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# DATA & STRATEGIES

*Information and insights you need to grow your business.*

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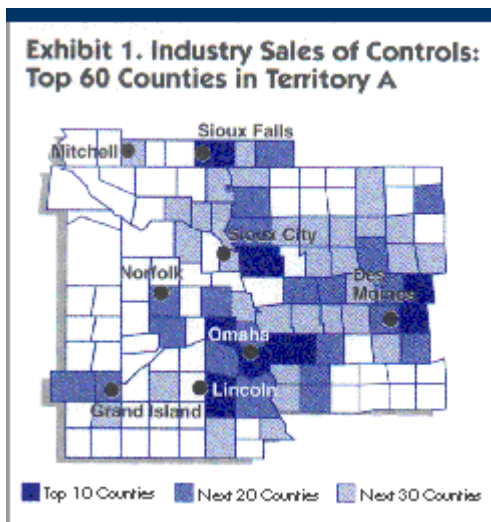
## ***Selling More By Selling Smarter***

Should we add distributors? Do we need another salesperson? Are our reps getting all the business they should? What are realistic sales goals for our territories? How can we make our salespeople more effective?

Too often, these important questions are answered more by intuition than by solid, statistical analysis. Companies that diligently work to make their manufacturing and other operations more efficient don't give their sales activities the same treatment.

It is possible, though, to go beyond purely intuitive approaches and develop insights and direction not otherwise available. Using analytical approaches, you can sell more by selling smarter.

One analytical approach we at DSG have found especially useful is a three-step "Market Mapping" process. You already may know the size and makeup of your total market. But, do you know "where your market is" geographically? A map of your market can be a useful tool for enhancing sales performance (Exhibit 1).



### **1. Map Market Potential**

There are few markets or industries for which detailed maps of market potential by area are available. It is usually possible, however, to develop one using readily available data.

Begin the mapping process by identifying the key factors that correlate with sales in your marketplace. Sales volume may correlate with number of end users, with size of customer (output, number of employees), or with the number of households in an area. Or, it may correlate with physical indicators such as miles of highway, farm acreage, or number of utility customers in an area.

For both domestic and international markets, regional statistics are available that can form the basis for apportioning sales to an area. If there are no directly related data available, there may be indirect relationships you can use. For example, the need for

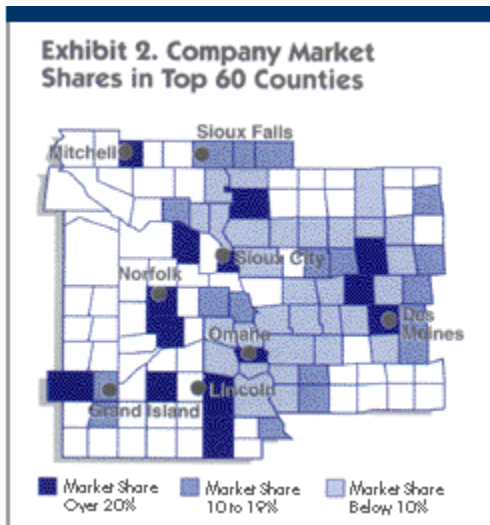
elevator service in an area may be directly related to the number of elevators. Simple enough, but those numbers might not be available. You might use instead the number of multi-story buildings or number of licensed elevator mechanics in the area.

For the U.S. market, a wealth of area data are available from the U.S. Census which covers not only households but also industries and services. Data can also be gleaned from a wide variety of publications and reports by U.S. and state government agencies, by industry associations and by private statistical and economic sources. In many cases, you can obtain data down to the county or zip code level.

You then can prepare your maps of market potential by apportioning total market sales by region, by county, or by other area breakdowns in proportion to the area-related factors you have assembled.

## 2. Map Your Company's Sales

The next step is to map your company's sales and customer data in a similar manner. Your company probably has data by sales territory or state, but it may not have them by more detailed geographic distribution. Fortunately, if you have sales data by customer and can append customers' zip codes, there are computer programs that can prepare such maps.



You may sell through distributors covering large regions and therefore not have detailed customer data. In that case, you may be able to work with your distributors to map out where their customers are. If not, you may have to estimate their sales by region.

You should map whatever factors are meaningful, such as sales in dollars or sales in units, for your total sales and/or for specific products, by sales region and/or by distributor or salesperson.

## 3. Analyze and Take Action

You are now prepared to address a variety of issues, using the market maps and the company sales maps individually and comparing the two. Here are some examples of how DSG clients used market mapping to analyze their sales activities and make productive adjustments.

### *Focusing Sales Efforts*

The mapping of the overall market can indicate areas that have the highest potential. Comparing this with your company's sales map can show your market share by region, by salesperson or distributor territory, by county or by zip code (Exhibit 2).

In one recent case, DSG performed a "top down" analysis and found that of 300 counties

in a client's sales territory, 20 counties accounted for about 50 percent of sales potential, and 50 counties accounted for over 80 percent. Furthermore, the analysis suggested that by focusing sales efforts on only three counties that had high potential but where the client's coverage was weak, the client had the opportunity to improve sales for the whole territory by almost 25 percent.

### ***Setting Sales Goals***

Once you determine the market potential by area and the shares that you have, you can set realistic sales goals for each area, particularly for areas in which your company's market share is below average.

Remember, this analysis is just a tool. There may be good reasons why your market share is low in some areas, such as intense competition or special customer or regional characteristics. These issues should be discussed with your salespeople or distributors as part of the goal-setting process.

### ***Structuring Sales Territories***

Mapping market potential and existing coverage by salespeople, reps, or distributors may suggest ways to restructure sales territories so as to "spread the potential" equitably and distribute customer loads more evenly among salespeople. It can also identify market "centers of gravity" where salespeople, sales offices, and distribution centers can be located to minimize travel distances or shipping costs.

### ***Staffing and Adding Representation***

When you compare numbers of customers and market potential by area with numbers of salespeople and distribution outlets, you may find that certain areas are understaffed or "underdealt" compared to company average. This may suggest that you add salespeople or distributors. In one case where this condition existed, the analysis showed that the client could serve some key areas more effectively merely by redefining the territories for two existing distributors.

### ***Customer Identification***

Often a high market share is obtained from serving a few large customers in an area. This can mask the fact that there is additional potential available. A useful extension of market share mapping is to compare the number of customers being served by your company with the total number of potential customers in an area. You may be serving a low percentage simply because your salespeople are so occupied by maintaining their current customers that they are overlooking additional potential customers.

In one case, after identifying areas in which this had occurred, we assembled a list of customers and then, in conjunction with area salespeople, identified potential target accounts on which the salespeople should focus. A number of these were previously unknown to the salespeople.

These are but a few of the ways in which market mapping can be used to help your company sell more by selling smarter.