

Avoiding Sales Territory Wars

By **Marie Warner**

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Surveys of consistent, successful sales performance show that the single most significant factor in a field rep's success is his or her tenure in the territory. The reason is that sales of complex or high ticket products are relationship sales.

Yet many sales organizations frequently redefine sales territories, at times changing sales rep assignments every other month. Not only does this damage revenue, it also destabilizes the customer and prospect relationship. None of your customers want a revolving door of new reps. It creates a climate of instability that slows sales and that your competitors will exploit.

Another reason to get sales territory assignments right the first time is sales rep motivation and morale. A major complaint of both novice and senior reps (especially in exit interviews) is that their territories are repeatedly changed once they have invested time in fostering important customer relationships. Whether intended or not, it demonstrates a corporate lack of commitment to the rep's success.

So why do some firms change territory assignments as often as their socks? There are a number of genuine pressures that make it hard to create lasting territory assignments. Many emerging growth firms have a long-range sales-staffing plan, but add sales reps over a number of months to match incremental costs to increased revenue. Other firms change territories because of new product launches or new markets.

It is critical to your sales success to develop a process for defining and assigning sales territories *before* you hire or launch your new product. Yes, it's a given that you will need to adjust territories in the future. You then return to these steps to assign new territories and opportunities fairly, and maximize your revenue potential at the same time. If sales reps know the process and how it will be administered, then you have reduced a major source of turnover.

1. Know your market

You have defined your target market, and may characterize it by industry, asset size, employee size or some other parameter. Your first goal is to *create a master list* of all potential prospects in your target market. Seek company information sources that permit you to search on and screen prospects by these parameters.

There are many business and financial information companies that vend such data, on the internet, on DVD or, for niche markets, on paper. Finding data sources with addresses and phone numbers is the key; reps take their "marching orders" from this information. The names of top executives are useful but are frequently outdated in even major national data sources. Encourage your reps to verify all names by phone.

It's important to create and maintain the master list in a spreadsheet, database or contact management software for later screening and direct mail and database marketing efforts. Confirm that the information vendor's agreement terms permit this type of use.

2. Score the potential opportunity

The next step in the process is to *score your master list* for "quality" of potential opportunity. Keep this process simple; a three tier scoring mechanism is best, ranking each company in your master list as "A" (great prospect), "B" (good prospect), or "C" (fair prospect).

The scoring is subjective and, of course, you won't be familiar with every company on your master list. Find a reported figure or fact for each company to serve as a "proxy" for the potential opportunity. For example, if you are selling human resources software, "number of employees" may be a likely proxy for the potential opportunity.

3. Draw the borders

Now that you have a macro view of the total market, you can *model territories* a number of different ways. The prioritized list of potential customers can be uploaded into mapping programs to help you set geographic territories by state, city, or even streets. The maps and charts produced by leading mapping software illustrate clusters of your potential prospects overlaid on a city or state map. Such a visual aid is useful in setting geographic territories in states or metropolitan areas unfamiliar to you.

If your company sells different products to various industries, territory definition by those industries may be preferred. The trade-off is territory productivity and efficiency versus fostering industry focus and expertise for your sales team. The obvious drawback is that a number of reps may need to travel to the same distant city to make calls on their respective customers.

Yet another way to divide territory is by the size and buying power of the customer or prospect. The large-account prospecting territory is best managed by a sales professional with the skill set needed to close a big-enterprise deal. Once closed, the large account may be "farmed" by an account manager or account team, freeing the large-account sales rep to pursue other big deals. Sales professionals with "hunting" skills, but less experience in large-enterprise sales are assigned prospecting territories of medium- to smaller-sized firms.

If your sales are targeted to a narrow market or your potential customer list is relatively concise, you may set territories by allocating each firm to a specific territory. One advantage to specifically designating prospects by name is that you can define each territory with a balance of "A," "B" and "C" prospects.

This type of territory assignment is best to do once your sales team is fully staffed, so all accounts on your master prospect list can be immediately assigned to a rep. Otherwise, the temptation is to assign all "A" accounts immediately to the reps then on the team. Later, when fully staffed, you'll be forced to transfer "A" prospects to other territories or newer members of your sales team will suffer an inferior selling opportunity.

4. Involve the sales team

Two or three heads are better than one. Especially when designating companies to territories by name and purchase potential, it's beneficial to *involve the reps on your team* in the territory-allocation process. You'll get the benefit of their collective knowledge, and your sales team will appreciate having a say in crafting their own "franchise," the selling territory. Distribute the master list to your sales team, with instructions to research the companies in preparation for a "draft pick" of the companies on your prospecting list. The reps conduct a "round robin" draft pick.

In the many times I have helped sales reps and sales managers create territories, there are surprisingly few conflicts. Sales Reps favor selecting companies where they have former contacts, and reps may have different associates at a given company. Usually, one contact will be superior. For example, Joe's cousin, the chief technology officer outranks Mark's neighbor, the facilities manager. The target is assigned to the sales rep with the strongest contact. Good team play dictates that every sales team member offer relevant contact names to the assigned rep.

5. Minimize future changes, but plan for them

As the top sales executive or general manager, you are ultimately responsible for current territory assignments. In the future, change the territories as needed to respond to changing markets or your changing business. But do consider sales deals "in play," important customer relationships and the morale of your sales team before adjusting territories.

"We have met the enemy and it is us," proclaimed Pogo, the comic strip character. Pogo might be referring to the battles that will be waged by your sales team if territories are assigned and changed arbitrarily by sales management. Sales momentum slows and revenues suffer when your sales team focuses its energies more on in-house disputes over sales turf than in besting your competition. If you eliminate this self-inflicted wound your sales results will show it. You can end the sales territory wars by effectively defining and adjusting sales territories based on the steps discussed here.

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About the Author

Marie Warner is founder and President of Warner Professional Sales, LLC. Warner Professional Sales helps companies achieve **sales force success through people, performance and planning**. Warner Professional Sales helps companies get more revenue growth from their sales force by *recruiting* the right sales staff, 2) *training and developing* those sales professionals to consistently exceed revenue goals, and helping management to define and implement the best sales "process" and tactics for sales cycle control, territory assignments and quota planning.

Marie brings to client engagements over two-decades of leadership in the sale of technology, consulting and financial products and services to the Fortune 1000 and major financial institutions. This includes nine years of experience as Chief Sales Officer, in both enterprise-level and start-up organizations.

Marie Warner has authored articles in ***Mass High Tech, SalesResources.com, SalesVantage.com, EyesOnSales.com, Software Sales Journal, SalesDoctors,*** and ***Women's Business*** addressing successful sales strategies and tactics. She is a member of NETSEA (New England Technology Sales Executives Association), WITI (Women in Technology, International), Human Capital Institute, The Commonwealth Group, NAPS (National Association of Personnel Services) and participates in numerous other entrepreneurial, technology and marketing organizations.

Marie Warner can be reached by email at mwarner@warnerprosales.com or phone at (617)489-4528.