

7 Step Guide to Building a Profitable Sales Territory Plan

Abstract

Sales organizations are more challenged than ever with a connected world, complex offerings, and what seems like an endless world of prospects. Without a strong sales territory plan, sales teams may feel all over the place, and as a result may not be producing the best results for your customers or your organization.

If you're looking to maximize [sales productivity](#) and the value that your sales team brings to customers, it may be time to review and enhance your [sales territory plan](#). Good planning provides a framework to measure sales potential, set goals, and focus your team's sales efforts for maximum success. It provides your sales team the guidance to properly identify and understand customers and prospects, assess and measure value, and support customers in a way that leads to loyalty.

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section one

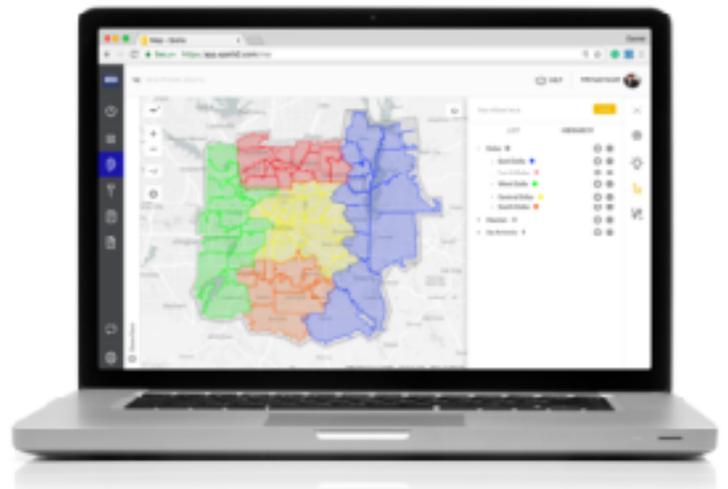
What is sales territory planning?

Territory planning is a way to clearly define customer segmentation within your sales team, establish goals, and track progress within each segment. Historically, most territories were broken down by geography. But in today's connected world, they can also be divided by industry, go-to-market strategy, sales potential, referral source, product type, etc.

With a clearly defined territory, sales teams can work strategically to address the needs of their assigned market.

A strong sales territory plan allows you to:

- Ensure your sales team's efforts are focused on the **who, what, when, where** and **why** that offer the strongest return on investment.
- Align salespeople to the regions, segments, and/or verticals best suited for their background and expertise.
- Partner intelligently across company teams to drive corporate objectives.
- Optimize customer experience by aligning accounts with sales teams that understand their unique challenges and opportunities.
- Set the stage for strong long-term customer and market relationships.



section two

Benefits of sales territory planning

If you're doubting the value of a strong sales territory plan, consider these inarguable benefits:

More time spent selling

A strong territory plan allows organizations to maximize their sales momentum by aligning the right sales teams to the right opportunities. Studies by industry analysts consistently show a decline in sales productivity due to factors such as extensive traveling, the need to learn and understand new segments, and administrative overhead.

With a clear sales territory plan based on geography and sector, salespeople can spend less time traveling and preparing for customer engagements, and more time working directly with customers.

Better customer service

By aligning your salespeople to a set of accounts that aligns to their background, expertise, and geography, they are better able to understand customer needs and build solutions that align. With consistent territories, salespeople can build long-term relationships, leading to higher customer loyalty and repeat business.



Balanced workloads

Workload is measured in time and effort required to adequately manage all accounts in a given territory. A strong territory plan compares workloads and designs territories so that each salesperson is at full capacity, maximizing their potential. To maximize rep production, you need to do some due diligence when it comes to assigning balanced territories.

When segmenting territories, some factors to consider:

- Is the workload equally divvied up between each member of the team?
- Does the territory design provide equal compensation opportunities?
- Is there a good mix of existing and new accounts per territory?
- Does the territory route allow easy travel time management?

Once you're able to answer the questions above, it's time to consider:

1 | Revenue Source

Current Customers. Where are your best customers and prospects located? Geographic and industry-based clusters are the most common focus because it's easier to get new customers in an area with existing customers. Historical sales data will become your new best friend as it's the best predictor of future success. A [sales tracking software](#) will give you a complete history of this data.

Inbound Leads. When inbound leads convert, focus on the demographics such as geography, industry and size. Then, build a strategy to divide them as evenly as possible across your sales force. The focus needs to be on revenue generated from inbound leads as opposed to volume of leads.

Outbound Prospecting. Sales territory design for outbound efforts begins by first laying out territories to work, then overlaying them with prospecting territories according to how you're allocating salespeople.

For example, you assign two sales reps to each state (two territories) and one canvasser (one prospecting territory).

