The "Costs" of Missing your Forecast.

10 Things that Happen when you Miss your Forecast.

Whether it's under or over, a poor forecast has its effects.

> As a CRO, forecast accuracy, predictability, and confidence in your forecast are the most critical aspects of my job. It's what can make or break your career and help your company run more efficiently.
>
> **- TJ Williams**, Chief Revenue Officer, Degreed

Why companies miss their forecast?

Overdependence on "gut feelings"

Lack of tight forecast processes

Not tracking the right forecasting KPIs

Incomplete data and not data-driven

Lack of insight into opportunity risks

Lack of insight and visibility into pipeline

BoostUp

When you land under your forecast lots of consequences can occur.

1.
Missed Revenue
First, the obvious. When you miss your forecast, you lose the income that your team was supposed to have. This means you must either reach into cash reserves or cut costs to maintain effectiveness.

2.
Downstream Stress
When the forecast is missed, other teams are pressured to find revenue. Marketing must generate more leads, business development has to find more prospects, and customer success must find more renewals.

3.
Decreased Company Value
Without the expected level of income, the company's overall value will be reduced, impacting investors and shareholders.

4.
Layoffs
If your forecast is missed by enough, staffing might have to be reduced. This compounds when productivity tools are cut to reduce cost and morale drops to further lower team confidence and increase turnover.

5.
Decreased Funding
With revenue goals missed, current and potential investors may want to see how the next few quarters will play out before investing any more money.

6.
Lowered Board Confidence
Multiple missed forecasts can reduce the board's confidence in the company's leadership. They will question why forecasts are missed and if they are really in touch with the business and market.

7.
Decreased Executive Team Credibility
Internally, lower levels of the organization may also begin to question the abilities of leadership.

8.
Lost Plan Dependability
Coming under forecast will likely result in lost confidence in the company's overall plan as well. This may lead to a lack of adherence or a push to adjust its direction and strategy.

9.
Weakened Team Morale
Naturally, if your team misses a forecast, they may experience a drop in morale. This, combined with increased stresses may lead to increased turnover and decreased productivity.

10.
Negative Brand Implications
A missed forecast can also result in a decreased brand perception. Partnerships may be ceased, reduced staff from headcount reduction, and decreased feature deployment from cost-cutting can lead to poor brand image.

When you land over your forecasts - negative impacts can still occur.

1. **Pressure of Customer Support**
With more customers than expected, your onboarding, implementation, success, and support teams will be stretched thin. There will also be pressure to retain these new customers.

2. **Missed Opportunities**
With a more accurate forecast, you could have made key hires, invested in tools, creating new processes, and better prepared your team for an influx of customers.

3. **Inefficient Spending**
With more revenue than expected, where will those funds be allocated? Again, more time and visibility will enable a more effective budget and accounting plan.

4. **Hasty Solutions**
When teams face sudden pressure and have extra cash on hand, many decide to spend on hasty solutions to help alleviate their stress. Unfortunately, these may only work short-term and not provide any benefit down the road.

5. **Lowered Board Confidence**
Landing above your forecast may look great, but it can also reduce the board's confidence as well. They will question leadership's understanding of the market and cohesion with the company.

6. **Premature Pressure**
When sales teams exceed their forecast, many companies prematurely raise their quotas for the next quarter. This places even more pressure on the sales team, who likely is not equipped to continue to exceed forecast over and over again.

7. **Increased Stress on Sales**
Individual sellers will also be expected to perform over and over again when they might not necessarily be ready. They may fear for their jobs if they cannot immediately meet a new, higher quota.

8. **Reduced Credibility**
With increased downstream pressure, missed opportunities, and inefficient spending, company leadership, may lose credibility as employees struggle to keep up with higher demand.

9. **Clashes Between Teams**
A sudden surge in customers has a rubber-band effect. Sales will put more pressure on marketing so they can meet new, higher quotas. At the same time, certain sales processes may be neglected, leading customer success to push on sales for help with critical new customer information.

10. **Reduced Customer Satisfaction**
If customer success and support is short-staffed and cannot provide a high level of service throughout the customer's lifecycle, you will see increased churn as users who are not satisfied with your service drop it at the end of their contract.

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> As a company looking to accelerate our growth even further, we wanted to upgrade our revenue & forecasting infrastructure. BoostUp was our vendor of choice as it was the only complete revenue intelligence platform in a market full of point solutions.
>
> **- David Groves**, VP, Worldwide Field Operations, ContentSquare

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