

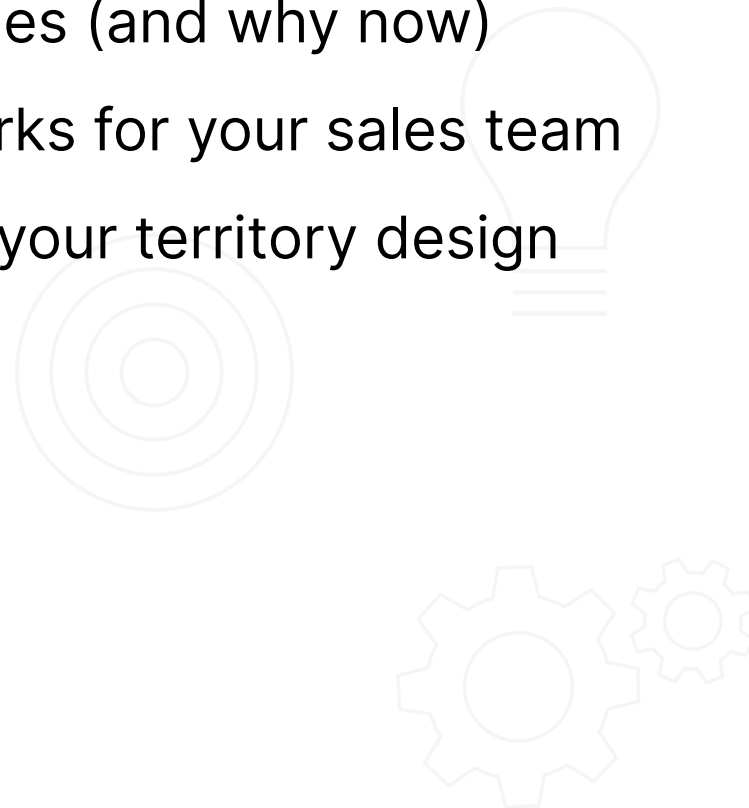
Territory Management for 2024



Everything you need to
manage your territories

Contents

- Why you should think about territories (and why now)
- Choosing a territory design that works for your sales team
- How to model the requirements for your territory design
- Building your territory model

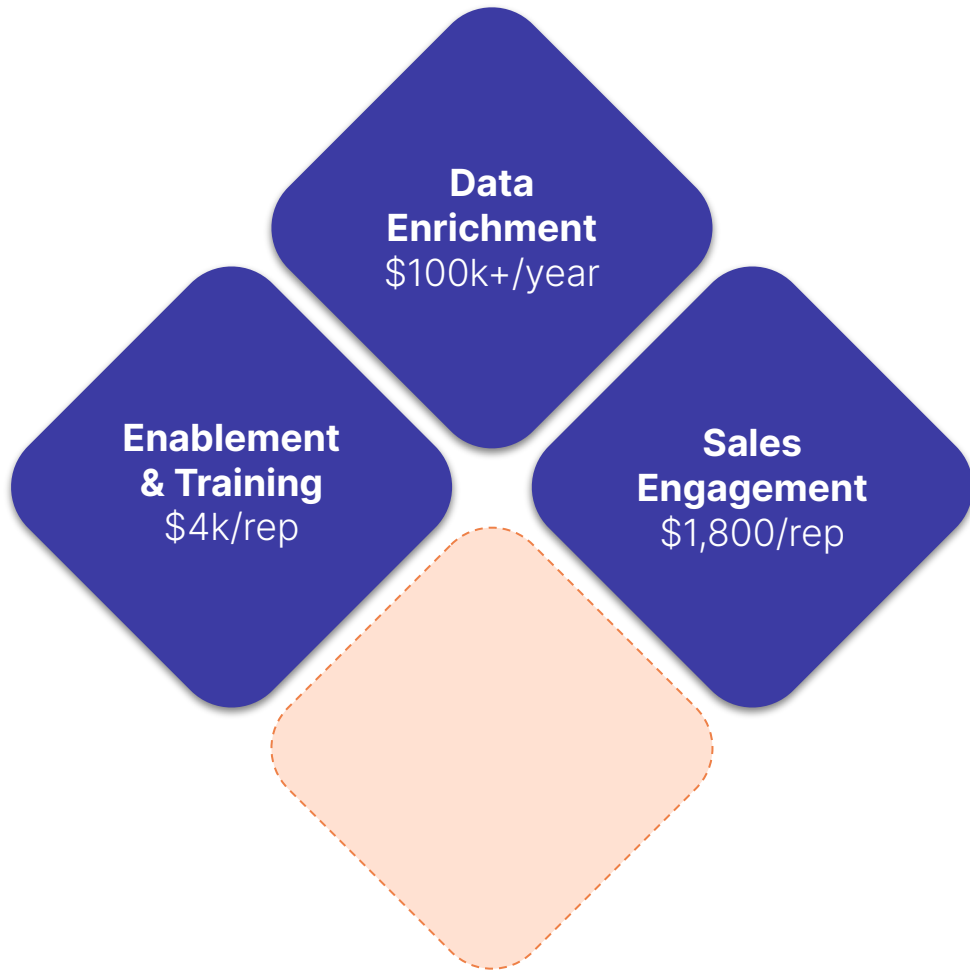


Why Territories

Figuring out which reps work which accounts when has a huge impact on revenue.

