



THE
**SALES
MANAGEMENT**
ASSOCIATION

Sales Management Association Webcast

Optimizing Sales Territories: Best Practice Planning Approaches

17 April 2013

Presented by

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About The Sales Management Association



A global, cross-industry professional association for sales operations and sales management.

Focused in providing research, case studies, training, peer networking, and professional development to our membership.

Fostering a community of thought-leaders, service providers, academics, and practitioners.

Learn More: www.salesmanagement.org



Today's Panelists



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Topics

Setting up Territories for Maximum Efficiency

- Optimally sizing the sales force
- Optimizing your sales force's target account touches
- Designing territories that allow salespeople to address more opportunity in the same amount of time

Creating and Implementing High Impact Territory Plans

- Key ingredients of a successful sales plan
- Best practices for turning strategy into action
- Empowering execution



The Sales Challenge

- Achieve Aggressive Quotas
- Grow Revenue/Salesperson
- Maximize production from Territories, Accounts
- Make best use of sales talent
- Use resources effectively
- Control Cost of Sales
- Adapt



Strategy vs. Execution

“A strategy, even a great one, doesn’t implement itself” -
[Jeroen De Flander](#)

“Strategy without tactics is the slowest route to victory.
Tactics without strategy is the noise before defeat.”—Sun
Tzu



Territory Performance Optimization

An End to End Process



Self-Audit Questions

1. What sales intelligence metrics do you use?
2. Is your sales force sized to maximize revenue?
3. Are your salespeople:
 - Reaching the most profitable accounts?
 - Delivering the optimal call frequency?
 - On an efficient and effective schedule?
4. Do your territories:
 - Maximize salesperson productivity?
 - Support your reach and frequency goals?
 - Enable your reps to have a challenging, but achievable quota?



Segmentation and Targeting

- Segmentation aids targeting
 - Which accounts receive sales calls
 - How many sales calls do they receive
- How will sales effort affect customer behavior?
 - Products purchased
 - Quantity purchased
- Factors
 - Type of account
 - Competitive position
 - Potential



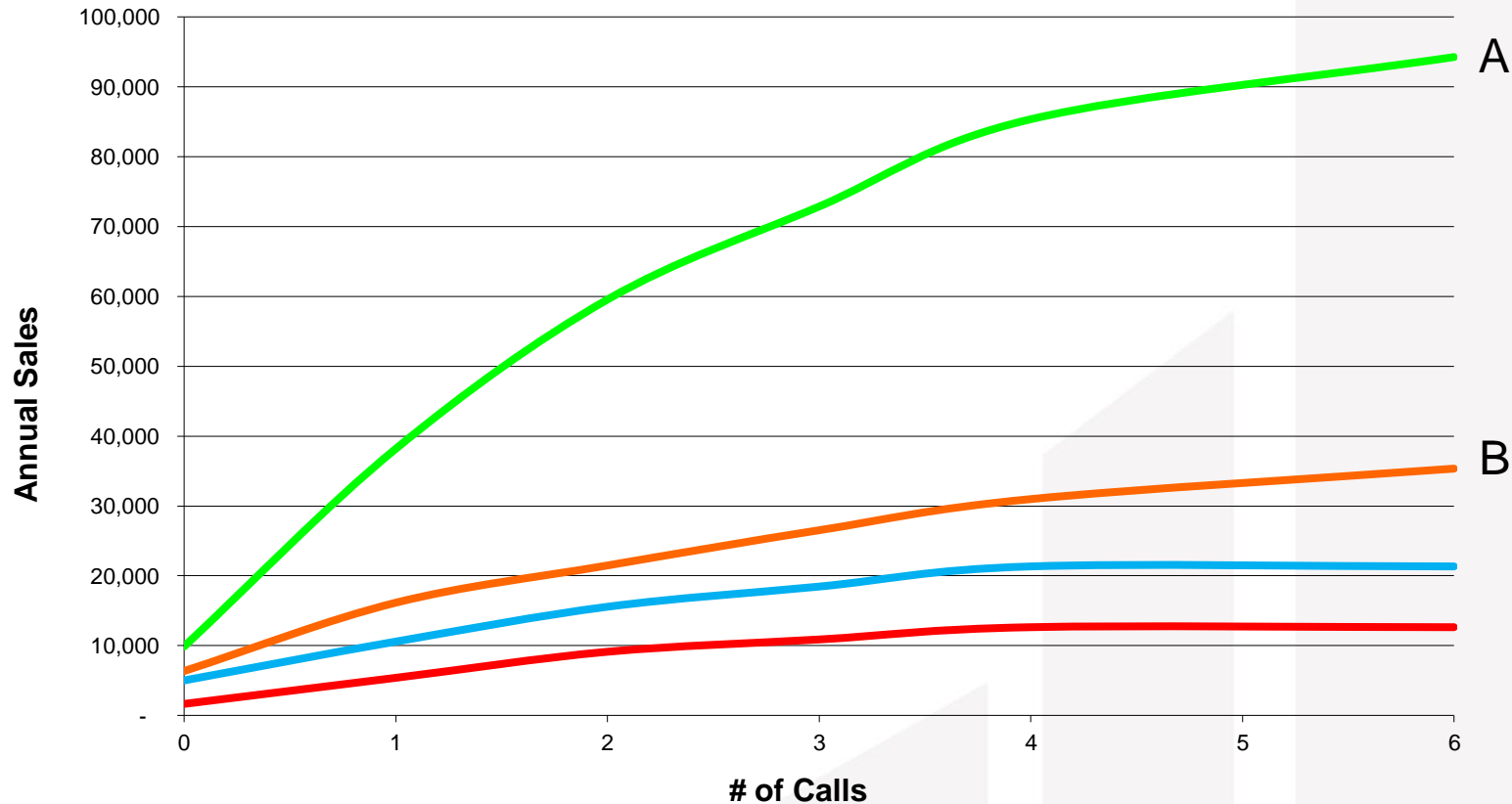
Optimization of Reach and Frequency

- Maximize return on investment
 - Return in sales
 - From investment in sales calls
- Response analysis estimates
 - Sales
 - Resulting from a given number of sales calls
 - Across a specific segment of accounts



