

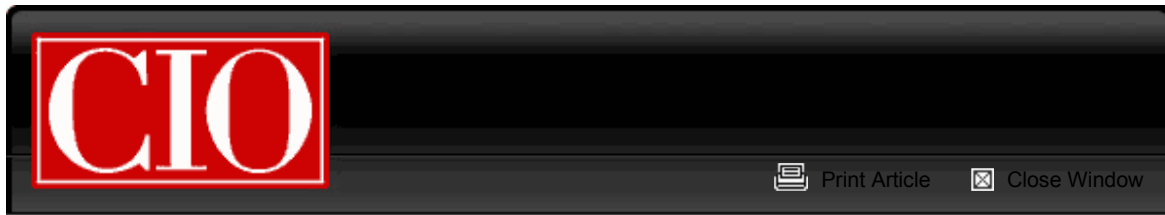


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Implementing Territories in CRM Systems

– David Taber, CIO

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As I've written before, CRM systems are the most political of all enterprise software. This is because the sales and marketing users are inherently competitive and driven by incentives that make them even more so. In the drive for this quarter's compensation and eventual promotion, sales guys will fight for lower quotas and better territories, sometimes trying to grab deals from an inattentive colleague or channel partner. Whether in large organizations or small, this may be baked in as part of the sales culture.

Consequently, setting the boundaries of a rep's territory and defining the rules of engagement for sales teams is a key to proper sales management. The goal is to prevent channel conflict and limit chaos while stimulating the competitive spirit that leads to high sales achievement. This can get complicated even in a company with 20 sales reps, but the mechanisms can be truly Byzantine in a large multi-channel organization. Sales management may set rules of engagement along these lines:

- A rep's territory is principally defined by geography, but the chunks on the map can vary from a group of states like the Dakotas down to just part of Manhattan. I've even seen Las Vegas divided into two territories according to even and odd addresses along the strip. Unfortunately, the territories are rarely defined by easy parameters like ZIP codes.
- Most rep's territories will be geographically exclusive within the scope of that sales team, but some high-potential areas will be shared between two reps on the same team. Almost inevitably, these shared territories aren't complete overlaps.
- Even small sales organization may have several levels (e.g., telesales, outside sales, national account management, and channel sales) that overlay. All too often, these overlays are not congruent (for example, a telesales rep's territory may straddle two or more outside sales reps).
- In many industries, the geographic territories are for "generic" business — the real gold comes from national accounts (e.g., the Fortune 500) or other non-geographic customers (e.g., U.S. government agencies or multi-national banks). These accounts are treated as their own territory, defined by the name of the corporate entity (which can be a real challenge for customers like The Walt Disney Company ([DIS](#)) that own ESPN, ABC ([ABCB](#)) TV, and Buena Vista music).

- Territories may drive some interesting visibility and access control rules. For example, most reps need to know that Lockheed Martin ([LMT](#)) is a customer, but it's none of their business to know any of the account details, the contacts, the channel partners, or the deal history. These access rules can become quite complicated in a multi-channel sales environment.
- Within some of the territories, there will be special rules of engagement and lead management. For example, in a hotly contested market a rep will only be allowed to claim exclusivity over a prospect for 90 days at a time — neglected prospects will be taken back from them and reassigned to the next "bidder," even if they are out of territory.

I've left the best part of the story for last: A territory and the rules of engagement may change with each new sales hire, each new channel partner, each re-org, and each fiscal year. Whatever is built in the CRM must be viewed as a temporary artifact, it must be very flexible and parameter-driven.

The first answer to all this complexity is in the question itself: If possible, try to get the territory definitions and ROE simplified, or at least made self-consistent. Sales management is unlikely to have defined the territories in a way that can be easily automated, but they may be willing to make minor changes such as defining most territories as ZIP codes or lat/long coordinates. I can't overstate the importance of this approach, as the details under many of the "rules" are typically fairly arbitrary. Sales management will tend to be more flexible when they hear that actually enforcing their rules will involve a person-year of coding.

What would that code entail? It starts with geographic territories, but it has to include table lookups for the national accounts and some complex rules to handle channel issues (such as "this is an SMB company in the energy industry in western Canada"), pre-sales engineer assignments, and call-center rep assignment. I know of no CRM system that can handle all this without significant custom code.

The bigger answer is to realize that automated territory definition should be a cloud-based service that will be needed well beyond the core of the SFA system: customer support needs to know how to automatically associate a new case with the rep, marketing needs to know how to route leads to the correct rep and sales partner, and other parts of the enterprise can benefit by being able to look up the sales person for any prospect or inbound request from a customer. I don't know of any vendor that provides such a service to solve this problem out of the box, but I wouldn't be surprised if a geo-spatial vendor is working on it.

Even with this infrastructure, changes in territory boundaries or routing/channel rules cause repercussions in the CRM system and beyond. Nearly anything with filters or trigger criteria will have to be examined for updates: dashboards, analytic "cuts," reports, views, and workflows. If it sounds complicated, it is — but it all goes with the territory.

David Taber is the author of the new Prentice Hall book, "[Salesforce.com Secrets of Success](#)" and is the CEO of [SalesLogistix](#), a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems. SalesLogistix clients are in North America, Europe, Israel, and India, and David has over 25 years experience in high tech, including 10 years at the VP level or above.

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