Territory Design

How you parallelize the way you sell
(so more reps = more \$)



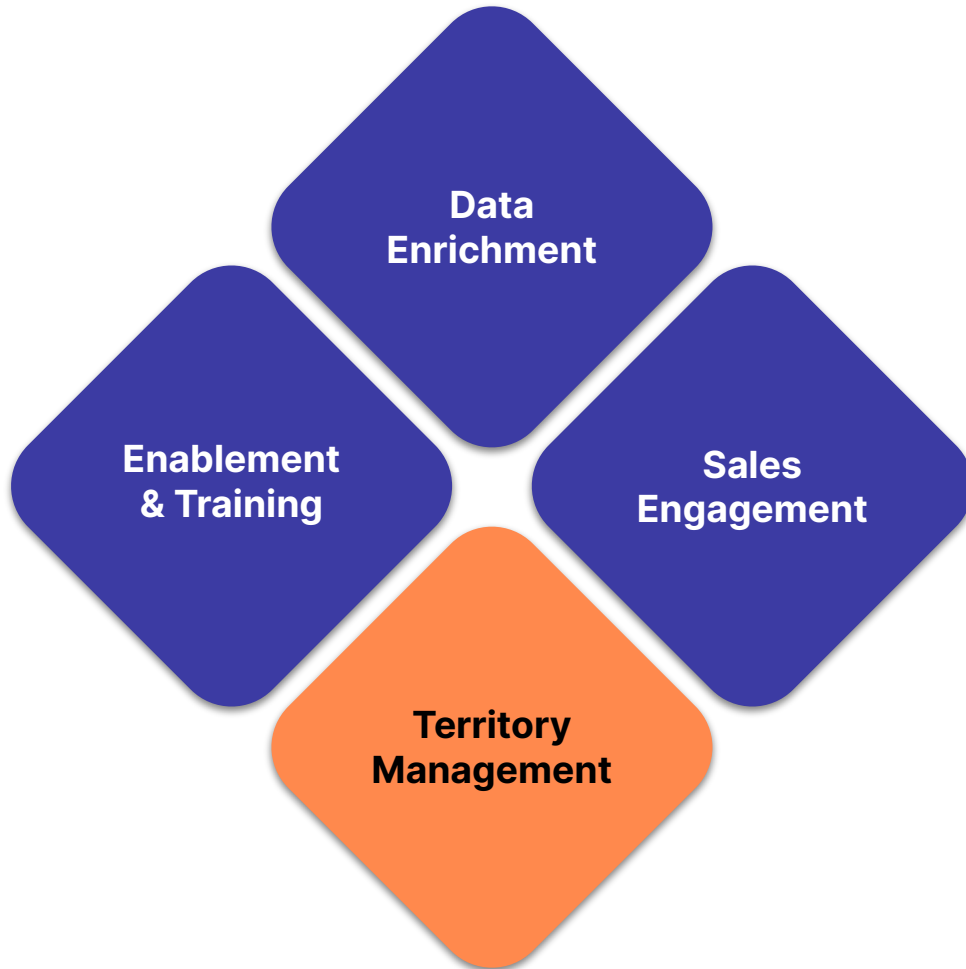
You're already investing in

Rep productivity

Spending on sales tech
(median is \$10k/rep annually)

Buying tools like ZoomInfo,
Outreach, Salesloft, Gong

Trying to make sure your reps
know what to say and when
to say it, sales collateral



