

Conducting a Sales Territory Analysis

Primary service area and target audiences are identified as part of the process

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Occupational health sales managers and account executives who routinely conduct an annual territory analysis can achieve a more equal distribution of prospects and establish the foundation for a sales action plan based on appropriate performance objectives.

A territory analysis can be used by a sales manager to determine appropriate methodology for dividing territories, the number of account executives needed to support the territories and to make reasonable projections for annual sales goals. Account executives who conduct further analysis within their assigned territory can use the information to create a blueprint for the development of a successful individual sales plan.

Define the Product

Before territories can be established, the sales manager should first:

- **Define the product(s):** Product definitions should include a description of the product, a defined target market, how the product is delivered and a price matrix. The sales manager should ask, "What does the product contribute to the bottom line?" This information is used to determine if the territories should be organized around product lines, regions, zip codes, employer size, industry type or care site(s).
- **Determine primary service areas (PSAs):** It is generally advisable for a healthcare organization to combine purchased databases and up-to-date internal lists to identify prospects within the PSA of each defined territory. Prospective external data sources include Dunn and Bradstreet, American Business Lists, local chamber of commerce membership lists, local manufacturer/industrial listings, coalitions and the Judy Diamond self-insured employer listing. Internal sources include companies that utilize the emergency department for work injury treatment, current occupational health program clients, client listings in any other product lines or managed care contracts, inbound teleservice lists, foundation contributors, board members and vendors.

Employer database(s) can be downloaded into programs such as Paradox, Lotus, Word Access or Word Excel, where the information can then be cleaned and manipulated by the sales manager. The sales manager should consider only those prospects that fall within the defined PSA. Should the PSA change, the database should be revisited.

A more complete picture of the territories and a more equal distribution of prospects result if the sales manager considers the number of employers and employees within the PSA and the types of industry (by SIC code) and injury incidence rates for specific Standard Industrial Classification (SIC) codes. Certain products or services may carry more weight or value in some territories or among certain industries. Territory definitions and sales goals may need to be adjusted accordingly. Each account executive should work from a clean database for his or her own territory to support projected goals and develop a personal action plan.

- **Conduct a SWOT (strength, weakness, opportunity, threat) analysis of the product(s) and the competition:** The SWOT analysis should be specific to a defined territory and conducted in preparation for developing a sales plan for that territory. The account executive should review the defined goals to determine how to manipulate the database to identify appropriate prospects.

- **Identify target audiences:** The database can be manipulated in a number of different categories within the territory, such as by zip code, SIC code, size of employer and by priority (high, medium and low). Categories should support and correspond with the products to be sold. This type of sorting should be done for each product line or service, with employers identified in multiple categories depending on how likely they are to purchase a certain product or service.

Once sorting into categories is complete, the account executive should be able to look at the listing of prospects for each product or service and begin to develop an individual sales action plan with identifiable goals, objectives, strategies, tactics and developmental steps for the year.

Team Effort

The territory analysis, performance goals and sales action plans should be developed as part of a team effort between the sales manager and the account executives. They should be used as dynamic tools that both the sales manager and account executives refer to on daily basis; they may change midyear as the market changes. A review of the data, product(s), objectives and market should be conducted annually in order to remain competitive and reassess the organization's goals.

By continually reviewing the territory, organizations will ensure that the efforts of the sales team meet the changing needs of both the customer and the organization.

SALES TERRITORY ANALYSIS CASE STUDY

Wonda Healthcare is a two-hospital system that has three occupational health clinics. The system is located in a city with a population of 500,000 people. The occupational health sales division is based in the corporate marketing department and consists of one sales director and two account executives. One occupational health site is located next to the emergency room in an urban-based hospital. Another is located in a stand-alone facility in an industrial park. The third is located in a suburban physician office building.

The occupational health product line is represented by the following products and services: worker injury treatment, physical exams (e.g., fitness for duty, DOT, executive, pre-employment/post-offer, wellness), OSHA screenings, wellness education, health promotion services and an employee assistance program (EAP).

Step 1: Manipulate the data by primary service area for each site

Site A: Urban-based hospital; Site B: Industrial park; Site C: Suburban physician office building

Number of Employees & Employees per Primary Service Area Zipcode

PSA	Site A Employees	Employees	PSA	Site B Employees	Employees	PSA	Site C Employees	Employees
61601	269	3640						
61602	193	8000						
61603	283	1328						
61604	146	12000						
61605	97	6700						
61606	337	42000	61606	337	42000			
61607	216	24000	61607	216	24000			
61608	63	984	61608	63	984			
Total	1615	98652	61609	248	28000	61609	248	28000
			61610	63	1573	61610	63	1573
			61611	72	648	61611	72	648
			Total	1009	97287	61612	16	413
						61613	43	1016
						61614	4	2713
						61615	83	3400
						61616	25	523
						61617	103	2362
						61618	68	10243
						Total	725	38895

B. Split up the three (3) sites into two (2) territories.

Territory 1:	Zip codes - 61601-61605	Territory 2:	Zip codes - 61607-61618
	Total Employees - 1338		Total Employees - 1004
	Total Employees - 73,668		Total Employees - 73,687

C. Break out the two (2) territories by SIC Classification

SIC Classification	Territory 1 (% of total)	Territory 2 (% of total)
manufacturing	13	49
construction	3	12
agriculture	0	2
services	32	14
transportation	7	2
retail	18	13
wholesale	2	3
finance	5	5

- + The goals need to be revisited and adjustments made if needed. For example, a more aggressive goal should be set for worker injury treatment in territory 2 because of the high percentage of manufacturing in the territory.
- + Save the database information by territory for the account executives to manipulate.