

This IDC Technology Spotlight highlights the importance of investing in an analytic planning platform that integrates sales planning with financial planning, giving enterprises an environment in which they can dynamically adjust to continuously evolving business needs.

The Importance of Sales Planning in a Dynamic Enterprise

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Introduction

The COVID-19 pandemic in 2020 made it clear that enterprises need to have the ability to adapt and pivot to survive and thrive. Events such as the pandemic have proven to be inflection points for organizations that recover and prosper, eventually becoming disruptors themselves. One of the most important factors that will help an enterprise succeed is having the capacity to revise its plans as the business changes.

Planning, as part of an enterprise performance management (EPM) offering, has historically been tied to the office of finance. While financial planning continues to be critically important to organizations, resiliency requires that enterprises coordinate planning across other business areas such as sales, marketing, operations, workforce, and IT. Particularly in challenging economic times, businesses will try to reduce costs and will often resort to the use of spreadsheets to manage their plans, akin to using a Band-Aid to set a broken bone.

Spreadsheets are ubiquitous, and users do not need any training to use them. However, spreadsheets do not scale. They are troubleshooting nightmares and are not secure. Version control quickly becomes an issue when there are multiple collaborators. Spreadsheets also do not offer any process control for change management, and it is difficult to synthesize data from multiple input sources for analysis. Modern planning tools allow organizations to perform companywide planning, where all users work off a single source of truth and business users can own their models and planning processes without any dependence on IT. Sales planning is a crucial need for enterprises because sales performance drives the revenue plan. The importance of linking sales planning to financial planning and vice versa cannot be overemphasized.

Enterprises need real-time insight into the state of their business to plan strategically across the organization and to execute the plan effectively and track performance metrics. Sales planning is a key success factor in helping organizations scale their business. Planning for sales includes balancing many complexities, such as setting equitable quotas, managing territories, planning for the future, coordinating across HR and finance to appropriately staff sales resources, and monitoring plans against results. When considering a planning platform, enterprises must take into account the needs of the sales organization. Sales organizations require a planning platform that allows them to do the following sales planning activities: optimize sales resources, design balanced territories and quotas, create sales representative capacity plans to meet top-line bookings targets and budgets, plan for targeted investments, continuously plan with change management across different sales plans, and conduct what-if analysis to experiment with different scenarios across connected plans and see the financial impacts of their changes.

AT A GLANCE

WHAT'S IMPORTANT

Enterprises need real-time insight into the state of their business to plan strategically across the organization, execute their plans effectively, and track performance metrics. Sales planning is a key success factor in helping organizations scale their business.

Challenges and Opportunities in Sales Operations Planning

Sales is the lifeblood of an organization, and the effectiveness of the sales plan can make or break an organization's ability to succeed. Executives typically set strategic sales targets for the enterprise, and it is the job of sales operations and revenue operations to create a tactical plan to execute on that strategy. Sales management leaders must design their go-to-market plans, ensure that their territories are balanced, and staff the territories appropriately. For large enterprises, sales planning quickly increases in complexity. Black swan events such as the COVID-19 pandemic, and even events such as a major weather disruption, may require sales management to quickly readjust and fine-tune plans. Sales planning needs to be a dynamic process that enables the business to adapt to changes swiftly.

Challenges

The following are challenges organizations typically face with implementing sales planning:

- » **Strategic objectives are not clear or captured programmatically.** If the executive team in an organization creates a strategic plan that does not have clearly defined goals, the organization is setting itself up for failure. Also, if the strategic plan is not captured in a shared, collaborative platform, sales management will have difficulty building tactical plans.
- » **Sales planning takes place in a silo.** Sales plans need to be tied in with the financial plan and the workforce plan of the organization. If financial and workforce processes are siloed and each department is working offline on its own plans, the entire planning cycle of the organization is prolonged, and the enterprise cannot get a true sense of the current state or the future state of the business.
- » **Simple spreadsheets cannot overcome complexity and support interconnectedness.** Several elements contribute to successful sales planning, such as territory plans, quota plans, incentive compensation plans, and sales forecasts. These planning efforts and their related workstreams are interdependent and connected with one another. This interconnectedness is nearly impossible to achieve reliably using spreadsheets.
- » **Data integrity is impacted by relying on spreadsheets.** Emailing spreadsheets to coordinate planning activities does not allow organizations to adapt quickly to market changes. In addition, productivity is negatively impacted due to the amount of rework and error correction that results from using spreadsheets.
- » **Tools may be inflexible or difficult to use.** Sales operations managers are business users; they are interested in ensuring that they can build the most optimal plans, staff the plans effectively, and monitor and update plans as needed. Planning tools that are inflexible or complicated will impact the productivity of sales operations managers, resulting in frustration.

Sales operations teams need to be able to realign territories, balance account assignments, account for attrition, and add new hires with the least amount of friction. Poor planning results in a vicious cycle of frustrated salespeople, unwanted attrition, longer on-ramping time for new hires, and missed targets. Poor sales planning processes result in executives not being able to see the impact of changes to their strategies and adjust sales targets based on sales potential.

Benefits and Opportunities of Enterprisewide Planning

IDC has long evangelized the notion of integrated planning across the enterprise to achieve success in the digital economy. Connecting various planning functions across the business enables the alignment of operational and financial performance goals. The key is that these planning processes are not done in isolation; rather, they are done across the enterprise as part of a cohesive, integrated plan.