Territories are the foundation of

Rep efficiency

83% of companies use **spreadsheets** to organize territories

76% of companies **still use geographic territories**

64% of companies **aren't satisfied** with their territories

Poor territories can **reduce revenue outcomes** by 10%

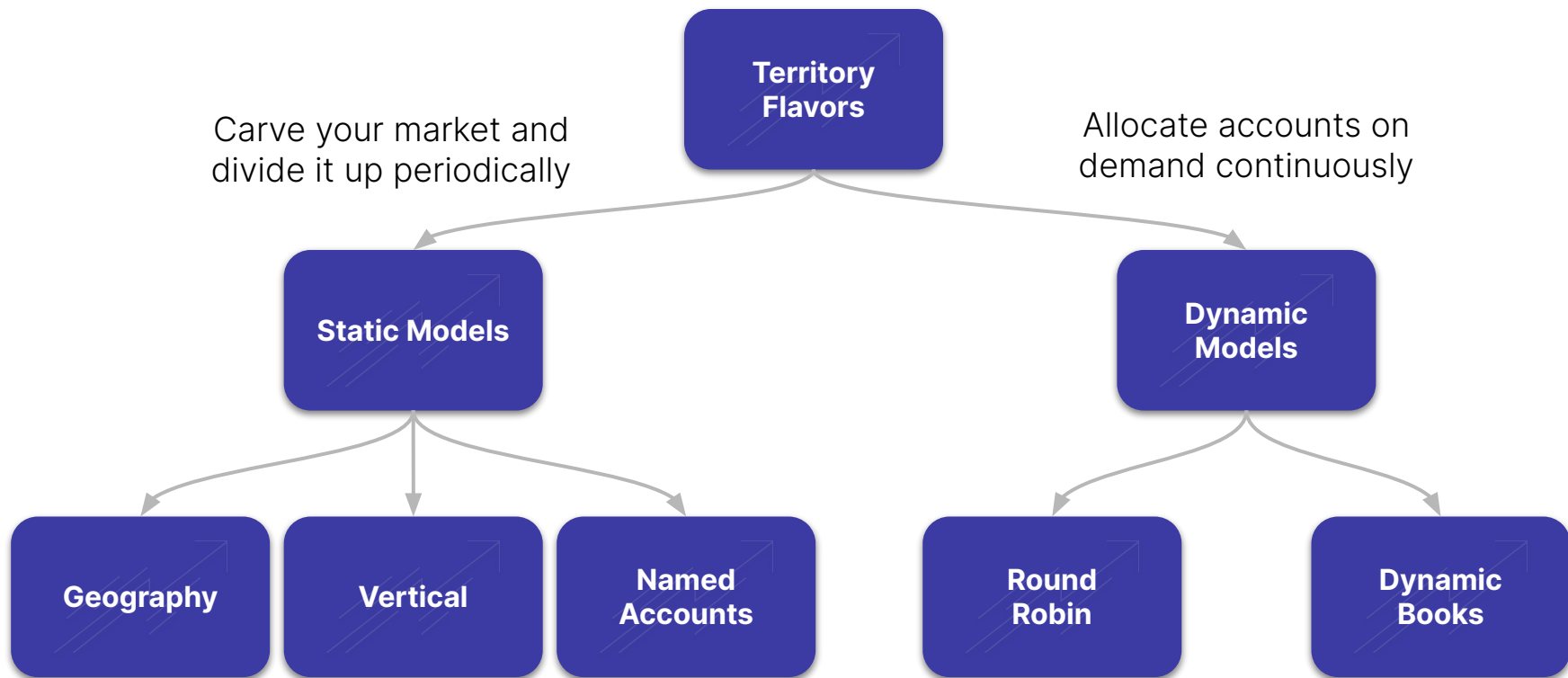
Territory design in 2024

- Good territories drive scale and productivity through parallelization and rep focus
- Geography is just one territory design option, and not always the right one
- Don't ignore time — quota capacity is perishable and opportunity isn't fixed

Territory Taxonomy

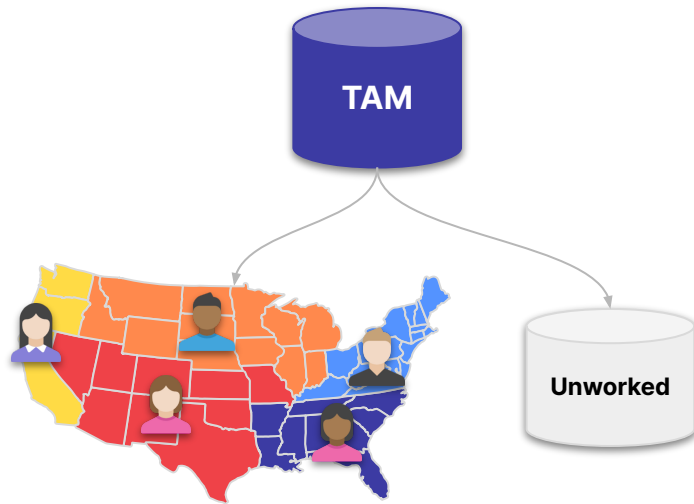
Let's talk about all the different flavors of territory design.

