

Sales Force Productivity Case Study



Golf Equipment Company Alpha¹

Defining the Problem

Companies live and die by their sales forces. Golf Ball Company Alpha had grown its sales force from 38 reps and three regions in 2000 to over 55 reps in 2004 separated into four regions. The question was had they grown in a balanced manner and could further sales force evolution maximize the market opportunity? In the past, salespeople had often been assigned to accounts on the basis of perceived expertise by channel, or who “needed” accounts. Measuring sales representative performance was challenging– against not only the other reps, but against available golf supply and demand opportunities in each respective territory. Territory boundaries were vague and not specifically defined by managers and/or sales reps. Often, a street or freeway loosely delineated a territory boundary.

Company Alpha management was seeking to develop a series of metrics to understand sales territory performance against both consumer demand and retail supply in the golf market. Sales management was struggling to find data to support decisions that would help to structure relatively balanced workloads. The territory setup was obviously not fair to some reps – they were either being asked to do too much or too little, had a disproportionate share of overall sales, an imbalance of retail segments, and territories that were geographically too large.

Data Sets Available

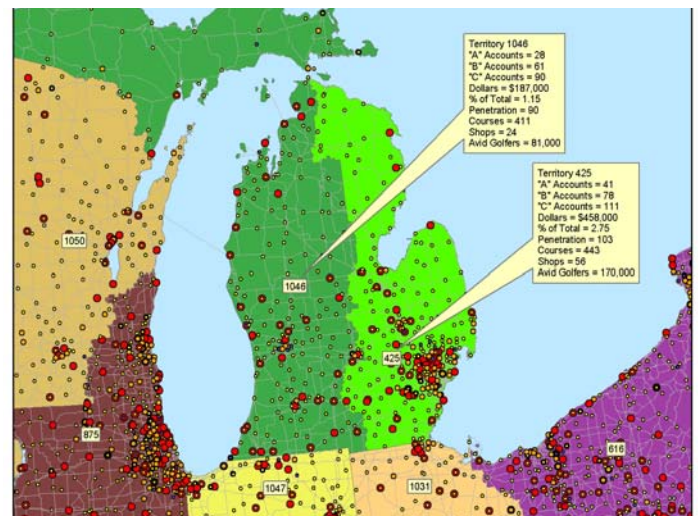
- Longitudes Demand Database – avid and total golfers by zip code, county, or custom area
- Longitudes Off-Course Database – plotted to street address
- Facility Database – plotted to street address
- Company A Sales Data by account by zip code
- Tactician / Longitudes Group Sales Territory Manager Online Software

Territory Design and Diagnostics (See Map 1)

Opportunities: By seeing the sales force graphically, management can easily evaluate multiple variables that impact rep performance and the bottom line. These variables include direct golf-related elements, such as facility location and facility type (public or private). By ranking and mapping these variables, they can gain understanding of territory makeup and identify links to sales activity. They are also able to tweak boundaries with Longitudes Group Sales Territory Manager to test “what if” scenarios for adding new territories or for territory re-alignment.

Utilizing territory realignment tools on a secure website, a manager can access their region from any location with internet access. On the fly they can analyze their customer base, market share, and brand penetration into green grass, off-course and sporting goods locations.

Map 1: Sales Territory Mapping & Analysis



¹ Golf Company Alpha is a fictitious company. All specific company sales numbers here are for demonstration purposes only and are not real. All Longitudes Group industry data is accurately reflected.



