

ORACLE

# Making Sense of Territory and Quota Management



**Spark Series**



AN EIGHT-MINUTE READ



# What is territory and quota management?

Sales leaders manage territories and quotas with data from across the organization.

A sales territory is a region, zip code, geography, or market served by a certain sales representative. Territory management includes the steps, actions, and processes sales teams and individual sellers take to build and address territories effectively.

A sales quota is a goal or benchmark that reps are expected to hit within a specific period. They can include revenue, activity, forecast, volume, and profit. Quota management gives detailed insight into a rep's or team's goals and performance in real time.

Territory and quota management go hand in hand. Together, they leverage seller talent to maximize revenue, evaluate performance, and help an organization pivot during dynamic business changes.

Sales reps are measured based on quotas, which explains why managers want to set realistic and motivating goals—and why reps are under so much pressure to hit them. The ability to meet and exceed quotas reflects overall lead quality, rep performance, and forecast accuracy.



Sales operations teams calculate quotas, which may be determined based on past performance (in particular sales territories) and forecasts. The sales leader is responsible for communicating compensation plans, territories, and quotas to reps from the start. When everyone gets on the same page fast, reps can start selling in their territories on day one—speeding up progress toward meeting their quotas.

This guide explains how territory and quota management (TQM) can help you accurately assign the right reps to the proper accounts across sales territories—while setting realistic, motivating quotas for sales reps to hit their revenue goals.



Effective territory design results in 30% higher sales performance.<sup>1</sup>



# Why it matters today

69% of B2B salespeople don't have enough leads in their pipelines to meet sales quotas.<sup>2</sup>

While leading organizations approach TQM as a data-driven exercise, many sales executives still rely on instinct and legacy systems to set quotas, process commissions, and create forecasts. This can cause sales reps to miss targets, resulting in increased turnover. Conversely, when salespeople easily meet too-low targets, the resulting payouts impact revenue and decrease margins.

**Pay remains the top reason why people quit their jobs.<sup>3</sup>**

Setting actionable, realistic quotas is critical for motivating and retaining top sales talent. Spreadsheets—a familiar legacy territory and quota management tool—are error-prone and inefficient. These vital decisions require advanced planning solutions that increase agility, reduce silos, and help sales organizations meet goals and deliver for their customers.



Sales leaders who commit to building informed, realistic territories and quotas find it easier to motivate sellers to hit their numbers. This best practice reduces sales rep turnover and incentivizes high performers to remain on the job. Teams that consistently deliver on forecasts reward shareholders and drive confidence in the organization.

On the other side of the table, customers are looking to sellers for business ideas that help them achieve their goals. A strong relationship between a sales rep and a customer builds confidence and trust that the organization is looking out for customers' best interests. Effective TQM ensures that each customer has optimal sales representation.



# The basics

Create, organize, and optimize territories and quotas with TQM.

With real-time sales goals and performance data, sales managers can gain the necessary insights to adjust quotas during changing business conditions. This helps reduce sales rep turnover, ensure day-to-day management of pipeline and opportunities, strengthen sales forecasts, and empower organizations to penetrate new markets. For best results, make sure your TQM system can achieve the following:

## **Balanced territory management**

Help your reps reach their full sales potential with well-balanced territories that make it easier to identify and reward top performers. Consider various factors when assigning territories, including geography, business units, product lines, industries, and named accounts.

## **Optimal sales coverage**

Score your accounts and apply what-if analyses to weigh the benefits and revenue potential of hypothetical territory assignments and quotas.





You can use what you learn to improve quota planning, optimize territory coverage, and maximize sales.

### **Flexibility to modify territories**

When change inevitably happens, you'll want your system to adapt. The ability to quickly adjust territories will help you address business needs, expand into new markets, and evolve with customer expectations.

### **Individual and organizational goal alignment**

By aligning individual revenue targets with organizational goals, everyone in the company knows their role and works to achieve a clear strategy, motivating reps and benefiting your bottom line.



## **Sales pipeline management**

Meeting sales goals without a healthy pipeline is incredibly challenging. Sales data and intelligence can help organizations get ahead of this, address pipeline issues, and improve forecast accuracy and quota calculations.