Territory types



Static territories

Static Territories (Geo/Vertical/Named)



Feast or famine

Prospects can go unworked when some reps have too much opportunity while other reps starve in weaker territories

Prioritization problems

Annual “carving” process tries to balance potential but forces reps to decide who to engage and when on a daily basis

Headcount headaches

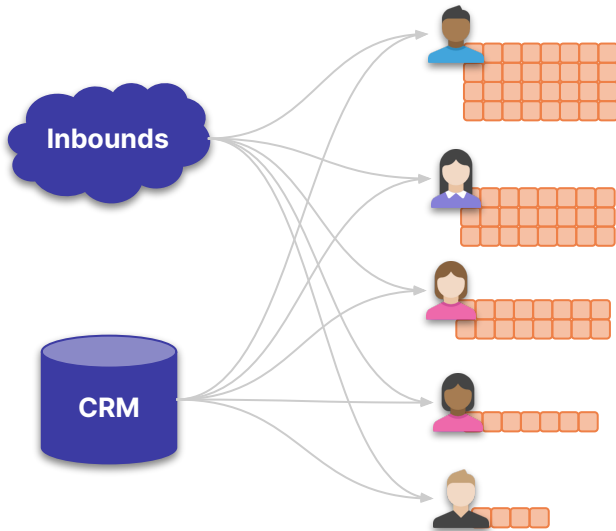
Adding or losing reps is complex and disruptive due to re-carving or managing empty territories. Meanwhile reps complain about accounts

Capped coverage

Cumulative impact of these problems means quota capacity is misallocated and reps can't effectively cover your TAM

Round robin

Round Robin, aka The Wild West



Hoarding horrors

Reps who have been at there the longest have accumulated lots of accounts, giving them an option on lots of inbounds

Gaming attainment

Reps that have learned the right tricks are better at prospecting accounts in the CRM, rewarding insider knowledge, not sales skill

Rough ramping

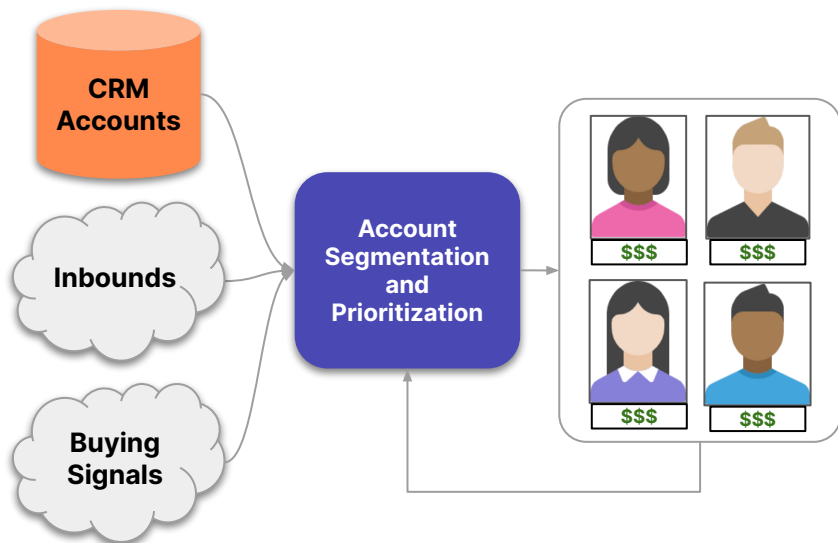
New reps struggle to ramp quickly because they start with a small book and have to pick through the dregs

Unworked accounts

Reps have more accounts in their name than they can effectively work so your team isn't fully covering your TAM

Dynamic books

Dynamic Account Books



Smart and continuous

Intelligently integrates ICP fit & timing signals. Matches inbound & outbound opportunity to rep capacity.

Maximum pipeline

Rep account books automatically refreshed with high priority accounts, ensuring complete TAM coverage

Returns, retrievals, wins

Feedback loop for ongoing segmentation and prioritization

Balanced books and attainment

Reps have an equal shot with balanced opportunity to hit quota, eliminates imbalances due to static territories

Which model is right for you?

	Model	Use if...
Static	Geographic	You have field sales, extensive market data and highly predictable sales patterns OR there's a material variation in sales process across geos.
	Vertical	Your GTM requires high specialization for different verticals and you have enough market data to be confident about demand in those specific verticals.
	Named	You have a long sales cycle that requires building relationships and value over time along with high confidence in specific accounts that you want to target.
Dynamic	Round Robin	Your GTM is mostly inbound-driven, sales cycles are relatively short, you have a small sales team and those reps have mostly the same length of tenure.
	Dynamic Books	You have relatively fast sales cycles, have a hybrid inbound/outbound model, and are dealing with demand and headcount uncertainty OR you're trying to maximize coverage of a known TAM.

