

Reach Operational  
Excellence with

Territory  
Management

---



“...There are over 1,000 ways to assign just ten accounts to two salespeople. Since the problem grows exponentially with additional accounts and salespeople, one can imagine the challenge of aligning any reasonably sized sales force. Frequently, the number of possible alignments approaches the number of atoms in the universe.”

**ANDRIS A. ZOLTNER, FREDERIC ESSER NEMMERS DISTINGUISHED PROFESSOR EMERITUS OF MARKETING AT THE KELLOGG SCHOOL OF MANAGEMENT AT NORTHWESTERN UNIVERSITY**

You could make a strong case that sales professionals are the most valuable of a company's human resources. Without detailing their involvement in all the parts of the customer experience, it suffices to say that successful sales teams usually mean successful companies.

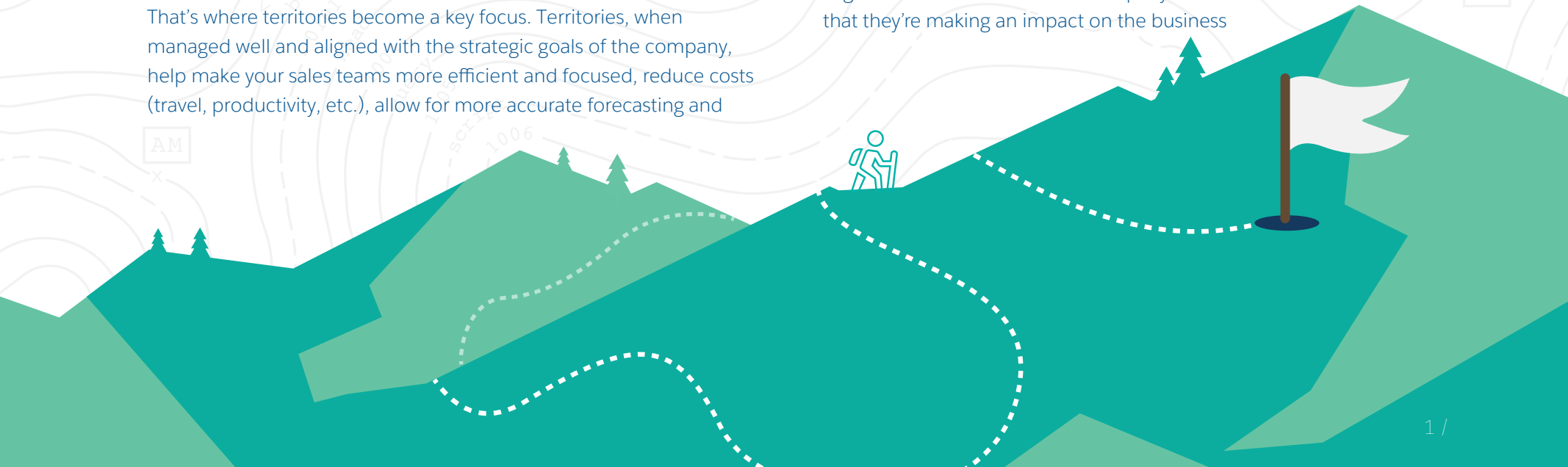
One of the key ways to set sales reps up for success is by making them productive and providing them as much selling time as possible. By completing tedious tasks using careful planning and technology, companies can save overhead costs, boost morale, and allow reps more time to sell.

That's where territories become a key focus. Territories, when managed well and aligned with the strategic goals of the company, help make your sales teams more efficient and focused, reduce costs (travel, productivity, etc.), allow for more accurate forecasting and

performance metrics, and increase employee satisfaction and reduce turnover. Ultimately, sales reps and their leadership have similar goals for how to approach selling with territories.

They want:

- Zero ambiguity about who owns which areas, segments, or accounts, and how to focus efforts
- Confidence that there is sufficient and fair opportunity to reach the goals and quotas they've been given
- Alignment with the rest of the company and assurance that they're making an impact on the business





## What Happens When You Don't Focus Enough On Territories?



Why is careful territory planning and leveraging technology so important to organizations? What happens when companies lose sight of their operations and careful territory planning?

At a high level, businesses loses focus and typically spend too much time and money on getting the right amount of output from their sales teams.

