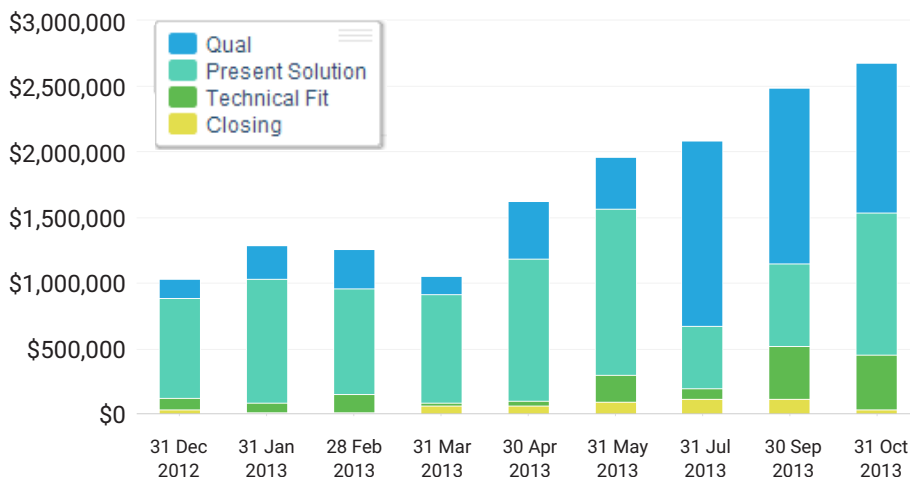


# Why Pipeline History is the Key to Hitting Your Number

Most sales leaders think about their sales pipelines in isolated snapshots. The end of the quarter's coming, so they look at a static picture of their open pipeline to determine if they're set up to hit their goal, and what levers to pull if they're not. But this approach offers a very incomplete forecast of whether you'll hit your number. Using a frozen snapshot of your current pipeline to plan your sales strategy is like watching a single baseball game and spinning up a full-season game plan from it.

For an accurate forecast, you must **analyze your pipeline in the context of how it's changing over time**. This way, you can see how your current pipeline compares to the past, and use this to forecast how much of it is likely to close, and come up with the right plan to hit your number.



**Figure 1:** Analyzing your pipeline history allows you to see whether your pipeline is growing or shrinking over time, how its composition by stage is evolving, and whether you're in a good position to hit your number.

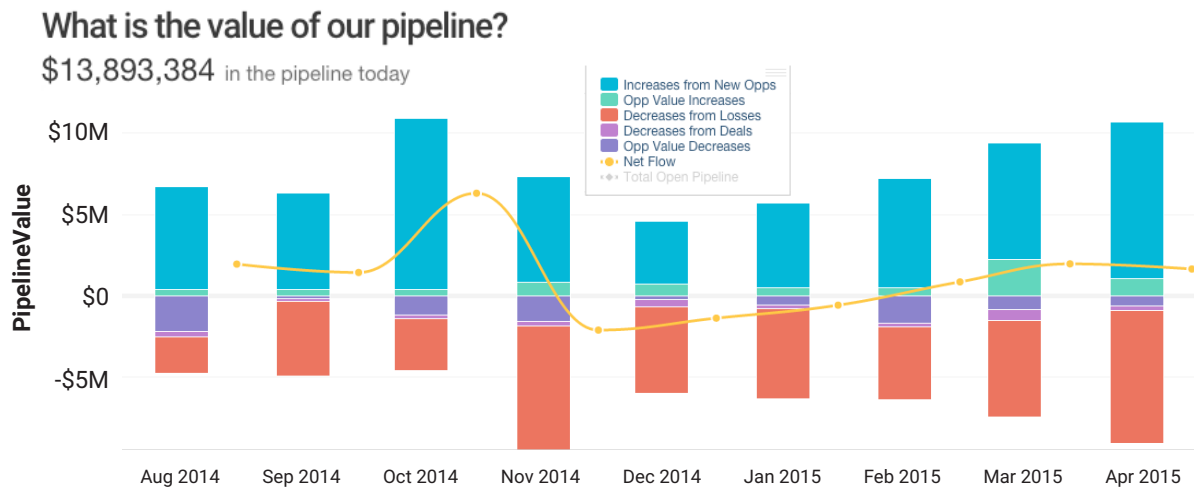
## 1 Is Your Pipeline Real?

It's a well known fact that **pipelines are often filled with hope and mistakes**. Sometimes this is because overly optimistic reps stuff their pipelines with opps they aren't actually likely to win. Other times, it's because old opps linger in the pipeline when they actually should have been closed-lost months earlier. The problem is that there's no standard way for sales leaders to accurately assess how much of their sales pipeline is real. Many sales teams subscribe to the old belief that their pipeline should be 3x as big as their goal, but this one-size-fits-all approach has been proven to be inaccurate.

The only surefire way to know how much of your pipeline you can bank on is to look back and see what's happened in the past. Analyzing last quarter's results, for example, to see what percent of your opps (in each stage) became deals is the most reliable method for forecasting how much of your current pipeline will close. You can even do this on a per-rep basis to get a more accurate forecast. **Forecasting is about looking back** even more than it is about looking forward. Only by comparing your historical pipeline to past bookings results can you accurately determine if your current pipeline is real, or just filled with hope.

## 2 Is Your Pipeline Growing Fast Enough?

Even if your open pipeline is real, you might not be all in the clear. Very few sales teams are content with flat bookings numbers, which means that you need to win more deals this quarter than you did last. There are several ways to do this – shorten your sales cycle, improve your win rate, close larger deals – but the most effective method is to **have a growing pipeline**. If you're not growing your pipeline over time – and replenishing opps that have left as closed-won or closed-lost – it's going to be almost impossible to bring in more revenue. And for this, you need a clear picture of how the volume of your pipeline has been changing over time.



## 3 Is Your Pipeline Flow Good Enough to Hit Your Goals?

If you're trying to hit rising bookings goals, you need to make sure you're not only adding new opportunities to your pipeline, but **adding enough to replace exiting opportunities**. To achieve this, you need to know your **Net Flow** (the yellow line in the image above), which can be found with the following formula:

$$[\# \text{ Created Opps}] - [\# \text{ Won Opps} + \# \text{ Lost Opps in the same period}]$$

Tracking Net Flow will help you make sure you are adding enough new opportunities to your pipeline to replace exiting opps and, ultimately, to hit your bookings goal. **A static snapshot of your pipeline is not enough** to tell you if you have enough open opps to hit your number.

### Key Takeaway: Pipeline History is the Key to Your Bookings Future

There is a lot of conventional wisdom out there to help sales leaders forecast and hit their bookings numbers. Unfortunately, most of this "wisdom" is overly broad or incomplete. The truth is that if sales leaders want to predict how much business they'll close (and set themselves up to hit their number), there is no better source of information than their own past. **Analyze your historical pipeline trends** to determine whether your current pipeline is real, big enough, and growing fast enough to help you hit your goals.