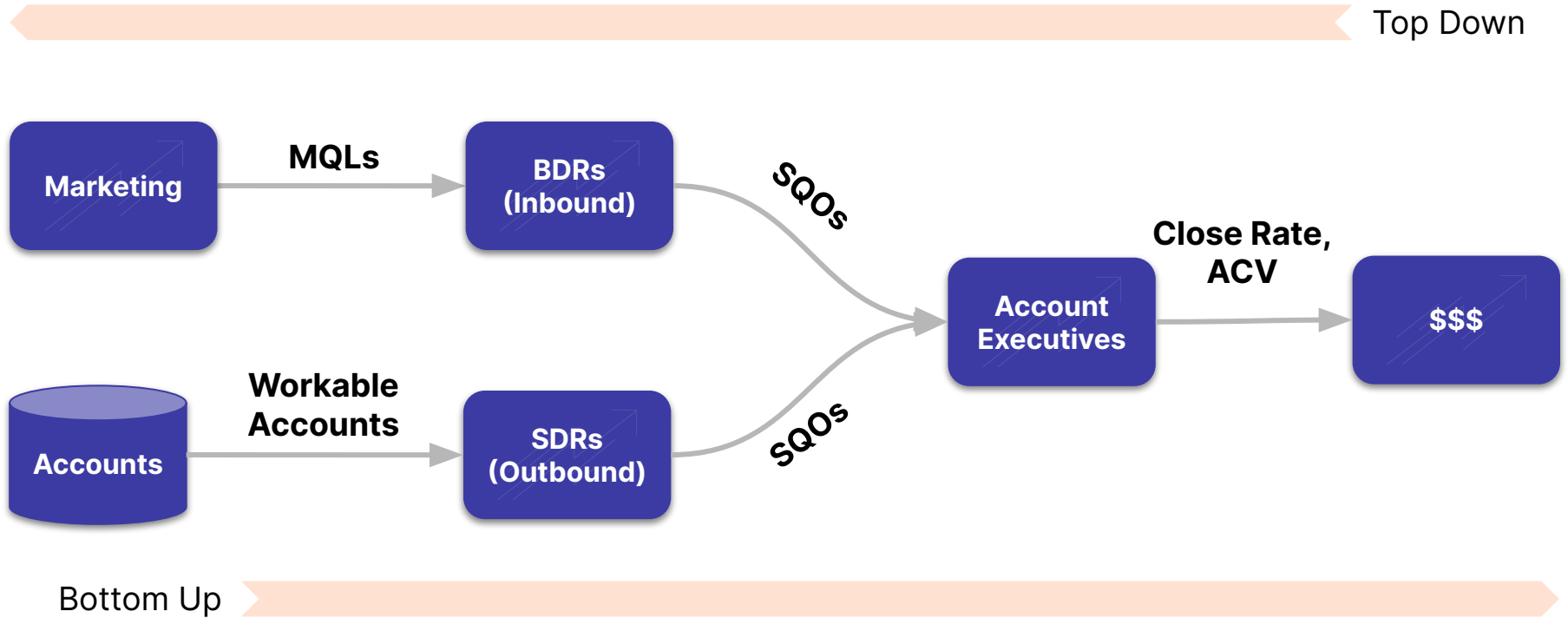
Dynamic books considerations

Prerequisites	ROE	Processes
<ul style="list-style-type: none">● ABX - Dynamic models work best when working accounts● Ownership model - Single ownership vs joint ownership● Fungibility - The more you segment/specialize quota capacity by geo, vertical, etc, the less you can move it around to meet demand● Rep capacity model - Determine how many accounts reps can work at any time	<ul style="list-style-type: none">● “Working” definition - Determine what constitutes a rep sufficiently working an account● Dispositions - Determine permitted reasons and required proof to allow a rep to return an account● Redistribution - When reps have actively worked a deal where the timing is wrong, under what circumstances might that account be given back to them	<ul style="list-style-type: none">● Signals - Incorporate inbounds, implicit buying signals (e.g. intent) and lead-to-account matching● Proactive movements - Define when and how accounts will be distributed or retrieved● Lifecycle - Coordinate with marketing and ops for managing account dispositions that require rest/nurture or review
Foundation: Clear comp plans and transparent communication with reps		

Modeling Territory Requirements

Figure out what each rep needs to succeed.