2 | Rank Your Team

Create a scorecard and evaluate reps to identify who your top, middle, and low level performers are.

- How much is their quota?
- Do they consistently achieve this number?
- How many current customers and prospects are in their funnel?
- How many viable prospects are located within their territory?

3 | Rank Your Territories

Most Profitable (Least Risky). Evaluate which of your territories are most successful and double down on what's already working.

Most Growth. If you're more focused on the long-term instead of the short-term, focus on territories that haven't been worked yet. It's likely to take longer to become profitable, but will generate greater growth over time.

Learning / New Markets. To establish yourself in a new market segment or determine if it's viable to send a canvasser into this territory to accomplish a specific task. This will help determine exactly what's needed to succeed in that market.

4 | Track and Measure Metrics

Sales metrics are invaluable in understanding the success of every sales team within the company, and entire sales department as a whole. They help you to spot trends and determine efficiencies, and inefficiencies, within the company.

With [sales enablement platforms](#) like SPOTIO, you can easily pull results for:

- Team performance in relation to your sales funnel
- Data from custom statuses and fields based on KPIs
- Graphs representing team performance, best time and day to knock, etc.
- The number of attempts it takes to establish contacts, get leads and make sales

Implement a Territory Management Plan



This data gives you the information you need in order to assign balanced workloads across your sales team.

Actionable Data and Insight

With the help of territory management technology, sales territory data helps you accurately evaluate sales performance. This information helps you [design effective sales compensation plans](#) and ensure your sales teams are performing at their maximum potential.

Clarify ownership in complex organizations

In organizations with large and complex sales teams, roles and responsibilities are often tangled. With effective sales territory planning, territories are made clear from the get-go, ensuring that

salespeople are clear about their target audience and not creating confusion for the team or the customer.

Resilience to change and turnover

Organizational changes such as personnel loss, mergers, acquisitions, alliances, and relocations inevitably effect customers and internal teams. With a strong territory management plan, change is easier to manage. A well-documented plan allows new team members to ramp up quickly and avoid confusion regarding roles and responsibilities.

Team cohesion and morale

Strong territory planning optimizes the role of the team. By assigning complimentary teams to each territory, you create an environment which allows people to benefit from each other's strengths, share workloads, and also avoid conflicts that arise from unclear territories and boundaries.

7 Step plan to write a successful sales territory business plan

The next logical question is, where do you start? In this section, we'll provide an overview of each planning step, along with key questions and suggestions. Depending on your offering, industry, company size, or various other factors, you may use some or all these steps when building your territory plan.

section three

#1 | Analyze your business goals and objectives

Checklist of Common Business Goals

Improve customer satisfaction

Brand awareness

Discover new markets to target

Shorten the time it take to go to market

Make sure employees are happy

Cut-down on operational costs

Network more

Increase or add service offerings

The first step to drafting a solid sales territory plan is bringing clarity to your company's landscape, defining organizational goals, and evaluating industry trends. This is a basic step to ground you and your team on what you're trying to accomplish with your sales territory plan. As you go through the subsequent process, you should continually refer back to this data so you can maintain a pulse on whether your plan accomplishes what you've set out to do.

To get the juices flowing, start by answering these key questions:

1. What is your organization's most current vision, mission, and north star objective?
2. What are the key trends in your industry or market?
3. What pain do your offerings solve for customers?
4. What are your sales goals, in numbers?
5. What is your conversion rate? Based on this how many prospects should you have in your funnel at any given time to ensure that you're meeting your sales goals?
6. Are there specific products/services that you are selling more than others? Why?

section four

#2 | Analyze your prospects and customers

The next step is looking deep into your customer base. In addition to understanding their businesses, challenges, and unique traits, it's important to identify what makes them unique and what sets them apart from each other.

Key questions to ask yourself include:

1. Who are your most profitable and lucrative prospects and customers defined by industry, region, product, etc.?
2. What do these customers have in common?
3. Which of your prospects or customers offers the most profound growth opportunities for your company?
4. What are your customers buying today and what does this tell you about their challenges and opportunities?
5. Are their industries you serve with success? Are their industries that you've had less success with?
6. When customers and prospects object, what is the biggest reason why?

section five

#3 | Determine your Total Addressable Market

Your [Total Addressable Market](#) (TAM) is the entire body of prospects and customers that fit your ideal customer profile. Traditionally, organizations use data including industry, location, size, and revenue to begin mapping their TAM. While this is still important, technology and tooling makes it easier than ever to identify prospects within your TAM that may not be so obvious. Using traditional and modern sources, even tools like social media, look for company and industry look-a-likes that may be a suitable candidate for your offering.

