

Unlocking Manufacturing Growth

Harnessing Accurate
Sales Forecasts for
Profitability and
Competitive Edge

Unlocking Manufacturing Growth **FOREWORD**

In the ever-evolving manufacturing landscape, where innovation, efficiency, and adaptability reign supreme, the significance of accurate sales forecasting cannot be overstated. This report delves into the pivotal role that accurate sales forecasting plays in the success of manufacturing organisations.

At the heart of every manufacturing operation lies the quest for efficiency, profitability, and sustainability. Accurate sales forecasting serves as the compass guiding these endeavours. It provides a roadmap for decision-makers, offering insights into future demand, market trends and customer preferences. In doing so, it empowers organisations to optimise their resources, streamline their processes and navigate the complexities of the changing marketplace with confidence.

One of the foremost benefits of accurate sales forecasting lies in its ability to drive production planning and inventory management. By predicting future sales volumes with precision, manufacturers can tailor their production schedules to meet demand without excess inventory or stockouts. This not only minimises storage costs but also enhances customer satisfaction by ensuring product availability when needed.

Furthermore, accurate sales forecasting facilitates efficient resource allocation and capacity planning. Whether it's manpower, machinery, or production facilities, manufacturers can align their

resources with projected demand, maximising utilisation and minimising wastage. This optimisation not only enhances operational efficiency but also strengthens the organisation's bottom line by reducing unnecessary expenses.

Timely, accurate data and intuitive systems are vital for manufacturing sales forecasting as they form the foundation for informed decision-making and strategic planning.

Precise historical sales data provides insights into past performance, enabling sales teams to identify trends, seasonality, and patterns in customer behaviour. This historical context is essential for creating reliable forecasts.

Moreover, accurate data allows sales teams to analyse market trends, competitor activities and economic indicators, providing a comprehensive understanding of the business environment. With this information, sales forecasts can be adjusted to reflect changing market conditions and potential risks.

Finally, accurate sales forecasting strengthens relationships with suppliers and enhances procurement processes. By communicating anticipated demand to suppliers in advance, manufacturers can ensure timely delivery of materials, minimise supply chain disruptions and negotiate better terms. This collaborative approach not only fosters trust but also creates opportunities for innovation and value creation.



James Devonshire
The Manufacturer/Hennik Research Ltd.
(part of Nineteen Group)

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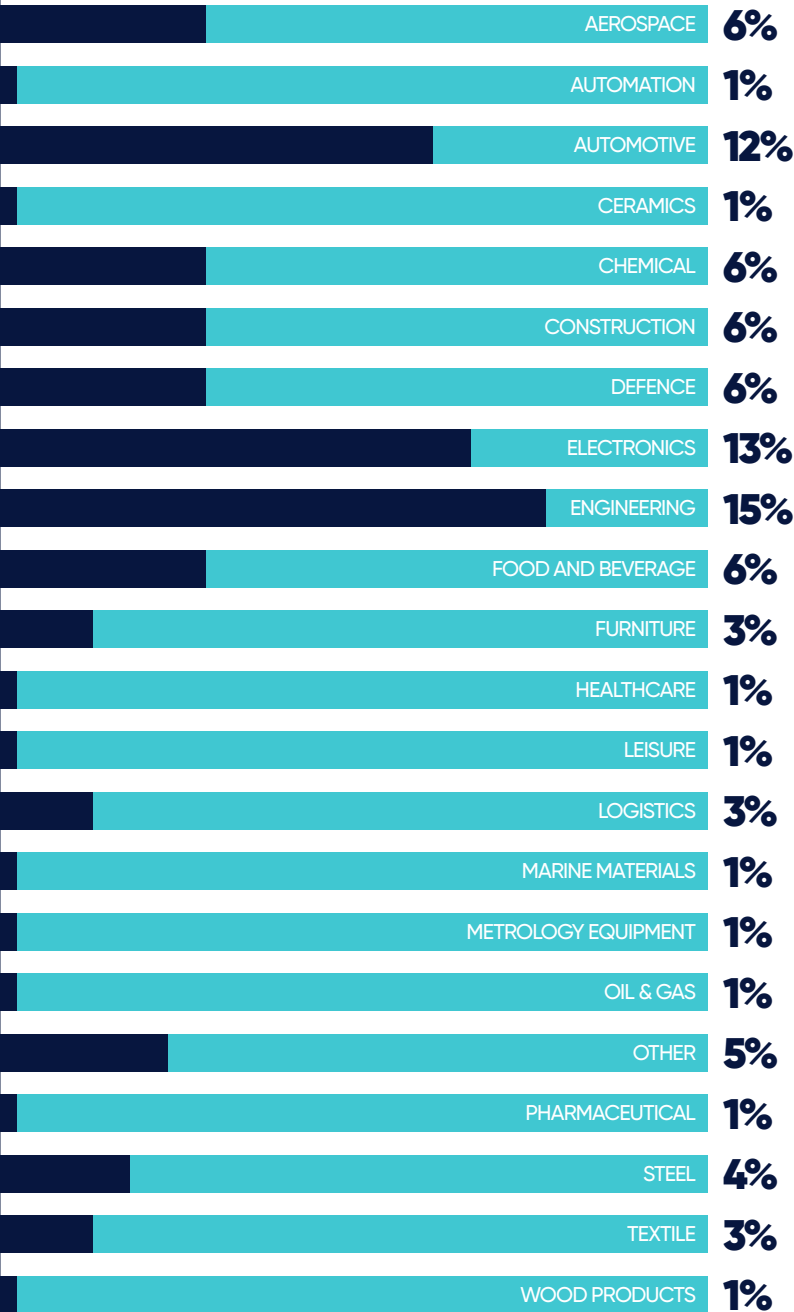
METHODOLOGY