Territory planning and modeling



Top down model

Input:

Revenue plan

Output:

Quota capacity,
Quota coverage

Assumptions:

Every single
conversion rate in
your funnel boiled
down to a point
estimate

Quota Capacity				2023-01	2023-02	2023-03	2023-04	2023-05	2023-06	2023-07	2023-08	2023-09	2023-10	2023-11	2023-12
Role	Rep Name	Qty	Hire Date												
AE1		1	2022-03	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
AE2		2	2023-02	\$ -	\$ -	\$ 20,000	\$ 60,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
AE2		3	2023-05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 90,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
AE2		4	2023-09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 120,000	\$ 160,000
AE2		5	2023-10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 150,000
AE Capacity				\$ 40,000	\$ 40,000	\$ 60,000	\$ 100,000	\$ 120,000	\$ 150,000	\$ 210,000	\$ 240,000	\$ 240,000	\$ 280,000	\$ 410,000	\$ 550,000
Attainment Rate				70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Attained Bookings				\$ 28,000	\$ 28,000	\$ 42,000	\$ 70,000	\$ 84,000	\$ 105,000	\$ 147,000	\$ 168,000	\$ 168,000	\$ 196,000	\$ 287,000	\$ 385,000
Bookings Plan				\$ 44,127	\$ 69,500	\$ 72,976	\$ 76,624	\$ 107,274	\$ 112,638	\$ 118,270	\$ 155,229	\$ 195,588	\$ 205,368	\$ 251,576	\$ 301,891
Gap to Plan				\$ (16,127)	\$ (41,500)	\$ (30,976)	\$ (6,624)	\$ (23,274)	\$ (7,638)	\$ 28,730	\$ 12,771	\$ (27,588)	\$ (9,368)	\$ 35,424	\$ 83,109
Capacity:Plan				90.6%	57.6%	82.2%	130.5%	111.9%	133.2%	177.6%	154.6%	122.7%	136.3%	163.0%	182.2%
Coverage Checks															
SAO Source				2023-01	2023-02	2023-03	2023-04	2023-05	2023-06	2023-07	2023-08	2023-09	2023-10	2023-11	2023-12
Tier 1 Inbound				8	8	8	10	10	10	10	10	10	11	11	11
Tier 2 Inbound				1	1	2	2	2	2	2	2	2	2	2	2
SDR Outbound				6	7	7	7	7	7	7	7	7	7	7	7
AE Self Set															
Total SAOs				15	16	17	19	19	19	19	19	19	20	20	20
% SAOs to Close				30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
New Customers				4	5	5	5	6	6	6	6	6	6	6	6
Bookings				\$ 88,255	\$ 115,834	\$ 121,626	\$ 127,707	\$ 160,911	\$ 168,957	\$ 177,404	\$ 186,275	\$ 195,588	\$ 205,368	\$ 215,636	\$ 226,418
Bookings Plan				\$ 44,127	\$ 69,500	\$ 72,976	\$ 76,624	\$ 107,274	\$ 112,638	\$ 118,270	\$ 155,229	\$ 195,588	\$ 205,368	\$ 251,576	\$ 301,891
Gap to Plan				\$ 44,127	\$ 46,334	\$ 48,650	\$ 51,083	\$ 53,637	\$ 56,319	\$ 59,135	\$ 31,046	\$ -	\$ -	\$ (35,939)	\$ (75,473)
New Customer Plan				2	3	3	3	4	4	4	5	6	6	7	8
SAOs Needed for Plan				7	10	10	10	13	13	13	17	20	20	23	27
SAO Gap				8	6	7	9	6	6	6	2	-1	0	-3	-7

Bottom up model

Input:
Rep activity

Output:
Revenue

Assumptions:
Every single conversion rate in your funnel boiled down to a point estimate

Inputs		Capacity Analysis (Bottoms-Up)		Book Productivity (Per Month)	
Touches / Day	100	Touch Requirements		Touches	2000
Quota / Month	10	Touches / Contact	7	Accts Covered	95
		Contacts / Account	3	Quota	10
Cadence Touches / Contact	7	Touches / Account	21	Required Productivity Rate	10.5%
Contacts / Account	3			<i>The percentage of accounts worked that need to be converted to demo set/meeting/opportunity for a rep to hit 100% attainment.</i>	
		Rep Capacity			
Reps	15	Touches / Day	100		
Rep Territory Size	250	Touches / Mo	2,000		
Accounts to Work (TAM)	3,000	Accounts Covered / Month	95		
		Accounts Covered / Year	1,140		
		Rep Territory Capacity			
		Territory Size	250		
		% Covered Accounts	456%		
		Uncovered Accounts	0		
		TAM Capacity			
		Reps	15		
		Accounts Covered / Month	1,425		
		Accounts Covered / Year	17,100		
		Total Accounts	3,000		
		Max % TAM Coverage	570.0%		
		Uncovered Accounts	0		
		Actual Covered Accounts	3,750		
		Actual % TAM Coverage	125.0%		

**The top down and bottom up
models **have to agree****

Territory considerations

- Are you engaging the right accounts?
- Are you missing any high-potential accounts?
- Do you have any issues with sales rep satisfaction and retention?
- Is quota attainment and compensation equitable?

