



Param Pujya Dr. Babasaheb Ambedkar Smarak Samiti's

Dr. Ambedkar Institute of Management Studies & Research

Deeksha Bhoomi, Nagpur - 440010 (Maharashtra State) INDIA

NAAC Accredited with 'A' Grade

Tel: +91 712 6521204, 6521203, 6501379

Email: info@daimsr.in

Territory Management

For Internal Circulation and Academic
Purpose Only

Programme Educational Objectives

- *Our program will create graduates who:*
- *1. Will be recognized as a creative and an enterprising team leader.*
- *2. Will be a flexible, adaptable and an ethical individual.*
- *3. Will have a holistic approach to problem solving in the dynamic business environment.*

Sales and Distribution Management Course Outcomes

- CO1- Given a situation of Festival, student manager will be able to identify appropriate Sales Forecasting method to be adopted by a company.
- CO2- Given a situation of opening a new outlet, student manager will be able to draft a sales plan.
- CO3- Given a situation of Selling products / services, student manager should be able to explain Personal Selling Process.

- CO4-Given a criteria of newly launched company, student manager should be able to design an effective Sales Compensation Plan for Sales Executive.
- CO5-Given a criteria of distribution channel of a company, student manager should be able to outline different levels of Marketing channel used by the company.
- CO6-Given a situation, student manager should be able to explain the process of Reverse Logistics.

WHAT IS A SALES TERRITORY?

A sales territory is composed of a group of customers or a geographic area assigned to a salesperson.

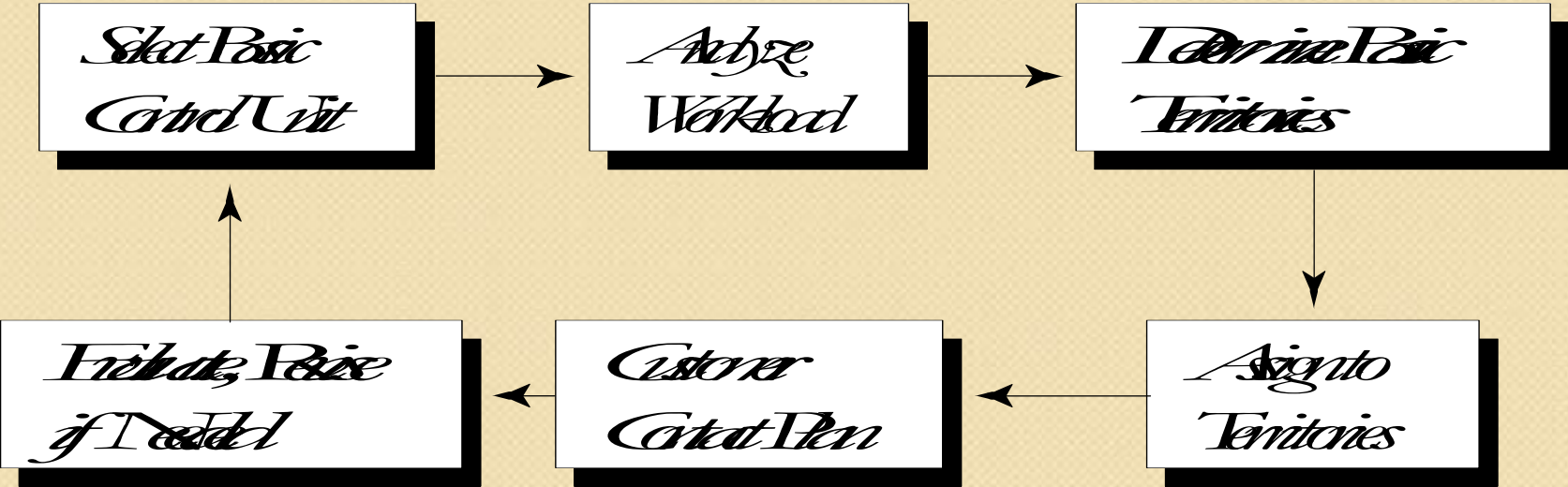
WHY ESTABLISH SALES TERRITORIES?

- To obtain thorough coverage of the market.
- To establish a salesperson's responsibility.
- To evaluate performance.
- To improve customer relations.
- To reduce sales expense.
- To allow better matching of salesperson to customer.
- To benefit salespeople and the company.

FACTORS TO CONSIDER WHEN DESIGNING SALES TERRITORIES

Sales force objectives may be based on factors such as contribution to profits, return on assets, sales/cost ratios, market share, or customer satisfaction.

FIGURE: FACTORS TO CONSIDER WHEN DESIGNING TERRITORIES



ANALYZE SALESPEOPLE'S WORKLOADS

Workload is the quantity of work expected from sales personnel. Three of the main influences on workload involve the nature of the job, intensity of market coverage, and type of products sold.

Intensity of Market Coverage

Distribution methods:

- Intensive distribution (Many Outlets)
- Selective distribution (Specific Locations)
- Exclusive distribution (One or very few outlets)

DETERMINE BASIC TERRITORIES

The breakdown approach uses factors such as sales, population, or number of customers.

$$\text{Sales Force Size} = \frac{\text{Forecasted Sales}}{\text{Average Sales per Salesperson}}$$

TABLE 6.1 SIX STEPS TO CONSIDER WHEN DETERMINING A FIRM'S BASIC TERRITORIES

1. Forecast sales and determine sales potentials.
2. Determine the sales volume needed for each territory.
3. Determine the number of territories.
4. Tentatively establish territories.
5. Determine the number of accounts for each territory.
6. Finalize the territories, and draw the boundary lines.

Equalized Workload

This method uses the number, location, and size of customers and prospects to determine the frequency of sales calls and amount of time a call takes by using such data as:

- Time required for each sales call.
- Frequency of sales calls per given customer.
- Time intervals between sales calls.
- Travel time around territories.
- Nonselling time.

Scheduling refers to establishing a fixed time when the salesperson will be at a customer's place of business.

In theory, strict formal route designs enable the salesperson to:

1. Improve territorial coverage.
2. Minimize wasted time.
3. Establish communication between management and the sales force in terms of the location and activities of individual salespeople.

EVALUATION AND REVISION OF SALES TERRITORIES

Territorial control is the establishment of standards of performance for the individual territory in the form of qualitative and quantitative quotas or goals.

THE SALES TERRITORY IS A BUSINESS

THE RIGHT SALESPERSON PAYS OFF

OPEN SALES TERRITORIES

Open sales territories are those left vacant until new salespeople are assigned to them. Vacant territories experience the following:

- Lost sales due to the vacancy.
- Lost sales due to the time needed for the new salesperson to build sales productivity.

Sales leakage refers to the lost sales due to both the vacancy and the time required for the new salesperson to produce at average.