This report is based on a survey of manufacturing sales professionals, conducted between March and April 2024.

Researched and produced by *The Manufacturer*, the premier industry publication providing insights, events and research, and sponsored by SugarCRM, the #1 rated CRM platform that helps customers succeed, the survey sought to gain insights into how manufacturers' forecast sales, track their customers and ensure their salespeople have everything they need to succeed.

To add important context to the data, *The Manufacturer* conducted a series of follow-up interviews with respondents to gain deeper insights into the current state of play.

The result is this manufacturing sales forecasting report, an in-depth look into how sales teams operate now and what challenges they face on their sales maturity journeys.



Respondents by industry vertical

CONTENTS

- 04 **CHAPTER ONE**
Today's Forecasting Reality – The Point in Time Approach.
- 06 **CHAPTER TWO**
The Three Barriers to Modern, Dynamic Forecasting.
- 08 **CHAPTER THREE**
Intent Data with Forecasting Changes the Game.
- 10 **CHAPTER FOUR**
Become an Advisor by Understanding Customers and Mapping Buyer Journeys.
- 13 **GAIN A COMPETITIVE EDGE BY MAKING THE MOST OF YOUR DATA**
Equip your sales team with the information it needs to succeed.

Unlocking Manufacturing Growth

Harnessing Accurate Sales Forecasts for Profitability and Competitive Edge

Unlocking Manufacturing Growth TODAY'S FORECASTING REALITY

The Point in Time Approach

The ability to accurately forecast sales is pivotal to most manufacturers as it enables them to better predict demand, tailor production schedules and manage their inventory more efficiently.

But how good are manufacturers at forecasting sales?

First and foremost, 40% of the manufacturers we spoke with don't actually carry out any formal sales forecasting.

As the sales manager of an engineering company told us: "We don't create what most people would call a 'traditional sales forecast', based on data and trends. And while we're aware of significant events on the horizon, such as elections and the like, we don't use that information formally; it stays in our heads most of the time like it's more something to be aware of, rather than part of our strategic planning.

"However, proper sales forecasting is something we're looking to do a lot more and have indeed started. But the biggest barrier we're going to come up against is culture. Getting people to start using systems and formal processes when they've always done it casually, is going to be a challenge."

The sales director at a precision engineering firm we spoke with said that while they don't have any tools to help with their sales forecasting, they do try to come up with predictions based on conversations with their customers.

These conversations take two forms:

Formal meetings to discuss possible requirements for the coming year and **informal**, ad hoc discussions from time to time. But while this

method does provide usable insights, it's a "far cry" from utilising past sales and trend data via a "bespoke solution," which the individual did at their previous employer.

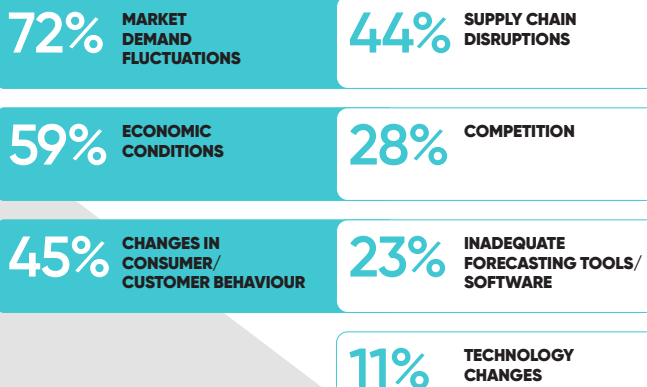
"In the past, I've used CRM systems that store customer data and interactions in a single, centralised repository. This enabled fast and efficient business-wide querying, as well as accurate targeting and personalisation," they said.

Our survey also revealed that just 10% of manufacturing organisations are 'very confident' when it comes to forecasting sales, adding they get it consistently accurate. The vast majority (64%) said they are 'somewhat confident' with their sales forecasting, adding it is generally reliable with some exceptions.

However, 25% of manufacturers indicated that they are not confident in their ability to forecast sales, adding that their forecasts often miss the mark. In other words, a quarter of manufacturing organisations lack confidence when it comes to forecasting sales.

