthly 2 months, or I'm gonna go problem solve but I encourage you to think

about the metrics you put in place and have a framework. Where people are forced to look at these and talk about them.
One of the scariest things and one of the most amazing things is is a beautiful bi dashboard. All these metrics are sitting there, but we don't have a process that says, here's how we looked at them cross functionally, and here's what we do when we miss once or twice in a row
right? So encourage people is, if you're re forecasting in particular, think about how and where you can use daily management to guide the way the teams behave
it works in manufacturing. It's a concept, I'm you know, kind of applying to my my software motion in manufacturing one really unique thing that I haven't bought into fully, but I'm thinking about
you. Don't let everybody sit at their desk and look at a screen. You may go up to one spot and look at one screen together. Right? If they're in a room, or one representation on a wall together, a TV. Okay, here's the gaps. Let's talk together for 10 min about how we're gonna solve it. So we could bring that level of of accountability and traction in and collaboration. I think there's a lot of power in it.
You have to be wary of micromanagement. That's not the intent. The intent is to figure out how we hit the goals and really succeed.
The other thing I wanted to touch on. here on the do I have that? No. Sorry. I've got my notes on the side over here. The next I wanna talk about is problem solving. I will get those templates out into the deck. But there's a problem solving component that I think people
tend to miss or glance over. We don't feel comfortable doing culturally for me, it's starting with a really strong problem statement.
Right? I will put on a slide year. 8 bookings. Target is 1.2 million dollars. Actual is 823 gapped goal is 377 K. Attainment is 68 68.5%, and the gap is widening. It's getting worse.
That'll be my entire slide. When I start one of these discussions it is painful to write as a sales leader. It feels like I'm putting a bullseye on my chest when I do this? Right. It is not fun.
but it's this 1st step in solving the problem.
And when one of my leaders comes in and puts this on the slide. My 1st thought is nice work. This is cool.
I've got something I can engage with. How are we gonna go fix this
right? If I can create a culture where it's comfortable to do this, my people come, tell me the problems and I can help solve them
right. But getting good problem statements is the key key key for me to begin the problem solving process. Let me pause there. I know that is super simple. But does anybody see statements like this commonly? Does your sales leader feel comfortable putting something like this up on the board?
Anyone see that anywhere? I'm I'm the guess. The answer is, no.
but that's how we started.
Yes, but we're Spot. Thank you. Simona. The second thing next is working towards a Pareto principle, right? 80% of consequences come from 20% of causes. The keynote here is when we're problem solving, we want to fix things. We've got to really focus it on the vital few.
So I'm always in my problem solving model that I'll share trying to pareto things out using data

right? I don't like it. When somebody comes to me and says we don't get enough leads or lead suck, or my quote is too big, or all these things that aren't thought through, and there's no data to support.
If I can quantify the cost of not enough leads
and weigh that against the cost of a poor closing motion wherever the case might be, I can really begin a problem to solve.
So I'm always trying to get into a mode
where I'm trying to find root cause and I can build a pareto and hopefully, like you can see on the chart over here to the right. You know, I could look down and say I should put all my energy into fixing SEO, ppc, and social media. I don't wanna hear about reviews or ux and design or video, right now, because 80% of my problem comes from 3 spots.
Right? I wanna put 80% of my effort into fixing those 3. Let's get go. Get those fixed. That's the biggest return in a perfect world, as you can see on that left hand column. It's measured in revenue.
So if I can analyze the data deeply enough.
if I can kind of get the comparisons going across, if I can find that for 80. By the way, if the 80% is 10 things on this 11 thing chart, we're not looking at data, right? Or we have a different kind of problem.
But I want to get this done. And what's really key here for me in the problem. Solving process is, I can't do this in my office with a spreadsheet.
I cannot. I absolutely cannot. If I do, I promise you I'm gonna get it wrong. I'm only gonna make things worse
in lean manufacturing there's a construct is called go to Gemba, which means where the work is done.
If I have a problem with Sdrs, not heavy meetings held. I actually, if it's a real problem, need to make time to go talk to the manners, that group and then sit with people in that group and figure out the why.
If I tries the CEO to sit in my office and I said, That's 1 of my biggest problems, one of my biggest conversion quite pain points, and I look hopefully. My cereal can do this well or somebody else. But but you get the idea if I, as the leader responsible sits in my office, uses a spreadsheet, comes up with a solution. Just go do this
9 times out of 10. I'm gonna get it wrong.
The reason is you need to get to Gamba and engage in your levels of Y
right? Why do you think the meetings aren't being held right? The customers not responding to the messaging. Why do you think they're not responding to the messaging? What doesn't make sense to them? Okay, why do you think it doesn't make sense to them.
Because it's too complicated. Why do you think it's too complicated? Nobody's train me on this. I'm making it up. Oh, okay, I don't have a lead conversion problem. I'm gonna see our training problem
right? So anyway, having a really well defined problem statement
going through the day to define the challenges going to Gimba and doing the work engagement levels the Y that's the solution here. Simple concept. I will follow up with a really complex chart on how to build these out and guide through but I wanted to come back to these, because, like,

