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# Why Sales Teams Should Reexamine Territory Design

In today's data-driven sales landscape, companies increasingly use analytics for decision-making yet often overlook the critical impact of effective territory design





In today’s competitive and data-rich sales environment, companies increasingly rely on analytics to make better decisions across operations. One critical aspect that often remains undervalued, however, is territory design — the way accounts are assigned to salespeople or teams.

At Eendigo, we’ve seen firsthand how a well-optimized territory design can impact sales team effectiveness, customer engagement, and business outcomes. Research published by HBR suggests that companies can boost sales by up to 7% simply by optimizing how they distribute accounts, without increasing resources or altering their strategy.

In our experience, analyzing a broader set of KPIs reveals the impact of a refined territory design: a mid-single-digit improvement in sales performance, up to one-third reduction in voluntary turnover,

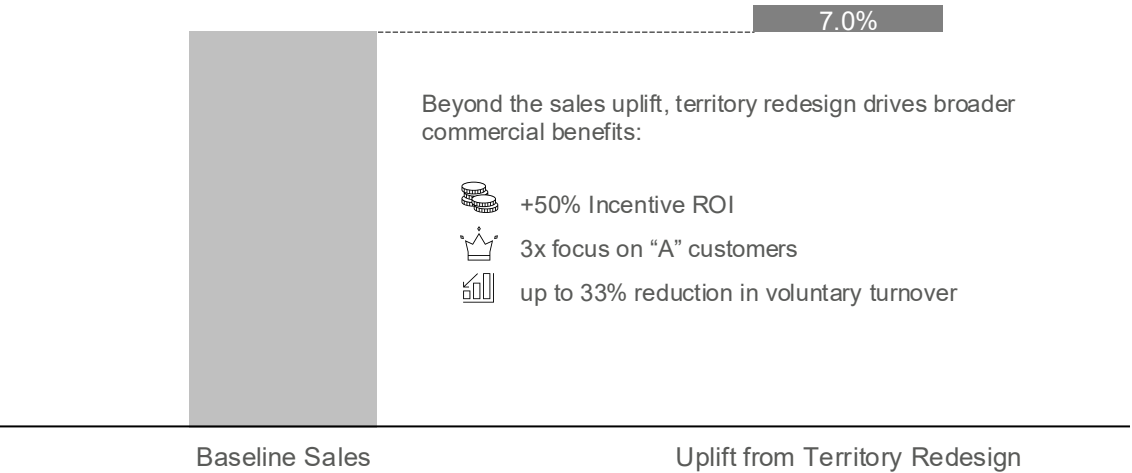
a 50% boost in incentives ROI, and a threefold increase in focus on “A” customers (accounts with high incremental revenue potential).

In some cases, territory design benefits from a refreshed Go-to-Market strategy — for instance, reallocating customers across different channels (Distributors, Agents) and even creating new channels, such as a proactive, KPI-driven internal sales team. The key to achieving these results lies in adopting an end-to-end approach that considers the entire commercial strategy rather than isolating specific elements.

**Compounding Benefits of Revenue Growth.** In addition to revenue growth, reexamining territory design helps companies avoid the negative impacts of outdated and labor-intensive territory planning.

**Sales Uplift from Territory Redesign**

*HBR suggests that companies can boost sales by up to 7% by optimizing how they distribute accounts*





False assumptions or errors in the territory planning process can cascade throughout the sales performance management (SPM) chain, resulting in missed quotas, lower revenue, decreased margins, poor employee performance, low morale, and high turnover.

Territory design affects every element of future sales efforts, making it essential to get it right from the start.

**Territory Design: A Foundation for Sales Success.** Effective territory design plays a foundational role in ensuring that sales teams achieve revenue targets. In particular:

- **Territory Design, Coverage, Capacity, and Quotas:** These elements are critical during the planning phase to help companies meet their revenue objectives.
- **Incentive Customization:** Incentives tailored to specific territories motivate sellers to capture opportunities more effectively.
- **Data-Driven Optimization:** Leveraging real-time insights from the field allows for continuous optimization of territories, ensuring that sales teams can respond swiftly to changes within their assigned regions.

In many organizations, lack of attention to territory design results in misdiagnosed issues like underperformance, sales rep burnout, and high turnover. Below, we explore six ways in which organizations can benefit from reexamining their territory design.