Territories and Time

What's the role of time in territory design?

Quota capacity is perishable

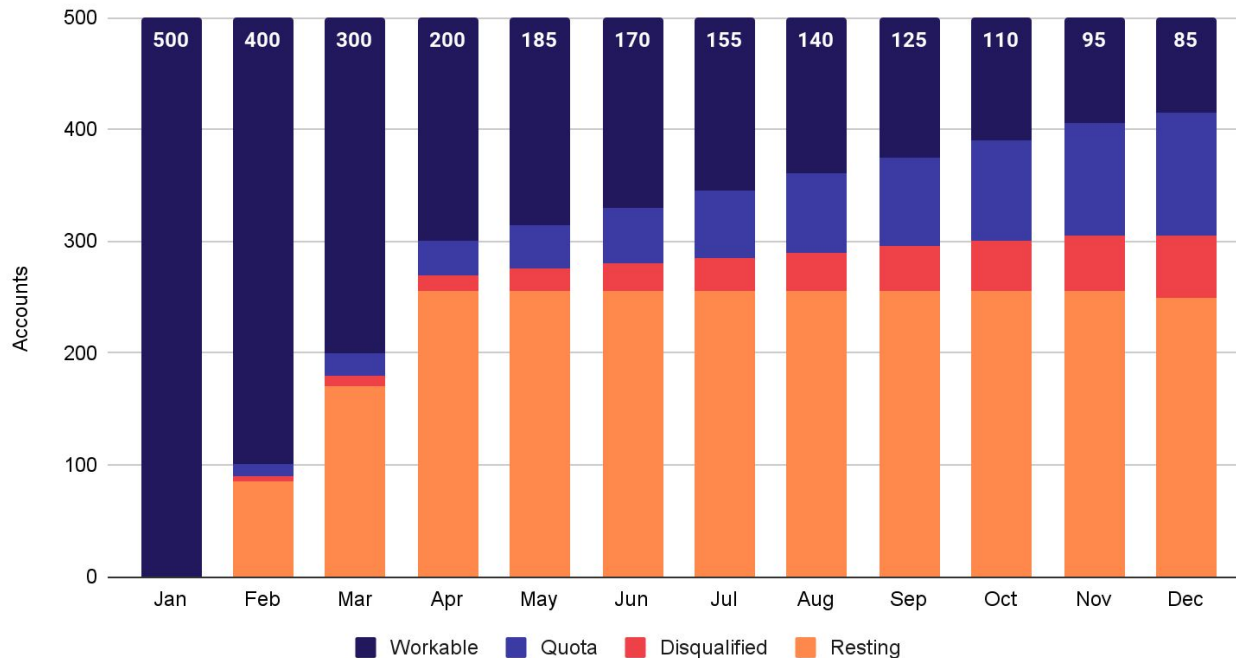
If you waste quota capacity today,
you can never get it back

Static territories shrink over time

Example static territory assigned on Jan 1:

Territory Size	500
Accounts Worked / Mo	100
Quota / Mo	10
DQ Rate	5%
Rest Period (Months)	3

Click [here to download](#) a free territory shrink calculator.



Opportunity isn't fixed

A territory's value is a function of potential,
timing and rep capacity

Territory size vs rep capacity vs coverage

Input:
Rep activity

Output:
Revenue

Assumptions:
Every single conversion rate in your funnel boiled down to a point estimate

