

Maximizing Sales Using Simulation Analytics with Salesforce.com

The objective of any sales process is to maximize sales in a predictable and repeatable way. Research has shown that companies who adopt a dynamic sales process supported by business analytic tools are the most successful in achieving this objective. In this paper we define a dynamic sales process and propose five questions to show how pipeline simulation can provide the metrics you need to establish and sustain a dynamic sales process for the Salesforce CRM suite.

By Bruce B. Schupp, Manager Marketing and Business Development, [Emasys Corporation](#)

A Dynamic Sales Process Defined

A dynamic sales process is one that “enforces the use of a defined sales process (sometimes religiously), and [in which] you conduct ongoing reviews of the process to see how effective it is, and then make changes based on that analysis.”
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In a dynamic sales process the dynamic is change, and the engine of change is the continuous review of results. A sales process that is reviewed only when you miss a forecast is not dynamic and misses the point.

The point is to *maximize* sales by maintaining a predictable and repeatable process based on the best that can be achieved. If you are not constantly checking your performance against what could be achieved, you are not maximizing your results.

Thus, the principle metrics you need to establish and sustain a dynamic sales process are:

- Metrics that define what can be achieved with your process now.
- A means of continuously comparing the status of your opportunities to these metrics.

- A means of rapidly updating your process metrics to keep them current as you make changes to improve your process.

The most successful companies use dynamic sales processes supported by business analytic tools

Adoption of a dynamic sales process often involves overcoming organizational inertia.

A key step in overcoming this inertia is to use analytic tools that can easily and continuously define the key process metrics, compare actual performance to these metrics and make the results available to the team on demand. If the review process is to be continuous, then the performance parameters and means of analysis need to be continuously available. Consider the comment from CSO Insights below...

A new breed of sales management analytics tools are now available that integrate with existing core CRM applications—and often with other systems such as ERP. ... If companies are going to get serious about turning sales into more of a science and less of an art, sales analytics are going to have to become the norm rather than the exceptionⁱⁱ

Five Questions to illustrate how pipeline simulation provides the metrics you need when you need them

Consider the following five questions in the context of maximizing your sales by using continuously available, accurate metrics to manage your process:

1. Are your scheduled close dates realistic?
2. Is your team focusing on the right opportunities to maximize the revenue for the period?
3. Do your forecasts consider all opportunities that could close during a forecast period and include confidence levels as well as amounts?
4. Can your process metrics be dynamically updated to reflect the current operation of your process?
5. Is your sales process predictable and repeatable?

We will consider each of these questions and, using SureCast™ from Emasys as an example application, describe how using simulation can provide the metrics your team needs to address these questions.ⁱⁱⁱ

Question 1: Are your scheduled close dates realistic?

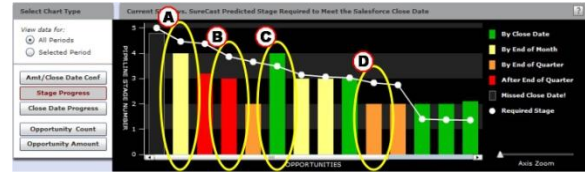
Pipeline simulation produces a statistically accurate calculation of close dates vs. levels of confidence based on your process models.

When the simulated close dates are compared to scheduled close dates, you develop a clear picture of which close dates are realistic, and which are not. Also, the ability to compare where your opportunities are in the sales pipeline process to where they need to be in order to close as expected provides valuable information required to effectively manage your sales process.

SureCast considers the current state of each opportunity and the Salesforce Close Dates; and based on your process models analyzes this information to produce two key metrics: Opportunity Stage Progress and opportunity Close Date Progress.

Stage Progress

The Stage Progress metric is a comparison of the present pipeline stage of an opportunity compared to the stage that the simulator calculates it *needs to be in now* to close on time according to your sales process model.

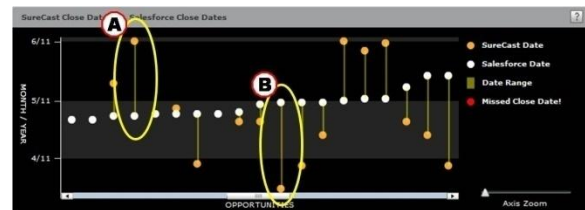


Stage Progress Chart

Each bar represents a different opportunity. The white markers indicate the stage that SureCast projects are required to meet the Salesforce Close Dates. Bars are color coded to indicate likelihood of closing by (A) the end of the current month, (B) after the current fiscal quarter, (C) by the Salesforce Close Date and (D) by the end of the fiscal quarter. A gray bar indicates that the Salesforce Close Date has been missed, so the opportunity is not included in the Salesforce forecast.

Close Date Progress

The Close Date Progress metric compares the Salesforce Close Date to the close date that SureCast projects based on the current status and Opportunity Type.



