

Raise Your Predictability IQ

Some things in our day-to-day lives are more predictable than others. For example, most people can predict the amount of time it takes for their morning routine, and some can predict their regular monthly expenses to within a few dollars. Given access to a sufficient amount of relevant data, even more complex predictions can be made with remarkable accuracy, such as declaring the outcome of a political election after only a small percentage of votes have been counted.

The opposite is also true. We like to think that we can predict next week's weather or the level of traffic on a particular driving route, but we often get such predictions wrong.

In our daily lives, we depend on accurate predictions to plan and communicate with others. And when we're unsure, we adapt with built-in tolerances. For example, we may allow an extra 10 minutes for a familiar driving route if we're unsure about traffic conditions.

One element that separates great businesses from the merely good ones is the ability to make accurate predictions. Predictions about cost and weather affect your ability to produce the work as sold and meet the schedule as promised. Predictions about new hires and employee development affect team performance and plans for growth. And predictions about profitability are critical to overall company management.

Whenever I want to get better at something, I find that it helps to make a list of reasons that answer the question "Why?" Here are seven reasons why you should improve your skill at predicting. It will:

- 1) Reduce stress;
- 2) Enable the right investments in time and money;
- 3) Help you make better decisions;
- 4) Win trust in your leadership and vision;
- 5) Create alignment both within and outside your company;
- 6) Provide for a more meaningful dialogue;
- 7) Improve effectiveness and ROI.

BETTER PREDICTIONS

Having good reasons helps, but you need to take specific steps to improve your ability to make more accurate business predictions.

Know your numbers. The more data you have at your disposal and the better you understand it, the easier it will be to draw accurate conclusions. The data may include lead sources and client demographics, or close rates from individual salespeople or project types, or average job size and recurring expenses.

Ideally, you should be familiar with your historical data going back at least three years—and don't be afraid of what you find; knowing that something is off track is better than not knowing at all.

Make predicting fun. I used to create games for members of my team around making predictions. My goal was both to hear their ideas on particular business initiatives or metrics, but also to get them to think more about forecasting. Incentives can help. For example, you could give a prize for the prediction that comes closest to the actual result. Skill at making predictions varies among individuals, but predictive skill can be learned and mastered.

Create alignment within the team. One business theme that I often relate to making predictions is "aggressive but realistic." Predictions must be aggressive and challenge the status quo, but unless they're realistic, they deteriorate into fantasy. A sales team that produces an aggressive but realistic total sales prediction for the follow-



ing month is more likely to engage in a useful thought process and discussion and may come closer to producing the desired results.

Make accurate predictions a priority. Those whose performance matches their prediction deserve as much or more praise as those whose performance exceeds their prediction. It's hard to complain if someone consistently exceeds their prediction, but it also makes it more difficult to plan. If profit is consistently 5 percent higher than predicted, that's a good thing, but it may also represent some lost opportunity.

One thing that separates a great business from a merely good one is the ability to make accurate predictions.

Hold people accountable. The CEOs of publicly traded companies sometimes lose their jobs because they missed a projection. I'm not suggesting a do-or-die approach, but there should be some accountability for the accuracy of your team's predictions. If there are no consequences to getting it wrong, then the results won't be as reliable as they could be. And accountability isn't limited to sales; it can be related to expenses, schedule, or even client experience.

If you want to take your business to the next level, then master the science of prediction. Not only will you likely experience great success, you will also find the journey to be much more fulfilling and enjoyable. **PR**

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