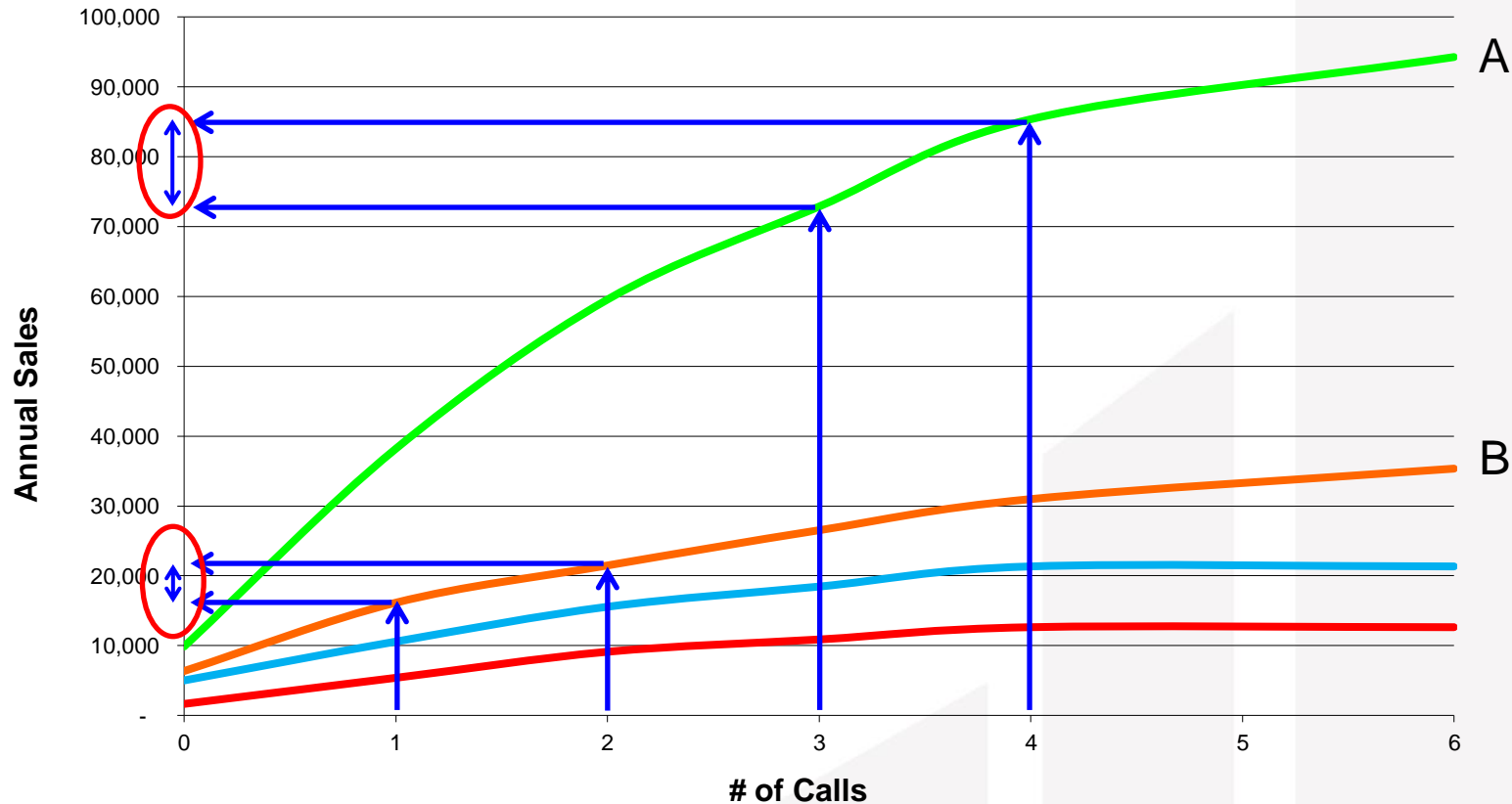
Optimization of Reach and Frequency

Response by Potential



Optimization of Reach and Frequency

Response by Potential



Travel Time vs. Reach and Frequency

- Sales effort is more than the number of calls
- $\text{Effort} = \text{frequency} \times (\text{duration} + \text{travel})$
- Within a segment, accounts with high travel time
 - Have a lower ROI
 - Must deliver more sales per call vs. average account
 - Might be less attractive than lower potential accounts
 - Might be better covered by inside sales



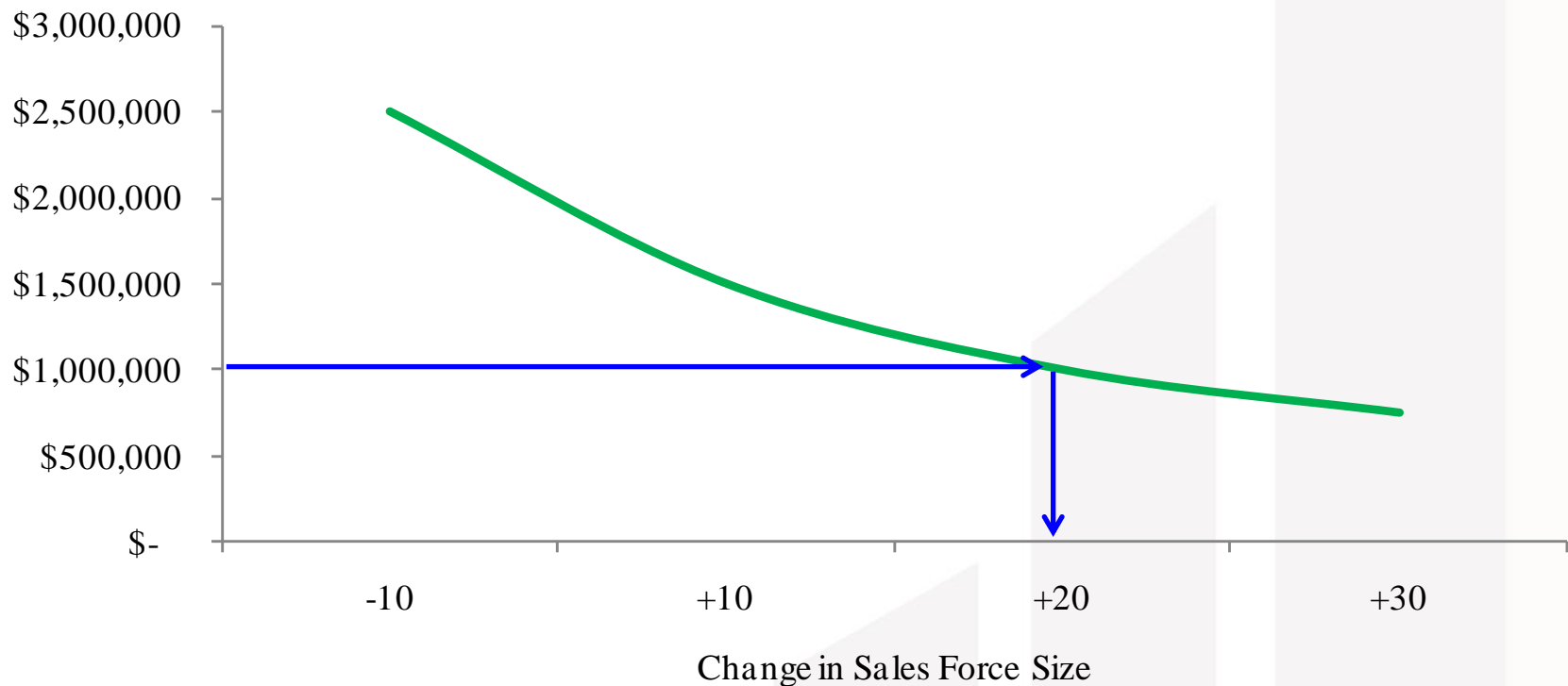
Sales Force Sizing

- Optimization of reach and frequency
 - Estimates maximum revenue
 - For a given amount of sales effort
 - ...or...
 - For a given number of salespeople
- Optimize sales force size by
 - Optimizing reach and frequency
 - For various sales force sizes
 - Finding the difference in revenue produced
 - Choosing an acceptable return on investment



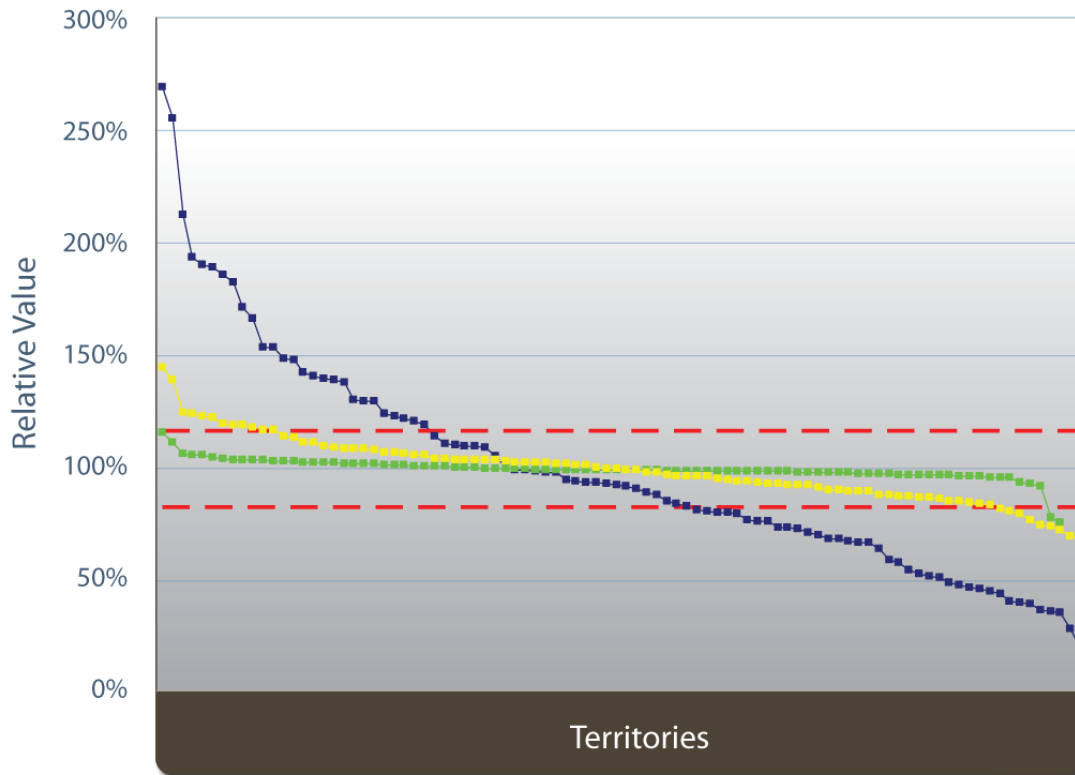
Sales Force Sizing

Incremental Revenue per Salesperson



Evaluating Size & Structure

Realignment Evolution



Balance “Work”