Inputs		Capacity Analysis (Bottoms-Up)		Book Productivity (Per Month)	
Touches / Day	100	Touch Requirements		Touches	2000
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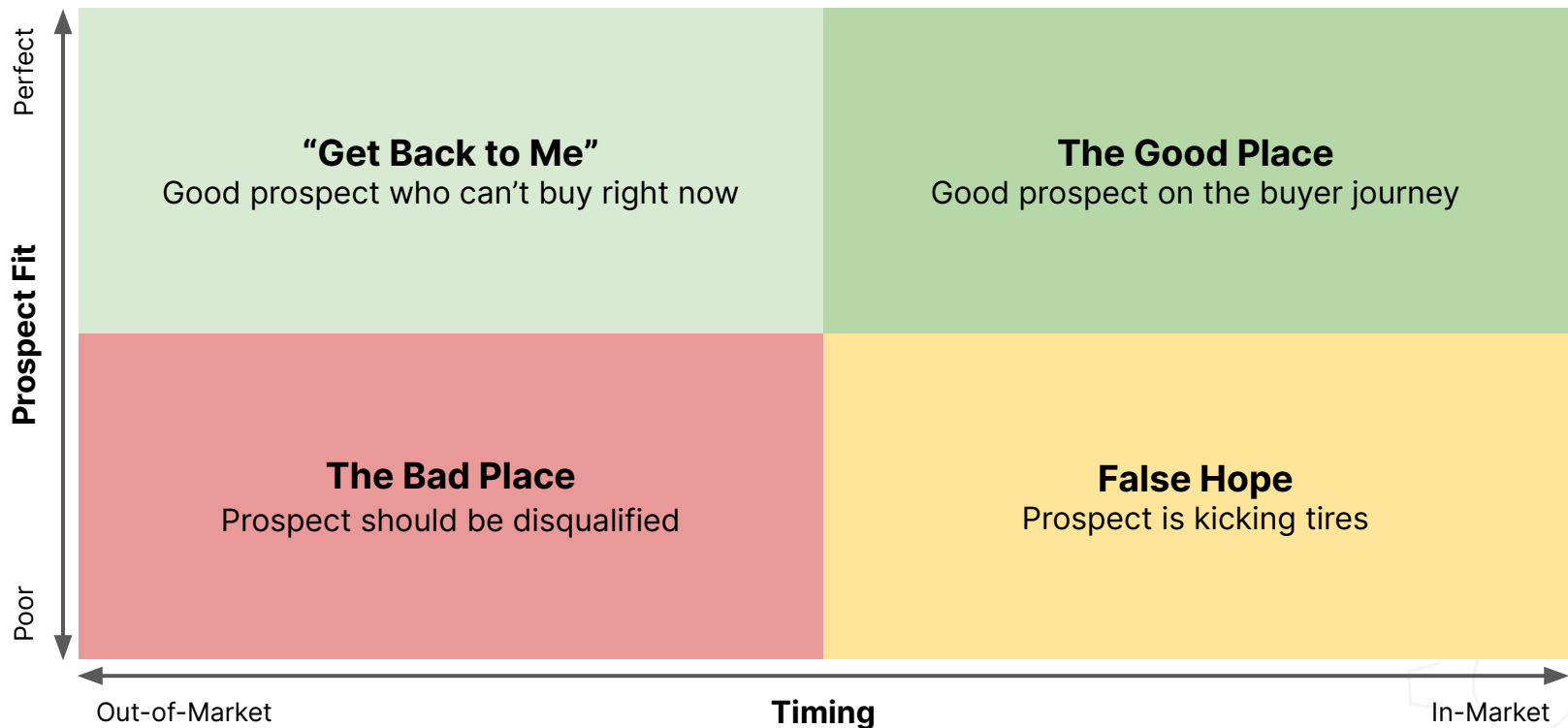
Click [here to download](#) a free capacity calculator

Building Territories

All accounts aren't created equal. Use fit and timing to understand an account's potential.

Building territories: Fit vs timing

Breaking down quota capacity allocations across the TAM



Ranking for fit and timing

	Fit	Timing
Goal	Determine which accounts fit your ICP better than others and should be more likely to become customers and/or better customers.	Determine which accounts are potentially looking for a solution like yours.
Inputs	Firmographic data that's relatively easy to see externally and doesn't change too quickly over time. e.g. Country, Industry, Employees, Revenue	Data that indicate interest such as marketing activity, product usage (for PLG), intent from an intent provider like 6Sense or ZoomInfo.
Process	While you can use statistical or ML models, I recommend starting simple. Use a score based on weights for the different attributes.	Some products provide an intent score but you can also use a similar weighted approach for this score.
Outputs	Either a score (e.g. 0-10) or a classification (e.g. A-D). I recommend starting with classification.	Either a score (e.g. 0-10) or a classification (e.g. A-D). I recommend starting with classification.

Getting timing right

Signals	Description	Tools
Direct inbound	Demo request forms, contact sales, etc	Marketo, Hubspot, Pardot, Adobe (various), Eloqua, Calendly, etc
First-party marketing	Engagement data and marketing activity captured on your own sites via your MAP or CMS	
Third-party intent	Capture behaviors from various sources aggregated in ABM products	6Sense, DemandBase, Terminus, ZoomInfo
First-party product	For PLG motions, capture signals about product usage	Pendo, Heap, custom code
Ecosystem	Connect your CRM data with partners to see overlaps and identify mutual selling opportunities	Crossbeam, Reveal; Bonus: UserGems
First party sales	Capture data and dispositions (e.g. “under contract until X”) in your sales process that you can use to engage at the right time	Gradient Works, custom code

Gradient Works can help

Want to learn more about moving to a dynamic territory model?
Looking for software to help with your territory management?
Let's talk.

gradient.works