

The Best Practices of High Performing Sales Teams: ‘Territory Business Management’



By Steve Andersen, PMI President and Founder

Tenth in a Series, July 2010

High Performing Sales Teams Manage Territories as Businesses to Build Strong Pipelines, Advance Opportunities and Grow Selected Accounts

Prior to launching PMI ten years ago, I held Chief Sales Officer positions with several organizations. Sometimes my Chief Sales Officer responsibilities included marketing and sometimes my responsibilities included customer service. But in all cases, it was clearly understood that I was the guy responsible for making the numbers. I often reflect upon these experiences in my client work today. It was probably the best preparation that anyone could have for the type of work that PMI does, and other PMI'ers with the same type of background agree: the challenges of modern sales executives are daunting and formidable, and “walking in their shoes” is the only way to truly understand the stress and difficulty of this role.



By combining my own experiences with the client Chief Sales Officers that I have had the opportunity to work with, certain things stand out as best practices required for high performance. In some cases, success can be connected with a specific best practice because it has been implemented. In other cases, there has been a lack of success that appears to result from the absence of a specific best practice. **The Best Practices of High Performing Sales Teams** article series will focus on sales best practices that tend to be predictors of success in sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.

Best Practice: Territory Business Management



High performing sales teams manage territories like businesses to build strong sales pipelines, advance their sales opportunities and grow relationships with selected accounts. They have realized through experience that the sales territory is the superset of our sales assets, and that without the proper care and attention, we can put these assets at risk. What is a sales territory? In our work with clients we have seen practically every possible flavor and derivative of “the territory,” including geography-based territories, industry-focused territories, product-focused territories, named-account territories and even territories that

consist of one and only one account. Some organizations have even defined territories by combining these approaches to meet the needs of their specific go-to-market strategies (e.g., a geography-based territory with a focus on specific industries). There are many ways to adapt and deploy the “territory” concept and our experience has shown us that the “right way” for you is the approach that best addresses the dynamics of your markets and the needs of your business.

Building a Territory Business Plan

Many of today’s most successful territory managers realize that their territory (however it is defined) is, in fact, their own personal business. The notion that the salesperson or account manager is the “CEO” of their territory is a healthy one, as it fosters an attitude of territory leadership, management and accountability. Just as the corporate CEO must develop company vision, business objectives and growth strategies for the organization, the effective territory manager must do the same for his “business,” including territory vision, objectives, strategies and plans.



Most effective territory business plans include five core components, whether the territory is based on geography focus, industry focus or named accounts. In situations where strategic account management programs have been deployed (SAM, KAM, GAM, etc.), named accounts are typically grown through the development and deployment of strategic account plans, a type of business plan for extending and expanding the relationship with an individual account (to be discussed in a future article series). But in the case of the more typical sales territory, the core elements of the territory business plan should include:

- **Territory Definition and Overview** (How is the territory defined and what’s going on?)
- **Territory Scorecard and Metrics** (How is the territory performing against plan?)
- **Territory Landscape** (What’s the current view of the territory in terms of existing customers/accounts, sales/business opportunities, alliances/partners and competition?)
 - **Strategic, Key and Reference Accounts**
 - **Current and Recent Sales Opportunities**
 - **Alliances and Partnerships**
 - **Primary Competitors**
- **Territory Growth Strategy** (How will we proactively grow the territory?)
- **Territory Action Plan** (What will we do to grow the territory? What types of resources will be needed and when will we execute?)

This approach to territory business planning establishes a view of the territory that is conducive to new business development, strategic account management, partner development and competitive strategy, all while establishing the territory manager as the territory CEO and maintaining a focus on territory leadership, management and accountability. Modern territory managers must realize that unless they accept their own “Territory CEO” position, then no one else will, and hence, their business will go unplanned and unmanaged.

The Outcomes of a Successful Territory Business Plan



When the sales territory is managed and developed properly, we can expect to see several predictable outcomes. Effective territory management and planning will typically result in a “target rich” business environment in which the territory manager is selecting and growing existing customers and accounts, as well as advancing and winning targeted sales opportunities.

