



SALES
MANAGEMENT
ASSOCIATION

OPTIMIZING SALES TERRITORY DESIGN: SALES MANAGEMENT ASSOCIATION 2018 RESEARCH UPDATE

EXECUTIVE GUIDE



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EXECUTIVE SUMMARY

A full 64% of organizations are ineffective or only somewhat effective at territory design, while only one-third of sales organizations are effective, according to a May 2018 survey conducted by the Sales Management Association (SMA) and Xactly.

SURVEY RESULTS



36%

companies that are effective
at territory design

33%

companies that are somewhat
effective at territory design

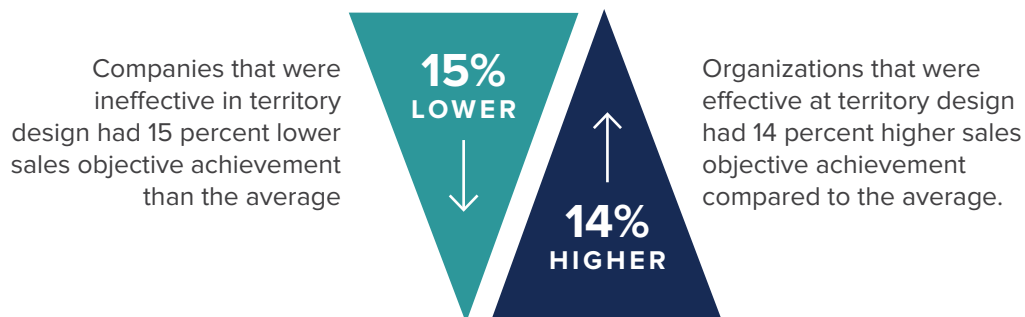
31%

companies that are ineffective
at territory design

The survey also revealed that ineffective territory design hurts overall sales performance, impacting company sales goal achievement and, ultimately, hurting the bottom line.

Organizations ineffective at territory design performed 15% lower in sales objective achievement compared to the average.

In fact, companies that were ineffective in territory design had 15 percent lower sales objective achievement than the average. Organizations that were effective at territory design had 14 percent higher sales objective achievement compared to the average.



The survey underscores the significant connection between effective territory design and overall performance and supports other research findings. According to the Sales Compensation Almanac 2017 (Alexander Group), optimizing sales territory size and deployment can drive up to 20% revenue lift by:

- Ensuring coverage of high opportunity targets
- Increasing 'hunting' versus 'farming' time
- Improving focus on new products

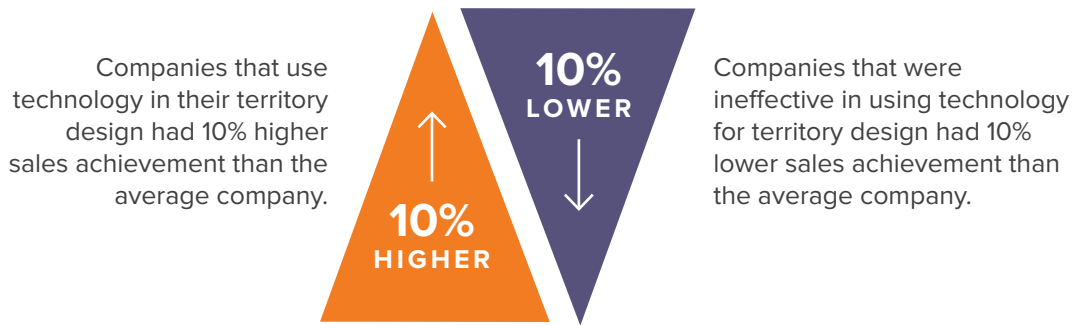
If a territory is too large for a rep to cover, a company can lose potential revenue. If a territory is too small and doesn't offer enough opportunities, companies can't hit revenue targets and risk losing top performers. With effective territory design, organizations ensure that territories are appropriately balanced to maximize sales coverage.