### 1. Sub-Optimal Market Coverage:

Many companies put a lot of emphasis on providing their most ideal opportunities with their top reps. This is a very common mistake, and typically ends up with the company coming in short of their revenue goals or spending most of their year shifting territories, upsetting reps as well as wasting time and resources.

### 2. Missed Sales Opportunities:

Buyers aren't wasting time waiting for reps to call them – they're moving on to other vendors. If companies are spending too much time reassessing and realigning territories throughout the year, they are typically going to have a lot of gaps resulting in missed opportunities.

### 3. Costly Turnover:

Territory management dictates a lot of sales reps' morale. If they feel they are not set up for success, chances are they are going to look for success elsewhere. With the average ramp-up time for SaaS reps now listed at 5.3 months, the cost of sales rep turnover can amount to big bucks. Between rehiring, territory realignment, and training, many companies can spend over \$115,000\* with some claiming to up to \$1,000,000.

\* Source: DePaul University

### 03 ANALYZE AND FIND BALANCE

Analyze and strategize to get the biggest bang for your buck.

### 07 SEGMENTATION MUST HAVES

Carve out informed segments just for your business.

### 11 FOUR-CORNER ENGAGEMENT

Delight customers using teams, tools, data, and process.



## ANALYZE AND FIND BALANCE

# Analyze and strategize to get the biggest bang for your buck.

The competitive nature of sales frequently leads sales reps and teams toward tackling the biggest deals first. However, when this happens, companies can overlook huge opportunities in the mid- to low-range deals that close faster and are more abundant. That's why fully understanding your customer base, your market, and your personnel is critical to the territory-planning process.

Making the initial analysis is about 80% of the entire process, as it dictates the decisions you make and how effective you are at segmenting and setting up your sales teams for success.

Once you've made a thorough analysis of your customer base and sales resources, you need to manage your territory with a firm sense of balance. What that means is creating targets that set your sales leaders up for success, and targets for sales reps so that they feel like they all have an equal opportunity to maximize their compensation plans.

Achieving balance with territory management will allow for your organization to achieve realistic quota targets, which will motivate salespeople to achieve and maximize their sales.





## Go For Growth

---

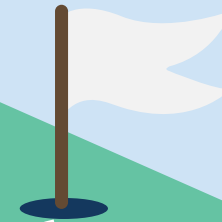
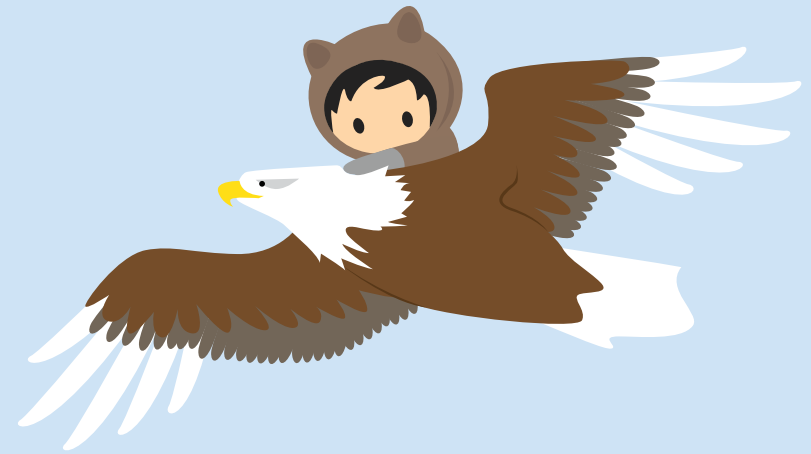
When making an initial analysis, look at specific segmentation criteria from your customer base – including employee count, region, industry, and specific target accounts – and then align your resources with specific market objectives.

### Match Skill Sets with the Complexity of Accounts

First, understand your current skill set in your sales teams and work to match it to your potential customer base. That way, your sales reps' strengths can complement the customers that they are selling to. A typical example of this is to make sure your more senior sales reps are assigned to large enterprise deals and your junior reps are assigned to smaller, "mom-and-pop" stores or businesses.

### Evaluate Current Data Quality

Who are you targeting? What do you know about the company? How big is each territory? The answers to these questions require high-quality data sets. To stay on top of these answers, keep up with changes in the data and have a good data plan. Having a set data strategy in place to keep your data clean and accurate can allow you to answer all these questions and operationalize your plan.