**1. Optimize Resource Allocation for Better Market Coverage.** Territory design is about more than just assigning accounts. It's about allocating resources — people, time, and tools — in a way that maximizes market coverage and revenue potential. When territories are designed precisely, sales teams can focus on the right customers at the right time, rather than spending time and resources on accounts with limited opportunity.

An optimized territory design also ensures balanced workloads among sales representatives, preventing some territories from becoming over- or under-covered. Sales reps are better positioned to give each account the attention it deserves, improving customer relationships and driving better sales outcomes. Without this balance, reps with too many accounts may overlook smaller, promising customers, while those with too few accounts might over-focus on low-potential leads.





Well-considered territory design addresses these imbalances, allowing companies to expand market reach and impact without increasing headcount.

**2. Align Sales Territories with Strategic Business Goals.** Companies evolve, and so do their objectives. Whether expanding into new markets, launching new products, or adopting a new sales strategy, it's essential that sales territories align with strategic goals. Territories that are not periodically reviewed and updated can quickly become disconnected from the company's direction, resulting in missed opportunities.

By reexamining and aligning territories with business goals, companies can ensure that their sales teams target the right accounts in the right regions. For example, if a company's strategic focus shifts to high-growth industries or geographic areas, but sales reps are still covering outdated sectors, the misalignment can hamper growth. Realigning sales territories allows businesses to focus efforts where they'll have the greatest impact, capitalizing on

emerging trends and opportunities in a fast-moving marketplace. In these cases, agility becomes a competitive advantage.

**3. Maximize Revenue Potential in High-Opportunity Areas.** Not all territories or accounts have the same revenue potential. Some regions offer much greater growth opportunities, and companies that fail to reflect this in their territory design risk missing out on revenue. Ensuring high-opportunity areas are adequately staffed and that sales reps in these regions have the tools and insights they need to succeed is essential.

A poorly designed territory plan can lead to revenue shortfalls even when the sales team performs well. Salespeople in high-potential regions may be spread too thin, losing out on deals because they're overburdened. Meanwhile, reps in low-opportunity territories may struggle due to insufficient growth potential. A re-evaluation of territory design allows businesses to make the most of available opportunities by deploying the right people in the most valuable areas.

**4. Reduce Sales Rep Attrition.** Burnout is a common problem in sales, frequently caused by imbalanced workloads. In a poorly designed territory structure, some sales reps may feel overwhelmed with too many accounts, while others lack sufficient opportunities. This imbalance not only impacts productivity but also increases the likelihood of turnover.

When territories are balanced, salespeople can maintain a manageable workload, which enables them to perform more productively and stay motivated. Better-designed territories reduce turnover by keeping talented reps engaged and satisfied in their roles. Research from DePaul University found that the average cost of replacing a sales rep is \$155,000. Therefore, thoughtful territory design can help prevent burnout and turnover by distributing workload evenly and ensuring each salesperson has a fair share of quality accounts.

**5. Reduce Travel Time (Improved Routing).** One often-overlooked advantage of effective territory design is the potential to reduce travel time for sales reps. By creating compact, contiguous territories, sales teams spend less time on the road and more time engaging directly with clients.

Optimized routing also reduces fuel costs and minimizes logistical stress, especially for reps covering dispersed accounts. Research has shown that reducing travel time through efficient territory design can increase a rep's productivity by up to 20% within the first year.

Improved routing not only boosts productivity but also positively impacts employee satisfaction. Sales reps spend less time traveling, resulting in more quality time for customer interactions, which ultimately leads to stronger relationships and higher sales. Moreover, a better-aligned territory design reduces travel-related fatigue, helping lower turnover rates and making sales roles more sustainable in the long term.

**6. Avoid Misdiagnosing Performance Problems.** Misalignment in territory design frequently manifests as performance issues that are attributed to unrelated causes. For example, if certain reps aren't following up on good leads, it might appear to be a targeting or coaching issue. However, the root cause could be that some reps have too many accounts, while others lack sufficient leads.





