



SALES  
MANAGEMENT  
ASSOCIATION

# SALES TERRITORY DESIGN

Presented by :

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Animal Health

# OUR PRESENTERS



**ADAM ECHTER**

**Senior Director**

Simon-Kucher & Partners



**BOB KELLY**

**Chairman**

Sales Management  
Association



**KEN KRAMER**

**President**

TerrAlign



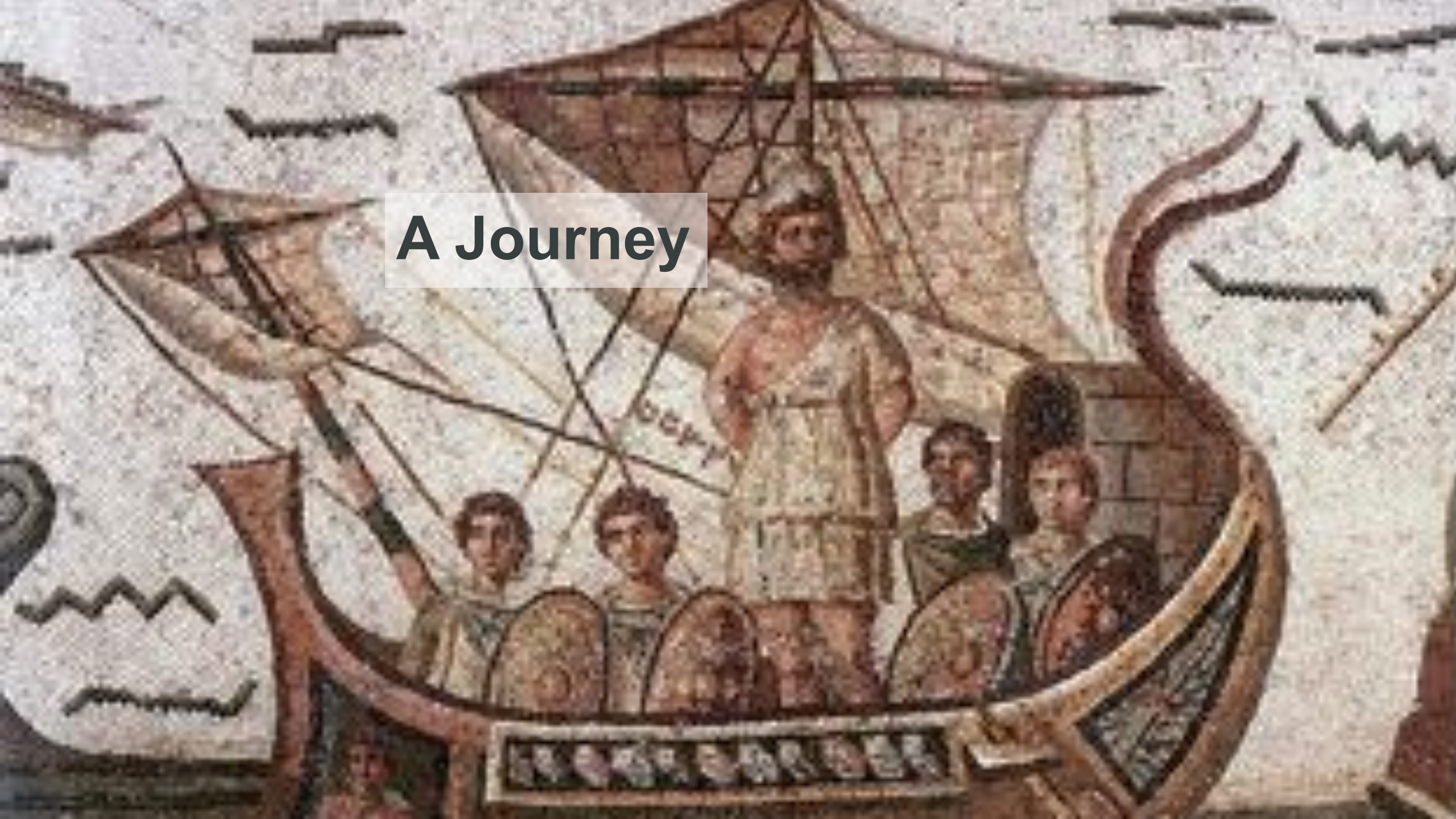
**ANDY WILLIAMS**

**Director, Head of Training  
& Sales Excellence**

Boehringer Ingelheim  
Animal Health



# A Journey



# **Territory Management: The Basics**





# *Territory management:*

*What is it?*  
*What activities  
are included?*

# Territory Management

A systematic structuring of sales organization assignments for the purpose of optimizing one or more deployment objectives.





# Key Management Activities

- Clarifying objectives - what to optimize
- Defining organizing principles for sales assignments
- Calibrating measures
- Setting assignments
- Administering changes



# Salesperson Assignment Criteria

SALESPERSON ASSIGNMENT CRITERIA  
PERCENTAGE OF FIRMS



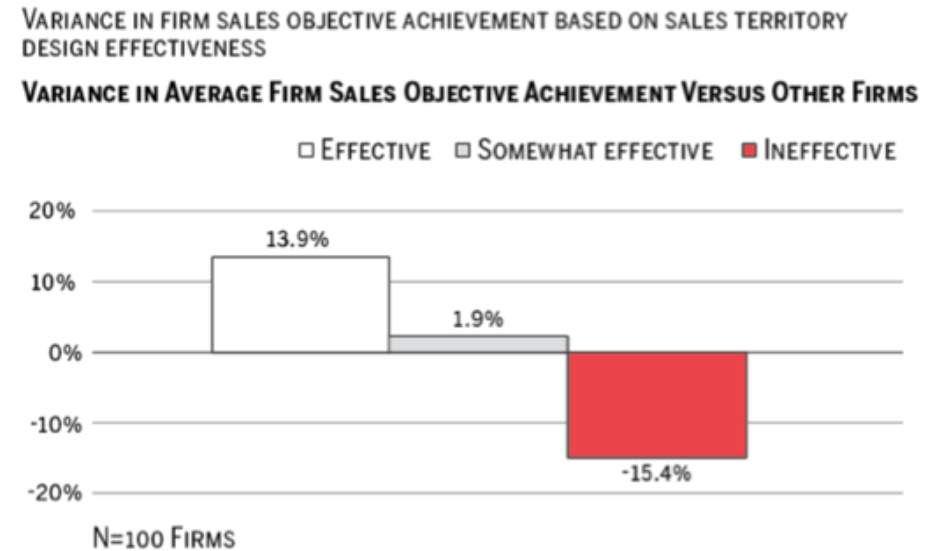


# The Benefits of Optimized Territories



# Territory Management: Benefits

- Substantial performance advantages accrue to organizations that optimize territories.
- These firms' sales objective achievement is 14% higher than other firms.'
- Similarly, organizations ineffective in territory design underperform by a 15% negative variance in sales objective achievement.



Source: Sales Management Association research [Optimizing Sales Territory Design](#), May 2018. This analysis compares the average rates of sales objective achievement in 100 firms, separating them into three categories, based on their sales territory design effectiveness. “Effective” firms are those with a sales territory design effectiveness rating of 5, 6, or 7 on a seven-point scale, where 1 is not at all effective, 4 is somewhat effective, and 7 is extremely effective. “Ineffective” firms are those with a rating of 1, 2, or 3. Firms rated “somewhat effective” outperform others by 2%.





