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The Four Most Crucial Elements of Conducting Territory Segmentation at Scale

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Abstract- The most fundamental building block of any organization is Data; data is critical to any organization's success. Getting data governance and quality right, can significantly improve the quality of sales planning and result in an intelligent data-driven territory allocation process. On the contrary, poor data quality and loose governance models often lead to laborious territory planning cycles, sub-optimal sales rep to account mapping and poor customer experience. Poor data quality could also result in an over- or under-allocation of a sales person's territory and can result in poor customer experience and even attrition. On the operational side, this could result in poor forecasting, inefficient revenue attribution, tedious reporting exercises (due to lack of data modeling), and a significantly delayed root cause analysis when companies miss financial goals.

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The Four Most Crucial Elements of Conducting Territory Segmentation at Scale

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Abstract- The most fundamental building block of any organization is Data; data is critical to any organization's success. Getting data governance and quality right, can significantly improve the quality of sales planning and result in an intelligent data-driven territory allocation process. On the contrary, poor data quality and loose governance models often lead to laborious territory planning cycles, sub-optimal sales rep to account mapping and poor customer experience. Poor data quality could also result in an over- or under-allocation of a sales person's territory and can result in poor customer experience and even attrition. On the operational side, this could result in poor forecasting, inefficient revenue attribution, tedious reporting exercises (due to lack of data modeling), and a significantly delayed root cause analysis when companies miss financial goals.

The following set of best practices are written through a lens of data in a CRM environment. The business model that the below strategy best aligns with is B2B direct subscription product sales. The scope of sales territory planning outlined below is limited to certain organizational groups: core and specialist sales teams, sales operations, corporate finance, and any other teams that directly influence sales territory allocation and revenue measurement. While sales have a significant role to play in the curation of the company's GTM strategy—it typically rests within the wheelhouse of sales operations. The revenue and HR organizations contribute heavily to the planning exercise.

The four most crucial elements of conducting territory segmentation at scale are:

I. Identification of the Fundamental Data Attributes That are Reflective of the Company's go-to Market Strategy

Data Quality is a thankless task and a moving target. Data will never be 100% current, and it will very rarely be 100% complete. However, the way one can optimize the completeness and correctness of data is by "scoping" out what's important. Of the hundreds of data points that one could capture about their customer into the CRM, *only a handful matter!* How about the 80-20 rule? Many a time, 20% of the data attributes directly drive 80% of the value.

Every B2B company has a system of record of its customers, i.e., businesses. This exercise entails identifying the core data attributes or fields (in the CRM world) that are integral to the company's GTM strategy. For e.g. a company that sells its product globally, across several industries could have the following attributes of its customer records as building blocks of segmentation:

- Geographical.
- Vertical or Industry or Category of the customer.
- The materiality of the customer to the company.

Employees (reflecting size), Seats/Licenses (in case of a subscription model), Revenue (reflecting business), Deal Pipeline (reflecting potential)

- Product adoption

A handful of leads from multiple groups can come together to form a council and thereby, identify these fundamental building blocks. There could be 1-2 members from finance, 3-4 across the global sales teams, 2-3 sales operations team members, and a few more. A data governance expert could moderate these exercises. *The conclusion of these exercises is a thorough documentation of critically important fields in the form of a data dictionary.*

II. Maximize Completeness and Correctness of the Fundamental Data Attributes to Elevate Trust

Now that one has identified the critical attributes, the next step is to install guardrails around them. There are one or more best practices one can adopt to ensure correctness and completeness of the data.

1. Bring on a small team of business development representatives, junior data analysts, or interns who can scrub the data and maintain accurate information. They could refer to the third party trusted data sources to periodically maintain freshness.
2. Make an investment to procure firmographic business data from trusted data vendors and conduct data cleansing at scale (1-2 times a year) before annual planning
3. Put tight access controls in place on a handful of critical roles that can edit the fundamental attributes in the CRM. Implement these access controls at an attribute level into the CRM with the help of IT.
4. Create a robust intake process for data changes from the sales organization. Provide strict guidelines and detailed procedures to the data support team (BDRs, analysts) who are processing these

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requests—ask for a verified source of truth, or a business justification.
5. Capture every data change.
6. Create dummy fields to capture real-time changes and having fixed fields that are updated only once a year to drive sales territory planning
7. Use a handful of attributes with some automation to compute a 'Health' score. The health score can be constructed using either a simple code that checks completeness of fundamental data fields or the last modified date on a field to reflect recency of an update. If 8 out of 10 critical attributes are populated, record a Completeness Health Score of 80 (scale of 1-100). If the organization refreshes 5 out of the 8 attributes in the last six months, one can record a Recency Health Score score of 62.5 (⅝) to reflect recency.