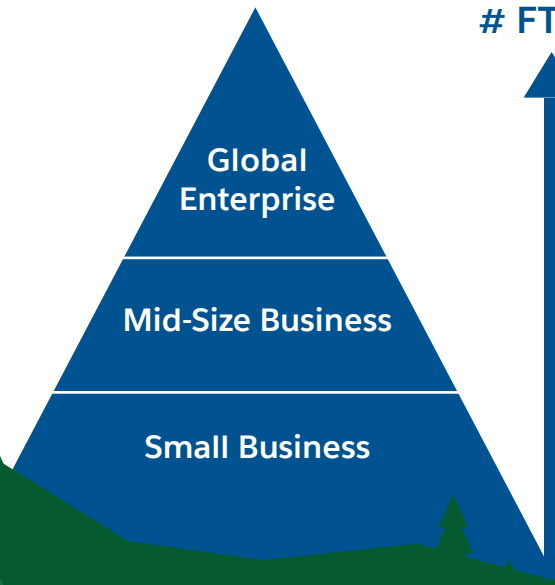




## Balance With Market Segments

### Balance Number of Reps by Market Segment

A great way to look at your customer base is in the shape of a pyramid, as seen in Figure 1. At the bottom, you will notice the vast majority of our customer base are small businesses. As you move up market, there is a moderate amount of mid-size businesses and a smaller number of larger global enterprise customers. What you should do with this pyramid is align your FTEs (Full-Time Employees) with your market. In this case, align more sales reps for the broader customer base. Make sure to position more of your full-time employees in the segment, which you typically have the most customers in.



### Complement Skills Sets with Segments

Once you've determined the number of sales reps per market segment, it's important to fill those slots based on your AE's skill sets, deal complexity, and resource investments accumulated for each segment. If you take a look at Figure 2, you will notice that the table classifies certain criteria for each market segment. For example, with small businesses, there is a larger amount of junior sales reps dedicated to that segment. This allows them to reach as many businesses as they can at a high velocity, considering the average time to close a deal is less than one month.

### # FTE's serves as a proxy for deal complexity, AE skill sets & resource investments.

Objective	Average Age	# Trx/AE	Skill Set
Enterprise Solution Sale	~5 Months	Low	Advance
Hybrid	~3 Months	Medium	Developing
Reach & Repeatability	<1 Month	High	Emerging

Figure 2

Figure 1



## Balance Using Geographic Territories

### Create an Urban vs. Rural Geographic Balance

Many companies create regions that are both urban and rural for sales teams. As an organization, it's important to define the difference between rural and urban areas – as many businesses have been known to be ineffective with this concept. For example, there may be the same number of sales reps centralized in a small, yet urban, city than a larger rural area. An example may be that a company has more sales reps that target San Francisco than they do compared to a broader geographic area on the West Coast, as you can see in Figure 3 and Figure 4. There is a denser population of high-tech businesses in the San Francisco Bay Area than many parts in the West Coast, so it's critical we have more reps there.

### Why Is Geographic Balance Especially Important?

A well-balanced geographic territory has the potential to greatly reduce sales costs and maintain productivity. For example, you wouldn't want a sales rep in Dallas assigned to the Northwest; otherwise, all of the time traveling to meet clients will mean more expenses and less time selling. Additionally, a diverse and well-balanced geographical territory allows for more

of a measure on a rep's performance than on a territory's performance. This allows reps to be confident with the geographic territory they've been given, creating a more diverse approach, and a more well-rounded and happy team.

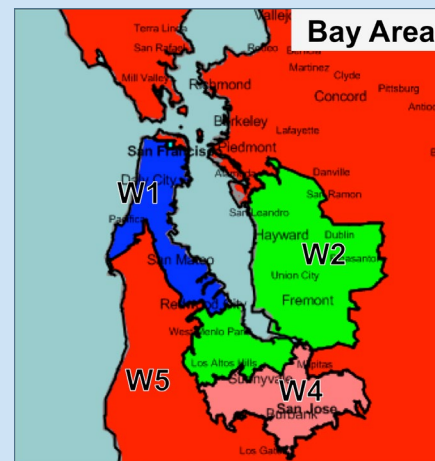


Figure 3

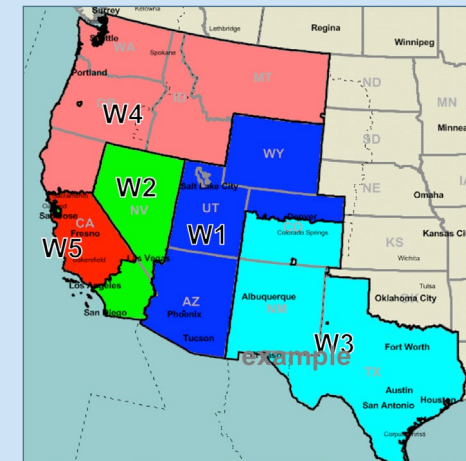


Figure 4





## SEGMENTATION MUST HAVES

# Carve out informed segments just for your business.

First things first. Establishing your territory management design means taking the proper measurements to scale accounts and prospects across your sales resources.