*What are the  
benefits of  
optimized  
territories?*

# Defining Terms





# *Workload*

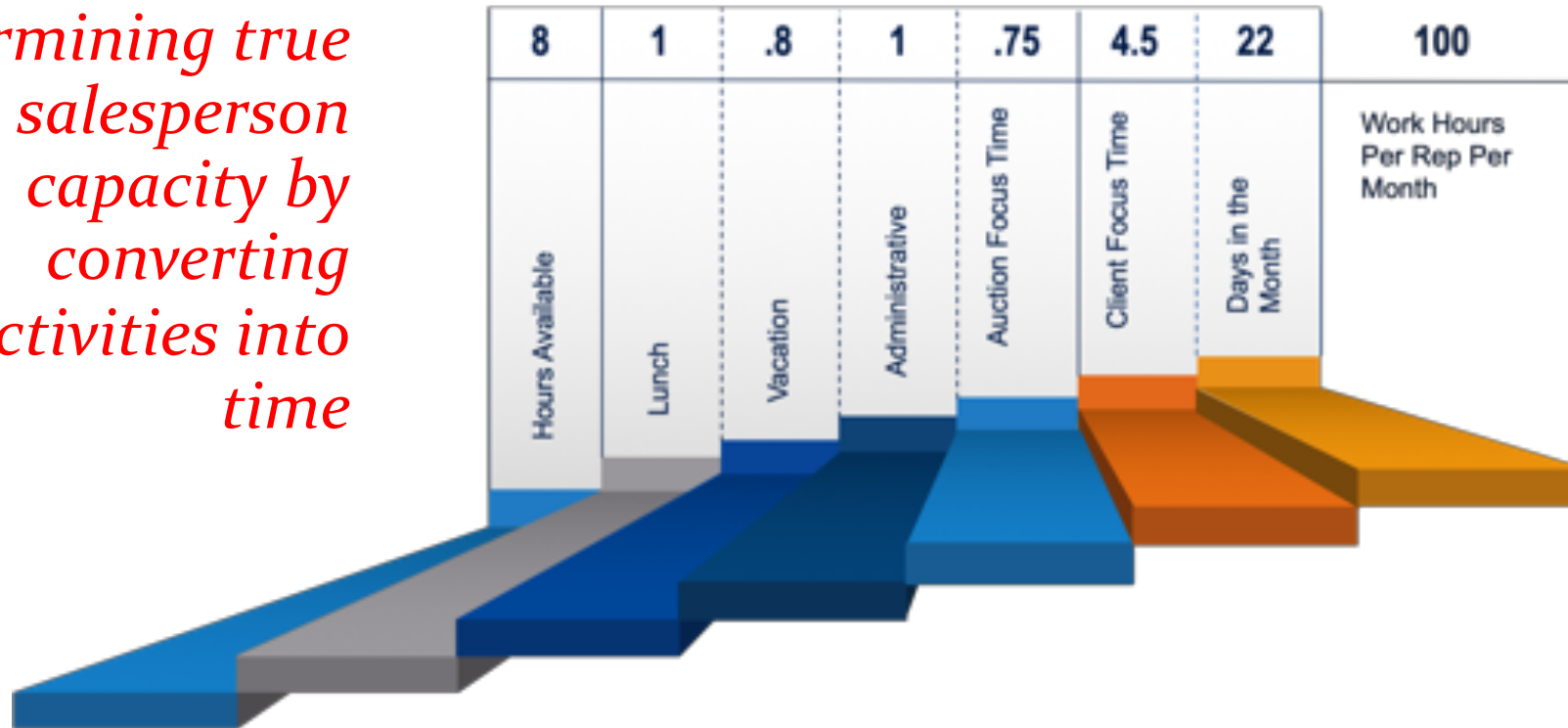


# *Capacity*



# Calculating Capacity: Example from Cox Automotive

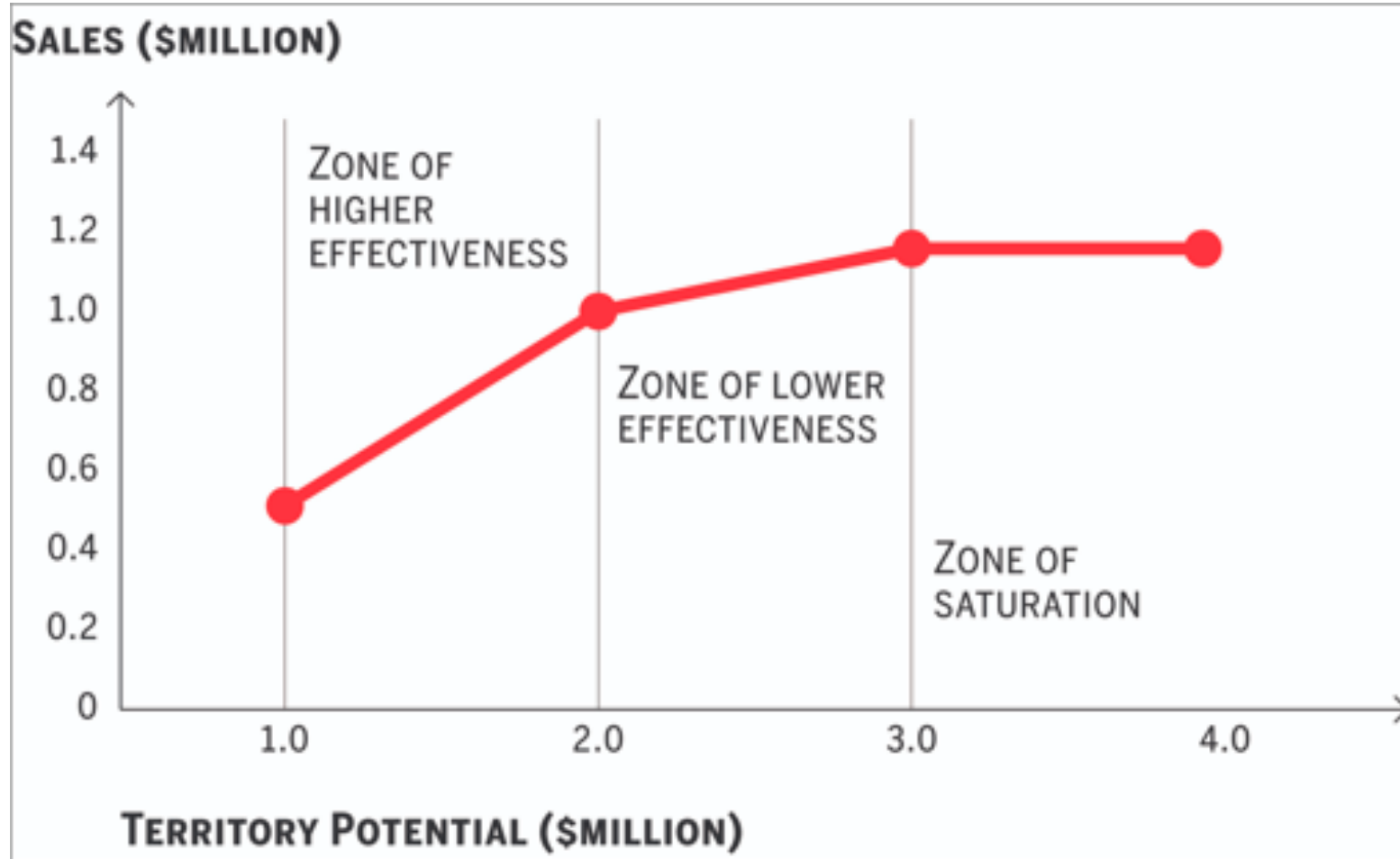
*Determining true salesperson capacity by converting activities into time*





# *Potential*

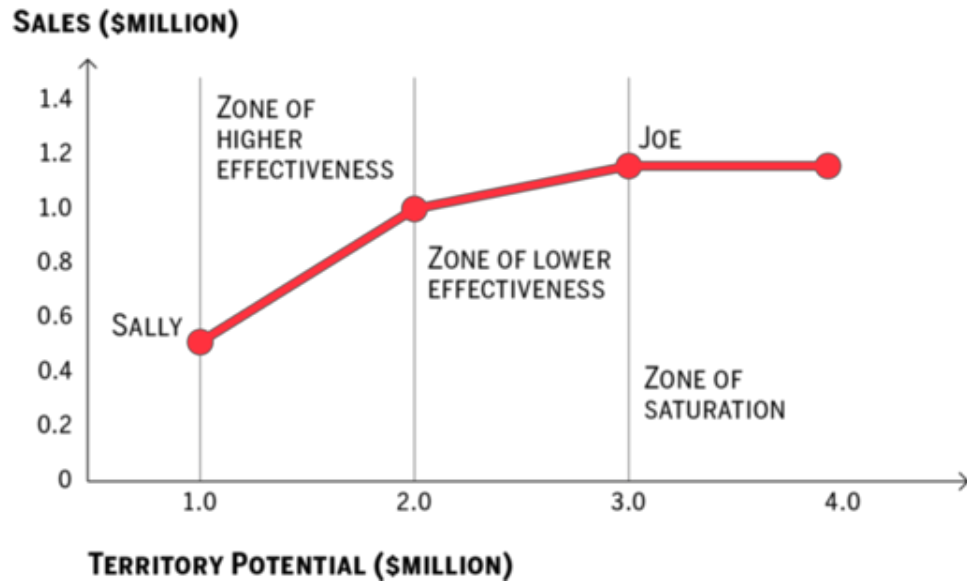
# Relationship Between Potential and Sales