In terms of the barriers preventing manufacturers from accurately forecasting sales, the vast majority are outside of the organisation's control. Indeed, 72% of respondents cited market demand fluctuations as the number one factor impeding their sales forecasting abilities. Economic conditions (59%) and changes in customer behaviour (45%) were the number two and three reasons respectively.

What factors do you believe most significantly impact the accuracy of your sales forecast?



"Getting people to start using systems and formal processes when they've always done it casually, is a challenge."

"If we struggle to send orders out of the door on time, our customers are going to act with their feet and go elsewhere!"

How confident are you in your organisation's ability to accurately forecast sales?

64%

SOMEWHAT CONFIDENT

Our forecasts are generally reliable with some exceptions.

22%

NOT VERY CONFIDENT

Our forecasts often miss the mark.

10%

VERY CONFIDENT

Our sales forecasts are consistently pretty accurate.

3%

NOT CONFIDENT AT ALL

Our forecasts are frequently inaccurate.

Now, while forecasting sales is important, executing the sales plan for the year is arguably more of an imperative, which is why we wanted to find out a little more about what's potentially hamstringing sales teams.

As one manufacturing sales leader told us, "It's been something of a rollercoaster ride over the last few years for manufacturers, starting with COVID-19.

"The pandemic had a significant impact on our sales, causing disruptions across industries and reshaping customer behaviour.

Initially, we experienced a significant decline in sales due to supply chain disruptions, production halts and reduced consumer spending. With lockdowns and restrictions, we faced challenges in fulfilling orders and reaching customers."

Another senior manufacturing leader explained how they've struggled more than usual over the past year to fulfil customer orders on time because of supply chain disruption.

"First it was the global chip shortage that had us scrambling to secure inventory to negate the risk of us

running out. Now we're seeing raw materials being delayed because of the current crisis in the Red Sea.

"At the end of the day, if we struggle to send orders out of the door on time, our customers are going to act with their feet and go elsewhere," they said.

"This reality leaves our sales team scratching their heads as their targets risk not being met due to factors that are basically out of their control," they added.

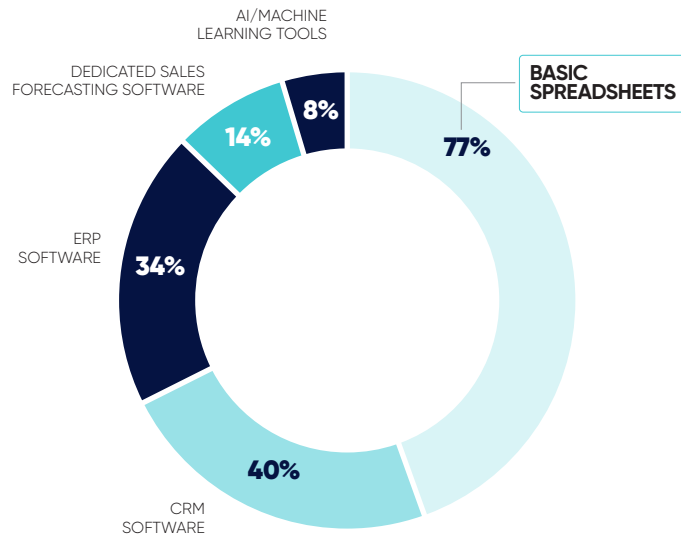
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THE THREE BARRIERS TO MODERN, DYNAMIC FORECASTING

Our survey also revealed that, despite most manufacturers not being confident in their sales forecasting, most are not taking advantage of specialised tools to help them improve.

Indeed, 77% of respondents said they use basic spreadsheets to assist with their sales forecasting. CRM Software is used by 40% and ERP Software is used by 34%. Dedicated sales forecasting software and AI/Machine Learning tools are used by 14% and 8% of manufacturers respectively.

So, why do so many manufacturers rely on spreadsheets when there are more advanced solutions available? We discovered three main reasons.



What tools does your organisation currently use to assist with sales forecasting?

01 Spreadsheets have simply become the norm

First and foremost, several of the people we spoke with echoed what we hear on a regular basis when it comes to manufacturers taking advantage of digital technologies; that there is a tendency among manufacturing businesses to adopt a mindset that basically says, "if it's not broke, don't fix it."

As the sales director at a precision engineering firm said: "Our salespeople are definitely set in their ways. I've been fighting over the last eight years since I started to move away from the spreadsheet culture because I believe it's hindering our capabilities, but people are reluctant to change."

"In fact, we even used to take data out of our ERP system – which basically runs our business – copy it into

spreadsheets and reference it from there. But luckily that process has seen changes over the last 18 months.

"Now, we encourage people to reference the data directly in the ERP system, which saves a significant amount of time and ensures everyone is always looking at the same, up-to-date information."

"Manufacturers are experts in manufacturing, not technology."