Two primary factors will inform your calculations:

### 1. Customer Categorization

This is where your data-quality foundation and governance is essential. If you've established unified, updated, and enriched customer profiles centralized in your CRM application and grounded with the Dun & Bradstreet D-U-N-S Number®, you now have a path to definitively understand the makeup of your customer base.

Analyze, define, and place customers into categories that make the most sense for your business model. Look at your customers from different angles to form a robust and comprehensive picture, including factors like company size, location, industry, revenue, and buying behavior, and choose prospects who share the characteristics of your best customers.

### 2. Sales Team Structure

In a perfect world, you would start with a clean slate and hire and allocate your salespeople based on the current state of your business, customer portfolio, and plans for growth. In reality, you have to do your planning with an existing sales team and rolling list of business objectives.

So with a customer segmentation analysis in hand, you can evaluate how well your sales team is performing within the current territory management structure (i.e., field vs. inside sales, hunter vs. farmer, and industry specialists), identify resource gaps that need to be filled, and allocate opportunities equitably.

Taking the right measurements gives your sales team the space to thrive – accelerating sales, delighting customers, and driving profitable growth.





## Keeping Operations Running Smoothly With The Right Data

According to the Cloud Sherpa article *Divide and Conquer: The Art of Territory Management*, “To be most effective, a segmentation model must comprise two or more dimensions and integrate with a multi-channel strategy (to best reach customers).”

Analysis should be done at both a customer record and customer portfolio level. Once you identify the right customer

segments, determine how many fit in each and how many potential prospects exist, and you’ll be in the best position to activate a sales strategy to allocate headcount, determine the right kind of sales expertise required, and assign quotas.

Here is a checklist to help you carve out data-informed territories for your business:

### CUSTOMER SEGMENTATION:

CARVING DIMENSIONS	QUESTIONS TO ASK	DATA FIELDS TO USE
Identification	How many unique businesses make up my customer base?	D-U-N-S Number (to identify duplicate records)
Industry	What is the breakout of my customer base by industry? What line/s of business are my customer involved with – and does it differ if they have multiple locations?	SIC Code, SIC Description, NAICs Code, NAICs Description, D-U-N-S, Ultimate D-U-N-S
Geography	What is the breakout of my customer base by geography? Where is each customer located as compared to the way we define geographic territories – locally, by state, regionally and globally. How many locations do they have and where are they?	Company Address, City, State, Postal Code, Province, Country, FIPS MSA Code, Latitude, Longitude, D-U-N-S, Ultimate D-U-N-S
Size	What is the breakout of my customers by defined size? (for example, Small, Mid, Large) How large is my customer, by revenue and number of employees? How do employees break out if they have multiple locations?	Sales Volume, Employee Count (locally and at HQ), Small Business Indicator
Corporate Family Relationships	Is my customer a company that is a single location? Is it part of a larger corporate family tree? <i>*More on this in the “Size Does Matter” section.</i>	D-U-N-S, Parent or HQ Indicator, Subsidiary Indicator, Domestic Ultimate Company Name + associated D-U-N-S, Global Ultimate Company Name + associated D-U-N-S, Number of Business Family Members

**CUSTOMER SEGMENTATION CONTINUED:**

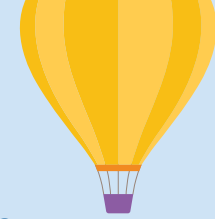
CARVING DIMENSIONS	QUESTIONS TO ASK	DATA FIELDS TO USE
Buying Behavior	<p>How many customers buy each of my products/services?            What is the average deal size by product/service?            What does each customer buy from me?            How much does each customer spend?            What could each customer buy that they don't today?            How do they buy? (online or through sales rep)            Cross reference these answers against customers by industry, size and geography.</p>	CRM: SKU Details, Avg. Deal Size, SKUs per Customer, etc.
Best New Prospects	<p>What are the characteristics of my best customers?            How many non-customers exist that are similar to them across territories?</p>	Industry, Size, Geography, Buying Behavior, Market Segmentation Clusters, Delinquency Risk
Sale Cycle Time	How long does it take to close a sale by product/service or deal size?	CRM: Oppty Creation date, Conversion date, Close date

