AGILE SALES FORECASTING

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https://bit.ly/2Q1nvYM

Scrum Sales Forecasting
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Agile is Spreading

Agile Innovation, and the Scrum framework are being associated with more business areas than ever before. To understand why, explore the HBR Article 'The Secret History of Agile Innovation' by Darrell K. Rigby, Jeff Sutherland and Hirotaka Takeuchi. We start to see how Scrum emerged from the world of Product and later Software Development and understand why it has the potential to spread through much of the organisation. As we consider the Scrum framework, we can reflect on this definition.

'Scrum is a framework within which people can address complex adaptive problems, while productively and creatively delivering products of the highest possible value'

Nov 2017 The Scrum Guide™

Sales Forecasting

In this story, we explore how the Scrum framework has been used to change the way several sales teams were run on a day-to-day basis. The desired outcome of the behavioural change programme was increased confidence and predictability of the sales forecasting process while ALSO enhancing sales performance. Using a Design Thinking approach to frame the behavioural change programme it became apparent the Scrum framework provided much of what was needed. However, there were two items that needed to be explicitly brought front and centre stage!

'Accountability' AND 'Psychological Safety'

Benefits

When the Scrum framework is combined explicitly with Accountability AND Psychological Safety for sales teams, you truly can develop a 'Team Spirit' that delivers on increased forecast accuracy and increased sales performance.

How do you know when this is in play? The sales numbers are easy to measure in terms of actual bookings and variance from forecast. However, as sales team members seek to hit their individual objectives, they are also driving just as hard to ensure the overall team meets the business objectives, in a truly collaborative endeavour. The real test is when an individual commits their time and effort in support of the team and therefore the organisation, assuming all is aligned. By doing so they may not be achieving the strongest outcome for themselves, personally.

In other words, they are prepared to 'take one for the team'

Psychological Safety?

There aren't many people that would challenge the need for Accountability, but what's this Psychological Safety topic?

Amy Edmondson, Novartis Professor of Leadership and Management at Harvard Business School is well known for her work on teams.
In this video she highlights the relationship between Accountability and Psychological Safety and why you need to be paying attention to both!
https://goo.gl/eXbxXn

We can show links between her research findings and the challenges and ultimate success the Agile Sales Team behavioural change programme delivered, and the powerful benefits this approach brought for several businesses.

Practices

With the business landscape changing so rapidly, there comes a point in time when each business realises, 'sandbagging' (a very conservative forecast of value and/or probability of closing the business by a specified date) is quite common across the sales structures, and more importantly, is actually damaging the business.

'Sandbagging' hits every business on the bottom-line; it's a classic hidden cost that many do not want to or do not know how to tackle. Scrum Sales Forecasting enables organisations' to tackle 'Sandbagging' head-on. This is often a core reason that weakens sales forecast accuracy and sales performance.

The cases shared all wanted to reduce 'Sandbagging', enhance accuracy of forecasting and increase the actual sales performance.

Scrum Sales Forecasting

Challenges

Many sales organisations fail to pay attention to fear in the sales structure, in fact for some organisations, its positively encouraged. 'If you don't hit your target, you're out!' In the days when there were plenty of sales people prepared to live with this style of working, and with the few who seemed to thrive on the challenge, it 'sort of worked'. Just like 'command-and-control', it also 'sort of worked'. We should not forget, we find ourselves here today almost certainly because of these out-dated ways of working! However, in this century we have a new inflection point for many Organisations, Industries and Nations alike.

What challenges did we experience deploying Scrum Sales Forecasting?

As we experienced the various challenges, we reflected upon what was really going on. The findings from evidence-based research exploring 'Resistance to Change from a Leader's Perspective' identified key issues that need to be understood to enable the projects to be successful. Some issues are shown above, but these are fundamental items that need to be understood.

- The role enabling technology takes
- The impact of the working environment
- The implication of Psychological Safety
- The power of dialogue, and group dynamics
- What really motivates, individually and collectively
- The power of multiple mindsets working together

Each one of these topics is extensive in their own right, and the author has written about many. This is in terms of what the evidence and theory suggest, and how practically one can go about embracing these ideas, to bring about successful change and transformation.

If you want to explore any of these items in more detail, there are many sources and the author is happy to signpost the ones he has used in the past.

