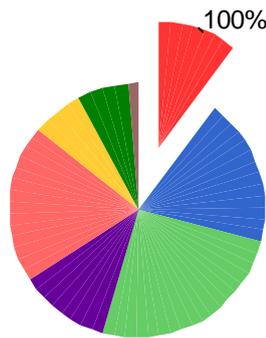
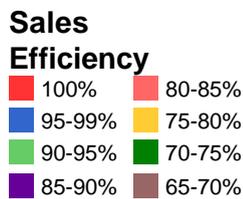




Case Study No. 001 Setting Performance Targets in a Complex Sales Environment (Financial Organisation)

A financial organisation with 70 territories wanted to set sales targets for each territory. This was a complex problem, because the territories differed in size, and had different preferred sales strategies producing different product mixes. They were also rated on customer satisfaction. To achieve a high degree of 'buy-in' from the managers, the targets had to be demonstrably achievable and fair. In addition, territories wanted the freedom to retain their particular product mix.

First, using a linear programming methodology the current sales efficiency of each territory was calculated from annual territory sales, staff numbers and customer base. (Sales efficiency represents the efficiency with which resources such as staff and customers are used to produce outputs such as sales of products and customer satisfaction.) In this way eight most efficient territories were identified irrespective of product mix. (see pie chart).



Next, using the eight best performers as the benchmark, we set targets for each type of product which maintained each territories preferred product mix. The calculations also took account of economies of scale so that smaller territories were not disadvantaged in the target setting process, and included targets for customer satisfaction which was treated just like another product.

Sales efficiency levels and targets for each product were tabulated for each territory. The table below shows the results for a typical territory.

Territory: Anglia
 Headcount: 11
 Customers : 5423
 Current Sales Efficiency: 82.4%

	Current Performance	Target
New current accounts	219	276
New customers	310	430
New loans	7	11
New savings accounts	72	109
Customer satisfaction rating	60	75

Because the new targets were based on benchmarked figures for the best territories, and did not require the territories to alter their product mix, territory managers felt they were fair and achievable.