**SALES SEGMENTATION:**

CARVING DIMENSIONS	QUESTIONS TO ASK	DATA FIELDS TO USE
Present Model	<p>How many sales reps do I have in current defined territories?            How many sales reps are in inside sales?</p>	CRM: Users by Territory, Users & Accounts Assigned
Book of Business	On average, how many accounts does each rep have – by location and sales model or major/named accounts?	D-U-N-S Number to connect to customer account, Revenue  Assigned Salesperson
Specialty	How many salespeople do I have assigned by vertical, or other expertise based on our product/services offerings.	SIC, NAICs  Assigned Salesperson
Rock Stars	<p>Who are my top performers?            How do I optimally mobilize top performers against our key accounts/goals for growth?</p>	CRM: Revenue, Pipeline, Quota Attainment



## Salesforce's Top 8 Tips for Planning Sales Territories by SVP of Commercial Sales, Adam Gilberd



At Salesforce, we put a lot of thought into how we plan our sales territories. We've gotten better at systemizing it to include input from our strategy team, our sales leadership team, and our field operations team.

Every year, there are eight key tips to pulling it off:

### 1. Get a head start on planning.

We want our sales reps to have information on day one, ideally. So part of being fast and delivering results out of the gate is being prepared and having done all the heavy lifting well in advance.

### 2. Plan for what you will need.

We're growing at a rate of 25%–30%, so the way to continue to drive that growth as a company is to add that much distribution capacity – or about 25%–30% more salespeople – every year.

### 3. Avoid territory disruption.

Once the territories are cut, they don't change for 12 months. It's not only about being at capacity – we also prioritize how quickly we can get an AE productive once he or she is hired.

### 4. Lessen your AE ramp time.

As we hire AEs, they can jump right into a territory that's already been predetermined, as opposed to waiting around for a month or two while we decide if and how we can create another territory for them.

### 5. Make data-driven decisions.

We examine a ton of data. We ideally want to have a balance so that we avoid having two reps working right next to each other, where one has all the best accounts and no prospects and the one next door has all the prospects and no accounts.

### 6. Give every rep an equal chance.

We also use data to ensure that every AE has an equal shot at quota attainment. We have lower AE attrition when more people are making their number or are close. The second reason is that when you have balanced productivity across all of your AEs – so they're all producing similar amounts – it's just a healthier business.

### 7. Shift your territories annually.

This tactic is really a byproduct of our growth as a company and the number of people that we promote every year. We always try to minimize disruption (see Tip #3), but when you're growing this fast, there's no way around a certain amount of it.

### 8. Use mistakes to make adjustments.

We've gotten pretty good at territory-planning over the years, but in the early days we had some situations where the territories got a little bit out of balance. Lessons like that have helped to motivate us to get really scientific about how we create them.

**See the entire article on Quotable.**

[READ NOW](#)



## FOUR-CORNER ENGAGEMENT

# Delight customers using teams, tools, data, and process.

Territory Management is a dynamic design activity that requires accounting for multiple human, technology, and data factors that interact and influence each other constantly. When you harness the power of those moving parts, you will have a living breathing territory management strategy that is executed with precision and customized to your business model for optimal engagement with your customers.

Like the old phrase, “Home is where the heart is,” in the simplest yet purest terms, the role of territory management is to manifest customer success. While customer success looks different for every company, consistent outcomes do shine through:

- Reps are closer to their customers, can develop strong partnerships, and respond quickly to questions or problems.
- Sales, service, and implementation teams are optimized and happy, making for better, more positive interactions and a better customer experience.
- Data and insights on customers trends are more readily accessible, making it easier to respond with improved products, packaging, and pricing.





## Territory Management in Action

Like the four corners in a room, there are four key engagement factors that connect a cohesive territory management plan, and make room for customer success.



### TEAMS

- Use segmentation analysis to assign headcount, determine needed coverage (i.e. verticals, hunters, implementation expertise) and assign quotas.
- Empower teams to collaborate and build plans for customer success and sales goal achievement.
- Share what's working well across territories, including customer wins and success stories resulting from team collaboration.