WHY TECHNOLOGY IS A MUST HAVE

As the world has grown more digital, territory planning strategies are slowly beginning to shift towards automation and technology. Early adopters are gaining a clear advantage in performance, according to the survey findings. However, a huge 83% of respondents still use spreadsheets moderately or frequently for territory design.

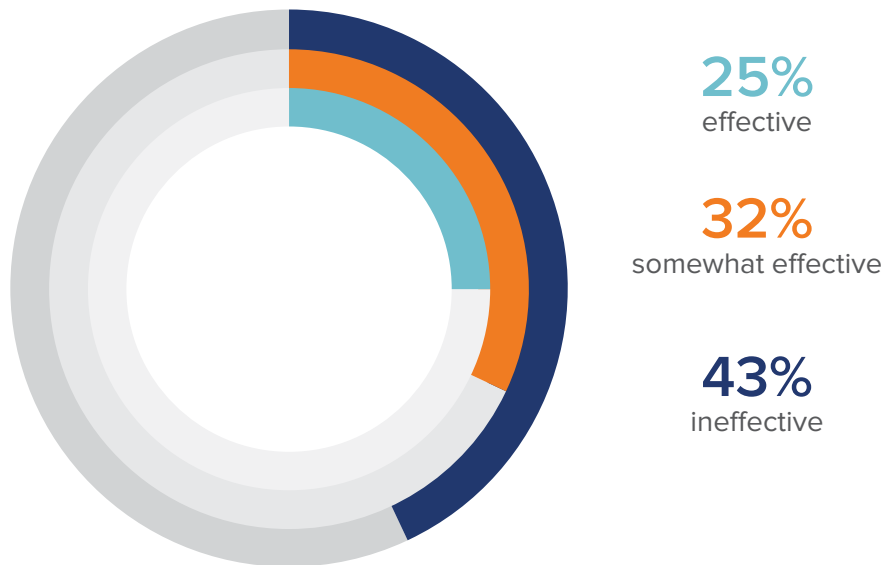
While a quarter of respondents use purpose-built applications in territory design, 61 percent of respondents report that they have rarely or never used purpose-built applications for territory design.

Organizations can increase sales achievement through the use of technology in the territory design process. Companies utilizing technology to design and plan territories had a 10 percent higher sales achievement than the average. Conversely, organizations describing themselves as ineffective at using technology suffer from 10 percent lower sales achievement than the average.



Despite the direct correlation to driving sales achievement, effectiveness in leveraging technology in territory design remains low. Nearly half say they are ineffective in leveraging technology in sales territory design.

EFFECTIVENESS IN LEVERAGING TECHNOLOGY IN TERRITORY DESIGN



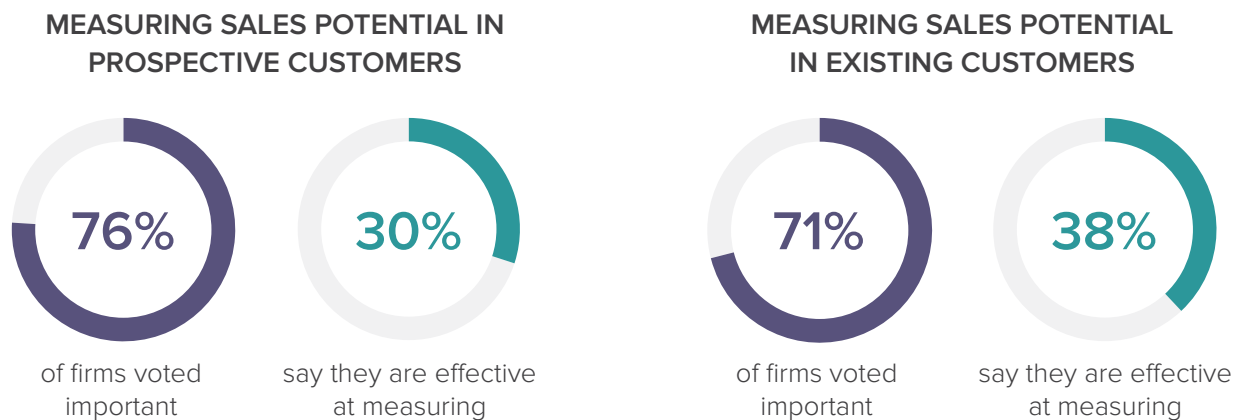
DATA PROVIDES AN ADVANTAGE

When it comes to sales territory planning, gathering and analyzing the right data is key. Although organizations understand the value and importance of data in territory design, they struggle to measure that data effectively.