- Reps with too much work can't reach all accounts with optimal calls, have more potential and win awards easier.
- Reps with too little work call on accounts too often, don't work a full day, limited growth opportunity

Give Each Representative Equivalent Opportunities

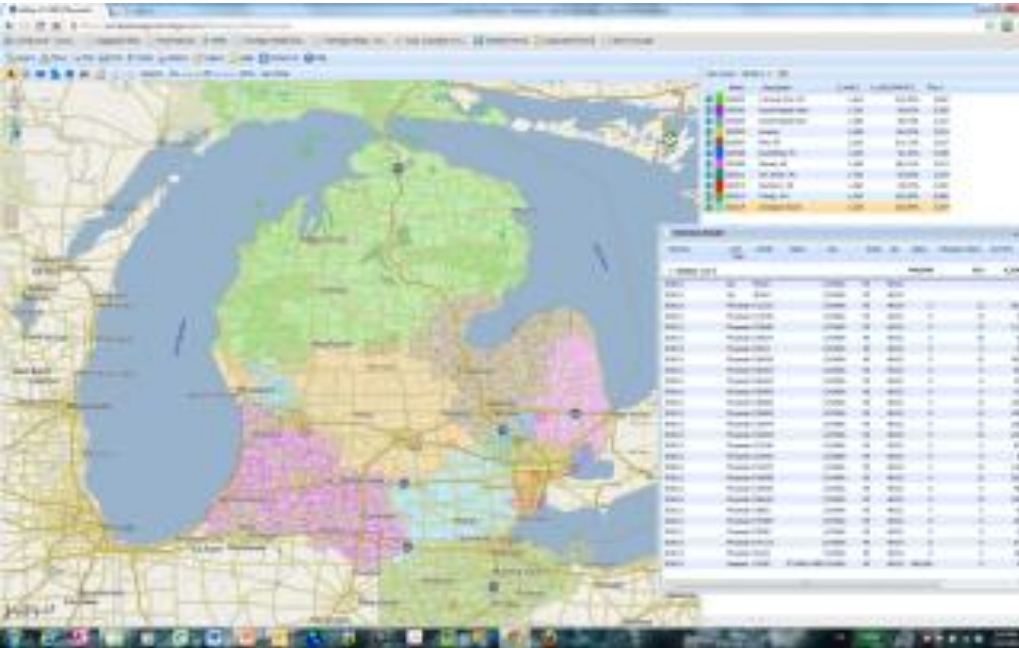
- Commission/ Award fairness
- Improved morale
- Productive account coverage

Make Territory Coverage Efficient

- Business/Account locations
- Geography and driving time



Territory Design Best Practices



- Balance territories on metrics similar to the ones used to pay sales commissions
- Build territories from the ground up
- Build territories around customers, not sales reps
- Base quotas on opportunity from each territory
- Involve field managers in the territory alignment process