“Our salespeople tend to use spreadsheets because that’s what they’ve always done.”

02 Change requires executive support & additional training

The EMEA sales and marketing manager of a world-leading manufacturer voiced a similar experience. “Our salespeople tend to use spreadsheets because that’s what they’ve always done. Most of them also aren’t aware of the capabilities of bespoke solutions,” they said.

“To drive change and switch to a solution that’s designed for this specific purpose, would require someone with significant standing in our organisation to champion the project. We’d also need to

get everyone who’s going to be using the system to buy-into the project from the start, by including them at every stage and actively seeking their input,” they added.

The issue of skills also came up in our follow-up interviews, with several different manufacturers outlining how they believe modern digital solutions, like CRM systems, offer too much functionality which most manufacturers won’t take full advantage of.

As the managing director of an international engineering business said: “The reason why many manufacturers continue to rely on spreadsheets is because manufacturers are experts in manufacturing, not technology.

“There’s a belief among us manufacturers that CRM systems, with their AI capabilities and other advanced features, are slowly moving outside a lot

of our comfort zones. Unless the vendors of such solutions can talk with us on a level and explain very explicitly how they can help us, we’re unlikely to invest.”

Another sales director said their salespeople know how to use spreadsheets and have become very proficient at getting them working exactly how they need them to.

“Our salespeople now have pretty advanced spreadsheet skills. This makes manipulating them a lot quicker and we can make changes on the fly,” they said.

“If we were to implement a new solution, we’d have to train all of our salespeople so they could use it to its fullest. Even then, they likely won’t reach the same skill level as they have now with spreadsheets,” they added.

03 Justifying spend with ROI

The final barrier cited by our interviewees was justifying the cost of an investment in a more advanced solution. There is a perception that such projects represent a significant investment in terms of both time and money. It was also believed among the manufacturers we spoke with that such projects do not bear fruit for a long period of time.

A manufacturing MD admitted that while they use spreadsheets a lot, which costs the business money in lost time, it is still considered more cost effective at present than making a significant capital expenditure on an alternative solution.

“While I know spreadsheets aren’t the best solution, they cover probably 80% of our needs as a business. We can update them and make changes whenever we want, without needing to get an external vendor involved (which will cost us),” they said.

This belief was reflected by the sales manager at an engineering company, who said: “One of the problems we’ve got with

introducing an advanced CRM system is understanding up front what benefits we’ll reap as a result, so we can outline the ROI of the project to the various stakeholders.”

“We’ve implemented new technologies before and discovered a little further down the line that they didn’t quite meet our requirements. We then needed to spend more time and money tweaking them, so they better met our needs. But if we’d known this from the very start, we’d likely not have made the decision to implement.”

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INTENT DATA WITH FORECASTING CHANGES THE GAME

While most manufacturers aren't using bespoke solutions for their sales forecasting, the majority do appreciate the power of data when it comes to predicting sales.

In fact, our survey found that a lack of accurate data was the number one challenge manufacturers face when it comes to sales forecasting, cited by 59% of respondents. Difficulty in integrating data from multiple sources (cited by 37%) and the high cost of technology and tools (cited by 30%) were the second and third biggest challenges respectively.

Positively, manufacturers do understand the crucial role that data plays in empowering sales teams to make informed decisions and drive business growth – even if they're not using it to its fullest potential yet.

The sales director of an engineering company told us that his sales team frequently request more data relating to customer behaviour, preferences, and buying patterns.

"By analysing this data, our salespeople can better understand their customers, anticipate their needs and tailor their approach accordingly. This leads to more targeted and effective sales strategies, ultimately increasing sales performance and revenue" they said.

"Moreover, in my experience data helps in identifying new opportunities and market trends. By analysing market data, sales teams can uncover emerging trends, identify potential new markets, and capitalise on untapped opportunities. This allows manufacturers to stay ahead of the competition and adapt their product offerings to meet changing customer demands," they added.

The role of data was also elaborated on by the sales director of an electronics manufacturer, who said: "We use data to accurately measure and track our sales team's performance.

"By monitoring key performance indicators (KPIs) such as sales conversion rates, customer acquisition costs and customer retention rates, we can assess our sales team's effectiveness and identify areas for improvement. This data-driven approach to performance evaluation enables our sales team to optimise their strategies and allocate resources more effectively.

"In today's competitive market landscape, utilising data effectively is essential for driving success and achieving sustainable growth."

What are the biggest challenges you face in sales forecasting?

59%

> Lack of accurate data.

37%

> Difficulty in integrating data from multiple sources.

30%

> High costs of technology/tools.