Companies effectively measuring data had 8% higher achievement of sales objectives compared to the average.

Without the proper data, organizations can't assemble the necessary metrics for strategic territory planning. Companies that were able to effectively measure data performed 8 percent higher in sales objective achievement.



Similarly, respondents were less effective in achieving their top goals for territory design compared with how they ranked the importance of the goal. The top four objectives for territory design were, in order: (1) Covering existing customers with an assigned salesperson, (2) Covering potential customers with an assigned salesperson, (3) Balancing sales rep workload in each sales territory, (4) Designing travel-efficient territories.

TOP PRIORITIES IN TERRITORY PLANNING

Scale of 1-7, with 7 being the highest importance

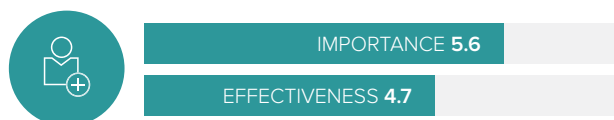
Covering existing customers



Balancing salesperson workload



Covering potential customers



Travel-efficient territories





KEY TAKEAWAYS

Territory design is the foundation for sales performance management (SPM). Without effective territory design, companies' overall sales plans suffer because they are unable to properly allocate sales quotas. Unachievable sales quotas, in turn, impact your revenue attainment, affecting the motivation, performance, and retention of sales reps.

With the use of technology, companies can increase productivity and sales objective achievement. Additionally, with achievable quotas, sales reps are more motivated.

With built-for-purpose territory planning software integrating data-derived intelligence, companies can identify whitespace and green field opportunities to ensure they have effective coverage for existing and prospective customers. This allows companies to use data to examine the potential and priority of each sales area and design balanced, travel-efficient territories that lower total cost of sales and are within sales rep capacities and workloads.

Organizations implementing modern territory management tools enable sales leaders to contribute to the plan design process more easily. Many companies using technology have seen a 75 percent reduction in the time it takes to plan territories. Based on the SMA survey findings, here are 10 key takeaways. Discover more territory planning insights by downloading the full SMA research report.

Companies that struggle with ineffective territory planning suffer from additional sales planning challenges:

- 1 64 percent of organizations feel they are either ineffective (31%) or only somewhat effective (33%) at territory design
- 2 Organizations effective at territory design had 14 percent higher sales objective achievement than the average; ineffective companies had 15 percent lower sales objective achievement
- 3 Companies that effectively measure key territory design data have 8 percent higher sales objective achievement
- 4 Less than 40 percent of companies feel they can effectively measure key data in territory design
- 5 More than two-thirds (83%) of organizations still use spreadsheets for territory design moderately or frequently
- 6 Nearly half (43%) of companies using territory design technology say they are ineffective at using it
- 7 Companies using technology in territory design had 10% higher achievement of sales objectives than the average
- 8 The majority of respondent companies (76%) assign territories by geography
- 9 The majority of companies (76%) conduct territory planning once per year

Your sales territories impact the sales success and company goal achievement. By using territory planning technology, organizations can design more effective territories and gain a performance advantage.