**Results:** Turnover is replaced with high morale and retention by sales members who feel they have a fair and equitable opportunity to achieve goals.



### TOOLS

- Use data cleansing tools (like Data.com Clean) to automatically update and enrich account data and enable strategic analysis and segmentation.
- Seamlessly add new account data to your system, giving your reps tools to easily search for and add contact and lead records from trusted sources.
- Build territory-based forecast and sales reports and dashboards to measure pipeline, revenue and territory model effectiveness.

**Results:** Channel conflict dissolves as sales members focus on the right accounts, with skills sets that match account complexity and needs.



### DATA

- Unify, cleanse and enrich your internal customer data with Dun & Bradstreet data in Salesforce using Data.com to guide territory management.
- Dig into the insights from reports and forecasts and take a data-driven approach to prioritizing time and effort.
- Share knowledge derived from data and analytics across your business, making it available to users assigned to specific accounts.

**Results:** Slow sales growth transforms into growth opportunities revealed by new prospects in each territory who share similar attributes of your best customers.



### PROCESS

- Establish scheduled territory management model reviews based on current customer segments and sales success and make evaluations for improvement.
- Build triggers for territory alignment monitoring and tweaking guided by defined criteria.
- With a defined data governance plan in place, continually maintain fresh quality data on your customers and prospects.

**Results:** Cost of sales decreases as more time is spent selling and less time is spent figuring out who to sell to, maximizing customer "face time."

“Being able to understand and accurately assign hierarchies is crucial to supporting our expansion into global markets.”

TIFFANY MUNSON, DIRECTOR OF GLOBAL SALES OPERATIONS  
DOCUSIGN



## Taking Territory Management Worldwide.

When you're DocuSign, the leader in digital transaction management, your market is everyone who needs to sign and send a document, or as the company likes to say, everyone on earth. As DocuSign expanded its operations from North America to cover the global market, it realized it needed to put the right system and processes in place that would support an accurate view of all of its customers. That way, it could assign fair territories to its sales reps to set them up for success across the globe.

Starting out, it didn't have much structure to its data, which made it "very difficult for us to plan our sales activities because we didn't have the entire addressable market, and that presented all kinds of challenges for our sales team," said Kristin Lucas, Sr. Business Analyst. "As the sales team at DocuSign grew, we knew that we had to take action to ensure that the data in our system was going to be accurate. And so we started to look for solutions that would allow us to do this on a mass scale."

With a deeper knowledge of its customers, including the hierarchy of each organization, it was able to create fair sales territories and assign the right customers to the right teams. Now, said Lucas, "We have a very sophisticated segmentation model for our territories." Using both industry and geographical information, DocuSign has created over 30 segments for its teams. With fair territories and all the information, a sales rep needs to close an account, it's ready to conquer new markets across the globe.

[WATCH THE VIDEO](#)

## Conclusion

---

A winning territory-management strategy is one of the most critical components of a successful sales organization. A strong territory plan not only helps you make the most of your sales resources, but also puts you in a better position to be a customer-focused company. With better-aligned territories, you can more effectively serve customers. As the front line of your organization, sales reps are more likely to be happy and energized, helping deliver positive customer experiences with healthy territories.

## Get empowered with sales solutions built to help you attain operational excellence.

---

Want to sell smarter, faster, and the way you want to? Salesforce helps reps optimize their efforts and win every deal with productivity and collaboration tools that maximize time spent selling – from anywhere and on any device. Discover the cloud-based tools that will give your sales team the power to close deals like never before.



Sales Cloud Einstein



Data.com



Sales Cloud Lightning



Salesforce1 Mobile App for Sales

[LEARN MORE](#)



CONNECT TO YOUR CUSTOMERS  
IN A WHOLE NEW WAY



The information provided in this e-book is strictly for the convenience of our customers and is for general informational purposes only. Publication by salesforce.com does not constitute an endorsement. Salesforce.com does not warrant the accuracy or completeness of any information, text, graphics, links or other items contained within this e-book. Salesforce.com does not guarantee you will achieve any specific results if you follow any advice in the e-book. It may be advisable for you to consult with a professional such as a lawyer, accountant, architect, business advisor or professional engineer to get specific advice that applies to your specific situation.

© 2016 salesforce.com, inc. All rights reserved.