Once an ideal customer profile is solidified, the next step is to figure out how large the market opportunity is that fits the description. You may use a matrix to include a range of large and small markets which present large or small opportunities.

While estimating the size of your market used to be a struggle of guesswork and complicated calculations, there are now tools available to businesses to automate the TAM discovery process.

section six

#4 | Perform a SWOT Analysis

A simple way to evaluate your position in the market is to perform a SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis. Since we all have blind spots, a SWOT analysis is best performed with the help of a broader team, including other company leadership, as well as members of your sales management and sales rep teams.

- What Strengths will you build upon?
- Which Weaknesses do you need to mitigate?
- Which Opportunities in your marketplace are you suited to take advantage of?
- What Threats in your selling environment will you defend against?



In doing this analysis, you will start to see patterns that indicate areas of your business that require more or less attention for various reasons. For example, a strength that's also a large opportunity may need a dedicated territory. On the other hand, an area that aligns to a serious competitive threat may require special attention to protect your company's place in the industry.

The SWOT characteristics you identify will not always be related to revenue or geography. They may be related to more obscure things like training needs of your sales team, gaps in systems and tools, or even gaps in your products themselves.

Doing this analysis will help you be aware of other ways to think about your business and territories.

section seven

#5 | Determine and Document Sales Territories

Based on the work you perform in the sections above, you should have an idea of how to divide your sales territories. It's important to document these clearly, outlining details of each territory including things like:

1. Geographic Boundaries
2. Industry or Segment Boundaries (including any overlap and how that is addressed).
3. Revenue Boundaries
4. Product Boundaries
5. Anything else that may be applicable to your sales organization.

section eight

#6 | Devise an Action Plan

Similar to the SWOT analysis, devising an action plan is a group exercise that should include various stakeholders in the company, specifically, the leaders of each of your identified territories. Just as well, the action plan should be built to be nimble.

In a world where market opportunities change every day, the sales territory plan should be built to follow, ensuring that your action plan keeps up with changing opportunities and threats.

Gone are the days of an annual territory and action planning session. It's important that change management is built into the framework to ensure your teams are not caught off guard with changes.

Within each category, you should answer the following questions:

- What is the territory's quota?
- What is the territory's quota stretch goal?
- What is the territory's closed business YTD?
- What is the territory's gap?
- How much pipeline do I have today?
- What is the territory's pipeline gap?
- What are my goals for the year?

In addition to the overall territory, you will need to spend time looking at top accounts and where they fit in your territory plan. List top accounts and explain why they are chosen (relationships, industry fit, target profile). For each, in one sentence, be clear and focused on the outreach strategy.

Next, create an opportunity map and make sure opportunity plans are thorough. What's the compelling event? Why now? What's the strategy to engage with a champion buyer? What's the mutual success plan?

Finally, close out with strategies to build your sales funnel.

In addition to being responsive to external factors, action plans should be reviewed on a quarterly basis to ensure your plan isn't going stale unintentionally.

section nine

#7 | Track Performance and Stay Adaptable

Once you've devised and implemented your territory plan, it's important to regularly measure success in each territory and adapt as needed. Metric reviews should happen on a regular, defined cadence such as monthly or quarterly, and should be automated using sales performance tools to avoid making this a manual, costly, and easily avoided overhead. Measures you put in place will vary based on your unique company situation, but some important measures include:

Gross Sales

The most obvious measurement of sales success, gross sales is the sum of all sales that a territory carries out during a defined time frame. This is a useful metric because it shows the ability of sales professionals to make sales, regardless of what the profit margin is on those sales.

Gross Profit

This is the difference between the selling price for a product and the price the business paid to develop the solution. This measurement is important for businesses that want to encourage their sales forces to focus on high profit margins rather than just sales.

$$\text{PROFIT} = \text{REVENUE} - \text{COST}$$

↑ TO INCREASE THIS... ↑ ... INCREASE THIS... ↑ ...OR DECREASE THIS

Total Unit Sales

The aggregated number of product units sold within a particular territory, regardless of price, profit or commission. This method of measurement is useful when a company mainly sells a single type of product.

Conversion rate

Conversion rate is the percentage of leads or appointments that result in a sale of some kind. Sales forces with a high sales turnover number are operating at a high level of performance.

Total Commissions

This is the amount of money the sales representatives for the territory in question take home as personal income. Although this measurement does not directly correlate to the competitiveness or degree of success of the business itself, it is effective to use as a means of motivating members of the sales force to achieve higher numbers.

Return Customers

A sign of true development and sustainable growth in a sales territory is the tendency of buyers in that territory to come back and buy again. For this reason, one important measurement to make is the amount of revenue or profit coming from clients who have bought before. This amount may be expressed as a gross number or as a percentage of gross sales, gross profits or commissions.