A graph like the below can be an extremely effective method of monitoring data quality health:



III. Writing Rules to Segment Customers into "Cohorts," on top of this Trusted Data

Doing this for the first time is the hardest! It requires numerous conversations and pilots across the sales organization to build trust that "data" can replace some element of "intuition" in territory segmentation. It requires various permutations and combinations of *choosing the right attributes and choosing the right level.*

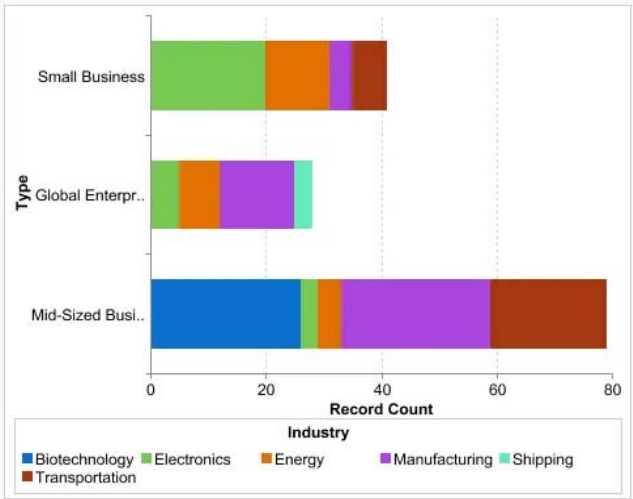
Examples:

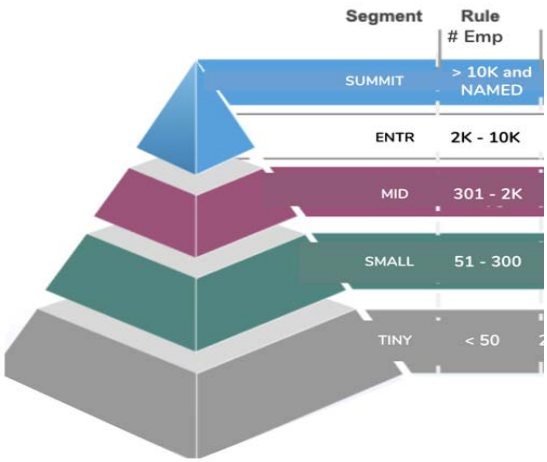
- One can stay high level by creating a *cohort* of a combination of country and revenue size (based on some sizing exercises). E.g.: US-Large Enterprises, UK-Mid Enterprises, India-SMB.
- One can create many granular cohorts with a combination of country, state, employee count (based on some sizing exercises), vertical, sub-vertical, and hero product adoption. Eg: Take a company with three distinct product lines—Pa, Pb, Pc.
  - *CA-Quebec-SMB*- A sales leader is covering the Quebec province for all small businesses.
  - *US-Oregon Washington-Large-Consumer Products-Food-Pa*- A Pa specialist sales representative is covering the large scale Pacific Northwest food industry.

It is very challenging to get this right in the first year and it is an iterative process for subsequent cycles. However, it is extremely efficient in that it will reward the organization in the longer term and get you a step closer towards an efficient sales planning cycle.

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Below is an example of how organizations can categorize CRM data into cohorts and thereby quantify business metrics into these cohorts.