Success Stories

The Scrum Sales Forecasting technique 'maps' directly to the core characteristics of the Scrum framework, so in some respects, you will already know this is a success story. There are two projects that come to mind.

- A service level agreement (SLA) business
- A capital equipment solution business

In the case of the SLA business, the task was to ensure the organisation had the right staffing levels and skill mix to fulfill the commitments made under the SLA's helping further grow the business. The impact Scrum Sales Forecasting had was to reduce staff churn (which is always costly) and as a result, the organisation retained knowledge, both technical as well as client based.

In the case of the capital equipment business, the task was to ensure the organisation had equipment ready to ship in time to meet the clients' needs. Forecasting was a key input into inventory and manufacturing management and revenue projections for shareholders. The impact Scrum Sales Forecasting had was increased client satisfaction, reduced inventory costs and 'problematic' surprises for the shareholders.

Conclusions

The ideas and beliefs behind the deployment of Scrum Sales Forecasting are quite simple. The majority of people are creative; and want to contribute, are happy to help others when mutual trust and respect has been established. We are also creatures of habit, and when we understand why we wish to establish a particular habit, and that habit is in the interest of all concerned, we will ALL step-up to the challenge willingly. This is a function of aligned Purpose, Mastery and Autonomy.

It's not about Creativity, or Habit, it's about both!

About the Author

Rod Willis is co-founder of Assentire Ltd, a Facilitation & Coaching company created to bring together, Thinking and Feeling for enhanced organisational performance. He has more than 20 years experience in International Sales Management, providing solutions across the hi-tech sector.

Since 2010 he has followed his passion for Coaching and Behavioural Change, helping individuals, groups and organisation better understand how Collaboration, Mindsets and the Organisational ECO-cycle directly impact actual and future performance, more than many realise.

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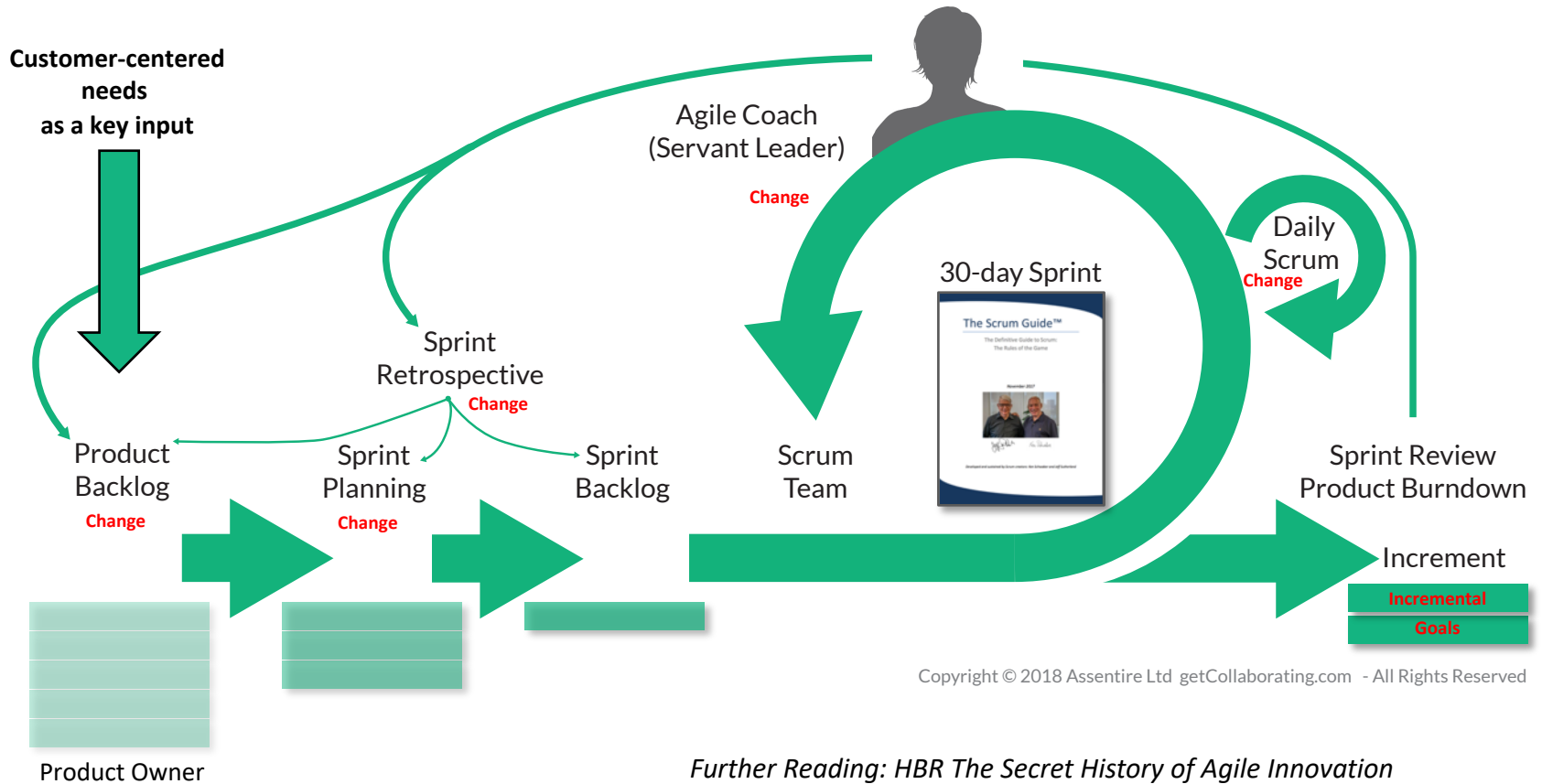
Organizational Contexts Complex or Complicated?

