FUTURE SALES PREDICTION

PROBLEM STATEMENT:

Most of the business organizations heavily depend on a knowledge base and demand prediction of sales trends. Sales forecasting is the process of estimating future sales. Accurate sales forecasts enable companies to make informed business decisions and predict short-term and long-term performance. Companies can base their forecasts on past sales data, industrywide comparisons, and economic trends.

Forecasts help sales teams achieve their goals by identifying early warning signals in their sales pipeline and course correct before it’s too late. The goal is to improve the accuracy from the existing project. So that the sales and profit could be increased for the companies. Choosing an efficient algorithm from comparing different algorithms to improve the prediction further more.

PROBLEM SOLVING:

This forecasting method uses data on how long a lead typically takes to convert into a paying customer. For example, if an average sales cycle lasts four months and your sales rep has been working on a prospect for two months, there is a 50% chance that your rep will close the deal.

[Forecasting using the length of the sales cycle](https://blog.klenty.com/sales-cycle/?utm_source=blog&utm_medium=sales-forecasting-methods) is a great technique because it’s completely objective, and your forecast isn’t dependent on a subjective factor like, your reps’ gut told them that they’ll close or they’re feeling good about this prospect.

Another advantage of this method is that it can be applied to a slew of sales cycles, depending on the source. For example, a referral client might take two weeks, while a [cold email outreach](https://blog.klenty.com/cold-email/?utm_source=blog&utm_medium=sales-forecasting-methods) client might take three months. All these leads can be separated into various buckets according to their source to give you a more accurate picture – forecast.

This method is most valuable for companies that religiously track how and when prospects enter the [sales pipeline](https://blog.klenty.com/sales-pipeline/?utm_source=blog&utm_medium=sales-forecasting-methods). So it is essential that your sales and marketing teams are strongly aligned with each other

DESIGNING METHOD:

Sales forecasting is a muscle, not an item to check off your to-do list. While you should absolutely [design a framework for your sales forecasting plan](https://www.salesforce.com/in/resources/guides/sales-forecasting-blueprint/) each year, you should also change up your strategies from time to time so new muscles develop.

Craft a sales forecasting plan with our team by focusing on two

primary activities:

Reviewing and revising: You should also plan to review the forecast at key milestones and revise it if necessary. Most sales leaders track progress against their forecast daily! But you’ll also want to schedule designated check-ins throughout the quarter.

Breaking the patterns: Even the best sales organisations need to shake up their processes once in a while. Breaking your patterns can help you find new ways of crafting even more accurate forecasting. Try skip-level forecasting, ask different questions, have executive sponsorship reviews, and take different angles of the data.

Sales forecasts should include a conservative scenario and an aggressive/optimistic one. The latter is the ideal outcome that can keep the company motivated and also serve as an illustration of its true potential to investors. This is the “think big” factor. The former is the scenario that keeps the company prepared for disappointing outcomes. Furthermore, it is better to break down sales into prices and units, which allows for deeper understanding of their respective dynamics. In addition, estimating [intervals](https://hbr.org/2014/05/a-simple-tool-for-making-better-forecasts) and probabilities.

