THE PIPELINE NOBODY BELIEVED

Real Operating Decisions. Real Capability Failures. Real Business Outcomes.
An Executive Case Study in The O'Brien Method Series

COMPANY PROFILE

Industry: Private equity: sponsor-backed portfolio company, B2B software-enabled services

Approximate revenue: $28–32 million

Business model: Subscription and services revenue; sales organization assembled from three add-on acquisitions under a single sponsor-owned platform

Growth stage: Eighteen months post-acquisition; integrating legacy sales teams ahead of the next board reporting cycle

EXECUTIVE SUMMARY

The sponsor required a quarterly forecast for board reporting, and the CRO could produce one. Pipeline coverage stood at four times quota, on paper, a comfortable number. Nobody on the leadership team actually believed it, including the CRO. The forecast had missed by wide margins in three of the last four quarters, and the pattern was common knowledge in every internal conversation, if not in the board deck. A diagnostic found that the unified pipeline was a statistical illusion: three legacy sales teams, each carried over from a separate acquisition, were still using three different informal definitions of what counted as a "qualified" or "committed" opportunity, merged into one CRM and reported as if the numbers meant the same thing.

THE SITUATION

The platform company had acquired two smaller competitors over the preceding two years and merged their sales teams and CRM instances into a single system. The merge was technical: records were migrated and fields were mapped. What it did not do was reconcile the underlying sales processes each legacy team used. Each team continued selling, qualifying, and forecasting as it always had, now within a shared CRM that displayed all three approaches as though they were one.

At the leadership level, the resulting pipeline coverage ratio appeared healthy by any conventional benchmark. The sponsor's operating partner, reviewing quarter-over-quarter forecast accuracy rather than the coverage ratio in isolation, noted the recurring miss and asked the CRO directly whether the number could be trusted. The honest answer, which the CRO gave privately before the diagnostic began, was that he did not know.

THE INVESTIGATION

The diagnostic segmented the combined pipeline by legacy-company origin and recalculated win rates by cohort. The spread was nearly threefold: one legacy team's "qualified" opportunities closed at a rate more than three times higher than another's, despite both being reported at the same coverage ratio and using the same stage labels. A deal marked "committed" under one former company's convention carried a materially different actual close probability than the same label applied by another.

None of this was visible at the aggregate level because the CRM migration had preserved stage names without preserving or reconciling what those names meant in practice for each legacy team. The combined forecast was, in effect, averaging three different measurement systems and reporting the average as a single, precise number.

ROOT CAUSE

The root cause was an unreconciled post-acquisition integration: stage definitions and qualification criteria had been technically merged in the CRM without being operationally standardized for the people entering the data. A pipeline built from three incompatible definitions of "qualified" cannot produce a reliable forecast, no matter how disciplined the forecast meeting is, because the inputs feeding it are not measuring the same thing.

THE INTERVENTION

A single stage-gate definition was developed and rolled out across all three legacy teams, with explicit criteria for qualifying an opportunity to enter each stage, replacing the informal conventions each team had carried over from its prior company. Historical win rates were recalculated by cohort and used to set interim, cohort-specific forecast multipliers while the standardized definitions took hold, rather than pretending the pipeline was uniform before it actually was.

The forecast itself was rebuilt bottom-up from validated, stage-gated opportunities rather than from a blended coverage ratio, giving the sponsor a number based on a single, consistent measurement rather than an average of three inconsistent ones.

BUSINESS RESULTS

Forecast variance narrowed from the wide, unpredictable swings of the prior year to a range the board could plan around within two quarters of standardization. The operating partner regained confidence in the number specifically because the methodology behind it could now be explained and defended, not because the number itself had been made to look better.

THE O'BRIEN METHOD INSIGHT

A sales organization built through acquisition inherits multiple pipelines that appear as one. Merging the CRM records is a data migration, not an integration. The underlying capability, particularly qualification and stage definitions, must be reconciled deliberately, or the consolidated forecast will be a statistical average of several different truths, none of which the board actually sees.

KEY TAKEAWAYS FOR CEOS

- A CRM merge is not a process merge. Migrating records preserves stage labels, but it does not reconcile what those labels mean to the people entering the data.
- After any acquisition, recalculate win rate by legacy-team cohort before trusting a blended pipeline number. The spread will indicate how much reconciliation work remains.
- A forecast based on a blended coverage ratio can look healthier than the underlying reality. Build it bottom-up from validated, consistently defined stages instead.
- Sponsors and boards should ask not only for the forecast number but also for the methodology behind it, specifically whether stage definitions are consistent across all contributing teams.

- Standardizing qualification and stage-gate criteria post-acquisition is not an administrative cleanup task. It is a prerequisite for a forecast anyone can defend.