Guide to Ad Sales Forecasting Best Practices

2023

Introduction

A simple, but important question—"How much will we recognize this quarter?"—has never been more difficult to answer, whether you're an account executive, head of sales, or CFO. For media companies selling advertising, revenue projections have always been challenging, yet it's only gotten worse. In this ebook, we'll unpack the obstacles to accurate forecasting and eight best practices to address them.

What Is Revenue Forecasting?

Forecasting is the process of predicting the expected revenue to be recognized during a certain time period. This is typically done for the enterprise and by region, team, seller, and product. For accurate revenue forecasting, pipeline and revenue streams must be combined into a single view.

Forecast = Weighted Pipeline + Recognized Revenue.

The forecast is often compared to a revenue target such as a goal, quota, or budget for the time period. Forecasting has become more difficult in this era of complexity that is driven by many channels and products. Media companies, which we'll broadly define as businesses selling advertising solutions, face forecasting challenges that didn't exist five years ago. A typical digital publisher or retailer must combine their pipeline with multiple revenue streams across insertion orders, programmatic guaranteed (PG), private marketplaces (PMPs), and the open Exchange. Audio and Broadcast companies face similar challenges needing to combine both linear formats and digital revenue streams. Out-of-home companies must also merge multiple revenue sources.

Forecasting becomes even more complex when media companies have specialist teams that focus on specific products or product suites in an overlay type of role. They need to produce forecasts similar to direct salespeople without double counting the total revenue projected for the organization.

Why Forecasting Is So Difficult

1 PIPELINE INACCURACIES

When calculating the forecast, a big component is predicting how much of the pipeline will contribute to recognized revenue. Getting this right isn't easy. Issues range from deals listing the wrong start or end dates or missing properly flighted monthly budget numbers. Sellers may not enter deals into their CRMs or they may inconsistently apply deal stages or probabilities. Anyone who's led an ad sales team or in sales operations is all too familiar with these challenges.

2 DATA MISALIGNMENT

Unfortunately, each revenue channel uses a different ad tech stack, and there are also different stacks for different products such as banners, video, and paid social. Not only does this data look different, but it lacks a reference to important master data such as the advertiser, agency, or seller. It can be difficult to view different data streams for a specific time period, such as the portion that will deliver for Q1 vs. Q2, which may require split adjustments to credit multiple sellers and specialists involved in the transaction. Combining guaranteed and non-guaranteed revenue streams is also complex. Guaranteed revenue is significantly easier to project but comes with issues such as underdelivery and make-goods; non-guaranteed projections are more complicated because they may require using run rates from across multiple programmatic sources. Traditional broadcast organizations face the same challenges as they often sell similar digital products with an added layer of complexity from combining linear and nonlinear (CTV, OTT) revenue streams.

3 DELAYS IN FORECAST DATA AGGREGATION

Managers need real-time data to run their businesses effectively, but getting access to timely information is a significant challenge that requires sophisticated resources. Most organizations want this information daily yet can only produce some or all of it weekly at best. Due to siloed data sources, most media companies manually compile reports at least weekly, which can lead to errors that breed distrust.

4 DELIVERY ADJUSTMENTS

Campaigns often change after the IO is signed, with pauses, delayed start dates, underdeliveries, and so on. This is true for both digital and traditional formats such as linear. Non-guaranteed solutions like PMPs and the open exchange may also fluctuate in ways that are beyond the seller's control. For IO business, keeping track of all the delivery adjustments may require managers to perform a weekly forensic analysis and solicit explanations for why revenue swung up or down. For PMPs, it's very common to see ad spending start and stop abruptly. These delivery challenges may require inspection, client phone calls, and technical troubleshooting.

5 SALES SPLITS

For national sales teams, it's very common to have splits amongst two or more sellers working together. For example, one seller will typically call the advertiser and the other will work with the agency. It's a best practice for driving account spend, but it's also an operational headache. There are varying split percentages between sellers, such as 50/50 or 60/40, in addition to inconsistencies in how they track their open deals in the pipeline, all of which may result in double counting,over-inflating the pipeline component of the forecast. On the revenue side, it's not uncommon to need to maintain effective dates on splits for sellers as people come and go needing revenue credit on longer-running campaigns.