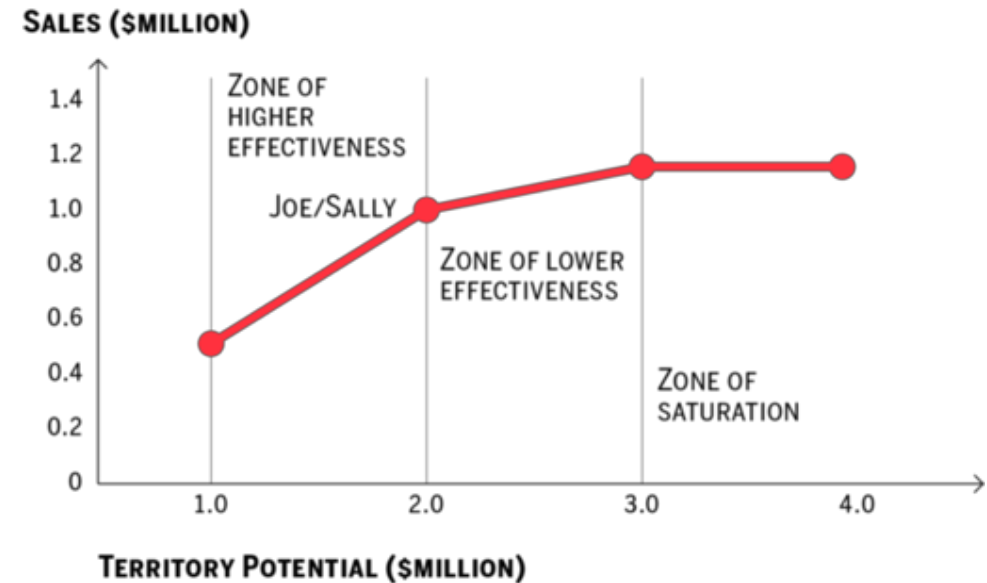
*Sales Force Management: An Analytical Approach*; 2018 Kissan Joseph, McGraw Hill Education



# Relationship Between Potential and Sales



	TERRITORY POTENTIAL (US\$ MILLION)	SALES (US\$ MILLION)	EFFECTIVENESS
JOE	\$3.0	\$1.15	38.33%
SALLY	\$1.0	\$0.50	50%
TOTAL	\$4.0	\$1.65	44.17%



	TERRITORY POTENTIAL (US\$ MILLION)	SALES (US\$ MILLION)	EFFECTIVENESS	GAIN/LOSS
JOE	\$2.0	\$1.00	50%	-\$0.15
SALLY	\$2.0	\$1.00	50%	\$0.50
TOTAL	\$4.0	\$1.65	50%	\$0.35

*Sales Force Management: An Analytical Approach; 2018 Kissan Joseph, McGraw Hill Education*