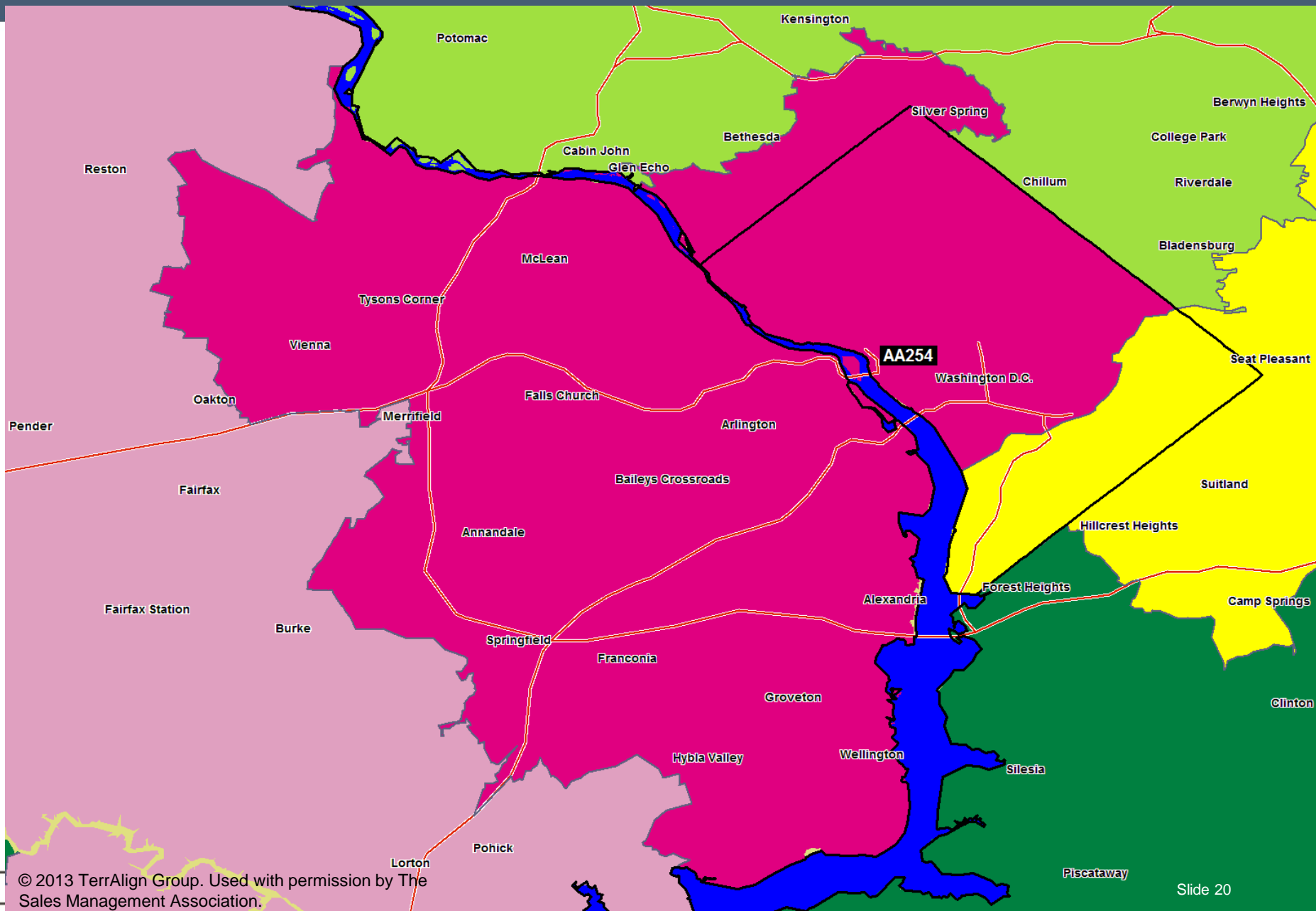


Call Planning

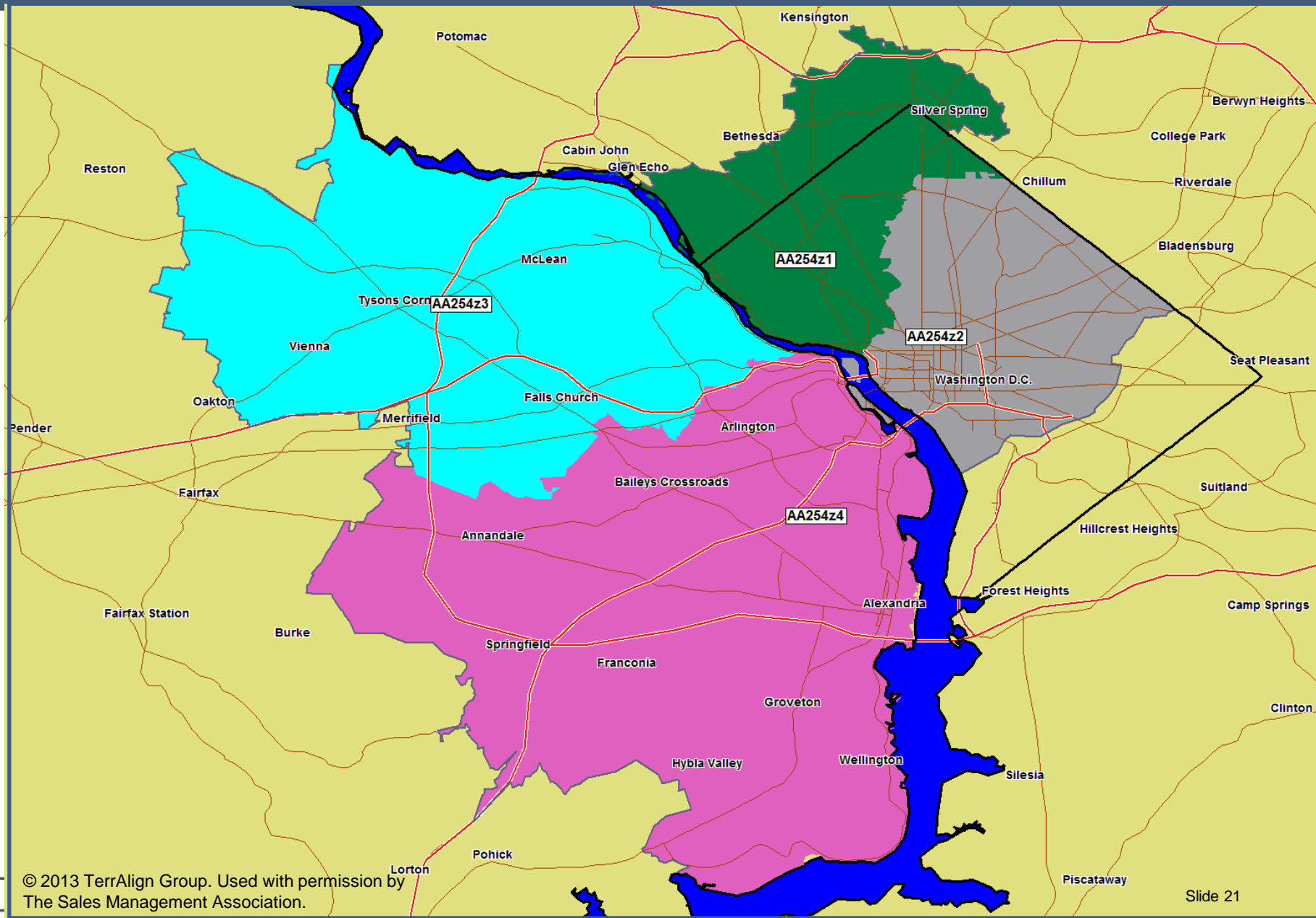
- Assign calls to weeks or days
- Meet call frequency requirements
- Schedule calls at equal intervals
- Cluster weekly and daily calls geographically
- Balance effort by week and day
- Two basic approaches
 - Zones
 - Calendars



Territory AA254



Territory AA254 (zoned)



Sample 5-Day Call Schedule

| Day 1 | | | | Day 2 | | | | Day 3 | | | |
|-------|-------------|-------|------------|-------|-------------|-------|------|-------|-------------|-------|------|
| ID | Name | Calls | Work (hrs) | ID | Name | Calls | Work | ID | Name | Calls | Work |
| 11071 | Customer 5 | 1 | 1.11 | 11040 | Customer 3 | 1 | 1.12 | 10038 | Customer 1 | 1 | 1.29 |
| 22339 | Customer 13 | 1 | 1.11 | 17607 | Customer 8 | 1 | 1.16 | 18014 | Customer 9 | 1 | 1.25 |
| 25173 | Customer 17 | 1 | 1.11 | 18202 | Customer 10 | 1 | 1.12 | 30527 | Customer 24 | 1 | 1.21 |
| 26101 | Customer 19 | 1 | 1.11 | 26084 | Customer 18 | 1 | 1.16 | 32269 | Customer 25 | 1 | 1.13 |
| 26624 | Customer 20 | 1 | 1.11 | 27565 | Customer 21 | 1 | 1.12 | 34351 | Customer 27 | 1 | 1.23 |
| 34877 | Customer 30 | 1 | 1.11 | 28450 | Customer 22 | 1 | 1.12 | 34403 | Customer 28 | 1 | 1.13 |
| 38389 | Customer 33 | 1 | 1.11 | 29791 | Customer 23 | 1 | 1.15 | 38068 | Customer 32 | 1 | 1.13 |
| 9576 | Customer 36 | 1 | 1.11 | | | | | | | | |
| | | 8 | 8.91 | | | 7 | 7.95 | | | 7 | 8.36 |
| Day 4 | | | | Day 5 | | | | | | | |
| ID | Name | Calls | Work | ID | Name | Calls | Work | | | | |
| 10895 | Customer 2 | 1 | 1.15 | 14430 | Customer 7 | 1 | 1.11 | | | | |
| 11042 | Customer 4 | 1 | 1.15 | 18343 | Customer 11 | 1 | 1.11 | | | | |
| 11441 | Customer 6 | 1 | 1.23 | 20999 | Customer 12 | 1 | 1.11 | | | | |
| 22733 | Customer 14 | 1 | 1.12 | 23758 | Customer 15 | 1 | 1.20 | | | | |
| 25166 | Customer 16 | 1 | 1.12 | 34742 | Customer 29 | 1 | 1.11 | | | | |
| 33825 | Customer 26 | 1 | 1.15 | 36942 | Customer 31 | 1 | 1.21 | | | | |
| 44468 | Customer 35 | 1 | 1.12 | 41753 | Customer 34 | 1 | 1.19 | | | | |
| | | | | | | | | | | | |
| | | 7 | 8.04 | | | 7 | 8.05 | | | | |



Topics

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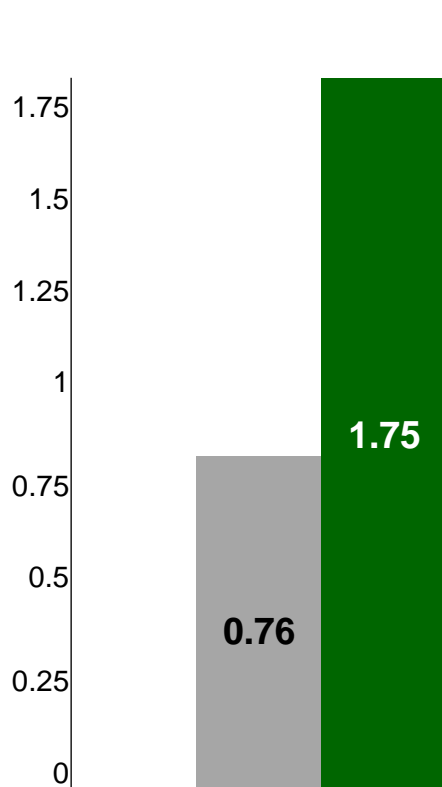


