

Sales Forecast Accuracy

The sales forecast — calling the number you think you will land in business for the month or quarter — remains essential to revenue planning and corporate growth, but without sales forecast accuracy, that growth may be at risk. any forecast roll-up processes are based on sales reps' gut feelings, which can be wildly wrong.

With the rise of [sales automation](#) and machine learning, sales leadership has turned towards using the best [tools](#) to accurately [predict](#) the most important part of any business: revenue.

What is sales forecast accuracy?

Sales forecast accuracy is how close your expected revenue goals compares to the actual revenue that comes in. Many organizations have full teams who spend most of their time [manually](#) harvesting sales rep [data](#) to predict a sales number on a weekly basis. For some, this can be pretty accurate, but exceedingly laborious. For others, calling a number is a shot in the dark.

Why are accurate forecasts important?

Revenue is core to the future of your business. If revenue exceeds goals planned, you can invest in growing your company sooner than you had planned. If you plan based on a forecast, and that forecast proves incorrect, company growth could stumble, or worse—you may have grown faster than your revenue can support. If your forecast falls too short, that's growth you held off pursuing, and possibly profits you lost out on, due to miscast predictions.

An accurate quarterly forecast can help you pivot . For example, if you have accurate insight into which parts of your business are thriving and which are struggling, you can change your approach during the quarter, rather than missing your forecast number and learn what you might have changed only in hindsight.

Understanding who needs help can also increase support for sales reps. For example, if reps are underperforming, leadership can use the forecast to create plans to help territories or reps that risk missing their quotas.

How do you measure your sales forecast accuracy?

Measuring sales forecast accuracy typically involves comparing actual versus expected sales. There are a variety of ways to calculate and dissect forecasting accuracy, from simple calculations to complex Excel spreadsheets—or AI-powered predictive software like Clari.

How do you improve your forecast accuracy?

The main thing that prevents sales organizations from making an accurate forecast is a lack of standardization when it comes to [opportunities](#). What one sales rep may qualify as a committed deal may not be the same for another.

Without sales or forecasting [automation tools](#), your next best bet for creating an accurate sales forecast is a solid list of guidelines for what different stages in an opportunity means and ensuring your reps have [one source of truth](#) they can work from.

Why does sales forecast accuracy matter for revenue operations?

Despite sales in the same, sales forecast accuracy isn't just about sales teams. The entire [revenue operations](#) team is involved. [Marketing](#) teams and SDRs build pipeline for current and future quarters to ensure proper coverage, and [customer success](#) drives revenue to meet the forecast through retention, upsells, and cross sells.

For more information, read [Best Practices for Improving Sales Forecasting Accuracy](#).

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