Close Date Progress Chart

Each line with its orange (SureCast) and white (Salesforce) markers represents one opportunity. Dates are indicated on the left ordinate. If the marker is red, the Salesforce Close Date has been missed. In this example, the simulation has calculated that Opportunity A will close after the scheduled close date and Opportunity B will close before the scheduled close date.

Question 2: Is your team focusing on the right opportunities to maximize the revenue for the current period?

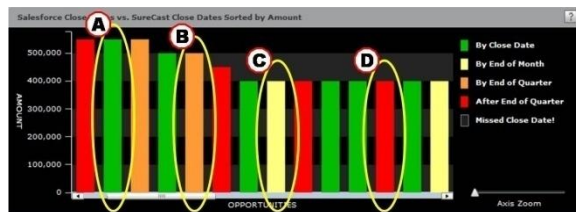
Suppose that you could arrange your opportunities by revenue value and perform triage based on these three categories:

1. Opportunities that are likely to close by the Salesforce Close Date or within the current month.
2. Opportunities that are unlikely to close this month, but by the end of the quarter.
3. Opportunities that are likely to close after the end of the current quarter.
4. Opportunities with Salesforce Close Dates that are in the past.

In SureCast, the metrics you need for this are calculated by the simulator, based on your Opportunity Type model definitions, and displayed in the Opportunity Close Confidence chart.

Opportunity Close Confidence

The Opportunity Close Confidence chart displays each opportunity by revenue amount, sorted by value (highest to lowest) from left to right, with its corresponding level of confidence for closing on time. This chart can display all active opportunities for a manager or individual salesperson, and can be filtered to display only opportunities that are scheduled for a specific period.



[Opportunity Close Confidence Chart](#)

Again, in this chart each bar represents a different opportunity and is color coded according to SureCast's analysis: projected to close (A) by the Salesforce Close Date, (B) by the end of the current fiscal quarter, (C) by the end of the current month and (D) after the end of the current fiscal quarter. As with all opportunity charts, hovering the mouse over an opportunity bar will display the details of the opportunity. Double clicking will open the Opportunity Edit view.

Based on the simulation models you have defined for you process, the SureCast close dates for your opportunities are guaranteed to be statistically accurate.

Pull In Candidates

When the opportunity charts are filtered to display only opportunities for a specified period,

the Pull In Candidates chart is available. If there are any opportunities that are projected to be pull in candidates, they will be displayed like the Opportunity Close Confidence chart, i.e. sorted by revenue amount.



[Pull In Candidate Chart](#)

The Pull In Candidate chart displays opportunities that have Salesforce Close Dates that are in a future period, but could (at the forecast confidence level) close within the selected period.

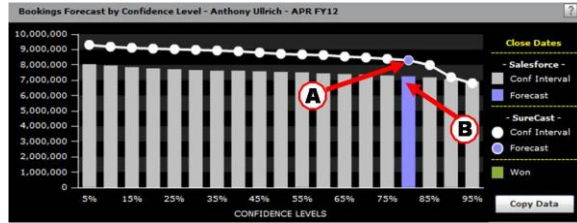
Question 3: Do your forecasts consider all opportunities that could close during a forecast period and include confidence levels as well as amounts?

One of the key advantages of using simulation to generate forecasts is that all opportunities in the pipeline are considered in the simulation, not just those near the end of the pipeline or those that the sales reps consider most likely.

This reduces the need for subjective selection of which opportunities to include, sandbagging and other art forms well known to forecasters. By including all opportunities in your forecast data you hold open the opportunity for positive surprises and operate with full knowledge of possibilities.

In SureCast, the revenue amounts for a forecast period are calculated and displayed across a range of confidence intervals, and for both the Salesforce Close Dates and the SureCast projected close dates.

Bookings Forecast vs. Confidence Intervals



[Bookings Forecast vs. Confidence Intervals Chart](#)

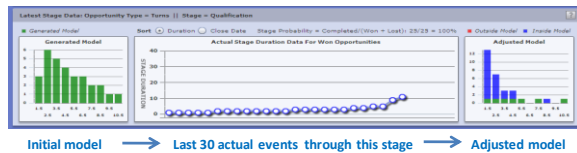
A simulation forecast provides a range of forecast revenue amounts over confidence intervals from 5 to 95 percent. In this forecast, the forecast confidence level (defined in the SureCast setup) is highlighted in blue. The SureCast forecast (A) is actually higher than the Salesforce forecast (B). The difference between the two identifies either margin or risk in the Salesforce forecast.

Thus simulation provides two metrics to describe your forecast: Revenue and confidence level. With revenue amounts and confidence intervals for each forecast period, it is possible to get a qualitative “feel” for the forecast that you cannot achieve with monolithic, hard numbers from a conventional forecast.

Question 4: Can your process metrics be dynamically updated to reflect the current operation of your process?

In SureCast, you create the initial models for each stage in your process based upon the best data you have at the time. As opportunities move through your pipeline, the actual duration times and completion probabilities are recorded and can be used at any time to update the initial models.