they're really important to me when somebody comes to me with a problem, I say, okay, let's talk about what the problem solving process was, can you show it to me?
Do you have the data. Have you thought this through
right cause? I would love to talk about it. I see your problem statement right? Oh, good. Let's go tackle that together.
Come into my office and say, marketing sucks. The leads are bad. I'm just to get out
you. You are wasting my time. You're not helping the business, right? So anyway, really important thing to drive into the culture. But I think it's really kind of super important.
So QA. On those key things again. Simple. But hopefully something you can take away and use.
Okay, we're racing towards the end now, getting buying from the board. Look, we gotta educate the board. We really, really, really have to educate the board.
nobody likes surprises. We've had that conversation.
We have to tell them what we did. The quantitative work we did, the qualitative work we did, how finance got engaged. How the executive team is aligned the accountability. We're putting around it right? This is something that we sit down and share. Jim and I share to CEO on a prior life, he used to say, this is getting everybody's fingerprints on the gun.
right? So everybody internally, Donna. Now we're on the board. Everybody's fingerprints on the gun, so we pull the trigger. We're all accountable. This is something that I'm just checking notes from Stephanie. It's pretty self explanatory.
but make sure there's a process to tell it.
You may not, may or may not be in those board meetings. But if you're not the Board meeting, ask your Cmo, hey? What did they say about the process? How do the board react? Are they excited? If you're the Cmo coming out of that meeting, take your team together and say, here's what the you know. Don't give me the confidential stuff. But here's what the Board thought of our plan right. Here's where they challenge me. Let's go. Think about these things. If we can keep that open and collaborative and again get every fingerprint on the gun that's the highest chance for success.
Right? The next thing is kind of rolling it out to the organization. You know, this is really critical. But from a selling perspective forecast determines the team's compensation right on the sales side. But look, if you're the Cmo. Or the Cfo or the CEO or a Vp on a bonus program. It impacts your compensation, too. Most likely. It impacts, if not your compensation directly your ability to spend the budget. You've been given
right, because if we are heading towards re-forecast, if we are missing a numbers, and Jim and I are trying to figure out how to manage those variances. We're sweeping your dollars away. Right? That's when you go to hire that person in July, and you find out that budget isn't there anymore. Jim and I stole it. We needed to cover something else. Sorry.
So the forecast impacts everyone.
and I encourage every leader to understand what their part is in delivering the forecast, and how we're performing against the forecast you spend all this time getting the buy in make sure you maintain it right. Make sure you pull people in and last, but not least, ask for help when you need it.
A great way to slow this down. Run a copy. All hands set it up with the CEO right? Tell the entire company we're gonna do the highest level, then have spilled down. That goes to the department

