

# Quarterly Forecast Model

## How to Run the Quarterly Forecast Process

A step-by-step operating guide for Revenue Operations and GTM leadership. Covers the forecast cadence, role responsibilities, how to use the six-tab model, and how to run the weekly forecast call. The model is only as good as the process discipline behind it.

### 01 WHY FORECASTING DISCIPLINE MATTERS

The forecast is a commitment, not a guess. Revenue organizations that forecast accurately make better resource allocation decisions, hire more confidently, and earn more board credibility. Companies that miss forecast consistently have the opposite problem: reactive hiring, margin surprises, and loss of investor confidence.

The Quarterly Forecast Model is a six-tab, fully linked workbook driven from a single Assumptions tab. Its value depends entirely on the quality of the data and the discipline of the process behind it. This guide defines that process.

- Accurate forecasting requires weekly submission discipline from AEs, not just quarterly heroics from RevOps.
- Pipeline coverage ratios are a leading indicator -- if you are not reviewing coverage weekly, you will miss the quarter before you know it.
- The model is updated once per quarter in the Assumptions tab. Weekly updates happen in the CRM, not in the model.
- Forecast variance analysis (actual vs. forecast) is more valuable than the forecast itself -- it tells you where your process breaks down.

### 02 THE FORECAST CADENCE

A healthy forecast cadence has three rhythms: weekly, monthly, and quarterly. Each serves a different purpose and involves a different set of participants.

#### **Weekly -- Pipeline Review (45-60 min)**

Held every Monday or Tuesday. Review deals in Commit and Best Case. Update close date, stage, and amount for deals that moved. Identify stuck deals and assign actions. Output: updated weekly commit number by rep and team.

#### **Monthly -- Flash Forecast (30 min)**

Held in the second week of each month. Review month-to-date actuals vs. plan. Assess pipeline coverage for the remaining weeks. Flag risks and accelerate late-stage deals. Output: monthly landing zone estimate for Finance and CRO.

#### **Quarterly -- Model Update & QBR (2 hours)**

Held in the last 2 weeks of each quarter. Update the Assumptions tab with final numbers from the closing quarter. Reset pipeline, headcount, and retention inputs for the upcoming quarter. Run the full QBR across Sales, CS, and Finance.

### 03 ROLES & RESPONSIBILITIES

Forecasting is a team sport. Every role has a specific job in the process -- and accountability for their part of the output.

- Account Executives: submit forecast categories (Commit / Best Case / Pipeline) by deal, every Friday by 5pm. Update stage and close date for all open deals weekly. Own the accuracy of their individual number.
- Sales Managers: roll up rep forecasts. Apply judgment to Commit vs. Best Case based on deal knowledge. Surface risks and upside before the Monday call.
- CRO / VP Sales: owns the top-line Sales forecast. Presents to Finance and board. Accountable for the delta between forecast and actual.
- Revenue Operations: runs the weekly call, maintains the forecast model, calculates pipeline coverage, and produces the forecast deck. Does not make forecast judgment calls -- that belongs to sales leadership.
- FP&A / Finance: uses the model output for cash planning and board reporting. Inputs actuals on recognized revenue and COGS. Flags model vs. GAAP divergence.

- VP Customer Success: owns the GRR / NRR forecast in the CS Retention tab. Submits renewal risk ratings weekly for any renewal due in the quarter.

## 04 USING THE MODEL -- TAB BY TAB

The model has six linked tabs. All calculations flow from the Assumptions tab. Do not hardcode numbers in any other tab -- all inputs live in Assumptions.

**Assumptions** The control panel. Update inputs here once per quarter: headcount, ramp, quota, ACV target, churn rate assumptions, and expansion rate. Every other tab recalculates automatically.

**ARR Waterfall** Net ARR model: beginning ARR + new bookings + expansion - churn - contraction = ending ARR. Shows the quarter-by-quarter ARR trajectory. Review here for board-level ARR narrative.