*Where does TM  
fit in the  
context of  
broad SPM  
activities?*

# **Establishing Territory Management Objectives**

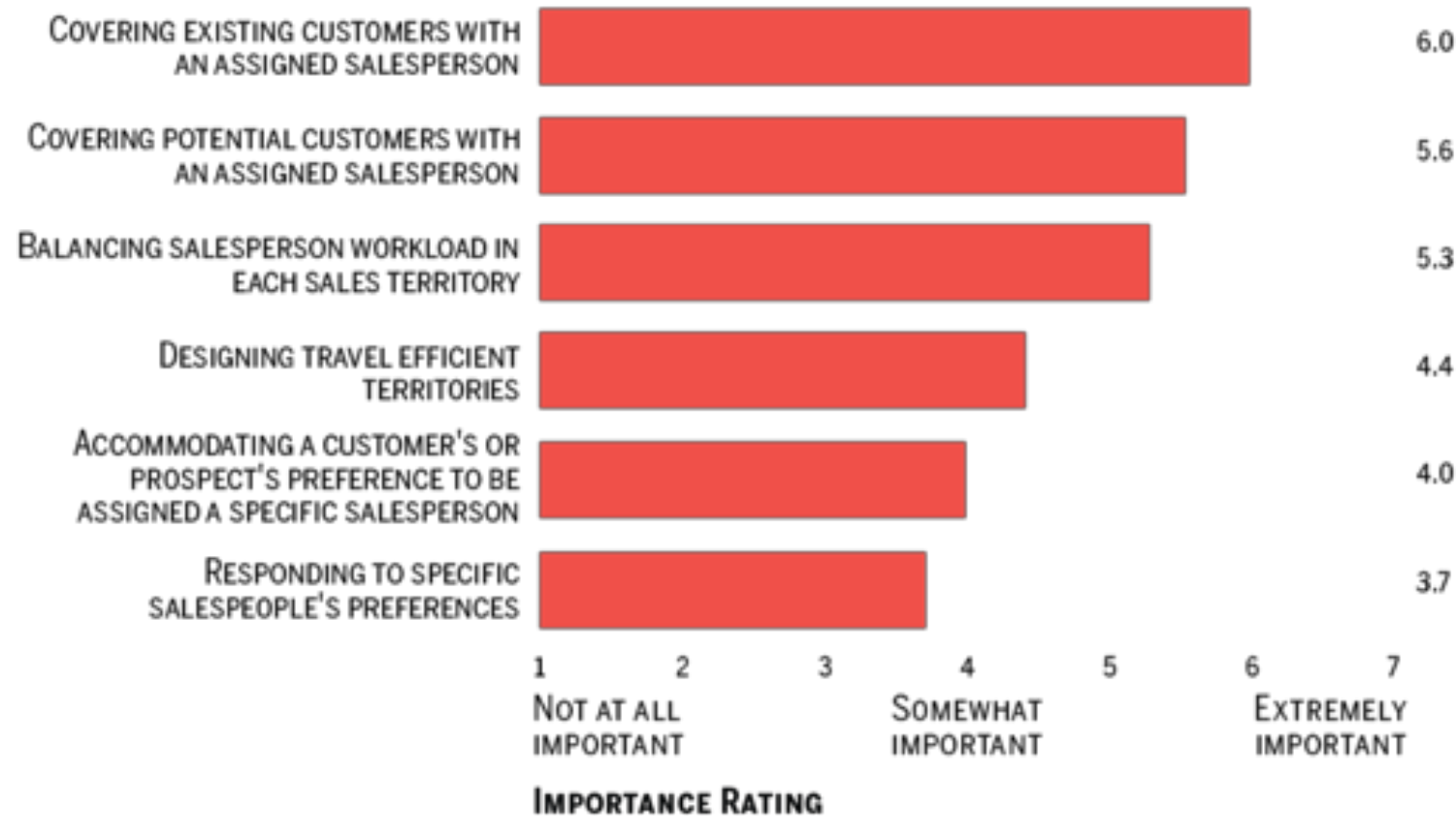




# What's Important?

## SALES TERRITORY DESIGN OBJECTIVES' RATED IMPORTANCE

### PERCENTAGE OF FIRMS



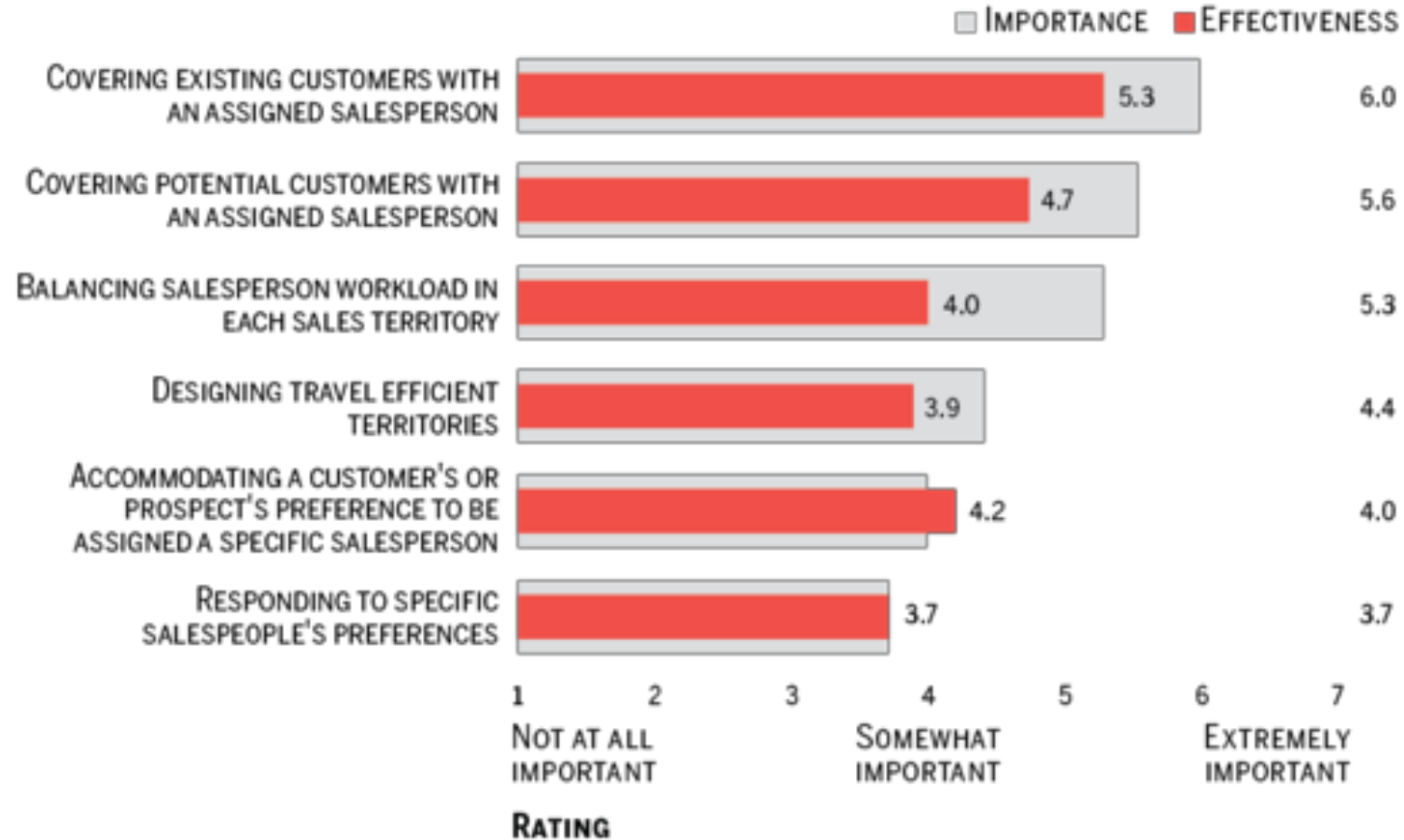
N=100 FIRMS



# Where are firms effective?

## IMPORTANCE AND EFFECTIVENESS OF TERRITORY DESIGN OBJECTIVES

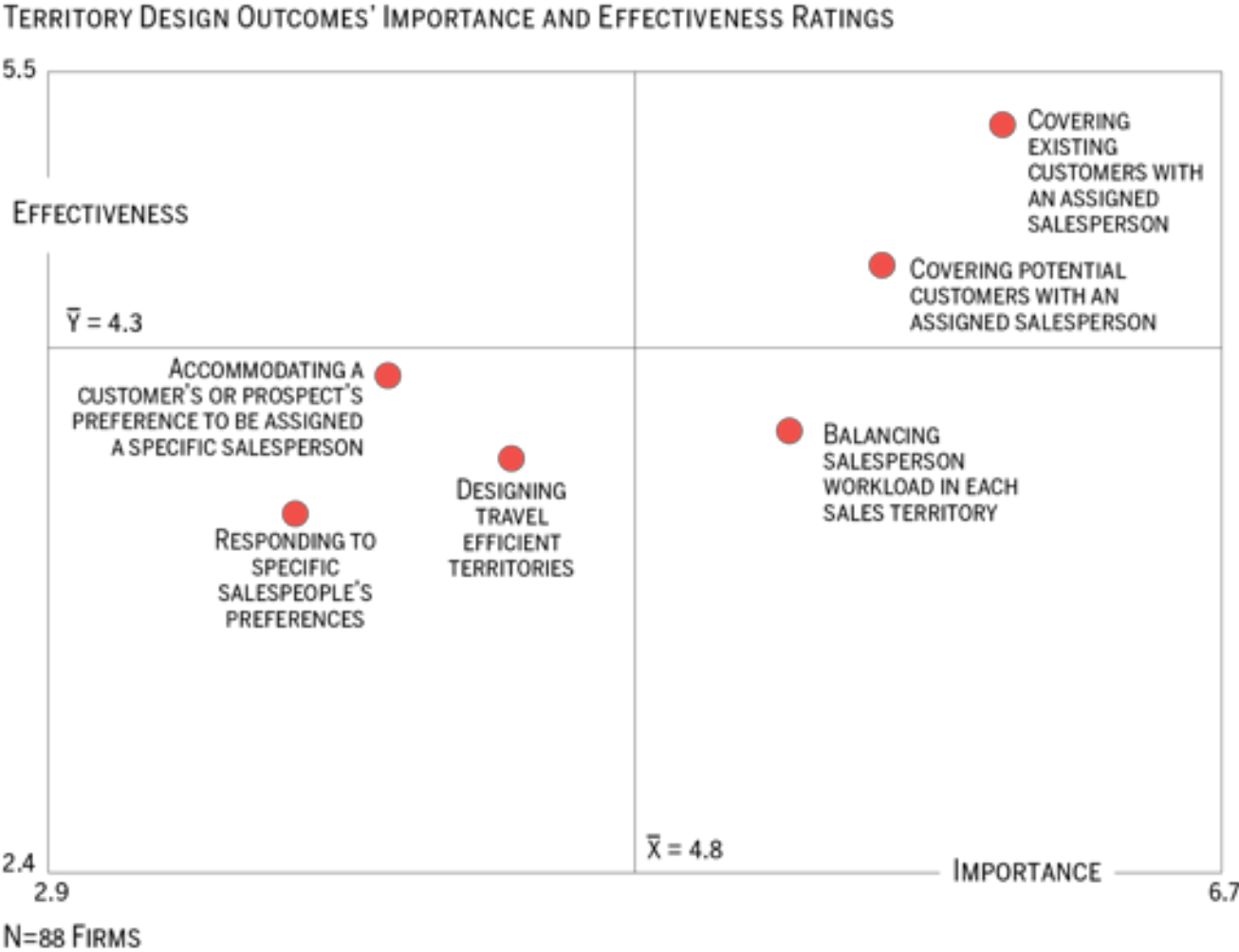
### AVERAGE RATING FOR IMPORTANCE OR EFFECTIVENESS



N=100 FIRMS



# Improvement Priority: Balancing Workload





*How do firms  
