

A Prospecting Territory (territory) is a different animal than a Marketing Territory. A Prospecting Territory is the subset of the Marketing Territory that a sales rep will pursue using the telephone. The territory can be geographic, vertical or virtual.

What is the right number of targets for a territory? The simple answer to this question is this: The number of targets a sales rep will call in a year. No more, no less. This correct number can be directly linked to the sales rep’s new revenue quota.

As a practical matter, the basic **goal should be based on Activity**, specifically a number of dials per week. This is because telephone prospecting is a process, which has a number of moving parts. In order to win this numbers game, the basic input of raw material (the dials) should be consistent each week. As we analyze the data and tweak the process, we will be able to predict the flow into the Pipeline and make adjustments to the ‘dial goal’ as needed.

To set a goal for dials per week, we start with a set of six numbers specific to our ‘sales numbers’ game.

The goal for number of dials is driven by the numbers in the example below: (this calculator is available upon request)

Activity Calculator		Results with Klpz
Ratios	New Revenue Goal	\$88,000
	Value of a New Customer	\$6,000
	New Customers	15
20.0%	Appointments Converted to Customers How Many Appointments Do I Need?	73
18.0%	Conversations Converted to Appts. How Many Conversations Do I Need?	407
8.0%	Dials to Conversations How Many Dials Must I Make?	5,093
	Number of Calling Days per Year	220
	Dials (Steps) per Day	23
	Average Time to Complete a Step	2.6
	Calling Minutes per Day	60

1. The first number is **new business quota**. How much revenue is expected from customers we did not have last year?

2. The second number is the **average value of a new customer** towards new business quota.

These two numbers provide the number of New Customers needed each year to make quota. 15 in this example.

3. Now, we need to know the **ratio of customers generated from each 10 initial appointments** we set. This tells us the number of appointments that need to be set. In this example, 73 Initial Appointments will be needed to generate 15 customers.

4. The next ratio (which Klpz reports on) is the **Appointment Ratio**. This is the percentage of Conversations that are converted into Appointments. In this example, 18% of all Conversations are converted into Appointments. Therefore, I need 407 conversations to reach the goal.

5. The final ratio (which Klpz also reports on) is the **Conversation Ratio**. This is the percentage of Dials that result in Conversations. In this example, 8 % of all dials result in a Conversation with the decision maker. Therefore, I need to make 5093 dials this year.

6. The final number is the number of days this year available to make calls. In this example, the sales rep can make calls for 220 days.

The goal is 23 dials a day – 115 dials per week. Using Klpz benchmarks for speed in working a Best Practice (2.6 minutes per step on average.) We also know approximately **how many minutes a day** the sales rep must be on the phone. In this example **60 minutes a day**.

We can now answer the question **What is the right number of targets for a territory?** using another simple calculator, which also needs six numbers.

1. The first number is **how many minutes a day** the sales rep must commit to telephone prospecting. In this example, we will start with a commitment of 60 minutes per day from the previous calculator.

2. Next, determine the **average number of calls** a sales rep will make in our ideal pursuit of a single target. Some targets are reached on the first dial, most are called four times and never reached. This is the average of all those dials. Klpz calculates this number, so that over time we will have a more precise number.

3. The next number is the **average time spent** in the pursuit of one target. This is a speed calculation from Klpz benchmarks. We will use the number from the first calculator, 2.6

How Many Targets?		
How many targets can you pursue a year?		
1-	Minutes per day on the phone	60
2-	Average number of steps taken in your Best Practice before a "pursuit" ends	3.5
3-	Average time per Step (CRMs are typically 6 minutes, Klpz is less than 3)	2.6
4-	Number of days per year you will telephone prospect	220
5-	Number of times a target will be "pursued" per year until you reach them	2.0
6-	Replacement targets, as percent of total, that are needed to keep your calling list at the right	20%
<i>You need a list with this many names</i>		873

4. How **many days a year** does our sales rep have available to make calls? We will use the number from the first calculator here also.

5. Now, **how often per year** do we want to pursue a single Target? For some markets, it is smart to call every quarter, for others once a year is frequent enough. Every product and market is different but we must have a Best Practice which defines frequency. We will use twice a year.

6. Finally, how good is the list? The final number is the **percentage of names that will be replaced** from the sales rep's starting list. In the ideal list, there would be no company out of business and no company that does not fit the profile of a desirable customer. This percentage is typically a guess, but over time, Klpz can help you here also. The replacement percentage would be the combination of the Closure Success and Closure Remove percentages. This example assumes one out of five names will be replaced.

The sales rep should have a territory with 873 names.

Summary

The most common reaction to these calculations is "that's not a lot of targets." Our response: then choose the names wisely and have the sales rep qualify them ruthlessly.

As a practical matter, and if all sales reps have the same basic new revenue goals, a manager would create territories with about 1000 names – no more, no less.

As one sales rep leaves, the next sales rep will continue to work this territory, so these territories will continuously become more valuable. There is no reason for a new rep to start from scratch to build a territory.

Each new sales rep can get a faster start in a developed territory and can add value to developing it.