**Recognized Revenue** GAAP revenue from contracts. Incorporates ratable recognition for multi-year deals. Finance uses this tab for P&L reporting. Do not confuse with ARR -- both are needed but serve different purposes.

**P&L** Full cost model with Sales, Marketing, CS, R&D, and G&A. Loaded comp flows from headcount inputs. Use this tab to model hiring scenarios and their impact on burn / margin.

**Sales Capacity & Pipeline** Headcount, ramp schedule, quota by rep, and pipeline coverage analysis. If pipeline coverage drops below 3x for Commit, flag as risk immediately.

**CS Retention** GRR and NRR model by cohort. Churn rate inputs from Assumptions. Expansion rate by segment. Review here before any renewal or upsell planning.

## 05 RUNNING THE WEEKLY FORECAST CALL

The weekly forecast call is the most important 45 minutes of the revenue week. It should be structured, not conversational. RevOps runs the agenda; leadership makes the calls.

### Agenda (45 minutes)

- Min 0-5: Week-over-week pipeline movement summary (RevOps presents). New pipeline added, deals that closed, deals that moved out.
- Min 5-20: Deal-by-deal Commit review. Each manager presents their top Commit deals. RevOps challenges on stage, close date, and next step validity.
- Min 20-30: Best Case review. Deals that could pull into the quarter with acceleration. Identify specific next steps for each.
- Min 30-40: Risk register. What are the Commit deals most likely to slip? What is the recovery plan?
- Min 40-45: Actions and owners. Clear owner and due date for every action item. Not discussed = not tracked.

### What RevOps prepares in advance

- Updated pipeline coverage report (Commit / Best Case / Pipeline vs. quota).
- Week-over-week Commit change by rep.
- Deals that moved stage backward (regression analysis).
- Deals with no activity in 14+ days in Commit category.
- Top 5 at-risk deals with stage age and last activity date.

## 06 COMMON FORECASTING MISTAKES

- Sandbagging: reps systematically underforecast Commit to manage expectations. Fix: measure manager Commit accuracy and make it a coaching metric, not just a rep metric.

- Optimism collapse: Best Case is treated as Commit at quarter-end. Enforce category discipline -- Commit means "I will be embarrassed if this does not close."
- Updating CRM after close: reps move deals to Closed Won without updating intermediate stages. This breaks pipeline velocity metrics. Require stage progression to be logged in real time.
- Ignoring pipeline coverage: if 3x coverage disappears in Week 6 of a 13-week quarter, you are not going to make it up. Review coverage weekly, not monthly.
- Changing Assumptions mid-quarter: the model is a fixed-point snapshot. If you update Assumptions during the quarter, document why and version the output.
- Blending ICP tiers in coverage analysis: Tier 1 pipeline converts at 3x the rate of Tier 3. 3x coverage from Tier 3-heavy pipeline is not 3x coverage.
- Missing CS in the forecast: churn and expansion are half the ARR story in SaaS. If CS is not submitting renewal risk ratings, the model is incomplete.

## 07 INTERPRETING THE MODEL OUTPUT

### Pipeline Coverage

Healthy coverage is 3-4x of quota in Commit + Best Case for the quarter. Coverage below 2.5x for Commit alone is a red flag. Coverage above 5x may indicate stage inflation -- deals sitting in pipeline that should be marked as Closed Lost.

### ARR Waterfall

Read the waterfall top to bottom: beginning ARR + new + expansion - churn - contraction. A healthy SaaS company has expansion  $\geq$  churn. If the waterfall shows churn exceeding expansion, that is a CS health problem that will compound quarter over quarter.

### Sales Capacity

Compare quota-carrying capacity (fully ramped headcount \* quota) to bookings target. If capacity < target, you cannot hit plan without exceeding 100% attainment on average -- which is statistically rare. This is a headcount gap, not a motivation gap.

### P&L Burn vs. Bookings

If ARR growth is strong but burn is accelerating faster, check the ratio of loaded headcount to new ARR. A sales efficiency ratio below 0.8x (new ARR / fully loaded Sales + Marketing cost) indicates a CAC problem that will become a board conversation before you want it to.