- Rick Nason, an Associate Professor of Finance at Dalhousie University's Rowe School of Business, explains:

> *If you manage complex things as if they are merely complicated, you're likely to be setting your company up for failure.*

- **Agile designed to manage Complexity as best we can!**

- **Is your Sales Forecasting**
  - **Complex**
  - **Complicated or**
  - **BOTH?**

Source: https://sloanreview.mit.edu/article/the-critical-difference-between-complex-and-complicated

Accelerating Collaboration Everywhere®

Different contexts

Less Predictable

Context is Complex

- Prototype Manufacturing
- Design
- Raising new funds
- Donations
- Accounts Receivable
- **Sales Forecasting** (majority)

Cause and effect can only be deduced in retrospect, and there are no right answers.

More Predictable

Context is Complicated

- Volume Manufacturing
- Development
- Bank overdraft services
- Payroll
- Accounts Payable

The relationship between cause and effect requires analysis or expertise; there are a range of right answers

We try adding METRICS & RULES to move items from the left to the right. This can work in many cases, but it's not always the optimum solution when there is an alternative like agile.

ExecLN
Executive Leaders Network

A real business challenge using an agile approach

- **Sales Forecasting accuracy was at 80%,** resulting in business decision being made that did not align with the final sales figures, creating many forms of waste.

- One major reason was **'Sandbagging**' that can hit every business. It's a classic hidden cost that many do not want, or do not know how to tackle.

- There was a high level of inter-dependency in the solutions being provided, accuracy of project definition and timing was key.

- **Enhanced forecasting accuracy was not being achieved over an extended period of time, damaging the efficiency of the overall operation.**
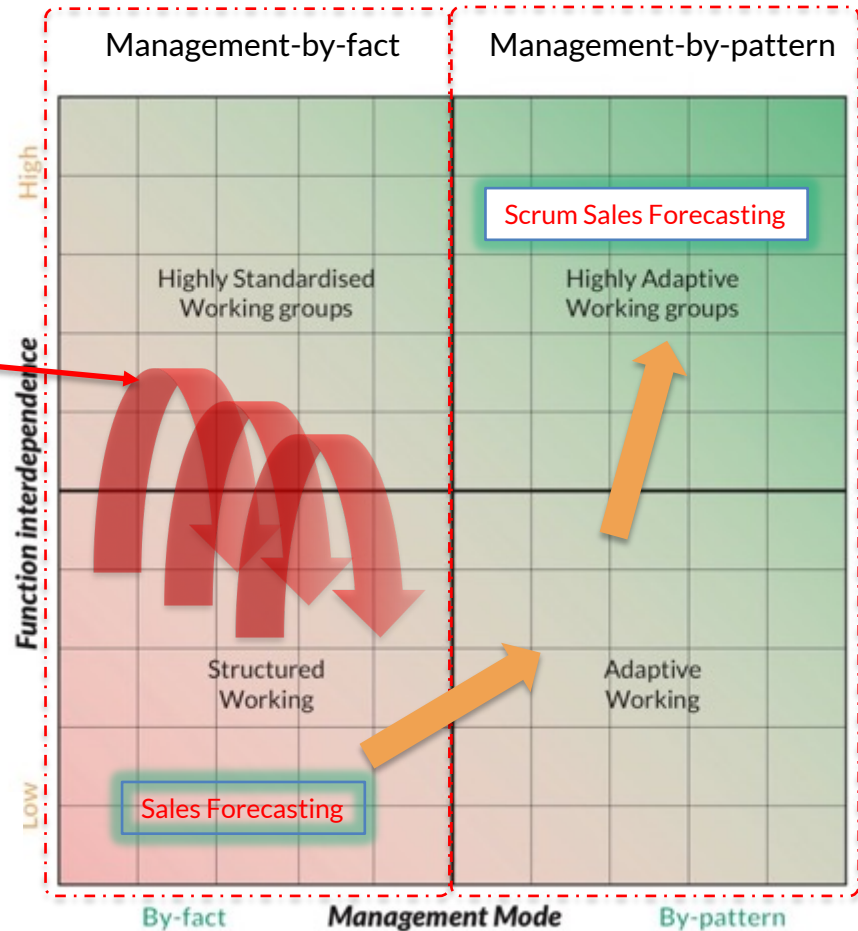
Scrum Sales Forecasting Outcomes

