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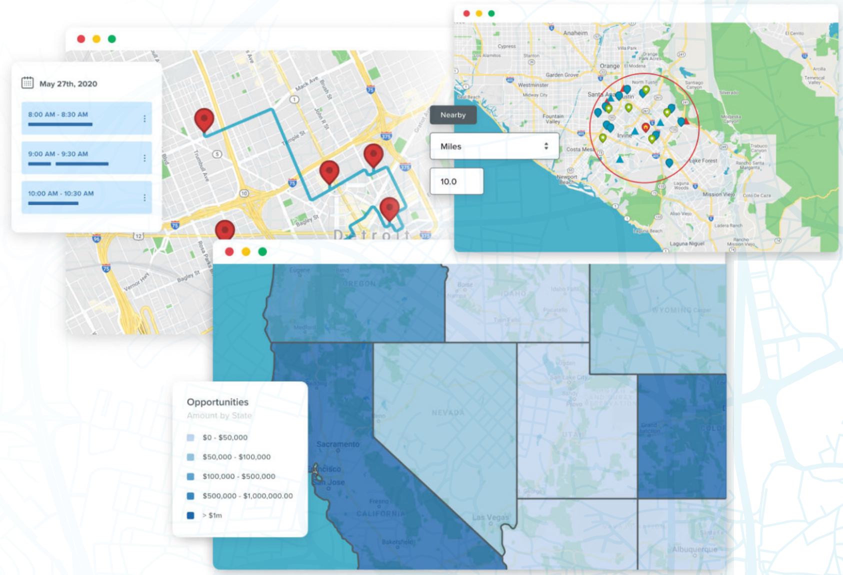
Mapping the Market:

How to Build and Optimize Your Territory Plan



Territory planning is mission-critical to your company's go-to-market (GTM) strategy, but challenging for many teams to do well.

Territory planning best practices include using business data to carve out your geographic territories, assigning industry verticals, and ensuring territories are balanced to optimize team performance as well as individual rep success. For large and growing companies, territory planning organizes your selling motion to ensure that your reps cover enough ground to dominate the market. While it could happen more frequently, most companies build their territory plan once a year and try not to touch it beyond that.

However, territory planning has the reputation of being one of the most difficult aspects of the sales planning process, as it requires balancing company needs and market dynamics while also aligning with your sales team's capacity. A bad plan can mean money left on the table and an unhappy sales team — which ultimately means bad news for your bottom line and your workforce.

But how can you assess the quality of your territory plan? What are some roadblocks to creating a killer strategy? What metrics do you use to balance and align your territories? In this ebook, we share insights from top sales and RevOps leaders about how they create and optimize their territory plans.

What Does Your Territory Planning Strategy Look Like?

Proper territory planning determines the overall cohesion of your sales plan and how effective your selling motion will be.

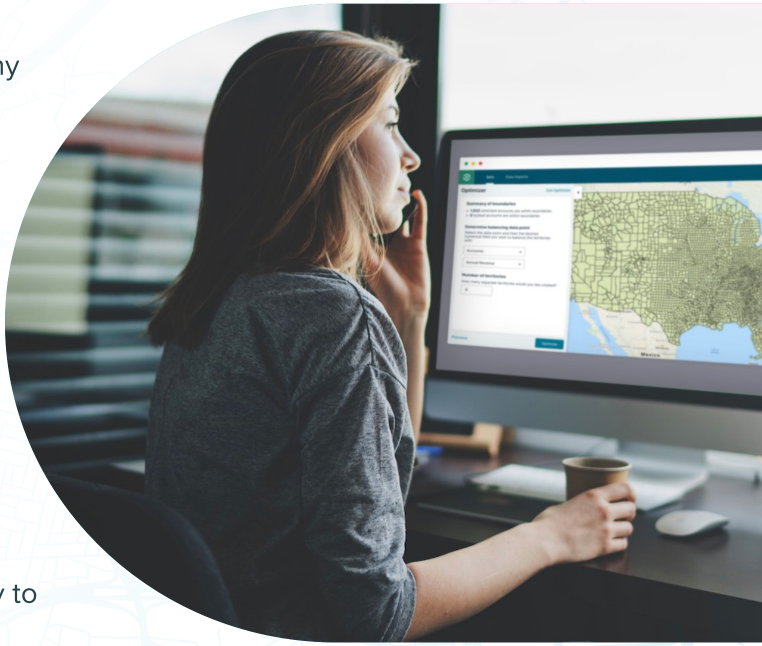
Some of the most common ways to define territories are by geography, named accounts, account size (e.g. revenue or employee count), and/or industry vertical. By combining business data like annual recurring revenue (ARR) and closed/won deals with market data like total addressable market (TAM) and the potential value of a specific territory, businesses can pinpoint potential opportunities and focus their sales efforts more strategically.