manage multiple  
territory  
management  
objectives?*

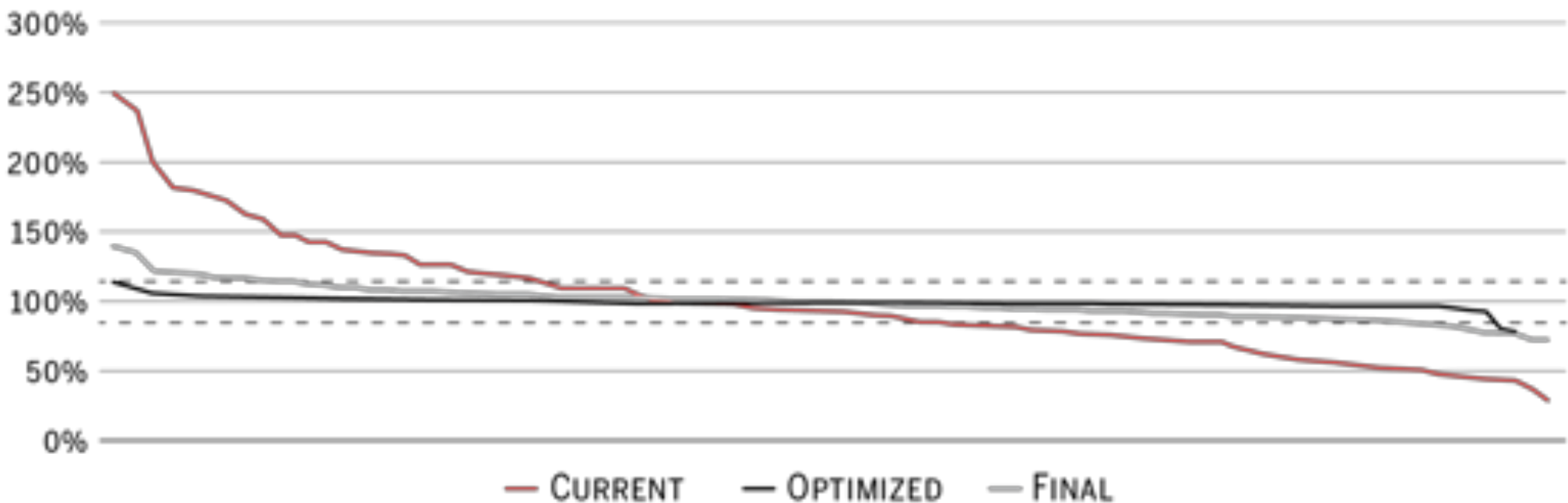
# Analytical Foundations



# Balancing “Work”

WORK BY TERRITORY

RELATIVE VALUE



TERRITORIES



Adapted from TerrAlign’s presentation for the Sales Management Association *Managing Sales Territories for Maximum Sales Force Productivity*, October 2012.

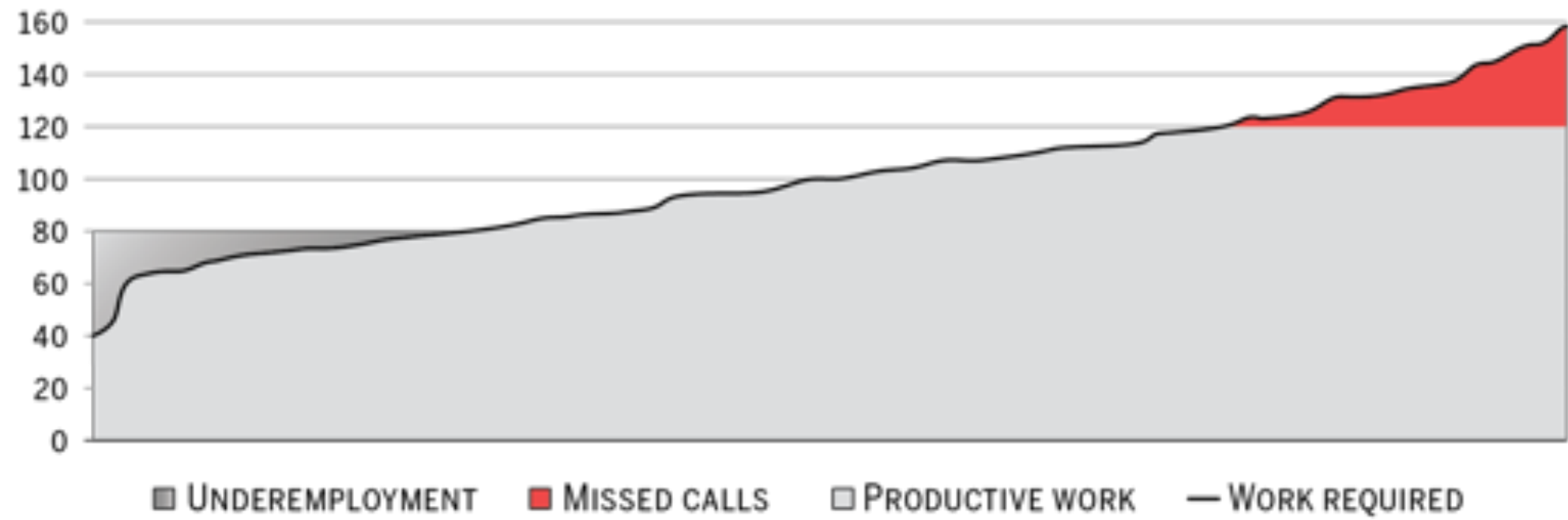




# Balancing “Work”

WORK BY TERRITORY

% OF AVERAGE

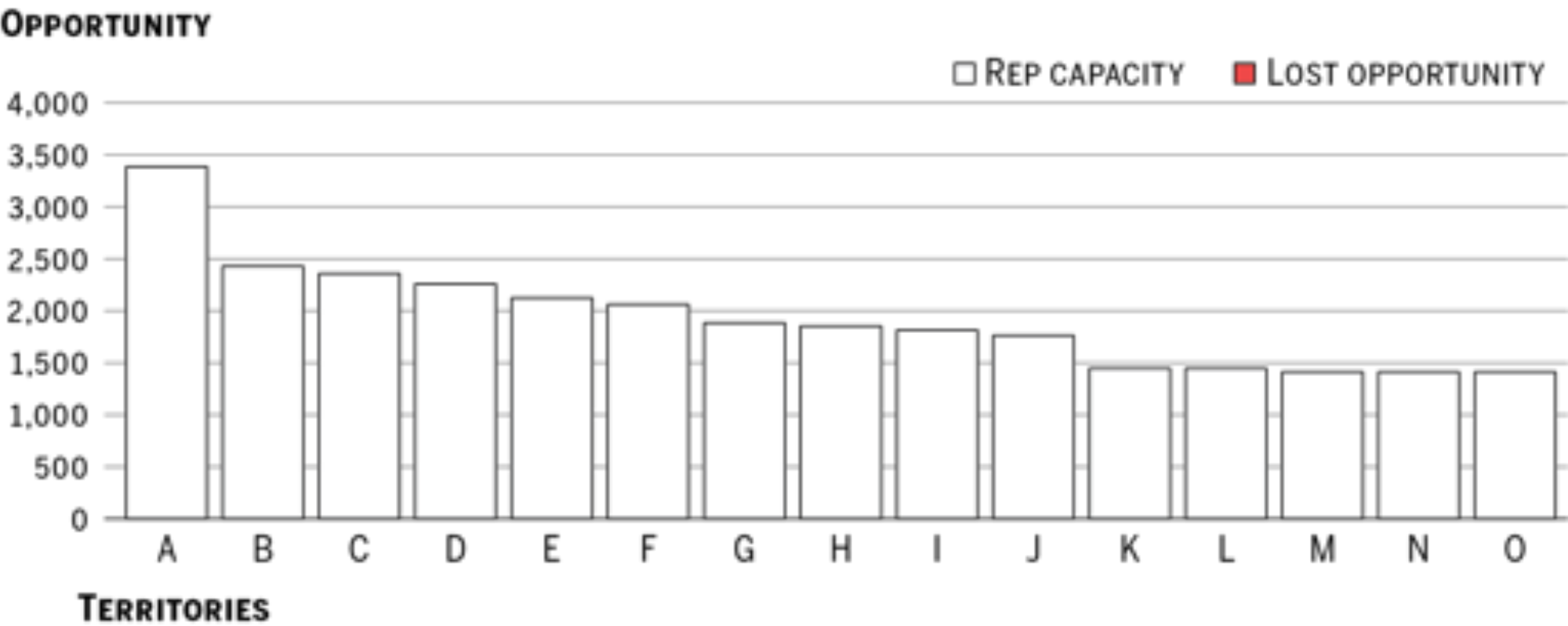


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# Balancing “Work”