1: The Organisation believed Sales Forecasting could be standardized to better support the inter-dependency, and at the same time increase the forecasting accuracy.

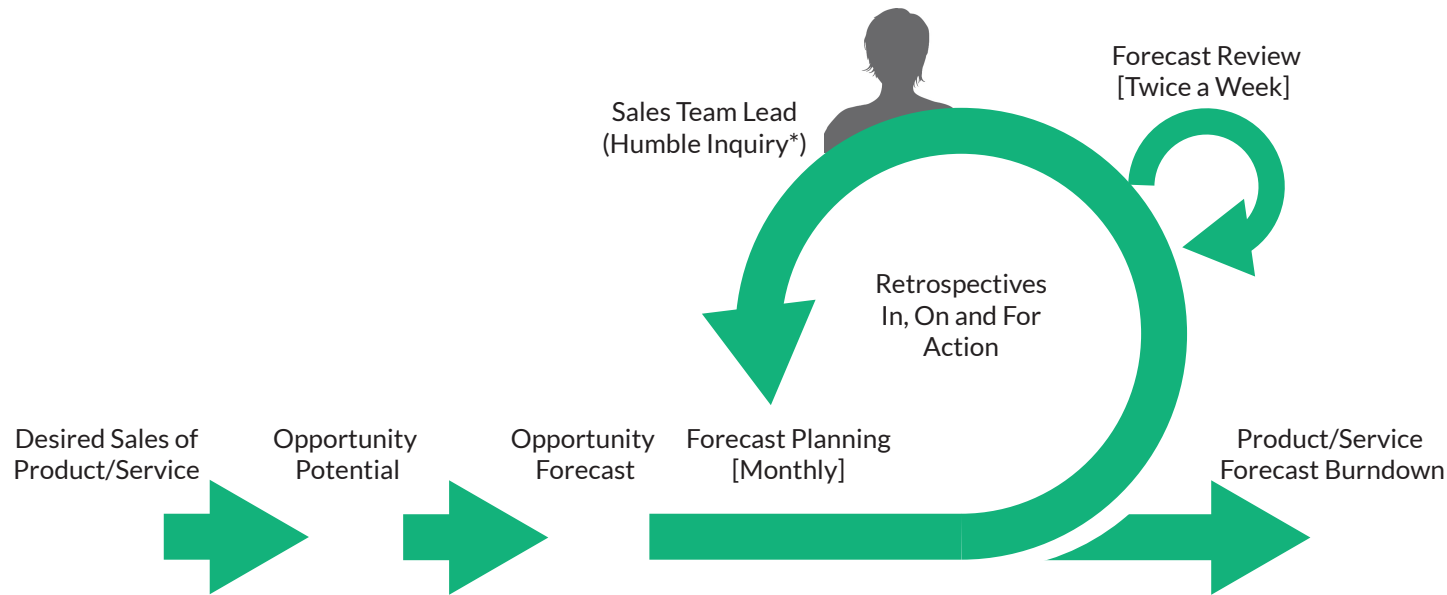**Carrot & Stick time: But it never held!!!**
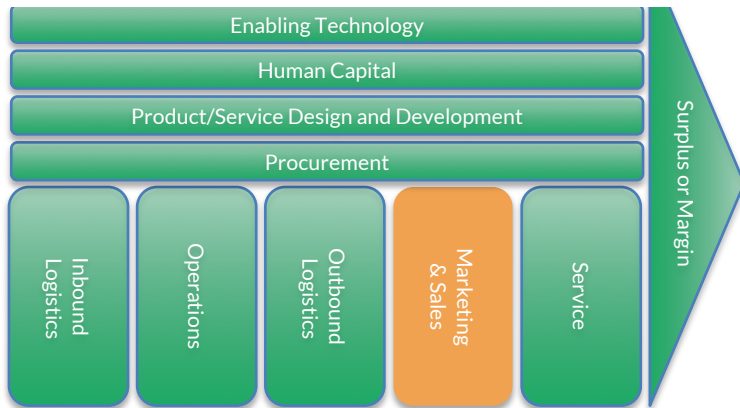
2: With SCRUM, over a 180-day period, the group moved to Highly Adaptive Working Groups. **This enhanced Forecasting accuracy from 80% to 95% for many years to come.**