Territory Performance Optimization

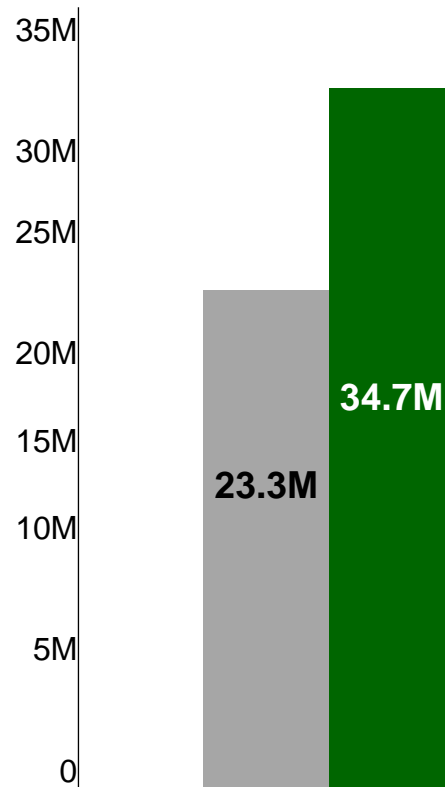
An End to End Process



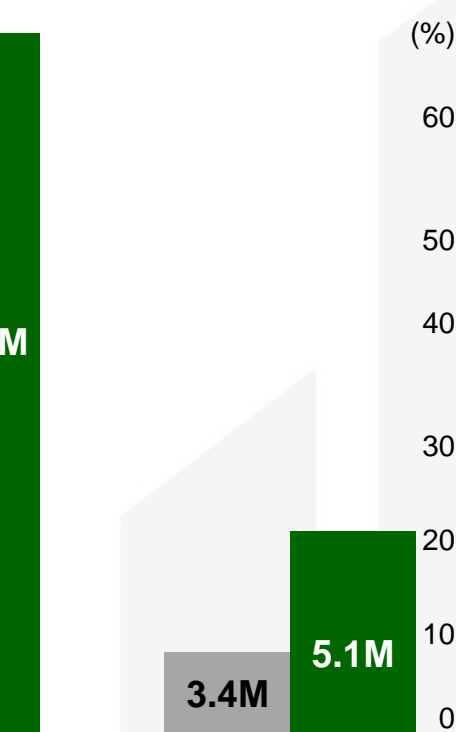
Sample Results



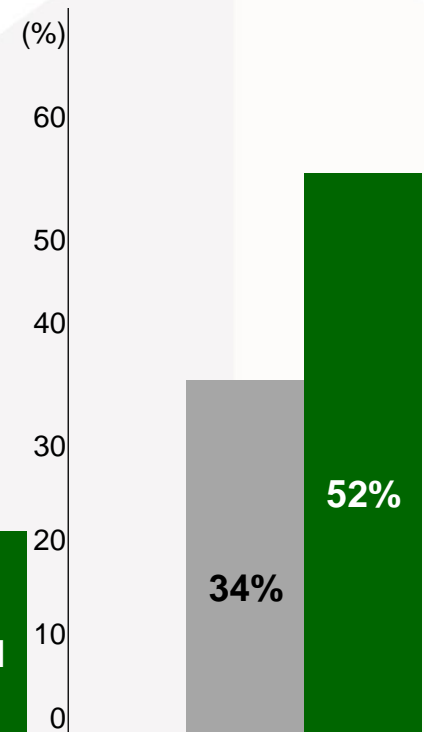
★ **Win/Loss Ratio**
131% Improvement



★ **Bookings**
49% Improvement



★ **Sales/Salesperson**
50% Improvement



★ **Market Share**
53% Improvement

Before
1.5 years later

**And Margins increased 10%
In high-value, capital equipment sales**



Value of a Good Plan



Importance of a Good Plan

- Aligns solutions to customer needs
- Provides a roadmap for long-term growth
- Increases growth rates
- Improves customer retention
- Enhances cross sell and upsell

“Sales Planning and Strategy: Optimizing Resources, Tactics, and Outcomes” Webinar
Mercer and Sales Management Association, March 2013



Self-Audit Questions

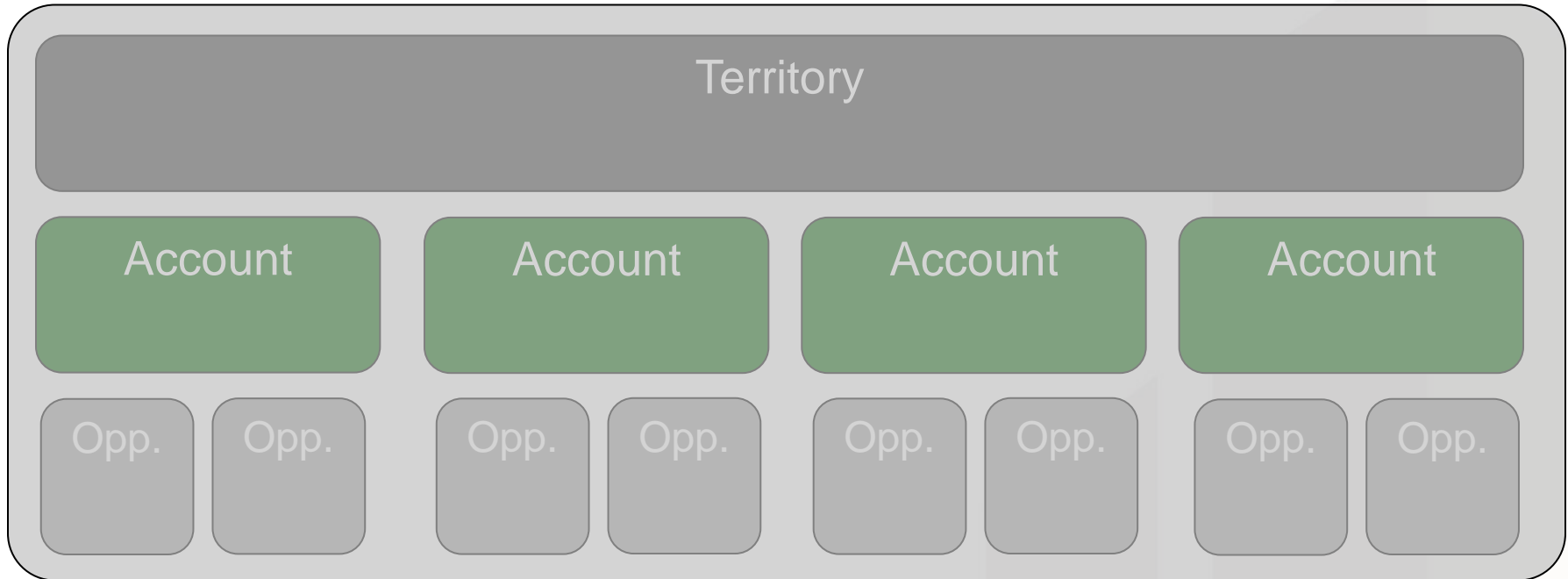
Do you:

- ✓ Have a consistent planning process?
- ✓ Have an easy-to-use planning template?
 - ✓ Is it in your CRM?
- ✓ Leverage top producer's best practices?
- ✓ Have clear criteria for your ideal target prospect?
- ✓ Have a clear set of sales milestones to drive the sales process?
- ✓ Have selling tools to support each milestone?
- ✓ Coach the sales team to improve strategy & implementation?
- ✓ Actively engage user adoption of new tools and methods?



You've got to **Plan to Win!**

Align Plan to Territory



Drive Strategy with Your Plan

A Plan helps you FOCUS!

- Goals
- Trend & SWOT Analysis
- Strategies
- Tactics supporting strategy
- Prioritize Accounts & Opportunities
- Leverage Resources
- Action Plan



You've got to **Plan to Win!**



Territory Plan Template

Strength, Weakness, Opportunity, Threat

New SWOT

| Action | Type | SWOT Description |
|--|-------------|---|
| Edit Del | Strength | Good video conferencing products, broad line of products |
| Edit Del | Weakness | Competition has certain capabilities we don't have that the market values |
| Edit Del | Opportunity | Take advantage of growth opportunity in healthcare market |
| Edit Del | Threat | Strong competition in new product area |

SWOT
Analysis

Strategies

New Strategy

| Action | Strategy | Tactic |
|--|---|---|
| Edit Del | <u>Demand Gen: Healthcare</u> | Identify Key Opinion Leaders and create targeted campaign |
| Edit Del | <u>Healthcare: Leverage current successes</u> | Develop Healthcare case studies that show impact on results |

Strategies

Open Activities

New Task

New Event

| Action | Subject | Name | Task | Due Date |
|--|--|-------------------|-------------------------------------|-------------------|
| Edit Cls | <u>Demand Gen: Healthcare: generate KOL list</u> | | <input checked="" type="checkbox"/> | 9/16/2012 |
| Edit Del | <u>Healthcare: Leverage current successes</u> | <u>Linda Hunt</u> | <input type="checkbox"/> | 9/21/2012 7:16 PM |