## **Quota allocation and modification**

Whichever methodology you use—top-down, waterfall, or bottom-up—make sure your quotas match your business requirements. Evaluate different scenarios and check them against your base plan to stay ahead of market, business, and team changes.

## **CRM integration**

Instead of relying on spreadsheets to build and manage territories, integrate TQM with your CRM system. Your CRM holds the information you need to inform quota and territory creation and management, including customers' locations, their industries, and their past-purchase histories.





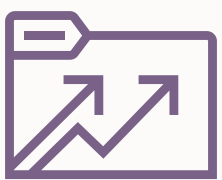
# What's next?

Accelerate your journey to peak sales performance with TQM.

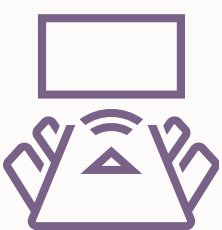
As sales leaders move quickly to adapt to a new normal, a McKinsey & Company survey reveals an acceleration of previous trends—omnichannel selling, inside sales, tech-enabled selling, and ecommerce—rather than an emergence of new behaviors. Looking forward, there are three themes that will continue to impact the future of TQM.<sup>4</sup>



**Spend:** While the current economic climate could signal a reduction in spend, 53% of large B2B companies expect to increase or maintain it—with rates depending on organization size, sector, and location.<sup>4</sup>



**Digital:** B2B companies see digital interactions as two to three times more important to their customers than traditional sales interactions.



**Remote:** In 2020, almost 90% of sales moved to a videoconferencing model.<sup>4</sup> At the same time, geographic management helps minimize travel for accounts that still require in-person visits.



# A view toward practical solutions

You've got the basics. Now take steps to meet the needs of your sales organization.

## Plan territories with AI-based account scores

Maximize account opportunities with a data-centric approach that uses artificial intelligence (AI) to score accounts, allocate targets, align resources, define territories, and assign quotas.

## Classify accounts into tiers

With a tiered approach, AI can tell you which brands are more likely to close business with you. You don't want all your tier one accounts going to a select team of sellers, while another team gets assigned a tier that's less likely to close; those sellers are more likely to miss quotas and quit.

- **Tier one:** full of prospects and opportunities
- **Tier two:** midrange opportunities
- **Tier three:** lower value and less likely to close



## Adjust quota targets by padding

Typically the last step in the quota planning process, organization-wide padding helps you adjust the whole target quota to anticipate known or possible risks—adjusting for products, accounts, and seasonality.

## Work with the most current data

Integrate ERP data into TQM to understand exact account status and plan ahead. By more accurately forecasting which territories need coverage, you can match the right reps with suitable territories and assign reasonable quota targets.

Are you ready to spark a shift in your territory and quota management? [Visit us](#) to learn more.





## To the experience-maker who's always moving forward

At Oracle, we know great experiences come from great inspiration, and we're providing the spark for your next idea. Packed with powerful info, the Spark Series will get you up to speed on core CX concepts—such as territory and quota management—quickly.

Think of it as a way to hone your understanding before turning your eyes toward a new strategy. Because if anyone's going to create CX gold, it's you.

### **What will you discover next?**

- [Essential Strategies for Sales Performance Management](#)
- [Essential Strategies for Account Management and Renewals](#)
- [Essential Strategies for Subscription Business Models in B2B](#)



## About Oracle Advertising and CX

Make every customer interaction matter by connecting all your business data across advertising, marketing, sales, commerce, and service. Oracle Advertising and Customer Experience. (CX) is a connected suite of applications that goes beyond traditional [CRM](#) to help you create and nurture lasting customer relationships. Build a complete view of every interaction and every customer, no matter how and when they engage. Empower your entire business to deliver exceptional customer experiences—from acquisition to retention—and everything in between.

## Sources

1. [“How to Optimize Sales Territories for a Strategic Advantage,” Xactly, June 12, 2018.](#)
2. [“The Three Keys to Sales Quota Attainment,” ValueSelling Associates, 2020, \(gated\)](#)
3. [“Why They Quit You: Top Reasons an Employee Leaves,” PayScale, May 2019, \(gated\)](#)
4. [“The B2B Digital Inflection Point: How Sales Have Changed During COVID-19,” McKinsey & Company, April 30, 2020](#)



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