



Sales Force Modeling

The sales force is the major driver of revenue in most organizations. Yet, historically, it has been among the most neglected areas when it comes to **using objective analysis and modeling solutions for improving its effectiveness**. But all this is changing. Over the last few years, progressive companies have accrued tremendous benefits through the use of **sales force planning solutions**.

Some of the areas where modeling solutions are being used to increase sales force effectiveness are:

1. **Sales force sizing:** Determine the optimal size of the sales force based on the market/product segments, current/potential demand, carryover and multiyear contribution effects, territory size, etc.
2. **Sales force effort/resource allocation:** Allocate sales force effort to market segments and products.
3. **Sales force routing:** Determine the lowest cost route/travel plan for sales personnel based on their travel plan and travel cost/allowance structures.
4. **Sales territory design/redesign:** Assign accounts/geographic units (territories) to sales people.
5. **Compensation structure of sales personnel:** Design the best compensation structure with fixed and variable pay components.

Sales force models can provide **deep insights** into the **impact of various decisions on revenue and profitability**

- How much is sales of a product/category likely to increase by **increasing the sales force effort** by x%?
- How strong are the **carryover effects** for this a category? How much will last years' sales effort contribute to current sales in a territory?



More Resources

- [Salesforce of the Future](#)
- [Sales Territory Alignment: An Overlooked Productivity Tool](#)
- [Travel Route Optimization](#)

About DecisionCraft Analytics

We provide decision-making solutions to improve operational efficiency and business responsiveness. Our consulting services employ our strengths in industry knowledge, conceptual rigor, and information technologies. Developed using concepts from decision theory; our solutions use robust optimization, simulation, and statistical engines adapted to our client's focus areas.

- What are the **risks associated** with increasing or decreasing the size of the sales force? What are the likely short term/long term effects?
- How should **sales territories be realigned** to ensure maximum coverage and sales?
- How many products/categories should a sales person handle? What is the **optimal territory size** a sales person should cover?
- How should a sales person design his travel or tour plan to **minimize costs and maximize coverage**?
- How much time should he spend at each location? How often should he visit a particular location?
- How should the **compensation of a sales person be structured**? For a new product? For a mature product? For fast and slow moving products?

Most sales force modeling exercises include both descriptive and normative models. **Descriptive models** characterize how markets react to various sales force decisions while **normative models** are optimizers that search the solution space to find the best sales force decision.

A typical **sales force modeling project** consists of the following steps:

1. **Finalize** scope and objectives
2. **Build** initial model based on content insights, domain expertise and interaction with sales personnel
3. **Identify, collect** and **refine** required data
4. **Execute** model on historical data and validate results with users
5. **Fine-tune** model
6. **Implement** model and **train** users

End-users need to be involved along each step of the model-building and implementation process. **Models can provide the insights, but it is people who make the decisions.**

Next Issue: [Intelligent Systems](#)

Previous Issue: [Solutions Inspired by Biology](#)

DecisionCraft Products

Travel Route Optimizer

Optimizes travel routes and automates travel planning process

qcCharts™

Enhances process capability of critical processes through interactive data visualization

dataOrganizer™

Integrates data from diverse sources on to one destination database

Supply Chain Simulator

Determines optimum inventory policy such as re-order point and maximum stock based on fill rates

Logistics Planner

Synchronizes supply with demand to minimize distribution costs