Activities

Target Accounts

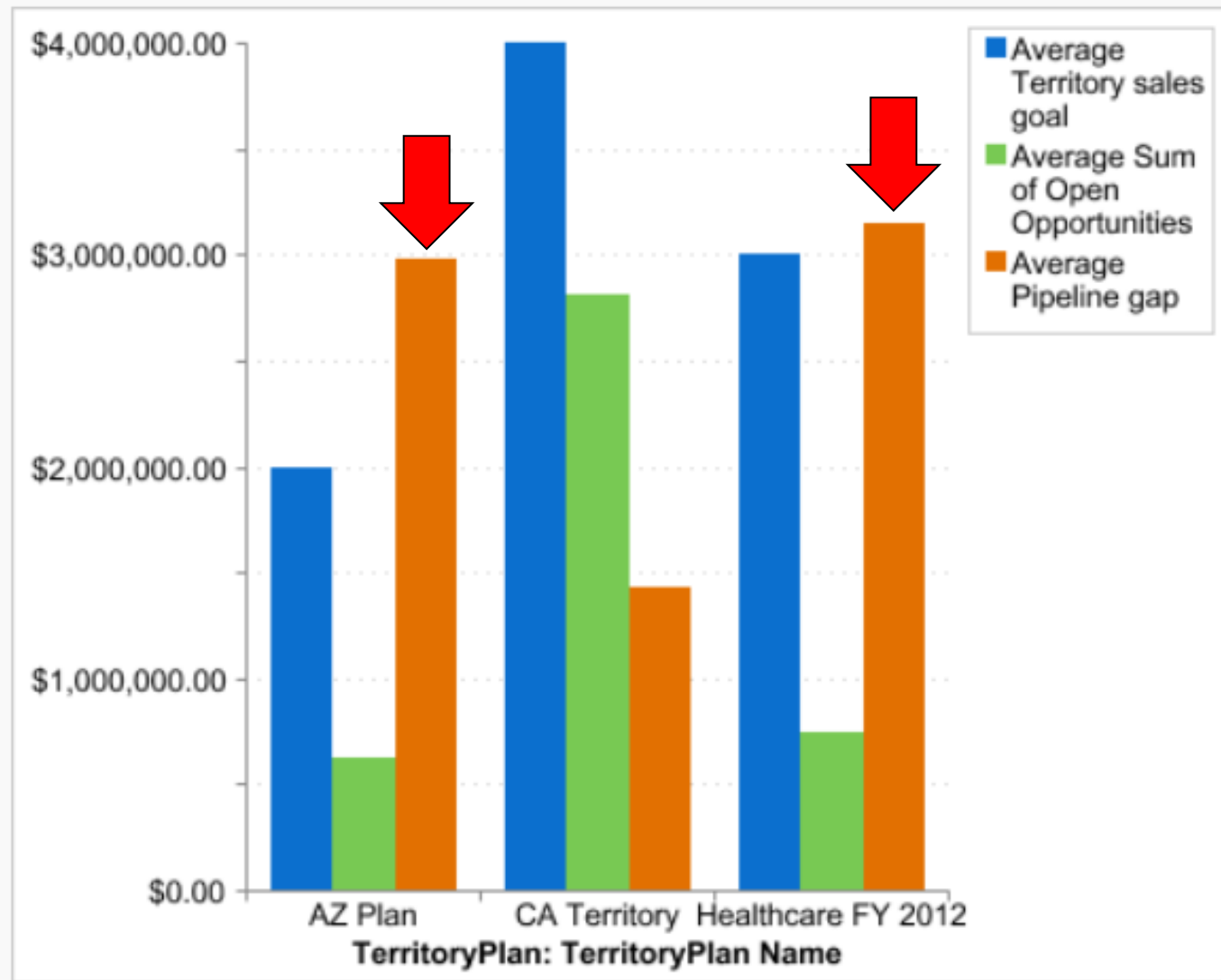
New Target Account

| Action | Account Name | Type | Account's compelling needs | Our differentiators | Our sales approach |
|--|-----------------------------------|----------|--|---|--|
| Edit Del | <u>Hawaii Med Center</u> | Customer | Need better, more cost-effective video conferencing capabilities | network; always-on reliability Cost-efficiencies, green power | Promote our strengths with the CIO and IT and build momentum |
| Edit Del | <u>St Elsewhere Health System</u> | Customer | Need an infrastructure that enables fast, agile, and efficient communications for superior passenger experiences | Eliminate outside conf service costs Improved employee collaboration | Leverage success with other healthcare providers and relationship with CIO |

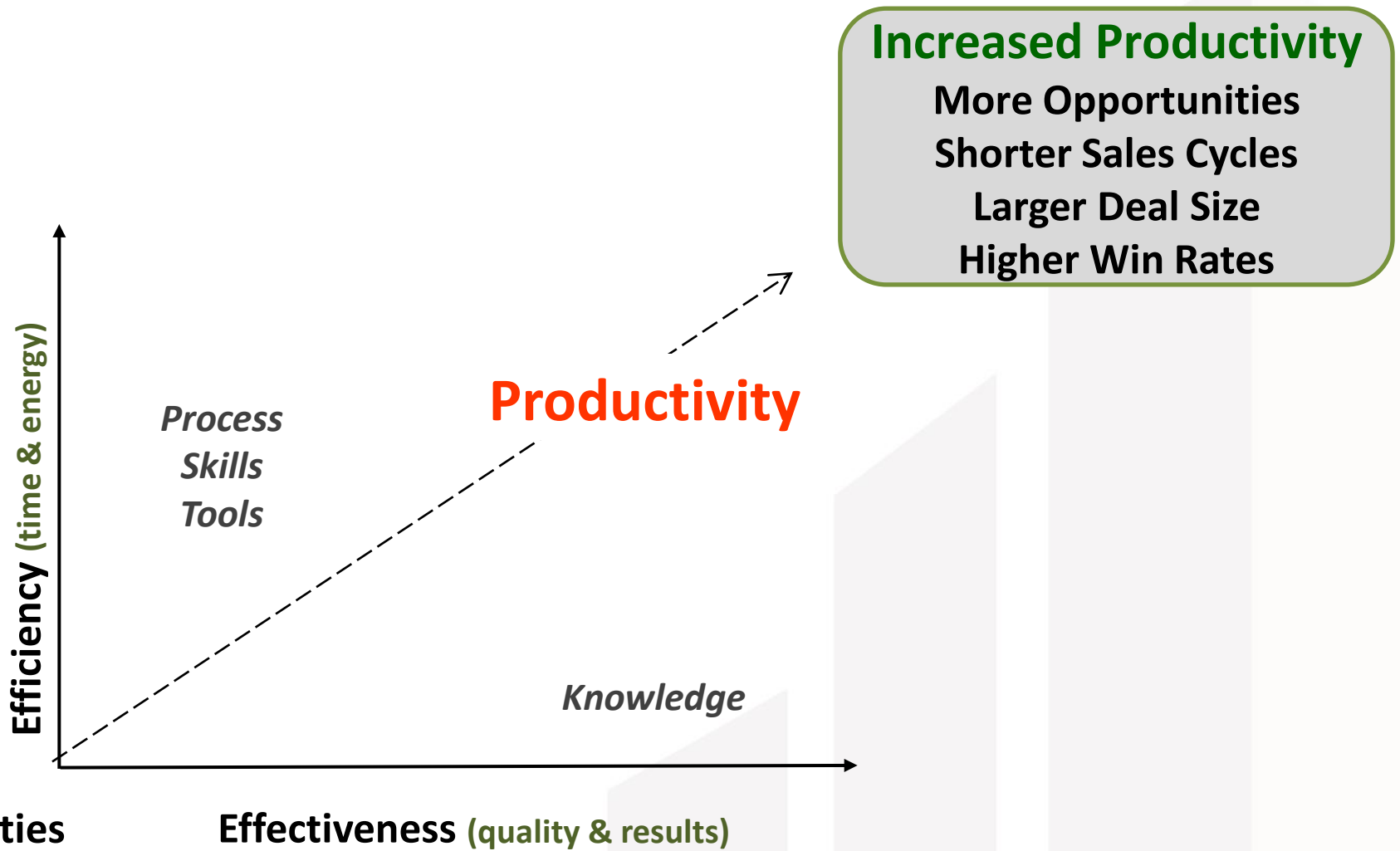
Accounts



Dashboards Provide Insight



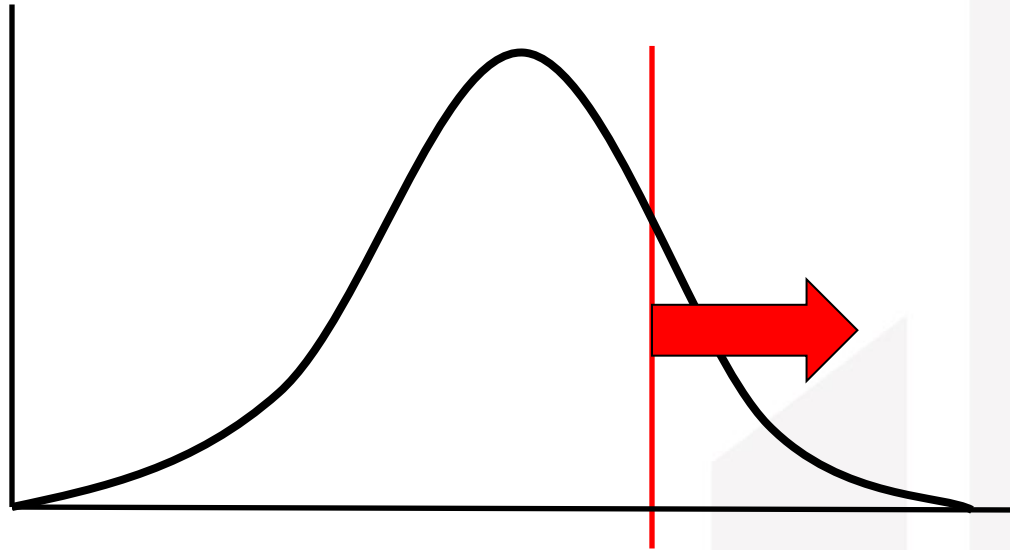
Optimizing Selling Time & Effort



Source: SiriusDecisions Research Brief: Productivity: More Than Just the Topline



Top Sales Organizations' Best Practices



The top 30% of prospects are 3 times more likely to buy than the bottom 70%

Harvard Business Review, "The New Science of Sales Force Productivity"
by Dianne Ledingham, Mark Kovac, Heidi Locke Simon