Over time, SureCast continuously tracks stage events and gives you the option of updating the model for any stage at your discretion based upon actual events.



[Initial and Adjusted Stage Models](#)

This view displays three charts: Generated Model, Actual Stage Duration Data and Adjusted Stage Model for one stage of an Opportunity. When the Actual Stage

Duration Data is used, the Adjusted Stage Model is created. Individual opportunities in the Actual Stage Duration Data can be either included or selectively excluded from the Adjusted Stage Model.

Question 5: Is your sales process predictable and repeatable?

Time will tell in the quality of your forecasts and the close rate you can maintain in your pipeline. But consider the additional detail that you would have using an analytic application like SureCast. SureCast makes it easy to compare your current stage models with your actual stage duration data.

Reviewing your actual stage duration data vs. your stage models provides you with actionable information, because you can isolate stages that exhibit a low level of predictability and consider what action will improve the predictability of that stage. For instance, it may indicate that you may need to refine your sales process, or that some training for your sales team may be necessary. Or perhaps you simply need to define additional Opportunity Types to better represent your sales process. While SureCast can deal with variance, the wider the variance the less predictable the forecast will be.

In a dynamic selling process, using a stage-based simulation application allows you to continually update and review your models so that they always reflect the reality of your markets and products.

Maximizing Sales: Simulation Applied to a Dynamic Sales Process on the Salesforce CRM Suite

Research has shown that the most successful companies use a dynamic sales process.

In a dynamic sales process the key to maximizing your results is the ability to drive change through the continuous review of results.

Critical to your review is the continuous availability of accurate metrics against which to measure your results. You can't improve what you don't measure. SureCast provides the key information necessary for understanding and fine tuning your sales process.

So, pipeline simulation in a business analytic application can provide continuous access to the key process metrics you need to establish and sustain a dynamic sales process and maximize your sales.

Finally, using pipeline simulation is not a magic bullet. Garbage in garbage out applies no matter what method you may use to forecast your business. SureCast not only provides you with the information that you need to fully understand and tune your sales process, but it provides your sales team with valuable information they can use every day. This coupled with its user friendly interface will promote sales team adoption and regular use of SureCast.

In summary, using pipeline simulation will help you establish a good process and continually

make it better. But you must commit to a viable sales process first and follow it consistently; especially for maintaining timely opportunity updates of your Salesforce data. No business analysis technique is useful if you have inaccurate data.

Here at Emasys our customers include both those who are just beginning to establish a formal process and those working to improve on their existing process by application of pipeline simulation techniques.

Whatever the evolution of your sales process; knowledge is power and the statistically accurate, on-demand metrics produced by pipeline simulation will help to manage your dynamic sales process and can significantly improve your results.



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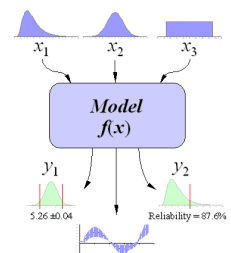
Bruce is a marketing consultant working in Silicon Valley, with a background in program management, marketing, and market research. Prior to becoming a consultant, Bruce served as a senior marketing manager at AMD, marketing communications manager at Fujitsu Microelectronics and in various leadership and advisory positions in the semiconductor and financial services industries. Bruce holds a BSBA from the University of Phoenix and an MBA from San Jose State University. Contact him at bruce@emasys.com.

Postscript: A few words about how Monte Carlo simulation works in SureCast™

The Monte Carlo method is just one of many methods for analyzing uncertainty propagation, where the goal is to determine how random variation, lack of knowledge, or error affects the sensitivity, performance, or reliability of the system that is being modeled. We try to choose a distribution for the inputs that most closely matches data we already have, or best represents our current state of knowledge.^{iv}

A Monte Carlo simulation in SureCast runs from stage models that use known data or the best data you have to describe the stages of your sales process. Each stage model is a quantitative description of one stage of your sales process. If you have four stages, then four models are required.

When the SureCast simulator runs, thousands of scenarios are considered for different combinations of the parameters in each of the stage models. The output of the simulation is a range of possible outcomes vs. the probability of each value within the range occurring. The output data are calculated close dates and confidence levels applied to individual opportunities as well as entire forecast periods.





[Emasys Corporation](#) Emasys Corporation is an Independent Software Vendor that develops advanced applications based on Monte Carlo simulation that are tightly integrated with Salesforce CRM.



Market survey and analysis references courtesy CSO Insights. www.csoinsights.com

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ⁱⁱⁱ SureCast™ uses Monte Carlo simulation techniques to calculate process metrics and opportunity tracking. For further information about SureCast™ see our SureCast application exchange listing [here](#).

^{iv} Wittwer, J.W., "[Monte Carlo Simulation Basics](#)" From Vertex42.com, June 1, 2004, <http://vertex42.com/ExcelArticles/mc/MonteCarloSimulation.html>