Not only is it good for your bottom line, but also for your sellers. Suboptimal territory plans can easily have your sales teams feeling either overwhelmed or dissatisfied, leading to high turnover rates in your sales organization.

Sophisticated territory strategies are built on the foundation of territory design, alignment, and management. Yet most companies are not able to judge if their plan is successful or not until it's too late. Since **83% of companies** still use spreadsheets to map their territories, teams often come to rely on out-of-date data. And due to data governance restrictions, there's only so much playing around you can do with the data without disrupting your flow of business. Data is important, but it is hard to change or track developments when using only a spreadsheet.

When it comes to territory planning, Murphy's Law is in full effect. Even if you do everything by the book, the nature of the world is to change: anything that can go wrong will go wrong.

Even when companies carefully track the data, chances are that the inputs ebb and flow so frequently that it becomes difficult to incorporate those changes. We live in a time where any and everything can fundamentally shift from one moment to another — just look at the shift from the Great Reset to the Great Resignation. You may find that even though your territory design and alignment are ready to go at the beginning of the year, key elements can become misaligned shortly thereafter due to a number of external factors.



You might try to switch up your plan once you have more data, but how many business processes would you disrupt in the meantime? Alternately, you might find that you're using a plan you know to be faulty for far too long.

You may have the best intentions, but your territory planning strategy needs to be able to adjust to new information, account for different variables, and align with your sales reps to execute an effective GTM motion. Take a look at your planning process and overall strategy to identify the weak spots. Here are some that you might not have considered.

Roadblocks to Efficient Territory Planning and Management

When it comes to territory planning, Murphy's Law is in full effect. Even if you do everything by the book, the nature of the world is to change: anything that can go wrong will go wrong. Reps might move, you might find that you've having more traction with existing customers vs new business, or you could decide to do a hybrid alignment approach rather than just by vertical or geography. So while you hope for the best, you should also plan for the worst.

But before you can remove the roadblocks, you have to be able to identify them. Here are some key scenarios to look out for in your organization.

1. Poor Cross-Functional Alignment

To make the right decision for your business, your teams need to be aligned. Although sales reps are doing the selling, the entire revenue team – including product, marketing, customer success, revenue operations, and finance — must be aligned on the strategy.

According to Brad Gyger, CRO at Zeplin, “There needs to be that three way negotiation across the revenue function, marketing/growth function, product function because you have to have alignment around what you’re going to go ship this year, here’s what we can take to market this year, and here’s how we think it will shake out in terms of leads, revenue, pipeline.”

An added benefit to this, Gyger says, is knowing that if the revenue teams don’t meet their goal, they can trace the source of the hold up. For example, “[We would know we didn’t hit our goals because] we didn’t ship the product we said we would on the timeline we said we would, so that means we couldn’t generate interest, leads, or pipeline in time for us to turn it into revenue.” Therefore, if your teams aren’t aligned, your plan won’t be either.

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> **Jeff Ignacio**
> Head of Sales Op at Forethought

2. Inflexible Territory Plan that Can’t Change With the Times

Most companies design their territory plan once a year, usually around Q3 or Q4 for the year ahead. But given how things change often and without warning, a plan that can’t adapt to the times will only hold your team back.

One of the challenges in a territory plan, says Cliff Simon, CRO of Carabiner Group, is "making them balanced and aligning them appropriately with the expertise of the sales people who are serving [the territories]." As such, the sales rep tends to get the short end of the deal when the territory plan is static since it can't change to reflect updated data on territory size and value. This inflexibility can cause poor alignment, leading to low team performance and morale.

3. Lack of Data

The key to designing and optimizing a territory plan is accurate data. Without this, your plan can have your team making ill-informed decisions and leave leadership confused at your lack of progress.

According to Jeff Ignacio, Head of Sales Op at Forethought, "Leaders in the business world quite frankly know what's happening in the business based on looking through a keyhole—the data reports that they have available to them. But there is a lot of context missing from them. So by combining the data and the anecdotes from the business will be important to have a circumstantial view of the company."

Lack of insight into your data and inefficient methods of updating it offer a narrow vision of the company and lead to poor territory planning and management.

4. Delayed Territory Planning

Starting territory planning too late can hinder the impact of the plan itself, especially if you only change your plan once a year.

According to Ignacio, you should "set up your planning in phases and assign owners to those phases to hold them accountable. The outputs from one phase are the inputs for the next phase and if one phase doesn't go well you are putting yourself at risk of not operating with as much data and information as you might need for planning."

Ignacio also advises starting as early as possible, as "planning too late could mean you're actually skipping steps along the way."

If you recognize some of these qualities inside your organization, it's time to go back to the drawing board and set a solid foundation for your territory plan. Here are some suggestions for building out a strong plan.