OPPORTUNITY BY TERRITORY

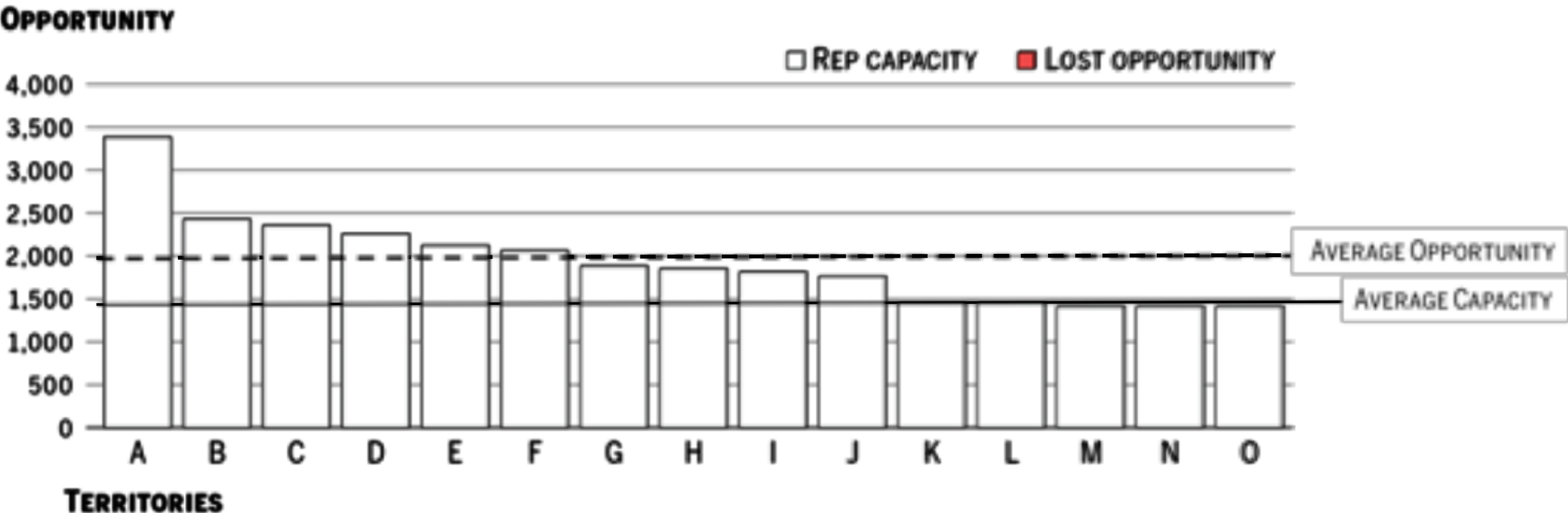


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# Balancing “Work”

## OPPORTUNITY BY TERRITORY

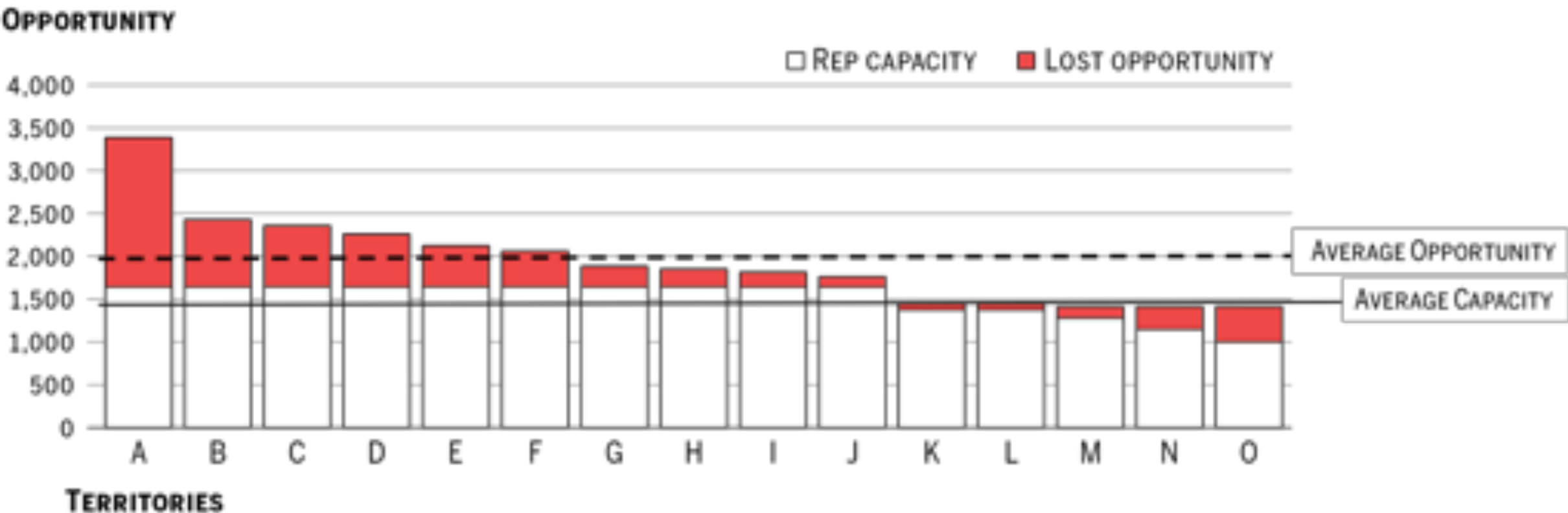


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# Balancing “Work”

## OPPORTUNITY BY TERRITORY



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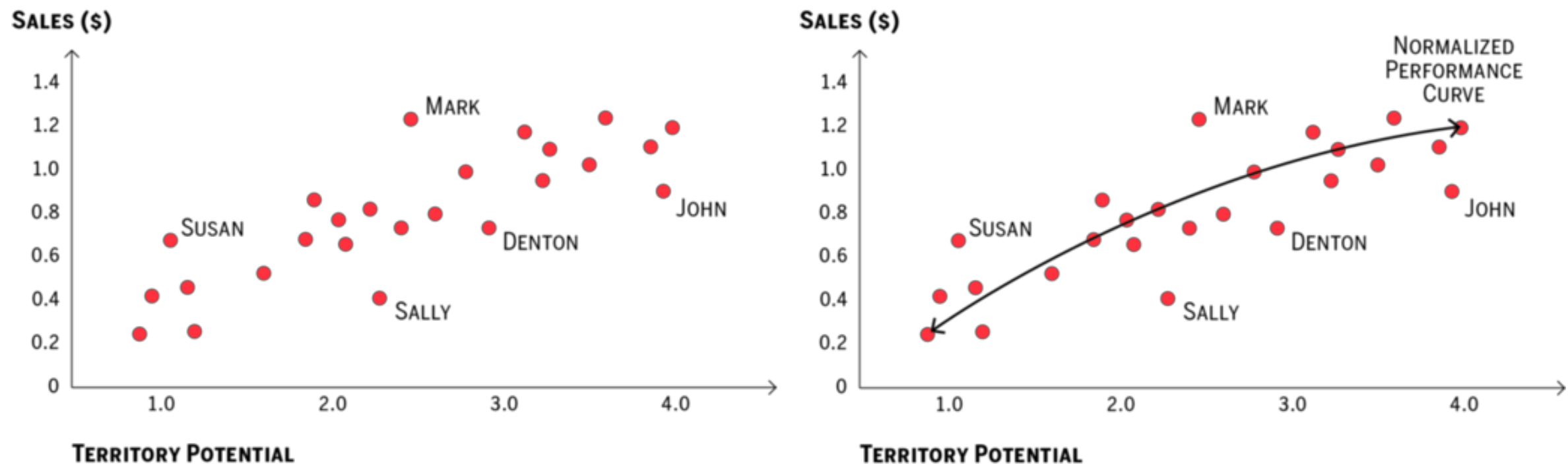


# Spreadsheet Tool

Download it from [salesmanagement.org](http://salesmanagement.org)