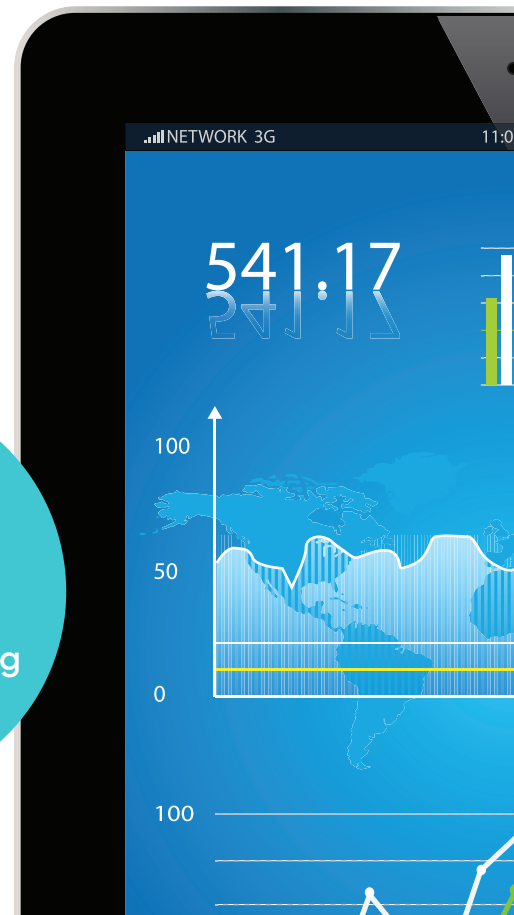
24%

> Lack of skilled personnel to analyse the data.

6%

> Inability to adapt to market changes.

"In today's competitive market landscape, utilising data effectively is essential for driving success and achieving sustainable growth."



“Video conferencing has not only expanded their reach but also made sales processes more flexible and adaptable to changing circumstances.”

Furthermore, our survey found that manufacturers have seen their sales teams’ roles change in recent times. The top change, cited by 36% of respondents, is an increased use of digital tools. Greater emphasis on value-add services (31%) and more data-driven decision-making (30%) were the second and third biggest changes respectively.

The manufacturers we spoke with said they have witnessed a significant transformation in their sales teams’ roles, largely influenced by technological advancements, changing consumer behaviour and evolving market dynamics.

One of the most notable shifts has been from a transactional approach to a more relationship-based strategy. Instead of solely focusing on closing deals, sales representatives now prioritise building long-term relationships with clients, acting as advisors who deeply understand their needs and offer personalised solutions tailored to their specific requirements.

This transformation has been facilitated through increased use of digital tools. As we discovered, that could be as simple as assigning tasks in Outlook and/or setting reminders in calendars. However they facilitate it, digital tools are helping salespeople perform their roles.



FORCASTING CHANGES THE GAME

“We’ve switched to using a task management system as a centralised location for our sales data,” one manufacturer told us.

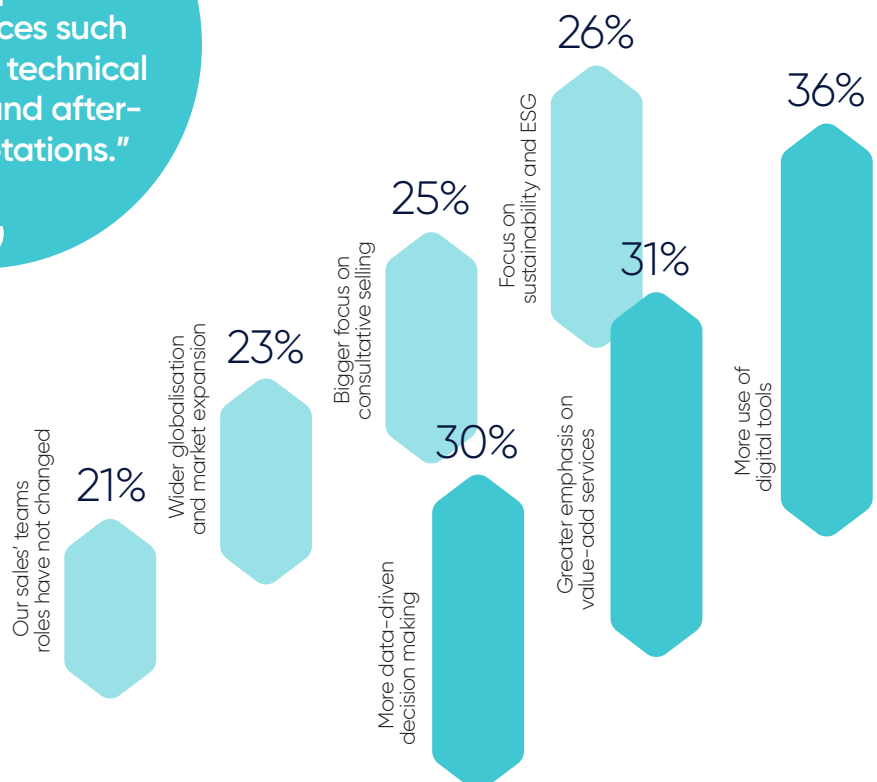
“We can now keep track of what quotes we have out, set reminders to call a particular customer on a certain date to follow-up with them and make a note of conversations we’ve had,” they added.