Best Practices in Ad Sales Forecasting

The savviest revenue management organizations have revenue visibility across all channels and products every day. They're able to answer a simple, important but increasingly complex question: "How are we tracking to our goal for the time period?"

These best practices are helping them do this:

> "How are we tracking to our goal for the time period?"

1 SPLIT ADJUSTING THE PIPELINE

In many media sales organizations, there is a split on deals between an agency and an advertiser seller. Typically, these are pre-set per advertiser in advance, but it's important to have the flexibility for "one-off" deals requiring a team approach. By split-adjusting each deal and providing a roll-up split-adjusted view, companies will avoid errors and double counting of the pipeline.

2 SPLIT ADJUSTING ALL REVENUE CHANNELS

Splits are also important once a deal is sold. Every revenue stream can and should be split adjusted whether it's an IO, PG, PMP, billboard, print, radio or audio buy. Split masters will also solve for situations where workers leave the company, requiring partial split crediting on long-running campaigns.

3

AUTOMATING DELIVERY DATA

In a multi-channel world, the typical media buy spans numerous channels and media types. These are handled by disparate traffic, delivery, and ad tech systems. Unfortunately, they all have different data structures, formats, and reporting frequencies. Advanced organizations can normalize, ingest, and publish these data streams in a self-service format daily to reflect the latest changes in delivery. They even have fingertip access to what changed in the forecast week over week to quickly understand why and where changes occurred.

4

AUTOMATING THE FORECAST

Due to the complexities and inconsistencies across pipeline and delivery systems, most media companies are forced to combine their weighted pipeline and delivery data in spreadsheets manually. Not only is this data error-prone, it's at best assembled once a week, and more often portions of the revenue can only be obtained monthly due to reporting delays. The best companies have this process automated and data presented in a visually intuitive format that combines the most up-to-date weighted pipeline and revenue for each seller, as of yesterday's actuals across all channels and products. The key is automation and daily updates.

5

AUTOMATING BOTTOM-UP FORECAST

A best practice for account planning and understanding how sellers will hit their targets is a bottom-up forecast by account. Automating the creation, distribution, collection, and analysis saves time and provides a baseline for understanding variance from media plans. Connecting the bottom-up process to the forecast allows for a rapid triage when sellers fall behind, enabling quick comparisons on plan, assumptions, and actuals at the advertiser level.

6

PRODUCT VISIBILITY

Most organizations struggle to understand their product-level revenue due to challenges in CRM adoption, limited features that can capture pipelines by product, and little delivery data granularity. This means it's difficult to determine how new products are performing, where business shifts are happening, and who's selling or not selling specific solutions. The most progressive organizations have a line of sight on how each product is performing in the pipeline and how much revenue it's generating.

7

AUTOMATING PACING

Since advertising is a seasonal business, most companies are constantly evaluating how they're doing compared to the year before. This requires significant manual resources to track and answer follow-on questions such as how much they had at 50% in the pipeline at the same time last year. Automating this tracking is imperative to gleaning insights to grow revenue.

8

SPECIALIST FORECASTS

As media companies add more products, they're increasing presales headcount for specialists to build momentum or handle complex products. These teams often have their own goals and may operate as an overlay to account executives, sell directly, or sometimes a hybrid. Tracking and automating their forecast across the pipeline and revenue is vital to driving results.

Conclusion

It's tempting to think everyone is struggling with accurate forecasting in ad sales. Sophisticated organizations have found ways to get highly accurate forecasts daily—they know how much revenue is expected for the quarter as of yesterday. To schedule a free consulting call to discuss ad sales forecasting challenges or see the only software that solves all of these problems now, contact us at booster.com/contact.

About Boostr

Boostr is the most comprehensive and accurate digital transformation technology for managing advertising sales and delivery in the media industry. Boostr offers CRM, OMS, and automated RFP response technologies designed by media professionals to sell more plans at higher margins. Boostr clients include Macy's, Lowes, Westwood One, Dish, Buzzfeed, and more.

Contact us for a demo today.