As an organization connects its planning activities across lines of business, it should expect to see significant improvements in the ability to both manage and advance a productive innovation pipeline. True business impact is achieved when organizations invest in a planning platform that at least connects finance, sales, and workforce planning. A single platform does not mean a single data processing engine; we are not suggesting that a single relational data warehouse approach or a single application is the answer. The reality is that sales data will likely reside in a different system of record than financial or HR data.

A comprehensive planning platform needs to give users access to all the business data required to make actionable decisions. It should also enable different perspectives depending on the user's persona. Sales operations and leadership teams need to be able to do what-if analysis, scenario planning, forecasting, and predictive analytics to make decisions that impact the output of the sales team.

If implemented properly, an enterprisewide planning platform delivers the following benefits to the sales planning process:

- » Optimizing target market coverage to maximize revenue
- » Enabling proactive management of the sales strategy
- » Connecting with the financial plan to see the impact of changes in workforce
- » Enabling the ability to make changes in the sales plan components and seeing the impact on the financial outcomes
- » Running scenarios and what-if analysis to adapt quickly to changing business needs, providing visibility into the sequence of impacts across all the connected elements of the sales plans to make better-informed decisions
- » Providing automation and scalability with rule-based account segmentation and territory planning to handle huge volumes of data pertaining to accounts, opportunities, leads, compensation, firmographic information, and more
- » Determining when and where salespeople need to be added and the skills required during the year and sharing that information with finance and HR to make sure people are hired as needed
- » Offering change management capabilities with the ability to monitor how plans continuously change with evolving business needs
- » Handling sales planning tasks at scale such as mass account assignment and compensation planning with rule-based automation

Key Trends

The following are important trends driving the adoption of modern sales planning technology:

- » Enterprisewide planning tools will continue to see rapid adoption, spurred by events such as the pandemic. Organizations that do not invest in tools that enable them to plan and execute rapidly will fall behind their peers.
- » Cycle times for planning and forecasting will get shorter as enterprises need to replan and reforecast continuously. Enterprises need to invest in tools that allow their business users to replan, reforecast, and run scenarios easily and intuitively.

- » There will be an expansion of planning into other domains. Even though planning has historically been driven by the office of the CFO, there are significant benefits to expanding strategic planning more broadly across the enterprise.
- » Planning tools are increasingly including advanced analytics features. Capabilities such as predictive analytics, machine learning (ML), and automated recommendations for optimal quota and territory assignments are being built into planning platforms to accelerate planning activities and generate better plan results.

Considering Workday

In August 2018, Workday acquired Adaptive Insights, a cloud EPM vendor, and rebranded it as Workday Adaptive Planning. Workday Adaptive Planning has more than 5,400 customers and has increased its presence internationally and in the enterprise space over the past few years. Workday Adaptive Planning is sold as a standalone EPM offering and as an integrated suite with Workday Financial Management and Workday Human Capital Management (HCM).

Workday Adaptive Planning is built on what the company calls "Elastic Hypercube Technology," which provides customers with scalable and performant modeling, reporting, and analysis. Customers use the platform for financial planning, sales planning, operations planning, and workforce planning. Significant benefits can be derived when the offering is implemented in conjunction with Workday's HCM and Financial Management suite.

Workday Adaptive Planning for sales allows sales operations teams to continuously plan, run what-if scenarios, get visibility into sales performance, and collaborate within the sales team and with other business stakeholders. The platform is designed to scale with the needs of the organization.

Challenges

The biggest challenge to Workday and other vendors in the sales planning software market is the ubiquitous spreadsheet. Planning is often considered the domain of the finance office, and sales teams too often rely on spreadsheet-based plans and models, especially if their executives do not see the value of investing in planning software for sales.

Conclusion

While the business climate has never been as volatile as it is today, enterprises are looking to build resiliency and innovate despite challenging conditions. Great planning is key to allowing an enterprise to thrive in uncertainty, course correct as necessary, and drive growth despite external factors. To help organizations succeed, planning must be dynamic, continuous, and connected across different business functions. Sales planning is a crucial element because it is responsible for revenue generation and growth. Enterprises that invest in a planning platform that connects sales planning with financial planning and workforce planning will be prepared not only to face the uncertainties of the future but also to achieve better outcomes than their peers.

Great planning is key to allowing an enterprise to thrive in uncertainty.

About the Analyst



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Chandana Gopal is Research Director for IDC's Business Analytics Solutions market research and advisory practice. Ms. Gopal's core research coverage includes demand and supply trends in business intelligence, advanced and predictive analytics, and enterprise performance management markets.

MESSAGE FROM THE SPONSOR

Successful Sales Strategies Start with Workday Adaptive Planning

To keep up with the fast pace of change in today's business world, sales operations and leadership teams need better tools for planning and analysis. Sales teams need a robust solution that will help improve planning accuracy and processes, and grant insight into functional interdependencies. With Workday, organizations can build better, more integrated plans in a single technology platform.

Workday Adaptive Planning enables you to collaborate seamlessly across the organization to quickly and easily set targets, optimize resources, deploy effective quotas, and design balanced territories. With better planning, you and your whole business can make smarter decisions faster.

- » See how you can drive better sales planning with Workday: <https://www.adaptiveplanning.com/products/sales-planning>
- » See Workday Adaptive Planning in action: <https://www.adaptiveplanning.com/demo/sales-planning-cloud>



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