Use a Surgical Approach to Allocate Resources

In the recent economic environment, marketers were not required to be disciplined about resource allocation. Strong demand across geographic markets and customer segments disguised many resource allocation sins. Markets in which your company was *under resourced* still produced revenue gains, even as you were losing market share. Other markets in which your company was *over resourced* still generated profits because the topline revenue trend masked the impact of elevated sales and marketing expenses. Companies could be sloppy and still look like winners.

Not any longer. Most marketers are experiencing market softness or expect to over the next 12 to 24 months. A characteristic of a softening market is diversity in performance; however, not all markets or segments will suffer the impact equally. Therefore, a soft market will expose poor resource allocation decisions. Markets that have severely limited opportunity will have a distinctly negative return on investment when too many sales resources are dedicated to them. Under investment in high-opportunity markets will leave topline revenue at risk of capture by better staffed competitors.

Our most successful clients use a local market, or territory, planning approach that assesses resource allocation from two perspectives to capture diversity across markets. These factors create a natural filter that maximizes your return on your sales and marketing investment, particularly in a moderating market.

Factor One - ***Attainable Revenue.*** This factor combines an estimate of total opportunity in a territory with a measure of "fit" (i.e., the degree opportunity is attainable given your overall product offering and value proposition).

Factor Two - ***Access to Revenue***. Even if a market presents a high attainable share, it may not be accessible to a specific supplier. Access measures whether the revenue opportunity is aligned to your current channel coverage model and/or whether you have the ability to alter that coverage model.

In a weak market, effective resource allocation is mission critical to business performance. The more precise you can be in targeting resources, the higher the return on your marketing/sales investment. The *surgical approach* we recommend focuses resources on those sales territories or local markets that provide the greatest opportunity for revenue gain and/or retention.

How do you apply the perspectives of *attainable* and *accessible* revenue to make this happen? Frank Lynn & Associates' Local Market Planning Process applies a disciplined and consistent set of evaluation criteria and frameworks across geographies using:

- Sales territory templates-a consistent profile of the territory that defines the total market opportunity, outlook and trends, drivers of and barriers to market demand, and the customer and competitive structure provides an objective estimate of *attainable* revenue
- Channel coverage assessments-a comparison of your current channel coverage map to that required to best access target segments and high potential accounts *before* allocating resources. This provides insight into the cost and time required to build the most effective channel coverage model. It also provides a basis for prioritizing markets that have a higher probability of delivering near-term results
- Local market scorecards-finally, a consistent set of metrics (i.e., a scorecard) provides the best assessment of effectiveness, allowing for measurement and modification of the resource model, and ultimately maximizing ROI on your sales/marketing investment

Agreeing on what constitutes *attainable and accessible revenue* is the first step to effectively deploy resources to reach your desired goal. Using templates to assess the market facilitates the decision-making process. We would be happy to share examples and discuss your situation, please feel free to contact cpc@franklynn.com.