# Normal Performance Curve

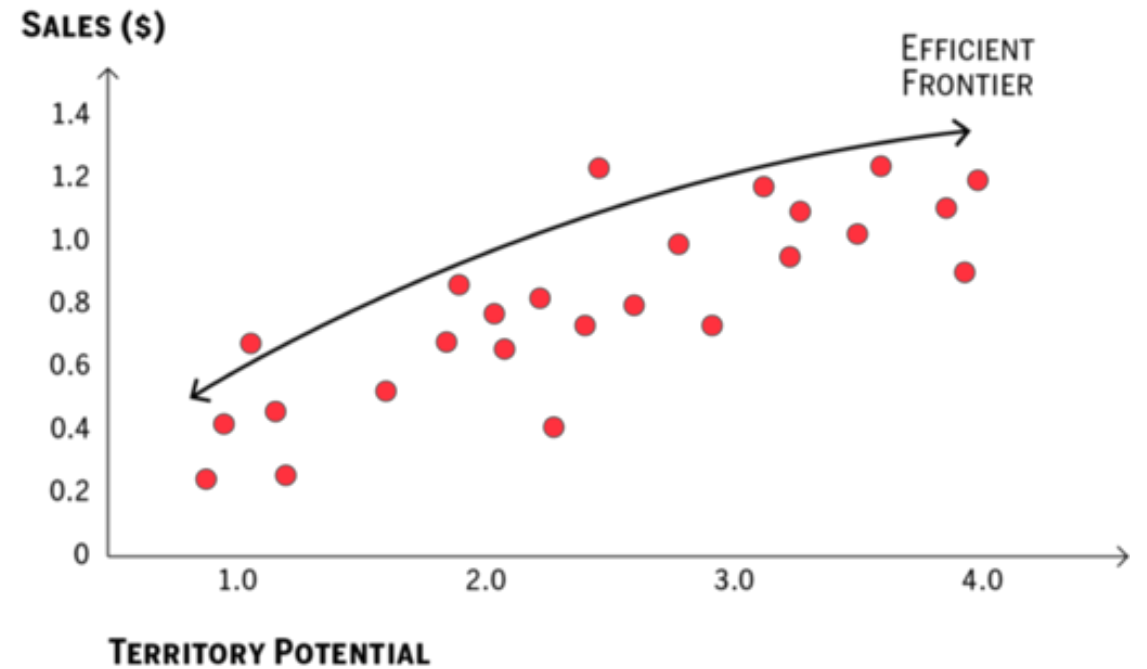
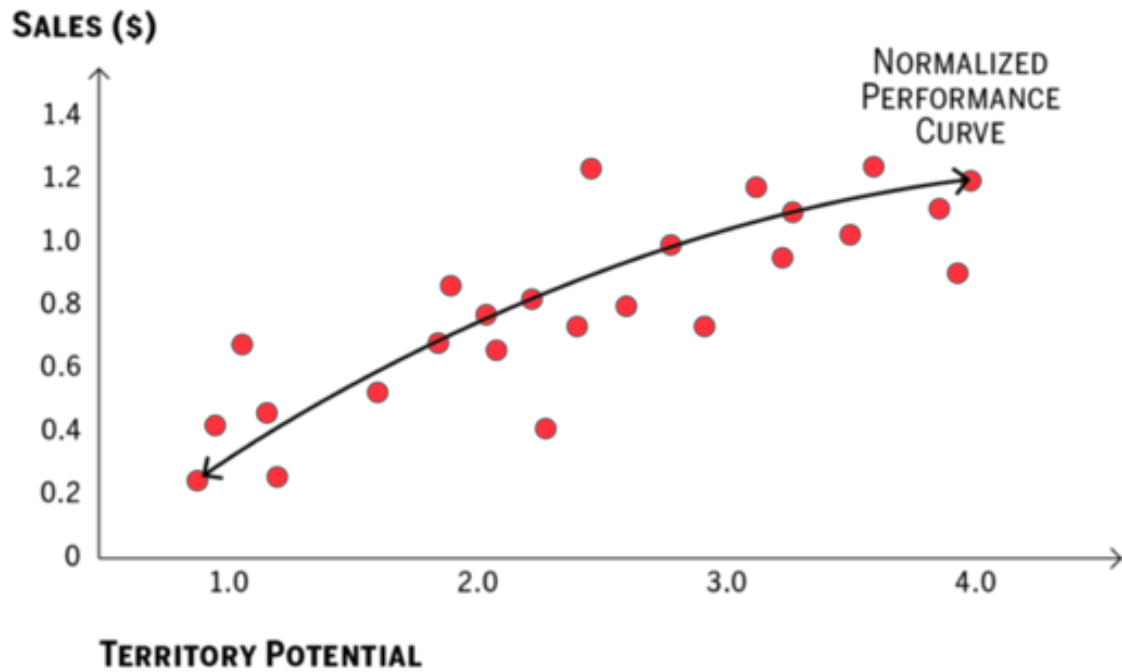


*Sales Force Management: An Analytical Approach*; 2018 Kissan Joseph, McGraw Hill Education





# Efficient Frontier



*Sales Force Management: An Analytical Approach*; 2018 Kissan Joseph, McGraw Hill Education



