



Real Implications of Leaving a Sales Territory Vacant

Understanding the impact of a vacant sales territory is important. Even in the very best organization, salespeople come and go. By their very nature they are typically hungry for a better deal for themselves. They are the type of people who seek new challenges and may typically not be the best at handling a lost negotiation, particularly where it might come to renegotiating their own terms and conditions with you, their sales manager. Without wanting to fall into a trap of sales clichés, the very best sales people, the ones you need to make the quota imposed on you, the sales manager, are people who like to win. They don't take kindly to losing, and if they can get a better deal there is every chance they are going to go and look for it. Sometimes, it can be impossible for you to meet their demands. Sometimes company policies leave your hands tied, sometimes they are asking just too much. Whatever the reason, when that person hands in their resignation, your ability to hit your quota for the territory and possibly your entire sales team is in crisis.

The damage doesn't start with this year's sales quota

The year's sales quota is only one aspect of the potential damage. Yes, you can perform a simple calculation and say that every month is costing the business \$50k in revenue, therefore every six months has an impact of \$300k or \$600k annually. The numbers may be much higher or lower depending on the profile of the business your team sells. But that's if the business was going to stay static.



Existing deals in the funnel

A salesperson who has left a territory was in all probability working on closing deals for your team. While you may have negotiated reasonably and encouraged the sales person to close down what they can during their notice period, they might run into road blocks, only close elements of what they promised or may simply lack motivation to work somewhere they've psychologically checked-out. Whatever happens, if the salesperson was good, they will have live and active deals on the table.

Now there may be a number of approaches you can take to deal with this. You might undertake to follow through some of the deals yourself. You might arrange a handover of the deal to another member of your team. You may prioritize and accept that some deals will have to be lost. Either way it is unlikely that you'll pull in every deal you would have done had the salesperson still been in play. It isn't just this month's deals, it is the deals for next month, the next quarter, the latter half of the year and beyond. Some of which you may not even know about.

So there are a couple more things to consider here. First, your customers bought from your salesperson. Trust in the salesperson is important in business deals. They may not trust you or another salesperson as much. Second, your salesperson may be going to join a competitor. Do you think they are just going to drop engagements where they know there is live business activity? They want to make an impression with their new employer so he/she will be using every string they can pull to do that.

Equally, sandbagging is a risk. Those deals later in the year on which you just have no visibility? The salesperson has used your company's resources to develop relationships and qualify opportunity for which they will now go and close elsewhere. So that is an investment that your company has made that is more than likely lost.



Also think about the signal that is sent to your client's buying team when a sales person departs. They are going to have questions in their own mind. Why did the sales person leave? A lack of confidence in their product or solution? A lack of confidence in the management team? Knowledge that a competitor has something much better? This all speaks volumes and beside the reality that only the salesperson *really* understands the nuances of the deal, such a departure could significantly knock the perception of your company versus the competitive bids for their business.

What about competitor activity

Each day your territory goes unrepresented is another day in which a competitor is advancing deals within it. Each deal they close is a deal you have potentially lost. Most times these arrangements can be for multi-year deals. So you've got to factor in financial loss not just in terms of the 12 months' worth of revenue for which you will be recognized but the ongoing implications of a lost three or five year deal. A fast-growing client that gives you \$200k of business this year may well be giving you \$1m of business in year three.

It is here that the impact of a vacant sales territory starts to look pretty severe. Lose a major account because of a personnel issue and you might not get another opportunity to bid for that business again for another five years. And don't think your competitors won't be doing everything in their power to embed themselves within the client to make switching to you in five years harder.

Now think of the impact of this happening over three or six months as you struggle to find the right salesperson to fill the vacant territory. That could be two or three major deals and numerous smaller ones. Time really is of the essence. But the impact doesn't stop there.



Time to build a pipeline

When you do eventually recruit a salesperson they do not become immediately productive. Even for the most seasoned sales professional, familiarization with the company, your products, protocols and so forth all take time. Add their resignation period, a week or two for on-boarding, three months of developing fluency in the sales message that works for your company's value proposition and a while longer to rebuild a solid sales pipeline within the territory and you can quickly see how the best part of a year's worth of lost deals can have its impact. Scary, huh?

Slow recovery from this position can yield damage upon your company for years to come. This is not a challenge that is short term in nature. So what are the solutions?

Mitigating the impact of a vacant sales territory

1. Split the territory
2. Move to recruit quickly
3. Define who you recruit
- 4. *Work with the right recruiting partner***
5. Be clear on the credentials of the individuals you hire