Importance of Good Targeting

"The work you did for us provided very helpful insights into the best market segments to focus on and which not to.

You helped us create an even more powerful and targeted value proposition.

This has contributed substantially to the **50% growth in revenue** we have experienced in the past year."

- VP of Sales & Marketing of a Medical Equipment Co.



Ideal Target Prospect Criteria

- ☐ Industry
- ☐ Needs
- ☐ Organizational importance
- ☐ Compelling events
- ☐ Buying Influences
- ☐ Size of opportunity
- ☐ Type of transaction



Sales Playbook Guides the Process

| <i>Process Step</i> | SALES MILESTONES | Selling Tool |
|--------------------------------|---|---|
| 1. Potential Identified | <input type="checkbox"/> Candidate identified | Lead Gen Materials |
| 2. Needs Established | <input type="checkbox"/> Prospect qualified <input type="checkbox"/> Problems, Opportunities Identified <input type="checkbox"/> Current, Desired Results Identified <input type="checkbox"/> Compelling Event, <i>Desire to Solve</i> established <input type="checkbox"/> <i>Coach, Sponsor</i> developed, Approx \$ OK | Product & Company Lit Case Studies |
| 3. Criteria Established | <input type="checkbox"/> Criteria, Capabilities identified & influenced <input type="checkbox"/> Competitive Vulnerabilities addressed <input type="checkbox"/> Economic Justification; Budget Fit | Product Comparisons ROI Analysis Tool |
| 4. Solution of Choice | <input type="checkbox"/> Show Solution Fit, ability to produce results <input type="checkbox"/> Selected Solution of Choice; Letter of Intent | Benchmark Studies Letter of Intent |
| 5. Concerns Resolved | <input type="checkbox"/> Concerns clarified and addressed <input type="checkbox"/> Commitment to buy; Memo of Understanding | References, Case Studies Memo of Understanding |
| 6. Commitment | <input type="checkbox"/> Contract signed <input type="checkbox"/> Implementation plan to produce results | Contract Implementation Plan |
| 7. Results Produced | <input type="checkbox"/> Installation complete, users trained <input type="checkbox"/> Customer is generating Desired Results | Installation Guide User Training |



Pre-Call Planning

- ☐ Objective
- ☐ Next Steps
- ☐ What to ask/ offer

Call Plan

Prospect or
Customer

--None-- ▾

Objective of
the call

Outcome /
Next Steps

What do you
want to ask
for?

Agenda sent?
(Add agenda to
Comments)

☐

What 3 things
do you want to
convey?

What 3 things
do you want to
learn?

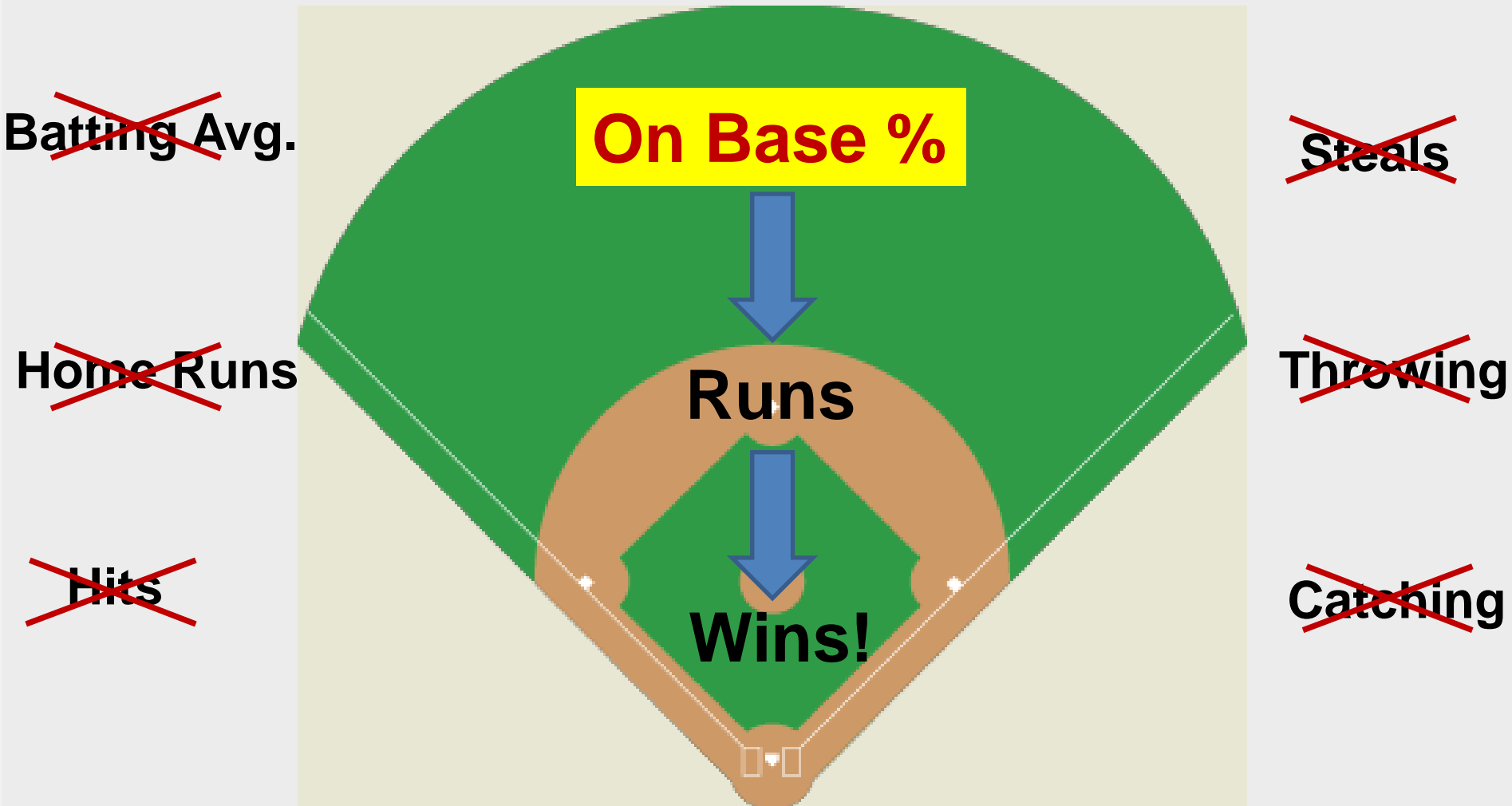
What will they
ask for?

What can you
give?

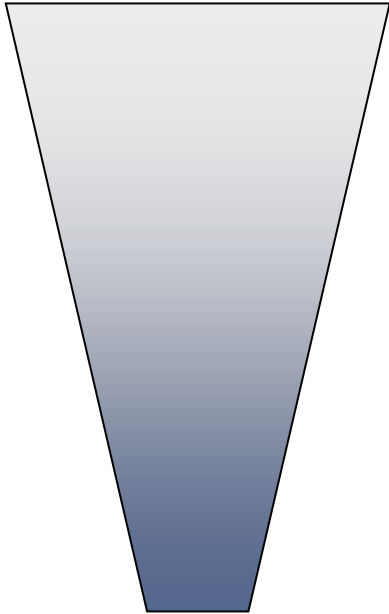


Lesson from “Money Ball”

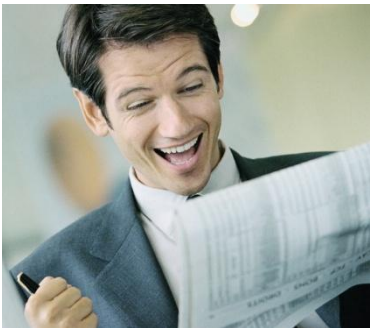
Manage to the Right Measure!