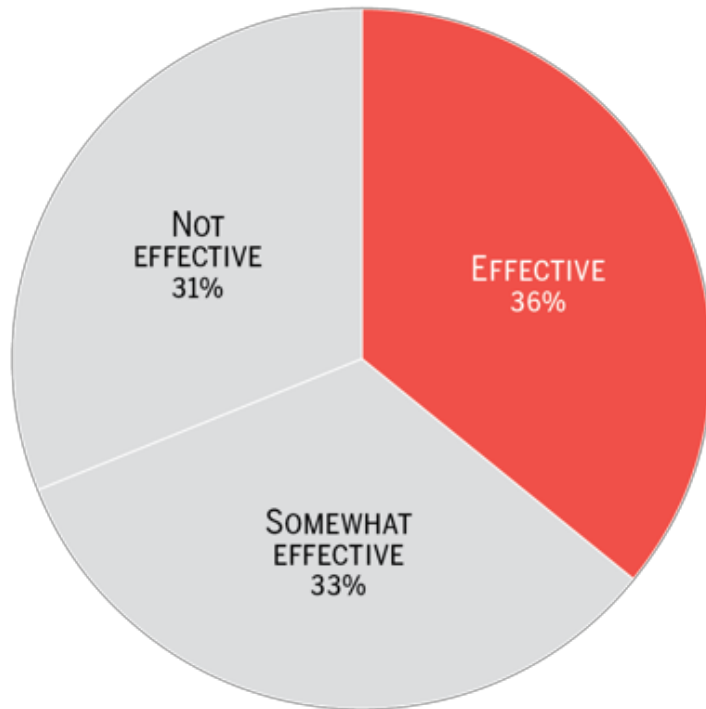


# Key Challenges

# Few firms are effective at territory design, ...

ORGANIZATIONS' EFFECTIVENESS IN SALES  
TERRITORY DESIGN

**PERCENTAGE DISTRIBUTION OF FIRMS**



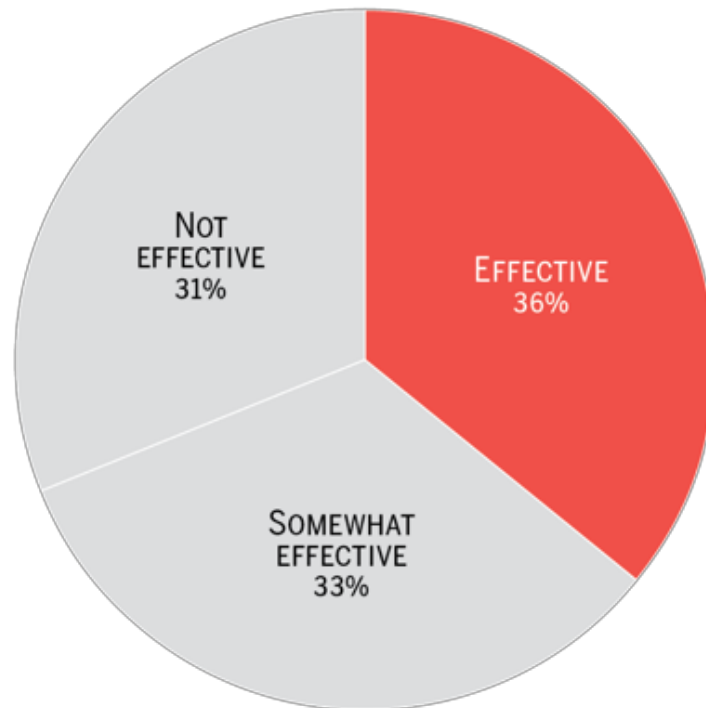
N=100 FIRMS



# ... and few salespeople find territories equitable.

ORGANIZATIONS' EFFECTIVENESS IN SALES  
TERRITORY DESIGN

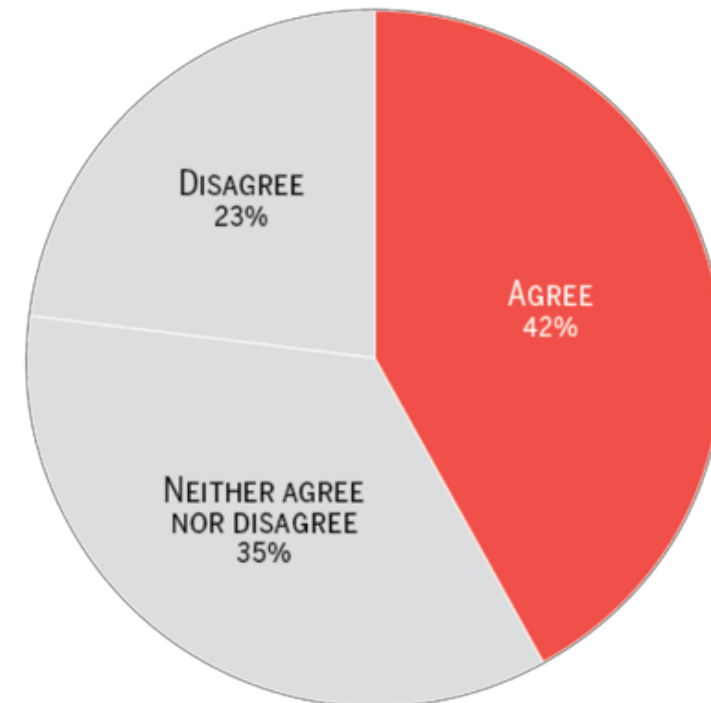
PERCENTAGE DISTRIBUTION OF FIRMS



N=100 FIRMS

SALESPEOPLE CONSIDER SALES TERRITORIES  
EQUITABLY DISTRIBUTED

PERCENTAGE DISTRIBUTION OF FIRMS



N=100 FIRMS





# *Overcoming flawed or incomplete data*



*Measuring  
workload,  
capacity,  
activity, and  
potential: where  
to start?*



*Other  
challenges?*

The image features a solid red background. In the bottom-left corner, there is a stylized white line-art illustration of a city skyline. It consists of several vertical lines of varying heights, some of which are connected by horizontal lines at the top, creating a series of rectangular shapes that suggest buildings. The word "Technology" is written in a bold, white, sans-serif font, positioned in the upper-middle part of the image.

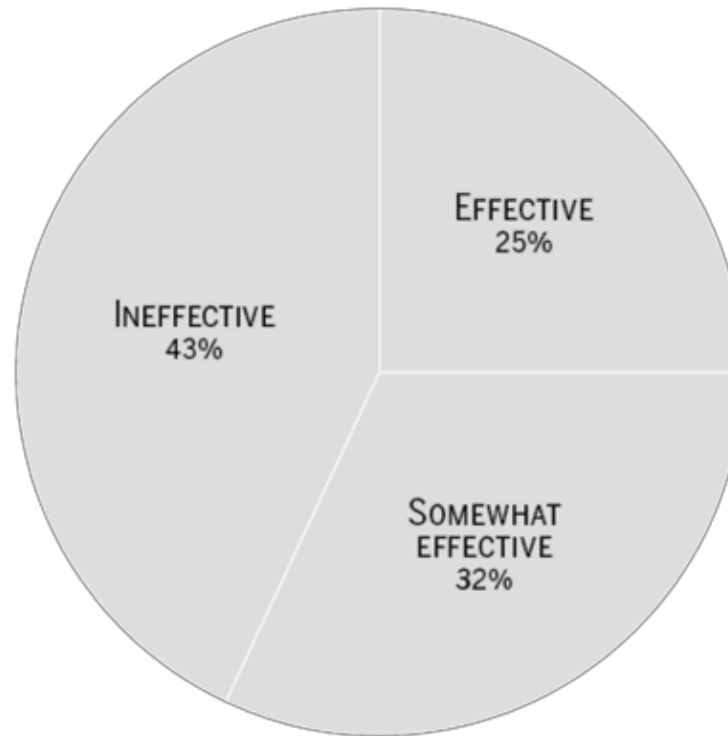
# Technology



# Leveraging tech: few firms are effective

EFFECTIVENESS IN LEVERAGING TECHNOLOGY IN  
TERRITORY DESIGN

**PERCENTAGE DISTRIBUTION OF FIRMS**



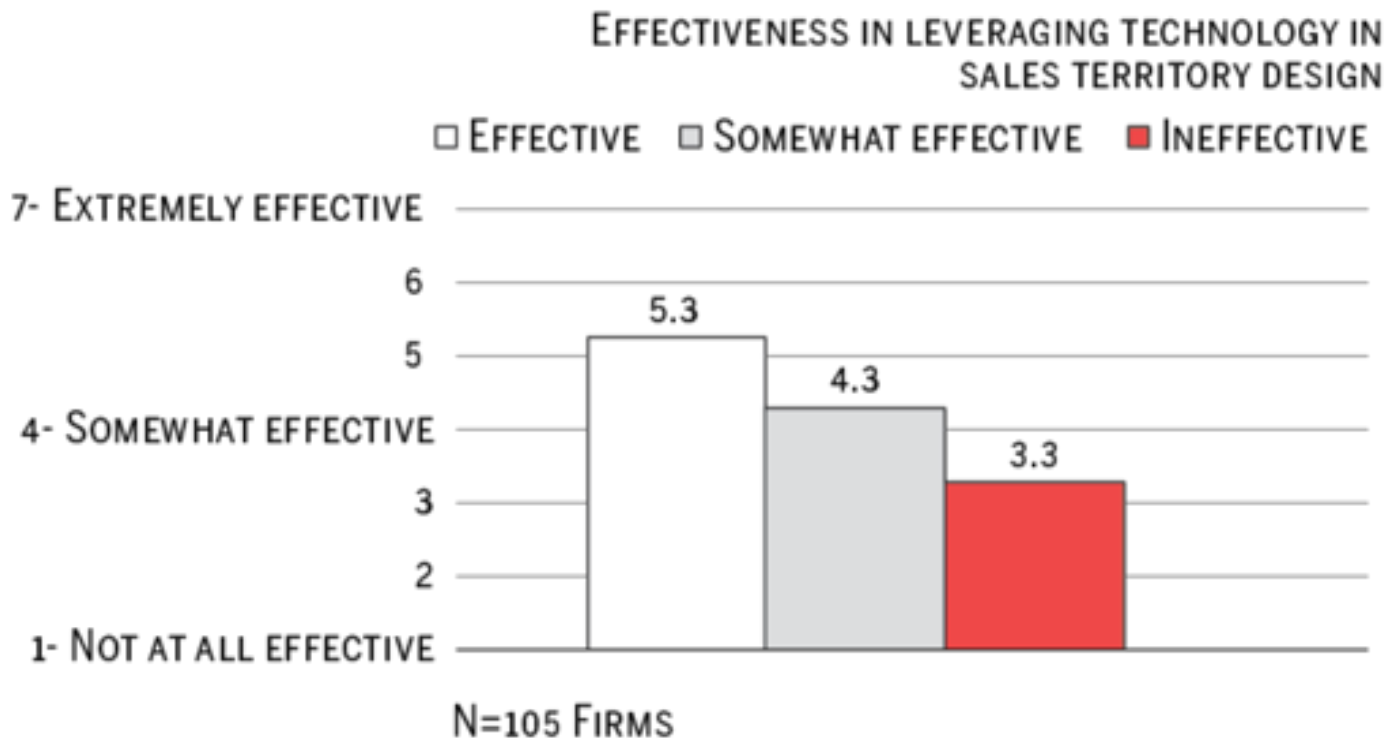
N=105 FIRMS



# Effective tech usage, effective territories

EFFECTIVENESS IN LEVERAGING TECHNOLOGY FOR SALES TERRITORY DESIGN, AND  
OVERALL TERRITORY DESIGN EFFECTIVENESS

## OVERALL SALES TERRITORY DESIGN EFFECTIVENESS





*How can  
technology  
support territory  
design?*

Q & A

PLEASE BE SURE TO SPEAK INTO THE MICROPHONE. WE'RE RECORDING!



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