With each review, it's pertinent to ask your leadership whether the data being measured indicates the need for an adjustment to your territory plans. If you're proactively monitoring and adjusting, you will maintain a plan that keeps you relevant with your customers and industry.

section ten

5 Sales Territory Management Best Practices to Follow



Managing a sales territory is a skill that needs constant development. Moreover, you should adjust and adapt to changes in your area. With summer underway, you have half a year left to grow your business. Propeller suggests four sales territory management best practices for you to implement this week.

1. Using a call rotation schedule to keep in touch with accounts.

During the strategy phase, you and your team determined how often to call on each account based on their needs. Also, note whether it's a phone call or an in-person meeting. Put these in a CRM or a calendar to keep your schedule on track.

2. Note the seasonal account trends.

Another essential part of managing sales territories you addressed when building strategy was to determine which accounts were the seasonal business. It's an excellent idea to check in before the season arrives and reconnect, so you are in touch when the account is ready to buy.

3. Keep the focus on the long-term, account-based goals.

New business is fantastic; however, it should not distract from the goals set for the targeted account-based marketing goals you set. Teaching the team to balance new business development with account management is a vital skill for any salesperson.

4. Explore new ways to divide the leads.

Many sales territory plans are set up by geography, and the leads from that area go to that sales territory rep. However, not every sales territory plan needs to be geographical; the location of the lead is not always the best way to go. In cases where your sales reps do not have in-person meetings, you can try dividing new leads based on account type (i.e., verticals) or the referral source. Some people divide leads based on the product in which the lead is interested or by the size of the account.

5. Look for cross-selling opportunities.

Analyze the products that an account buys and look for natural partner-products or services, i.e., the “Would you like fries with that?” strategy. Many times, customers might not realize that you offer the full suite of products and services and can make their lives easier by ordering from one supplier.

section eleven

Essential Tools to Plan Your Sales Territories

Like any job, when you're planning sales territories, you need to have the right tools. The right tools will help you plan, build, and execute a sales territory plan. There are a multitude of options available.

Here are three essentials you need to set yourself up for success, improve productivity and close the best deals:

CRM.

Customer Relationship Management (CRM) is a how your company keeps track of its customer information and history. Many CRM applications also offer data analysis to help companies with customer retention and account growth. CRM's compile data from several sources, including live chat, social media, and email correspondence. CRM's are a powerful tool for successful sales territory planning.

Spreadsheet.

Spreadsheets are data organizers in a tab form that takes data entered in cells and leverages that into different calculations and values, including simple math as well as complex financial and statistical figures. When you have data from various sources, such as a CRM and online sources as an example, you can assemble all the data available in a spreadsheet for quick access and comprehensive analysis.

GPS.

Geo Productivity Software (GPS) are software applications that combine standard geolocation and route optimization functions with CRM data to help salespeople address their most relevant and profitable account first. Moreover, the features help salespeople optimize their selling time with customers instead of traveling to and from customers. Some of the more sophisticated systems incorporate traffic and weather in the optimization of the scheduling.

section twelve

5 Ways to Validate a Sales Territory Business Plan

Measuring progress toward your goal is a crucial part of managing sales. By looking at specific parts of your process, you can determine what is working on your behalf and, perhaps more importantly, what is not.

Here are five questions you should ask to [validate a sales territory business plan](#) courtesy of Steve Andersen, President and founder of Performance Methods Incorporated (PMI):

1. Is your growth of strategic customer relationships on target? It's critical that the customers you focus on provide new sales opportunities and growth, so ensure you picked the correct ones.

2. Are you adding to and advancing the opportunities in your pipeline? Systems build excellent account management, and every salesperson should have a system for developing and moving accounts through their pipeline.

3. What's your close rate on targeted opportunities? Close rates are the number of sales you get divided by the presentations you made.

For example, if you close three deals for every eight presentations, your closing rate (or closing ratio) is 38%. The higher your close rate on targeted opportunities, then the more valid your sales territory business plan is.

4. How accurate is the sales forecast? The ability to correctly predict the sales your territory will produce is a vital skill for managing a sales territory.

5. Do you have the right resources deployed to help your team? Managing resources is significant in the overall strategy of a sales team. The right resources along with the right motivating activity can be the key to success in a sales territory business plan. Ensure you have both deployed appropriately.

Sales territories tell salespeople where they can do business. Proper sales territory planning by you and your team can help them take care of business. Work with your team in a collaborative way to help each rep target the right accounts to give them the best results. Do this right and you have built a foundation for success that benefits salespeople, the company's revenue goals, and your bottom-line.

And who doesn't want that?