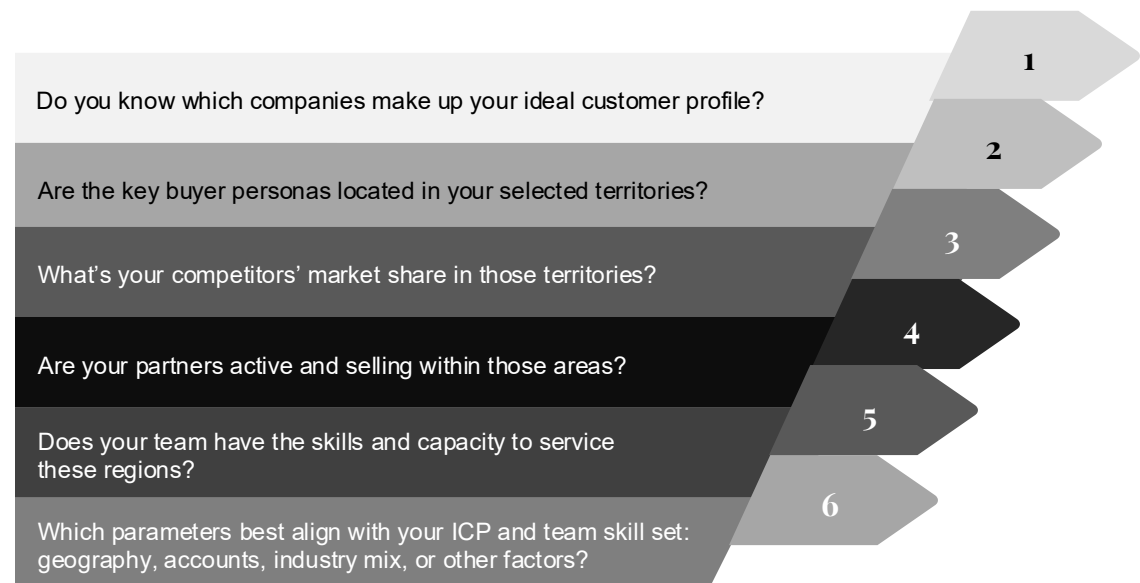
Similarly, high turnover in specific territories might initially seem like a hiring or retention issue, when, in reality, it's an imbalance in opportunity distribution. An optimized territory design solves these issues by balancing workload and opportunity among sales reps. This leads to more accurate targeting, higher retention rates, and a fairer incentive structure, which all contribute to a more motivated and high-performing sales force.

Regularly reevaluating territory alignment ensures sales teams remain agile and responsive to shifting market conditions, customer needs, and strategic goals. At Eendigo, we harness data-driven insights and structured territory design processes to ensure that sales teams are positioned to achieve maximum success. From improving market coverage to reducing rep burnout and maximizing revenue potential, our tools and strategies unlock growth opportunities for our clients.

**The Need for Regular Revaluation.** In today's dynamic business environment, territory design is not a "set it and forget it" process.

**Self-Diagnostic: Does Your Territory Model Need a Redesign?**

*Consider the following questions to evaluate whether a territory redesign may be needed*





**Key Requirements for Effective Territory Development.** Creating fair territories requires three essential components:

- **Data-Driven Insights:** Real-time data access increases transparency, accuracy, and the strategic value of territory design.
- **Automated Processes:** Automation significantly reduces the manual time needed for planning and optimizing territories.
- **Collaboration:** Increased stakeholder collaboration enhances territory design and implementation effectiveness.

**What We Observed in the Field.** Our 2022 territory optimization engagements were assessed over the past summer, allowing us to measure impact 12 months after implementation. Results reveal an average 4.7% increase in sales across 12 clients, with the best performer seeing a remarkable 12.3% year-over-year growth.

Top performers shared several key factors that drove this success:

- **Focused management** to guide project efforts and monitor progress.
- **Enhanced processes** that allowed for effective implementation of territory adjustments.
- **Clear strategic guidance** for alignment across all teams.
- **Dedicated execution resources** like a sales operations team to support transitions.
- **Top-Level Sponsorship** from leadership to empower and enable swift implementation.

These elements created an environment where territory optimization could deliver sustainable, impactful results. Companies that prioritize leadership, resources, and clear direction achieve the greatest benefits from refining their sales territory design.

Territory design serves as a critical enabler of commercial effectiveness, influencing sales productivity, talent retention, and market penetration. When approached systematically, it allows organizations to align sales resources with strategic priorities, optimize incentive structures, and enhance revenue generation without expanding capacity.



## Get in touch now.

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