managers at the director level. They spill it down to managers who have one on ones directly. Right? Have another all hands again. At the end. Now you talk to all your managers, you guys excited. Do you understand your roles? Right.
huh? And then make sure each manager has an action plan to achieve
a lot of companies. Do this really, really well, a lot of companies do all the work and then forget to do this.
They email out the plan and the goals and say, Here you go!
So at any rate, I know that we're gonna be getting close to time, and I wanna leave time for any final questions. But one of the things that Stephanie talks about is
as you're going through this entire process. And I thought, this is a really interesting point she made.
You're gonna have all of these emotions. And some people, it's gonna take months to get through these emotions. I'm gonna start with the dial. That number is impossible, right? And it's gonna take a long time to get to a decision that can be a part of it and engage. So I'm gonna get through this in a day.
Somebody like, Oh, yeah. Been here before this sucks.
Okay? But I got it. Let's go
right. You're gonna have to know who's in the room and how they feel. What their motivations are. This is where she talked about your kind of your protractors and your detractors.
If you're gonna roll out this plan, if you're gonna figure out the people who are normally really positive and uplifting and cheerleaders for the organization. Maybe telegraph moves them a day or 2 in advance before they come out.
Maybe they asked them to go. Hey? You know, Bob and Jill, you know they always hate these things. You'll talk to them after the meeting. Check in at the water cooler at lunch, get their feedback, try to sell them on it. So if you can start figuring out who your your people who are really responsive, these really against, figure out who those are. Try to help bring them through these processes. And of course there's always the hard part. If you have the person who can never get through, and it's always difficult. That's a different problem. You just gotta figure out how to deal with
promoters and detractors that I kept saying protractors, promoters. Sorry my word, other tips, compensation, modeling tools every once on how to get paid against this plan. So if you have easy tools for them to kind of plug in. If I do this, I get this much money, or whatever that's always awesome.
Prepare proactively for anticipated questions. I've always gotten together with my leadership teams in the past and said, Okay, what are people gonna ask about this?
What are those common questions we're gonna get? Let's build the let's build the fact. Let's get it ready. Let's distribute it to all the leaders before we do all this stuff right? So they know how we want other questions to be answered to make sure we have a common message.
So I think you can prep for that and they can score card along the way.
So look, I think we're right at the end. I was always told that you get a much higher rating and sport if you end these 5 min early. As opposed to going 5 min long.
We caught covered a lot. Hopefully. It all made sense. So let me pause and see what questions people might have. And again, it didn't have to be covered here. It would come on any topic

related to forecasting, whatever the case might be. We've got Jim. We've got Kim any questions for the broader audience.
Thanks for all the great information it makes sense.
It's straightforward. It does at times seem simplistic, but it makes sense, and it's adaptable and applicable. So, thanks for the encouragement and the positive reinforcement.
Yeah, absolutely. Southern. I I appreciate that feedback, too. Sometimes. Look, I've been through all their sessions. I've seen the great complex models and those sorts of things, and I love them. I use them, I'm gonna reply back with a very complex problem, solving model but sometimes for me, taking a step back and saying.
Block, is your problem statement? Good. Just that reminder and info, in fact. As I was building this I reached out to a woman named Kirsten Pows, Kirsten Pouse runs the Ford of business office business Systems Office. Fordham is Ford is a fortune. 500 company. She's responsible for the problem solving processes, and they're
all of their processes. Right? She
it's ultimately responsible reports. The CEO rolls them down to all
all entities inside the portfolio. And you know, she said, problem statement problem solving Darren problem statement. That's it. Start there levels of why this shouldn't be that hard people try to make it really hard. People try write books on it. You can take change management classes. I recommend all those things. But just don't forget the easy part, because that's look in my experience for really smart people who've been doing the work for a really long time. We often have the ability to complicate it before we make it easy. And I'm just trying to remind us to keep it simple. Sometimes
other questions. Anyone
going? Once, going twice.
Well, Jim, thank you for joining I appreciate you taking time away from Bldg. Kim. Thank you for taking time away from Rsm.
thanks to everybody on this call. Thanks for being a member of a billion. I think it's an amazing community. I love it. Thanks for taking time to learn if you have any questions directly. If you wanna talk about any of this stuff. I'm happy to discuss it. In a non vendor way. You know, ping me anytime, and I will work with brilliant team to make sure by the end of the weekend I've got that problem solving template loaded up.