Another manufacturing sales leader said they’ve seen a notable emphasis on providing value-added services. “Beyond simply selling products, our salespeople now offer services such as training, technical support, and after-sales service. This approach not only improves customer satisfaction but also fosters loyalty as clients see the sales team as partners invested in their success” they said.

Furthermore, we learned that the COVID-19 pandemic accelerated the adoption of remote selling practices. “Our sales teams now utilise video conferencing, virtual product demonstrations and online presentations to engage with customers remotely, regardless of their physical location. This has not only expanded their reach but also made sales processes more flexible and adaptable to changing circumstances,” one manufacturer told us.

“Beyond simply selling products, our salespeople now offer services such as training, technical support, and after-sales quotations.”

How have your sales teams’ roles changed in recent times?

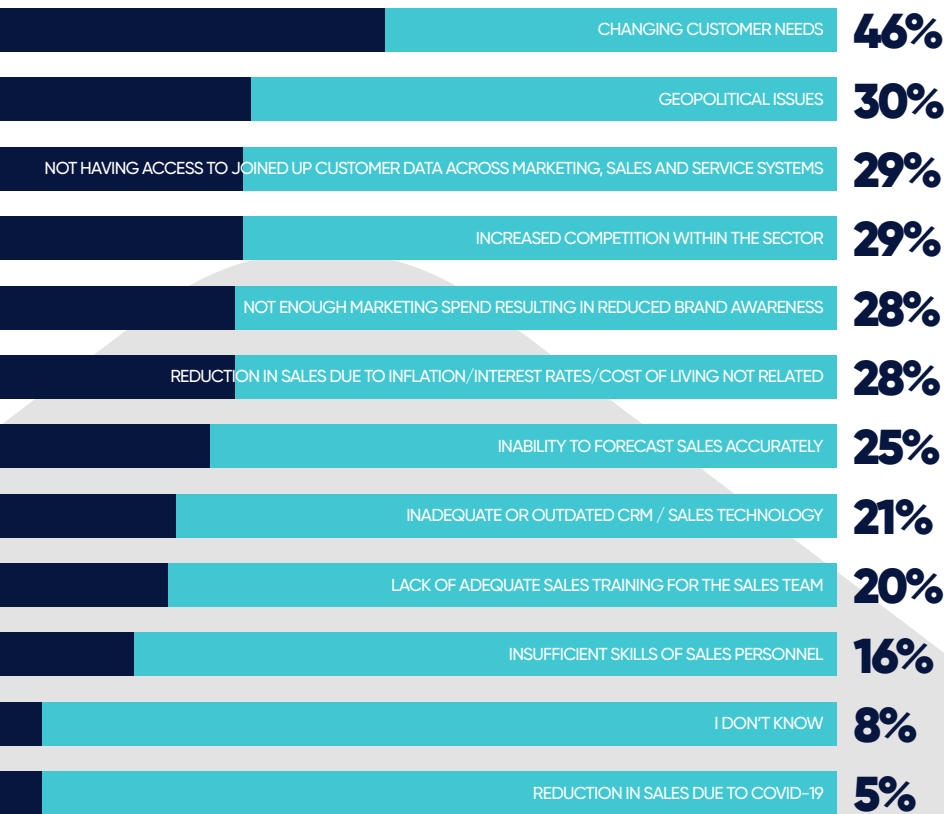


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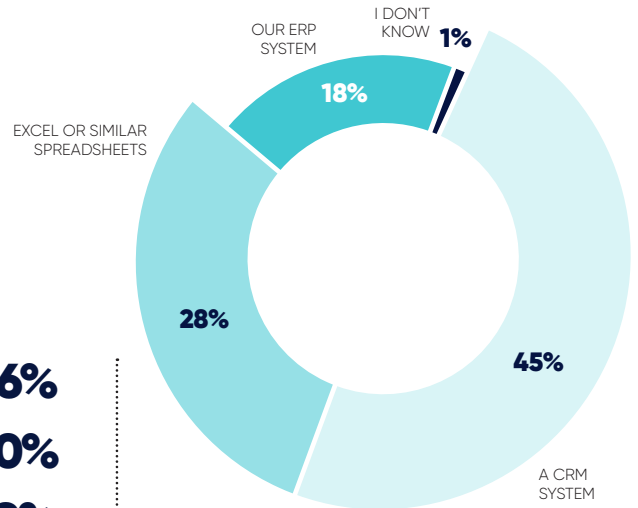
BECOME AN ADVISOR BY UNDERSTANDING CUSTOMERS AND MAPPING BUYER JOURNEYS

With changing customer needs ranked as the number one challenge preventing manufacturing sales teams from achieving their targets (cited by 46% of survey respondents), we wanted to find out more about how manufacturers manage their customers, including buyer journeys.