IV. Scalable Automation, i.e. IT Support to Codify These Rules into the System (in this Case, a CRM)

Just as critical as devising the GTM strategy of an organization is, so is the implementation. An IT organization serves as a backbone for sales planning. Primarily there are three facets of IT which shall contribute to an organization's operational excellence:

- *Product (Product Owners, Business Analysts).* This group is primarily responsible for acting as a conduit between engineering and sales operations. Every sophisticated automation essentially calls for constant enhancement, maintenance, and support. In the examples of territory models outlined above, *US-Large Enterprises* calls for much simpler automation infrastructure and routing rules vs *US-Oregon Washington-Large-Consumer Products-Food-Pa,* which calls for advanced routing rules on multiple attributes on a customer record. Typically smaller businesses at a nascent stage with territory planning will opt for a simpler model and gradually mature to a more complex model. This transition requires a significant amount of interaction amongst IT, Sales Operations, Finance, etc. The POs or BAs who have the functional knowledge of both worlds are perfectly positioned to steer these conversations.
- *Engineering (Data and Application, incl. Architects).* A strong IT engineering organization can build and manage the infrastructure, help enhance the complexity and help scale a growing company.
- *Support (Sales Processes, Application, and Data).* Organizations can perceive an immediate ROI with respect to sales excellence when they scale their sales support mechanism. Every time you introduce data-driven territory planning, chances of "nuances" and "exceptions" only rise. A consistent cadence of data quality initiatives and scalable sales support are required to help maintain an accurate map of sales teams with sales territories. Teams can handle such support in the form of tasks/cases. A team of sales support professionals can follow a standard set of protocols to maintain the mapping of sales to customers. These professionals can also support the sales operations organization with:

  - The correctness, completeness, and freshness of data on the system of record— customer records, territory tables, etc. Whenever the sales operations team procures external data for cleansing, the support team is typically tasked to implement those updates.
  - Processing account coverage updates due to employment changes—Promotions, Hiring, Attritions—Employees, Internal transfers, Leave of absence
  - Archival of records or hiding those from the active sales models, i.e. attrited customers
  - Sales coverage can shift due to changes happening to the customer, such as contract change, industry change, customer size change (up-size/down-size); such shifts could result in a re-shuffle of the sales organization managing that customer.
  - Senior leadership strategy. Often there are mid-year changes to a company's priorities based on how the business is performing. During an economic crisis, companies often go into a reactive mode. When a product-market fit-gap is identified, companies could make acquisitions. These organizational changes could have a significant impact on the sales territory coverage. Processing

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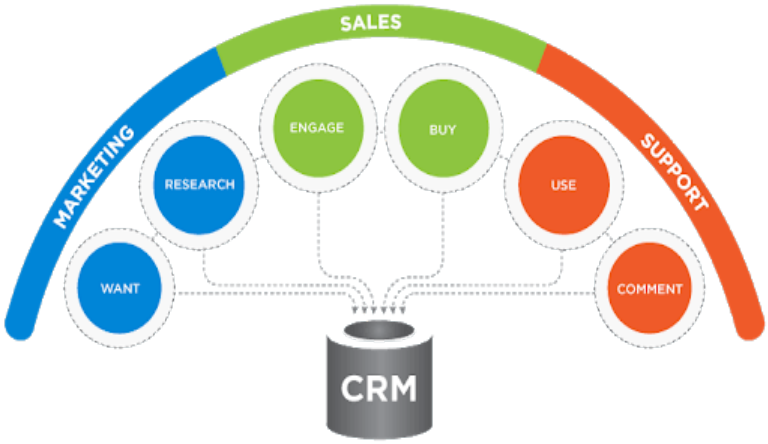
all these changes will require numerous support professionals who maintain the best possible state of the system as business demands.

V. Endnote/Conclusion

The primary focus of a Sales Operations team is to maintain simplicity and momentum for the sales organization. It is critical to keep the sales organizations shielded from any bottlenecks or operational overhead. The larger the company, or the faster the company grows, the more convoluted the sales operations process is. *Complexity can depend on the pricing and packaging model, breadth of product offerings, size of the sales organization, revenue recognition process, approval layers, reporting needs, forecasting needs, and more.*

But everyone (literally everyone) needs to start somewhere, albeit small! Delivering small wins for sales and showcasing the power of a data-driven sales planning process in increments, will gradually bolster trust and pave the way for an organization to scale truly.

Data Quality is a combined effort across multiple facets of an organization; everyone needs to be fully vested into helping the organization attain optimal data quality.



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