Ultimate Predictor of Sales Success



1. Gain Access
2. Physician Champion
3. Executive Sponsor
4. Department Support
5. Approval
6. Initial Procedure(s)
7. On-going Procedures



ADVANCE



Are you Measuring Progress vs. Territory Strategy?



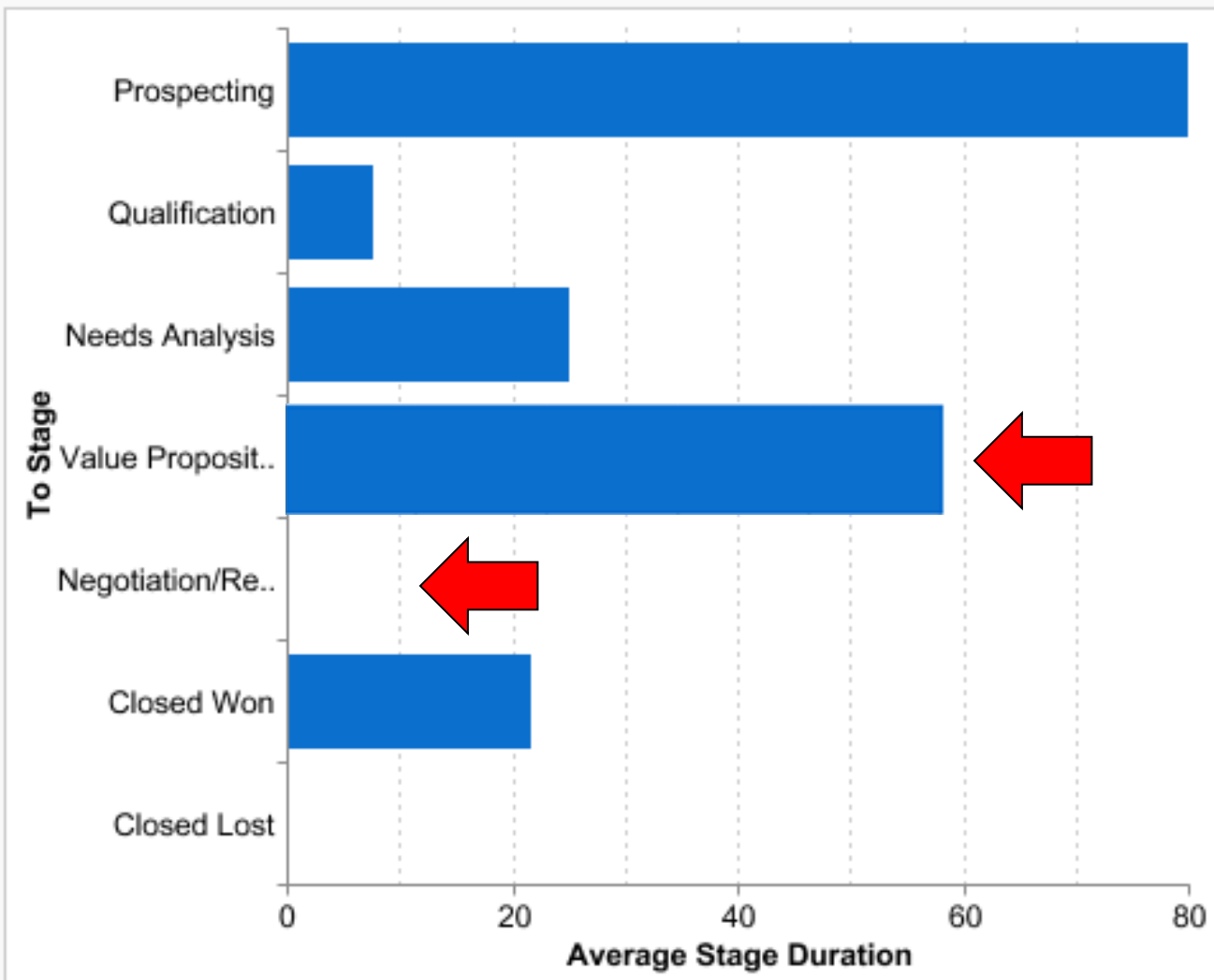
Sales Plan in your CRM

Sales Person Execution/ Management Support

- Use the Data in the system
- Actively work the Plan/Process
- Use Best Practices
- Track Progress
- Coach for Success
- Respond to Change

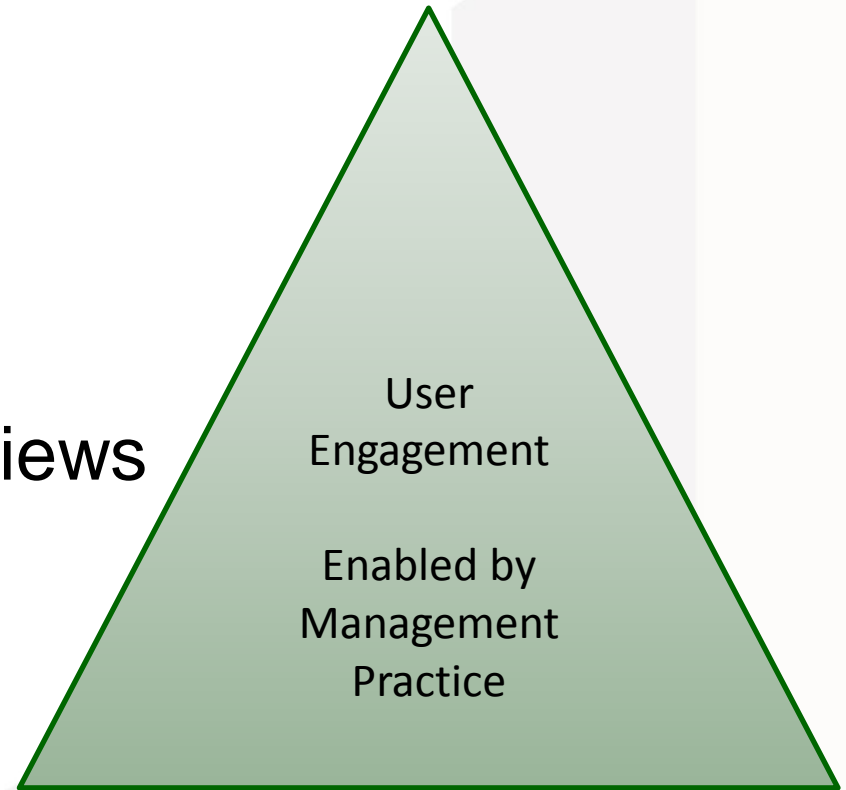


Stage Duration



Successful Adoption

- ✓ Create Urgency
- ✓ Clear Objectives
- ✓ Generate Plans
- ✓ Review Weekly
- ☐ Quarterly Business Reviews
- ☐ Share Best Practices
- ☐ Celebrate Successes



You've got to **Plan to Win!**



Effective Sales Teams WIN!

- Optimize Resources & Territories
- Territory Plan
- Sales Process
- Best Practices
- Execute



You've got to **Plan to Win!**



Questions and Discussion



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Ken and Ron answer questions from the webinar audience.



Q1: What's hardest about implementation?



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What is the single biggest implementation challenge for sales planning programs?



Q2: Which metric for new territory adds?



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What's the single best metric for deciding to add a new territory?



Q3: How to improve ROI justification



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Our salespeople struggle to provide convincing justifications of ROI during the sales process? Do you have suggestions for what might help?



Q4: Are sales managers prepared for this?



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Do you find that managers are well prepared to implement planning programs like these?



Q5: How is technology changing planning?



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Does the increasing use of telesales and web-enabled selling change how companies are thinking about territory assignments for direct salespeople?



Q6: What has changed the most in planning?



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What is the most important change you've seen in how firms conduct territory alignment or sales planning?





THE SALES MANAGEMENT ASSOCIATION

Thank You.