



# OPTIMIZING SALES PLANNING WITH DATA INTELLIGENCE

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WHITE PAPER



## EXECUTIVE SUMMARY

Sales performance management (SPM) technologies empower organizations to elevate performance, strengthen their selling focus, and ensure an engaged and motivated sales force. Robust and data-based SPM solutions also provide a unique opportunity to optimize an organization's sales planning processes.

Sales planning represents the critical first link for any business. By automating and adding intelligence to sales planning, SPM technologies bolster organizational alignment, drive productivity, and deliver an unparalleled competitive advantage.

### However, harnessing data is the key to unlocking all of this value.

Inside Big Data reports that human and machine-generated data is growing 10x faster than traditional business data, and machine data is increasing even more rapidly at 50 times that growth rate.<sup>1</sup>

To accurately evaluate and optimize sales planning, companies need the ability to utilize data intelligence, whether derived from comparative analytics, industry benchmarking, or machine learning. Organizations must capture and interpret relevant data to determine whether planning processes are working as desired, spot performance gaps, and make needed adjustments in real-time.

## MANUAL PROCESSES LACK DATA INTELLIGENCE

By relying on manual processes, such as spreadsheets, organizations miss the opportunity to harness the data to optimize planning processes. While spreadsheets offer tremendous benefits and can complete large numerical calculations in a mere instant, they were not designed for logic.

Moreover, manual processes frequently result in errors, creating inaccuracies that can cost businesses in time, money, and resources. Multiple studies have shown that approximately 88 percent of spreadsheets, on average, have errors.

Manual processes also don't provide the on-demand visibility that has become an expectation for today's mobile workforce. Organizational alignment, employee trust, and business agility all suffer without the transparency of real-time access.

## STRENGTHENING SPM WITH DATA-BASED INTELLIGENCE

Combining advanced automation and machine-based learning, new SPM solutions span territory, quota, sales capacity, and incentive compensation management (ICM) planning. With prescriptive analytics, businesses better understand the best course of action, so they can be proactive rather than reactive.

These cloud-based SPM tools provide an intelligent sales planning approach that is:

- **Continuous** – speeding and simplifying functions, so organizations can respond faster and adapt plans based on market and economic factors
- **Intelligent** – applying machine learning and artificial intelligence to easily compare past performance and conduct industry benchmarking to identify capability gaps, ensure best practices, and maximize effectiveness
- **Collaborative** – delivering cross functional access that allows different stakeholders to increase alignment and work together more easily
- **Transparent** – providing on-demand and mobile visibility that builds trust in sales plans and processes

## A HOLISTIC AND INTEGRATED APPROACH

Because sales planning functions are closely intertwined together, each affects the success of the other. As a result of these interdependencies, organizations must look at planning functions through a broad lens. When sales planning is done in silos, organizations can miss critical findings, overlook opportunities for improvement, and lower long-term productivity.

With a data-based and cross-functional approach to sales planning, organizations break down silos and increase alignment for all stakeholders.

## An integrated suite increases sales productivity by 12.5%

Research shows that companies using an integrated suite increase sales productivity by 12.5 percent and accelerate financial close times by up to 50 percent.<sup>2</sup> By integrating sales planning functions, organizations can make smarter business decisions and execute sales performance management (SPM) more effectively.

Consider the impact of territory alignment on your organization's quota setting. If territories are not appropriately designed, it's difficult to set fair quotas, which, in turn, makes it difficult to hit revenue targets.

## OPTIMIZING PLANNING PROCESSES

By optimizing territory design with data-based insights, companies ensure that they have the right sales coverage in order to: serve existing customers; uncover new opportunities; and balance territory workload with rep capacity.

According to research from the Alexander Group, optimizing territory size and deployment can drive up to 20 percent revenue lift by ensuring coverage of high opportunity targets, increasing 'hunting' versus 'farming' time, and improving focus on new products.

Conversely, errors in your territory design cascade down the SPM value chain, causing missed quotas and revenue targets, decreased morale, and higher sales turnover. If a territory is too large for a rep to cover, a company loses potential revenue. If a territory is too small and doesn't offer enough opportunities, companies can't hit revenue targets and risk losing top performers.

## **ASSESSING THE RIGHT SALES STRUCTURE**

Territory design, in turn, impacts resource planning. With properly aligned territories, businesses can more accurately understand the resources required to capture potential opportunity across those areas. How large of a sales force is needed? What is the appropriate balance between inside and outside sales people?

### **Without the ability to make these decisions, you risk making your revenue targets.**

Organizations need to be sure that they're applying their selling power at the right level and plan for future anticipated workforce requirements. Knowing that territories are well aligned through a data-based approach makes it easier to determine the necessary sales coverage.

## **SETTING ACCURATE AND ACHIEVABLE TARGETS**

In the 2017 report, "Benchmarking Sales Performance and Sophistication," Aberdeen Group finds that the average level of annual quota attainment is just 55 percent. While sales force performance plays a role, unrealistic quotas are more likely to be the primary cause of low quota attainment.

Quotas must be carefully set against potential opportunity, as well as viewed through historic performance. By aligning quotas with market penetration and potential, organizations strengthen their ability to hit their numbers.

Likewise, by using unrealistic quotas in your variable compensation plan, you lose the plan's value to incent behavior. If sales people believe that their quotas are unattainable, morale and productivity plummet. To ensure that your incentive compensation plan motivates the team, they must trust quotas.

Gartner has identified incentive compensation management (ICM) as the market driver for SPM software. However, to encourage the right behaviors, goals must be based on fair and achievable goals.

## **IMPROVING DECISION MAKING**

Further, by delivering immediate insights into commission costs, ICM software increases the accuracy of another critical planning process – forecasting. With greater visibility, finance can see if their incentive compensation calculations are on target. With faster access to this cross-functional data, sales and finance are more aligned, and both gain a more comprehensive, timely, and accurate forecast for the business.

## “By failing to prepare, you are preparing to fail.”

–Benjamin Franklin

Sales planning has become a critical business differentiator. Enabled by new and integrated technologies, best in class organizations are gaining a comprehensive view and greater understanding across the key sales planning pillars.

By doing so, organizations are uncovering sales planning problems before the close of a quarter, mid-year, or fiscal year, and making adjustments when it's still possible to have an impact.

Sales planning today cannot be conducted the same way as it was yesterday. With integrated, automated, and intelligent planning solutions, organizations drive growth – focusing efforts where they have the most impact, improving organizational alignment, and increasing productivity and ROI.

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### ABOUT XACTLY

Xactly delivers the industry's leading enterprise platform for planning and incenting sales organizations. Using Xactly's powerful sales performance management (SPM) portfolio, including sales quota and territory planning, incentive compensation management, and predictive analytics, and its world-class services—companies mitigate risk, increase sales performance, and gain the agility to navigate change. Together with Xactly Insights,™, the industry's only empirical big data platform, Xactly uses industry benchmarking data to provide live compensation insights to maximize bottom line. Born in the cloud, Xactly integrates with all the major CRM, ERP and HCM applications through standards-based APIs and maintains the [highest enterprise standards](#) in security, availability and privacy.

<sup>1</sup>Inside Big Data: [The Exponential Growth of Data](#), February 16, 2017

<sup>2</sup>Nucleus Research: [Benefits of an Integrated Software System](#)