



HCF

definition
influence factors
calculation
summary

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HCF definition

the **H**istoric **C**lose **F**actor correlates historic forecast and closing numbers, to develop an accurate forecast for the next month, quarter or fiscal year

HCF Value

1. View in the past

- Independent from quota or territory size
 - Product performance
 - Company performance
 - Individual performance

2. View in the future

- Based on plan numbers the HCF provides a clear number for the virtual pipeline size based the company plan

HCF influence factors

- solution / product
- people / sales
- organization / processes

solution / product

- market entrance
- we to / add on / stand alone
- value
- pricing
- implementation

people / sales

- training
- education
- experience
- farmer / hunter
- goals / incentive

organization / process

- solution selling
- reference selling
- proof of concept
- sales cycle
- customer profile
- compelling event
- value proposition

HCF requirements

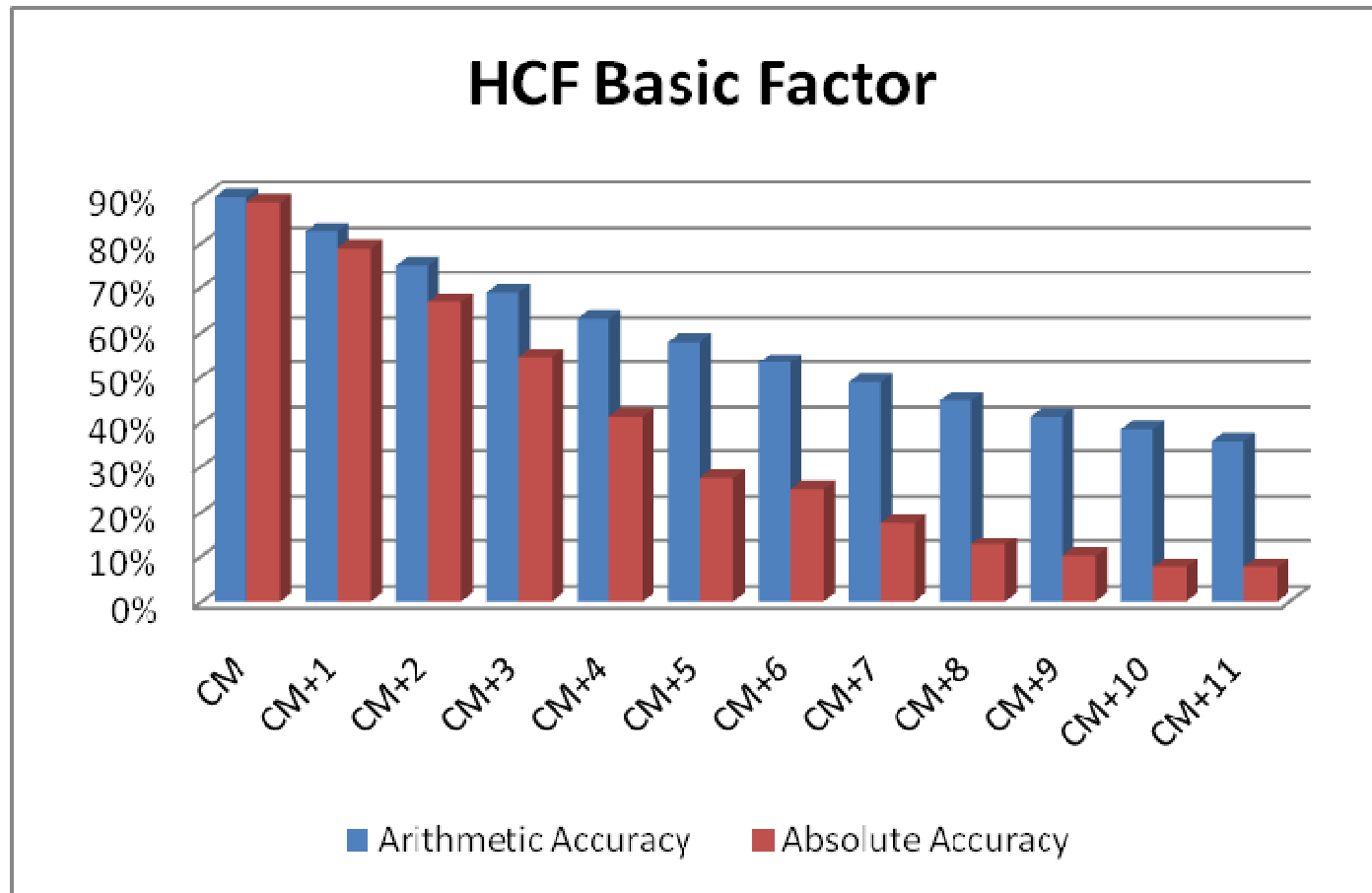
- common sales process
 - selling stages (W,A,B,C,D,M)
 - forecast reporting process
- forecast data
 - closing date
 - product group
 - selling stage
 - sales region
 - competition
 - revenue
 - customer name
 - opportunity name
 - Channel
 - ...

HCF Forecast

two factors influence the calculation a future long term forecast model based on the HCF:

1. arithmetic forecast error
2. absolute forecast error

HCF basic calculation



HCF calculation

t = time (past)
n = period (future)
CM = current month

$$\text{HCF}_{\text{CM-t, n}} = \frac{\text{pipeline}_{\text{CM-t-n}}}{\text{closed rev}_{\text{CM-t}}}$$

$$\text{forecast}_{\text{CM, n}} = \frac{\text{pipeline}_{\text{CM, n}}}{\text{HCF}_{\text{CM-t, n}}}$$

$$\text{pipeline target}_{\text{CM, n}} = \text{plan number}_{\text{CM+n}} \times \text{HCF}_{\text{CM-t, n}}$$

HCF summary

the HCF is the ideal factor to analyze pipeline and forecast performance for:

- company
- territory
- product group
- product market
- channel
- ...

questions????

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the forecast company

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thank you!!!