The results were so powerful, the same approach was deployed globally.

Scrum Sales Forecasting

- **Psychological Safety** was created enabling a new level of Interaction & Collaboration.
- **A strict regime of meeting attendance** and **transparency** was established.
- **A structured way of discussing** and reviewing the prospects' procurement and decision making process was developed using a 5x5 matrix (Funding v Selection)
- **New Enabling Technology** was provided to gather and share data more easily.
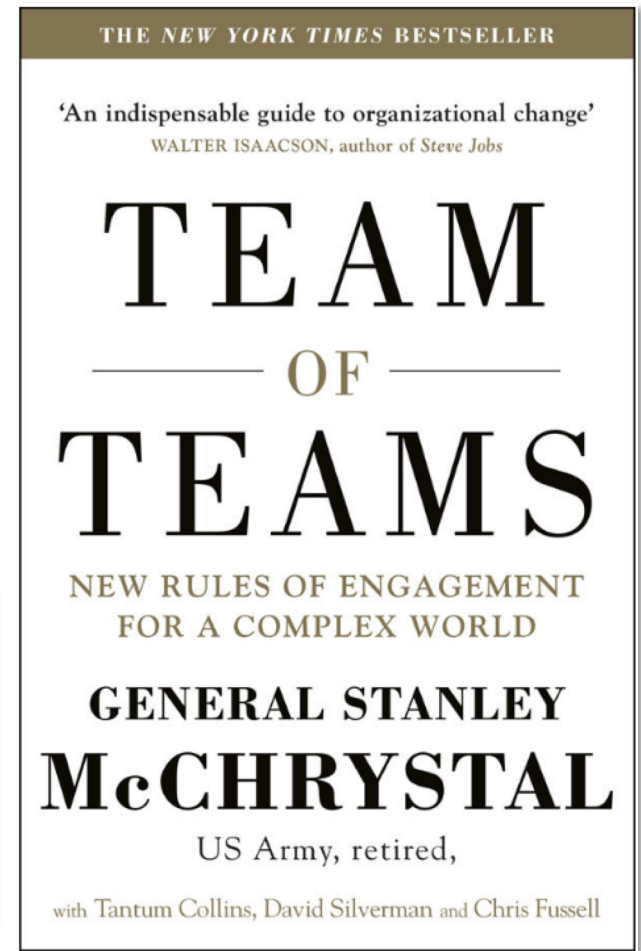

Sales Team Lead
(Humble Inquiry*)

Forecast Review
[Twice a Week]

Retrospectives
In, On and For
Action

Desired Sales of
Product/Service

Opportunity
Potential

Opportunity
Forecast

Forecast Planning
[Monthly]

Product/Service
Forecast Burndown

Accelerating Collaboration Everywhere®

Is this story unique?
NO

"At the core of the Task Force's **journey to adaptability** lay a yin-and-yang symmetry of **shared consciousness**, achieved through **strict, centralized forums for communication and extreme transparency**, and **empowered execution**, which involved the **decentralization of managerial authority**. Together, these powered our Task Force; **neither would suffice alone**."