What challenges could potentially prevent your sales team(s) from achieving its targets?



What kind of system do you use primarily for managing customer data and interactions?

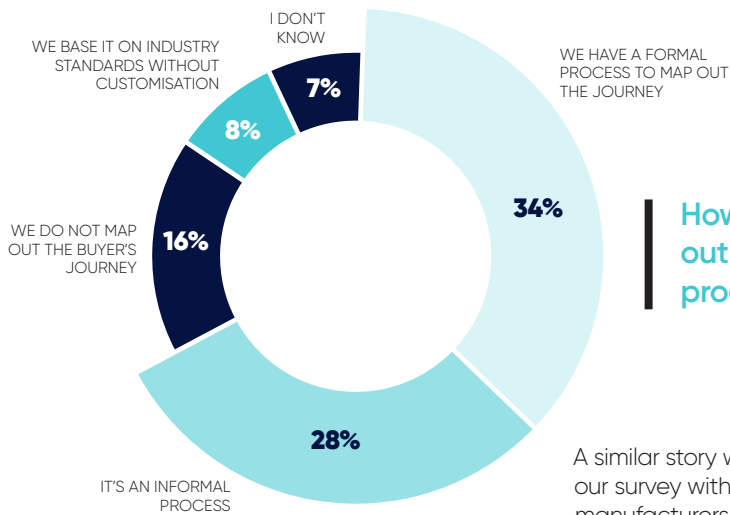


Interestingly, just 45% of manufacturing organisations said they use a bespoke CRM system for managing customer data and interactions. A further 28% of respondents said they use spreadsheets to manage customer data and interactions.

The stark reality here is that, despite changing customer needs being cited as the number one challenge coming between sales teams and their targets, more than half of manufacturers aren't using a fit-for-purpose CRM system to manage their customer data and interactions.

The positive message is that 62% of manufacturers recognise the importance of the buyer's journey.





How do you define and map out the buyer's journey for your products or services?

A similar story was uncovered by our survey with respect to how manufacturers manage the buyer's journey. Just over a third (34%) of manufacturing organisations have a formal process to map and track their customers' journeys. Meanwhile, 28% said they have an informal process. In other words, 38% of manufacturers do not have a set process for mapping customer journeys. This is

despite manufacturers knowing their customers' journeys have changed significantly in recent years.

However, turn those figures around and the positive message is that 62% of manufacturers recognise the importance of the buyer's journey – whether they track it with a formal process or not.

"People are used to buying online in their personal lives and it makes sense that this would also reflect in the way they conduct business."



Higher emphasis on sustainability and corporate responsibility.

43%

Rise in individual digital research and online presence.

34%

Increased demand for high-quality, relevant content.

31%

Shift in decision-making dynamics due to an increase in buying committee members.

26%

Addition of self-service and personalisation options.

20%

An uptick in mobile and IoT device usage.

15%

How has the manufacturing buyer's journey changed in recent years?

When asked about the changes they've witnessed in this area, 43% said their customers now place greater emphasis on sustainability and corporate responsibility. Just over a third (34%) said they have seen a rise in customers doing individual digital research and 31% said there is now more demand for relevant, high-quality content.

The sales manager of an engineering company offered some insights into why they don't map customer journeys.

They said that while they don't have a formal process to map customer journeys, they do have regular meetings between their management team and their sales team to discuss how they are changing.

"Something we have seen pick up in recent years is the eagerness of buyers to find out more information by themselves," they said.

"People are used to buying online in their personal lives and it makes sense that

this would also reflect in the way they conduct business.

"Now that could be finding out more information via a website or placing an order online. The bottom line is modern manufacturing buyers seem to want/need less human interaction during their journeys," they added.

This view was supported by the EMEA sales and marketing manager of a world-leading manufacturer, who said that where buyers find out information has changed considerably.

"Nowadays it's all about online first. When our sales team comes into contact with a potential buyer, the individual already has a very good idea of what they'd like because they've discovered most of the information via our new website.

"We've now moved away from our traditional approach of sending printed catalogues to customers and switched to a more online focused one.

And it seems that our customers are embracing it," they said.

However, both individuals also said it would help better equip their salespeople if they could formally map customer journeys, rather than just rely on the informal sharing of information.

A factor both cited was the disconnect between sales, marketing and customer service when it comes to customer interactions. By harnessing the power of a CRM system, manufacturers can create a joined-up customer journey from start to finish and across every touchpoint. This affords not only a seamless, responsive experience, but also ensures that each customer-facing individual is equipped with all the tools and information they need on a per-customer basis.

"We've now moved away from our traditional approach of sending printed catalogues to customers and switched to a more online focused one."



“Something we have seen pick up in recent years is the eagerness of buyers to find out more information by themselves.”

GAIN A COMPETITIVE EDGE By Making the Most of Your Data

Modern Sales Force Automation, Revenue Intelligence, and Sales Enablement tools help manufacturers make the most of their existing data, giving sales teams accurate information to focus on the right opportunities and engage with customers at the best times.