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Quantitative Analysis

Alpha Company wanted to compare both the make-up of sales and demand by territory and by region. Intuitively, the management team knew the brand was strong in the East, but weakened as it moved West and South across the country. This was verified by measuring market share for each region and

Table 1: Alpha Company Market Share by Region

Alpha Company Market Share at Wholesale in Golf Balls				
In 000s	Avid Golfers	Est. Wholsl Market Value	Alpha Co. Sales	Total Share
US	6,014	\$ 514,250	\$ 55,000	10.7%
Central	1,842	\$ 157,507	\$ 18,800	11.9%
East	1,560	\$ 133,394	\$ 16,400	12.3%
South	1,412	\$ 120,738	\$ 11,100	9.2%
West	1,200	\$ 102,611	\$ 8,700	8.5%

Source: NGF 2003 Spending Report; US Retail Market Value of Golf Balls is \$855M. Longitudes Group calculates the wholesale value assuming a 40% retailer margin. Ball purchases per avid golfer annually at wholesale are calculated at \$48.74 and represents 57% of all golf ball purchases.

territory in the core channels of green grass and off-course. The opportunity for each region was also reflected by showing the percentage of avid golfers in each region versus the percent of Alpha Co. golf ball sales. (Table 2) The South and West regions had a smaller percentage of sales at 20% and 15.8% than what is represented by the avid golfer populations (a raw look at demand) at 23% and 20% respectively. Central and East were performing at higher rates than what was being reflected via the available avid golfer populations.

Table 2: USA Avids vs. Alpha Sales by Region

Regional Share of Avids & Alpha Co. \$\$			
In 000s	% of 6M Avids	Alpha \$\$	% of Alpha Business
US	100%	\$ 55,000	100%
Central	31%	\$ 18,800	34.2%
East	26%	\$ 16,400	29.8%
South	23%	\$ 11,100	20.2%
West	20%	\$ 8,700	15.8%

Next, a channel analysis was conducted to determine if there were inherent brand weaknesses by channel, or if it varied by rep and region. (Table 3 & 4) A Green Grass index was created to compare the available courses in the geographic area versus Alpha Company sales in the area. If there are 5% of all America's courses in an area or territory, then you would expect that there would be 5% of Alpha Company's green grass sales in that same area, creating an index of 100. A region or rep that indexes at 150 is performing at a rate 50% above what you would expect, and conversely, a rep indexing at 50 is performing at half what could be expected based on the number of courses in the area.



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Brand or Channel Weaknesses

Alpha discovered that there was no inherent brand weaknesses by channel, but that by rep and region there were differences. The Central region was strong in both green grass and off-course. The East region performed overall very well, but did show some opportunities for growth within its green grass business. The South is very close in both channels to performing as you would expect, but with room for improvement. West shows solid performance in the green grass channel but is underperforming in the off-course channel with an off-course penetration index of 85. With just the ability to measure and quantify, management is able to articulate and demonstrate the opportunities for growth, and develop measurable goals to enable each region to build on strengths and put plans in place to address identified weaknesses.

Table 3: Green Grass Penetration Analysis

Alpha Green Grass Golf Ball Penetration by Region					
	Green Grass Balls	% of GG \$\$	Courses	% of Courses	GG Index
US	\$ 18,189	100%	16,000	100%	100
Central	\$ 7,511	41.3%	5,900	36.9%	112
East	\$ 4,700	25.8%	4,821	30.1%	86
South	\$ 3,600	19.8%	3,300	20.6%	96
West	\$ 2,378	13.1%	1,979	12.4%	106

Table 4: Off-Course Penetration Analysis

Alpha Off-Course Golf Ball Penetration by Region					
	Off Course Balls	% of OC \$\$	Off-Course Doors	% of OC Doors	OC Index
US	\$ 27,500	100%	1,775	100%	100
Central	\$ 8,500	30.9%	532	30.0%	103
East	\$ 7,650	27.8%	450	25.4%	110
South	\$ 6,450	23.5%	429	24.2%	97
West	\$ 4,800	17.5%	364	20.5%	85

Sales Territory Level Analysis

Regional managers can use the same analysis to understand the make-up of demand and the retail opportunity for individual territories. (Table 5) Longitudes Group methodologies can relate territory sales to channel, product line, local public vs. private golf culture and consumer demand variables. Overlays like drive-time and distance, along with non-golf variables like household income and major mall locations, can help a manager strategize and communicate with a rep the unique opportunities that exist in an individual territory.