XACTLY ALIGNSTAR SOLUTION

Xactly AlignStar gives businesses the ability to optimize sales productivity through territory design. With the power to create and manage well-balanced, travel-efficient territories, senior sales executives, sales operations, and sales effectiveness teams can easily design and optimize sales territories. Using Xactly AlignStar, sales leaders can:

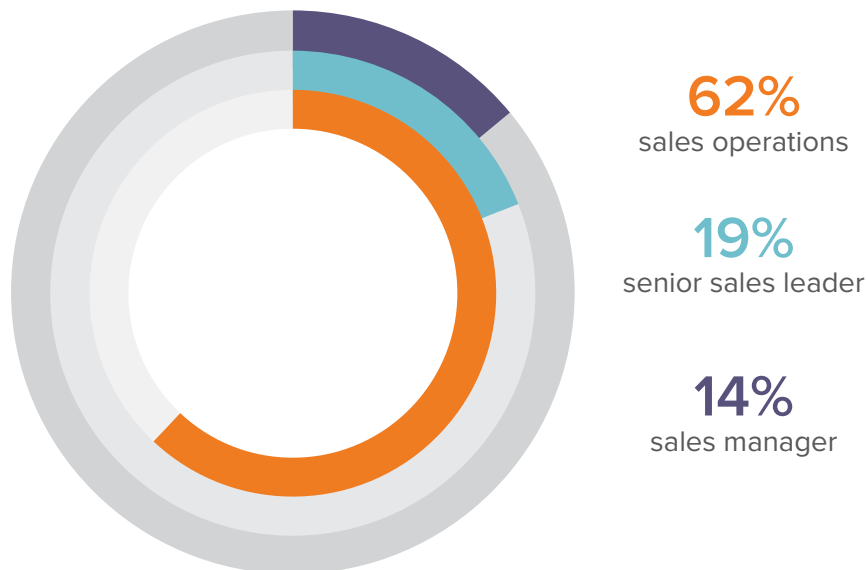
- Visualize territories and accounts with an interactive, map-based views
- Analyze existing alignments to better understand where to improve territory design, balance, and travel efficiency
- Manage territories with exports for geographic- and account-based territory assignments to be consumed by downstream applications

For more information about Xactly AlignStar, [contact Xactly](#), or call 1-866-GO-XACTLY

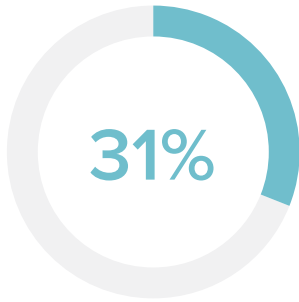
SURVEY METHODOLOGY

Sponsored by Xactly, the Sales Management Association (SMA) recently conducted a survey on territory design. More than 100 organizations participated in the survey. The primary job role of respondents was sales operations (62%), followed by senior sales leader (19%), and sales manager at (14%).

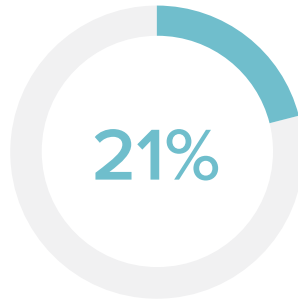
BREAKDOWN OF ORGANIZATION PARTICIPANTS' JOB TITLES/ROLES



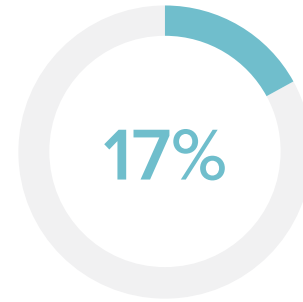
31% of respondents worked in companies with revenues between \$10 Million to \$100 Million, followed by 21% at organizations with revenues between \$1 Billion to \$10 Billion. 17% of respondents worked in companies with revenues between \$250 Million to \$1 Billion.



31% of respondents worked in companies with revenues between \$10 Million to \$100 Million



21% at organizations with revenues between \$1 Billion to \$10 Billion



17% of respondents worked in companies with revenues between \$250 Million to \$1 Billion



ABOUT XACTLY

Xactly delivers a scalable, cloud-based enterprise platform for planning and incenting sales organizations, including sales quota and territory planning, incentive compensation management, and predictive analytics. Using this powerful sales performance management (SPM) portfolio, customers mitigate risk, accelerate sales performance, and increase business agility.

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