THE *NEW YORK TIMES* BESTSELLER

'An indispensable guide to organizational change'
WALTER ISAACSON, author of *Steve Jobs*

TEAM
OF
TEAMS

NEW RULES OF ENGAGEMENT
FOR A COMPLEX WORLD

GENERAL STANLEY
McCHRYSTAL

US Army, retired,

with Tantum Collins, David Silverman and Chris Fussell

Scrum Sales Forecasting Outcomes

The Organisation believed Sales Forecasting could be standardized to better support the inter-dependency, and at the same time increase the forecasting accuracy.

Over a 180-day period, the group moved to Highly Adaptive Working Groups. This enhanced Forecasting accuracy from 80% to 95% for many years to come.

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Scrum Sales Forecasting

"It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than a new system. For the initiator has the enmity of all who would profit by the preservation of the old institution and merely lukewarm defenders in those who gain by the new one."

Niccolò Machiavelli (1469 – 1527)

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getcollaborating.com & getagilemindsets.com

Videos, Papers, Books and Tools are referenced in the
Supporting Material Section that follows

SUPPORTING MATERIAL

Further Watching

https://getagilemindsets.com/videos

Amy Edmondson
Psychological Safety

Building a psychologically safe workplace

Inge Thulin
3M CEO #16

"Nordic Leadership at a Large American Corp."

Dan Pink
DRIVE

The puzzle of motivation

Jim Tamm
Collaboration

Don't Be So Defensive!

Rod Willis
Collaboration
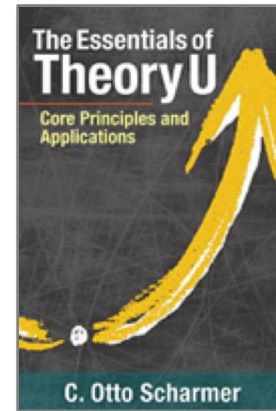
Collaboration in the workplace

Further Reading

- High-Performing Teams Need Psychological Safety. https://bit.ly/2wCdOt9 (HBR)

- The five keys to a successful Google team https://bit.ly/1X0Uygj (re:Work by Google)

- Leader's Framework for Decision Making https://bit.ly/1t1Q2ct (HBR)

- From Transactions to Enterprises https://bit.ly/2F7ncVw (ICE)

- How to Make Agile Work for the C-Suite https://bit.ly/2uacB8m (HBR)

- Redesigning Work & What to Expect From Agile https://bit.ly/2HEasv3 (MITSloan MR) *

- The Definitive Guide to Scrum: The Rules of the Game https://bit.ly/2F7HKxd *

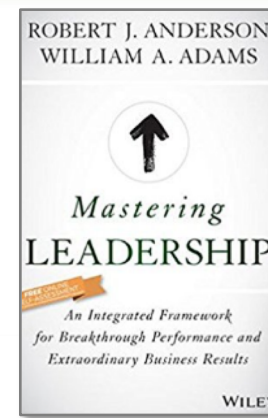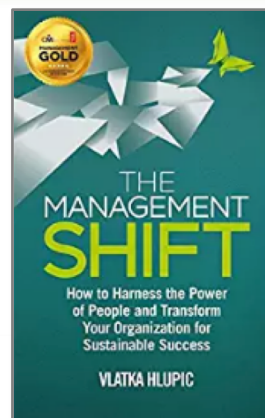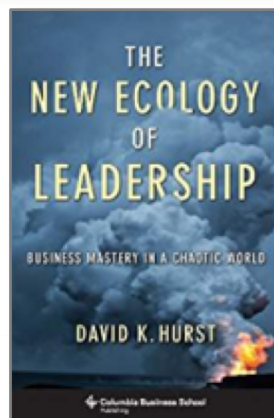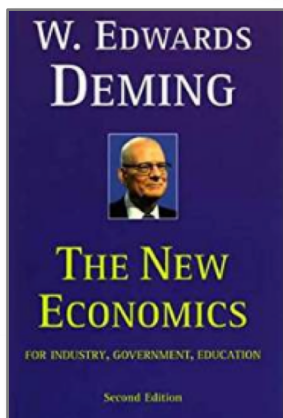- The Secret History of Agile Innovation https://bit.ly/1NlDeOQ (HBR)*

*Strongly recommended

Further Reading

May 2018

March 2018

Influential Books