Table 5: Off-Course Analysis of Sample Reps

Alpha Off Course Golf Ball Penetration of Select Reps								
Rep	Territory	Total Population	Avid Golfers	Off-Course Ball Sales (In 000s)	% of OC \$\$	OC Doors	% of OC Doors	OC Index
Quinton	SE Texas	2,400,000	107,700	\$ 770	2.8%	36	2.0%	138
Hughes	East Texas	2,600,000	103,000	\$ 330	1.2%	34	1.9%	63
Alred	Okla & N. Texas	2,080,000	106,000	\$ 688	2.5%	46	2.6%	97
Winslow	SW Texas	2,200,000	86,500	\$ 578	2.1%	33	1.9%	113

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Implications: National and regional management can increase their understanding of the sales landscape and their decision-making speed by seeing patterns and relationship within a spatial view in maps and related tables. Impactful benefits include the ability for managers and reps to improve goal-setting and measurement, and locate and eradicate missed opportunities. They also are able to make adjustments to territories based upon relevant industry data and the total market opportunity as opposed to gut instinct and anecdotal insights.

About Longitudes Group, LLC is a research and marketing company providing unique analysis on the travel and spending behaviors of avid golfers. Armed with a consumer demand database containing information on the behavior of 6.0 million golfers mapped by county and zip code, Longitudes Group uses a geo-demographic approach to probe both the location and travel behavior of the avid golfer population. Using Geographic Information Systems (GIS), the company can then map golfer populations at the zip code and block group level and correlate them with a variety of consumption traits. These formulas and methodologies can be applied to local, regional and nationwide markets.

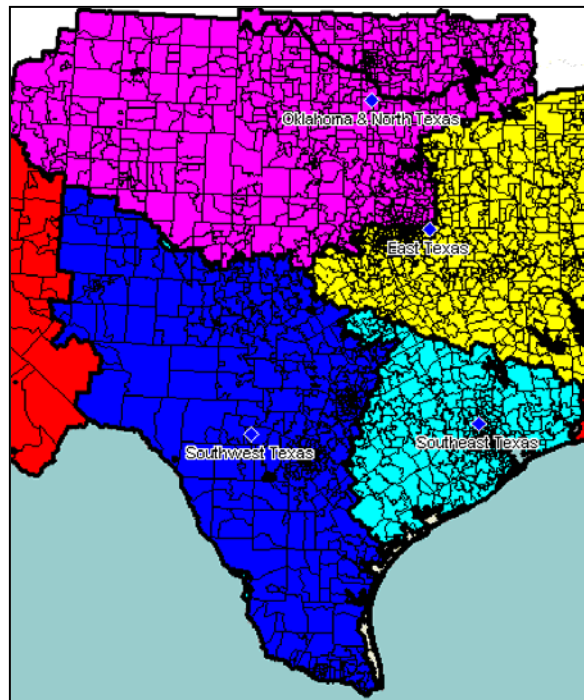
On the supply side, Longitudes Group has built the most up-to-date database of golf retailers including 15,900 golf facilities, 1,800 off-course retail stores and 1,800 chain sporting good stores.

The power of Longitudes Group data sets and specialized analysis is to replicate the universe of today's supply and demand in the golf marketplace. Manufacturers, retailers, resorts, real estate developments and associations can overlay their current sales and customers to understand market performance, and organizational strengths and weaknesses. Armed with specific and measurable information, Longitudes Group clients have been able to more efficiently and effectively target market retail customers and consumers, and make better decisions that impact the bottom line.

Longitudes Client List Includes:

Callaway Golf
Executive Women's Golf Association
Golf Digest Magazine Group
Golf Galaxy
Golf USA
Greenwood Development
International Pairs

Map 2: Texas Sales Territories



Michigan Golf Course Owners Association
Myrtle Beach Golf Holiday
Nike Golf
Precor USA
Reed Exhibitions
Oregon State Commission on Travel

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