> "Use the broader team and the broader brain power to give people ownership to give people the input and to have some of those healthy exchanges."
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> **Brad Gyger**
> CRO at Zeplin

Tips for Developing a Robust Territory Planning Strategy

It's hard to create a successful sales territory plan, but relatively easy to create an inadequate one. Here are some things to keep in mind when building out your own.

1. Get Input from Key Stakeholders

Territory planning is a team sport. If you keep it only within the sales team, you'll likely run into execution and measurement problems. It's often a good idea to include one or two representatives from each revenue generating team like customer success, sales ops, and marketing.

As Gyger advises, "Use your people, use your team [...] If you try to do this stuff in a vacuum you can drive yourself crazy. Use the broader team and the broader brain power to give people ownership to give people the input and to have some of those healthy exchanges."

Likewise, Ignacio counsels, "Bring your best people to the planning process itself. There are a ton of people on the front lines who are high quality data analysts (your FP&A [financial planning and analysis] leader, FP&A analyst, and RevOps associates). Those are people to tap on the shoulder and have them brought into the process."

2. Align on Definition of Terms and KPIs

Key performance indicators (KPIs) are crucial to tracking the performance of your territory plan. Not only do you have to measure your success, but you need to ensure that you and your team are on the same page about what the KPIs mean.

As Ignacio says, "Taking a look at the definitions of the KPIs. Are we speaking the same language and defining things on common ground? I think it's a tragedy when we're talking about ARR or retention and win rate and realize everyone's defining it differently." Success should look the same (or similar) for everyone on the team.

3. Tackle Different Aspects of GTM Planning Simultaneously

Rather than approach territory planning as its own beast, tackle it at the same time you plan other aspects of your GTM strategy.

As Sara Archer, VP of Sales at ChartMogul says, "There's a lot of planning for a GTM function (annual planning, quarterly planning, target planning, territory planning, top of funnel marketing planning). All of these things are really related, but you tend not to tackle them all at the same time." This way, you can fit all the pieces of your GTM strategy together to see what works and what doesn't.

Indeed, a change in one area of the GTM strategy can lead to changes in others. An example Archer provides is, "If we hire a new VP of Marketing who gives me different lead counts that will impact Q4, so if I'm setting targets for Q4 then the inputs are different. In a perfect world some of this could happen in a vacuum or in a less disjointed way where you're doing all of your GTM models at once."

The more you can integrate all of your planning and account for changes across functions, the stronger your territory plan will be.

4. Use Metrics to Balance Your Territories

While the metrics you use to balance your territories might vary depending on your industry, business model, or products sold, there are a few company-wide metrics that can help you make truly informed data-driven decisions.

Gyger's team at Zeplin considers whether or not there are geographies that have hotspots vs others. They also "look at "ARR bookings, that's the starting point. But we also look at NRR, and to a lesser extent, GRR."

Archer's team at ChartMogul also looks at MRR and ARR, as well "closed/won, new business, and expansion in a territory over a relevant period of time (e.g. quarterly or monthly). I look at expansion to see which are the emergent geographies or industries where we seem to be profiting from the most."

Ignacio's team has a bit more complicated considerations. They consider, "What is the potential value of the territory? What is the potential ARR or economic yield of that territory?

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Sara Archer
VP of Sales at ChartMogul

That's the TAM of a specific patch of accounts. The composition or weighted value of the territory, for example different industries, different segments measured by revenue tend to perform at different win rates for us, so we optimize for what is the territory value there?"

At Carabiner group, Simon says, "I would be looking at closed rates and opportunities created, as well as actual revenue (pipeline velocity – what actually moves through the pipeline – and pipeline volume – how much is actually being created) per territory."

It's important to start your territory planning off on the right foot, which includes true cross-functional alignment and collaboration. Each revenue generating team needs to be on the same page about goals, KPIs, and metrics, and how this feeds into the company's overall vision.

Map Out Your Territory Plan

Territory plans can be hard to build, but with the right tools, measurements, and internal alignment, you can chart a course that puts your business on the map.

Territory plans help businesses to be more focused in their efforts to cover their market. Rather than selling to everyone everywhere, companies build and utilize a territory plan to cover their market more strategically and align on a solid strategy for the whole team to work from.

Delayed planning and lack of data can cause an imbalance in territory assignment, leading to overwhelmed and dissatisfied sales reps, as well as a team that frequently misses their targets.

In a time of constant change, give yourself the best chance of success with a territory plan that can be just as flexible as your business environment. To do this, you need a solid foundation: cross-functional alignment on territories, shared KPIs, and up-to-date data to inform your design.

Map your route to the top using Territory Planner by Ascent Cloud.

Request a demo today