These tools also automatically track all customer interactions – whether through phone, email, social media, or Zoom – providing insights into customer sentiment and the likelihood and timing of conversions.

As we consider the world around us, modern CRM solutions also keep an eye on external factors like economic conditions and local and regional issues that can affect sales pipeline accuracy. By considering these external elements, manufacturers get a clearer picture of their sales landscape, leading to better forecasting and strategic decisions.

Looking forward, manufacturers who embrace these advanced tools will see significant improvements in pipeline accuracy, leading to higher revenues and more profitable sales. This not only boosts financial performance but also increases satisfaction among shareholders, employees, and customers. By using modern sales technologies, manufacturers can gain a competitive edge and ensure sustained growth and success in a constantly changing market.



Paul Farrell
Chief Product Officer
SugarCRM

About SugarCRM

SugarCRM offers software solutions that help marketing, sales, and service teams reach peak efficiency through better automation, data, and intelligence so they can achieve a real-time, reliable view of each customer.

Sugar's platform provides leading technology in the sales automation, marketing automation, and customer service fields with one goal in mind: to make the hard things easier. Thousands of companies in over 120 countries rely on Sugar by letting the platform do the work. Headquartered in the San Francisco Bay Area, Sugar is backed by Accel-KKR.

Visit sugarcrm.com to find out more.

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About *The Manufacturer*

We know manufacturing.

The Manufacturer has been at the heart of the sector for over 30 years, giving us unrivalled reach and expertise in the industry. As rapid advances in technology drive transformation in the industrial landscape, we're on the frontline of that change, working with the most innovative manufacturers and technology providers. We share that insight with our community.

Manufacturers prosper because we make sense of the change and maximise resulting business opportunities for our community, putting them ahead of the curve. We do this every day, meeting and talking with manufacturing companies across the UK, Europe and the USA, and reporting on their challenges and successes across our multimedia portfolio, providing the insights and connections to help them make the right decisions and thrive.

365 days a year.

The knowledge you need, delivered the way you want it. Daily news, interviews and thought leadership across our publishing channels. If daily is too much, we publish weekly digital briefings and hold monthly physical and virtual learning and networking events. Annually, we host the leading industry awards programmes that recognise manufacturing talent and business excellence.

In-digital, in-print, or in-person, *The Manufacturer* offers ideas, insight and innovation to the manufacturing community when they need it, in the format they desire. Because sharing the knowledge benefits everyone.

Visit themanufacturer.com to find out more.

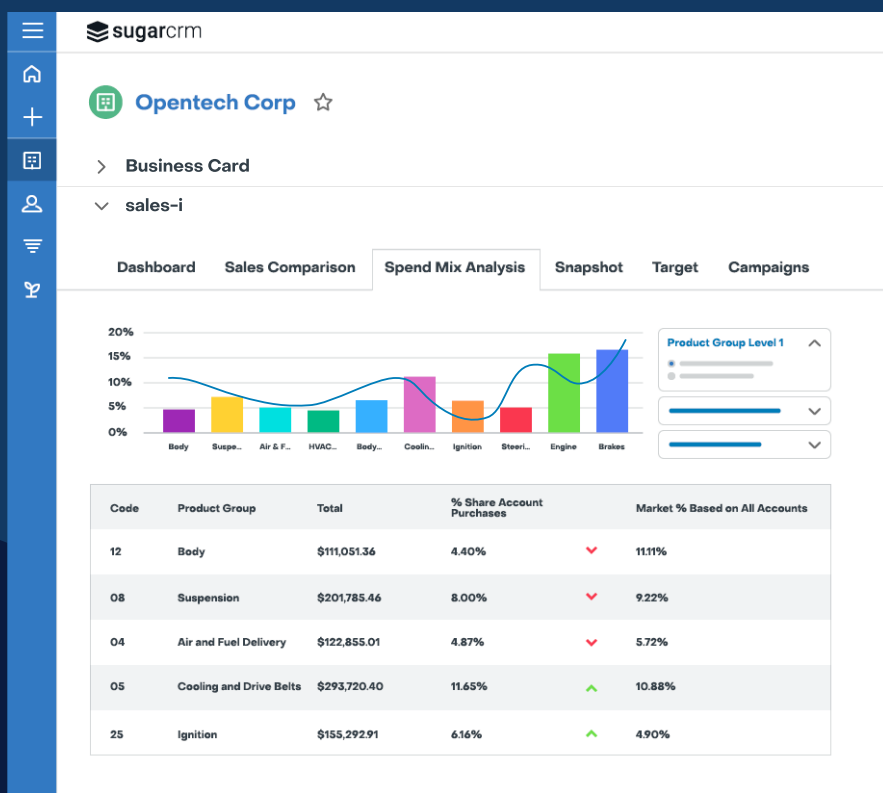


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