In an effectively managed territory, we expect to find a portfolio of existing customers that are providing (or will potentially provide) new business opportunities, as well as references and proof statements of the business value that has been created for them through their previous experience with their territory manager and his/her company. When territory managers are mindful of the importance of their existing customers and accounts and their value to future business development efforts within the territory, the result can be a “community” of customers that share successes. Some territory managers even sponsor customer collaboration events in which their customers periodically meet together for the purpose of sharing best practices and the “past proven value” that has been created for them as a result of their relationships with the territory manager and his or her organization.

Depending on how target-rich the territory is, the territory manager may need to prioritize opportunities. Pipeline development and management is a discipline and process that many deploy to assist them in prioritizing the results of their territory and business development efforts. Whether pipeline management efforts are automated and tracked by implementing CRM/SFA enabling technologies or not, every effective implementation of sales pipeline management that we have been involved with has been connected or integrated in one way or another with the deployment of a predictable, repeatable sales process. A sales process that is based on an organization’s proven sales best practices provides an effective benchmark for establishing the advancement of opportunities through the pipeline, as well as a means for assessing the effective investment and allocation of time in the territory. When the territory business planning process is integrated with the sales process, opportunity planning and account management, the result is a holistic view of the “business of the territory” that harmonizes sales execution, customer value creation and customer relationship development into a balanced, measurable, outcome-based approach.



Validating Your Territory Business Plan

So let’s assume that you’ve assessed your territory, developed your territory business plan and implemented territory management. How can you test the effectiveness of your territory business planning efforts?

We believe that there are several key areas of inspection that can provide significant insight into the overall health and performance of the territory, and these include:

- **Growth of Strategic/Key Customer Relationships**
 - **Are you selecting the right customers/accounts to develop and are they providing you with new sales opportunities as well as references of past proven value?**
- **Identification and Advancement of Opportunities in the Sales Pipeline**
 - **Are you systematically entering sales opportunities in your pipeline and advancing them against a set of consistent criteria?**
- **Development and Closure of Targeted Sales Opportunities**
 - **Are you focusing on the right opportunities and winning a high percentage of those that you target?**
- **Accuracy of Sales Forecast**
 - **Are you able to predict the business production of your territory with reasonable accuracy?**
- **Deployment of Resources to Drive Execution**
 - **Are you deploying the right resources and engaging team members properly to drive successful execution of all of the above?**

An effectively developed and executed territory business plan will result, over time, in stronger customer relationships, higher opportunity winning percentages, more balanced sales pipelines and more accurate sales forecasts. But it takes time in the territory to realize these benefits – and this speaks to the importance of sales management filling sales territories with the right territory managers, investing in their development and then coaching them to higher levels of productivity than they would achieve by working strictly “on their own.”

Conclusion

High performing sales teams manage territories like businesses in order to build strong sales pipelines, advance sales opportunities and grow relationships with selected accounts. They understand that effective territory management establishes a platform for effective pipeline management, opportunity planning, account planning and sales forecasting.

When territories are managed effectively, strategic or key customer relationships are being grown through account plans and key sales opportunities are being advanced with “plans to win” business. Effective territory planning and management also establishes consistency for entering, tracking and advancing opportunities in sales pipelines, resulting in more accurate forecasting.

By equipping and enabling salespeople and account managers to accept responsibility and accountability for the performance and productivity of their territories, an organization is able to spread its sales performance risk across a panorama of territories. The territory general manager that has staked her success to the health and growth of the sales territory will be more effective long-term than her counterparts that are operating with a pure sales mindset rather than one that also includes territory business planning, management and growth.

Performance Methods, Inc., recognized by TrainingIndustry.com as one of the **2010 Top Sales Methodology Training Companies**, will be featured in a series of articles that will focus on **The Best Practices of High Performing Sales Teams**. PMI is proud to serve the needs of a broad group of industry-leading companies and will be sharing with the TrainingIndustry.com readership how leading global firms are deploying proven best practices to increase sales effectiveness, create customer value, grow customer relationships and gain competitive advantage.



The Best Practices of High Performing Sales Teams article series will cover a number of critical areas of sales performance and provide readers with insight into how sales best practices are being deployed effectively by world-class sales organizations in a variety of industries. These articles will provide special emphasis on key best practices driving effective sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.