

## Units of Demand for a B2B business

Many territory planning jobs we undertake are for businesses that see themselves primarily as a B2B business. Examples of this include businesses that do printing, commercial light maintenance, business loans and sign manufacturers.

Spectrum uses a concept called “Units of Demand” and what we are trying to establish is how much demand comes from each “block” (usually postcodes) that we can use in building your territories.

The information we have from the ABS tells us at postcode level how many businesses there are, categorized by Size and Type.

The Size categories are:

- Non employing businesses (shelf companies or owner operators)
- 1 – 4 employees
- 5 – 19 employees
- 20 – 199 employees
- 200+ employees

The Type categories are defined according to the Australia and New Zealand Standard Industrial Classification (ANZSIC) system:

ANZSIC Category	
A	Agriculture, Forestry and Fishing
B	Mining
C	Manufacturing
D	Electricity, Gas, Water, Waste
E	Construction
F	Wholesale Trade
G	Retail Trade
H	Accommodation, Hospitality
I	Transport, Postal, Warehousing
J	Information, Media, Telecoms
K	Financial and Insurance
L	Rental, Hiring, Real Estate
M	Professional, Scientific, Technical
N	Administrative and Support
O	Public Administration and Safety
P	Education and Training
Q	Health Care and Social Assistance
R	Arts and Recreation
S	Other Services
X	Not Stated/Unknown
<b>GT</b>	<b>Total All Industries</b>

We then construct a matrix with the client to consider how much additional opportunity comes from each SIZE of business, and which category of business they see as best suits what they are selling.

## SIZE OF BUSINESS

If we consider a business of 1 - 4 employees worth 1 point, then what is a business of 5 – 19 employees by comparison in terms of opportunity to you? You may say the 5 – 19 employee business potentially offers 4 times opportunity for what you sell than a 1 – 4 business.

Therefore we ask you to assign comparative values as follows:

Business size	Opportunity
1 – 4 employees	1
5 – 19 employees	?
20 – 199 employees	?
200+ employees	?

An example may look like:

Business size	Opportunity
1 – 4 employees	<b>1</b>
5 – 19 employees	<b>4</b>
20 – 199 employees	<b>12</b>
200+ employees	<b>20</b>

So this says for example a business with 20 – 199 employees offers 12 times the potential of a business with 1 – 4 employees.

## TYPE OF BUSINESS

We believe that in many cases, there is some variable that says some TYPES of business are more suitable to your concept than others. What we look to do is rank the business type you feel best suits your sales as a 10, and then think of each other type on the list and rank from 10 down to 0 – never sell to that type of business – ever!

Obviously you may not have a 0, but the lowest may be a 2 or a 3.

Example of Demand Estimate matrix:

		Value to YOUR Business /10
ANZSIC Category		
A	Agriculture, Forestry and Fishing	2
B	Mining	2
C	Manufacturing	4
D	Electricity, Gas, Water, Waste	1
E	Construction	8
F	Wholesale Trade	10
G	Retail Trade	6
H	Accommodation, Hospitality	3
I	Transport, Postal, Warehousing	10
J	Information, Media, Telecoms	2
K	Financial and Insurance	3
L	Rental, Hiring, Real Estate	3
M	Professional, Scientific, Technical	2
N	Administrative and Support	3
O	Public Administration and Safety	4
P	Education and Training	1
Q	Health Care and Social Assistance	1
R	Arts and Recreation	1
S	Other Services	3
X	Not Stated/Unknown	4
<b>GT</b>	<b>Total All Industries</b>	

Some businesses may say they cannot determine any difference in Type of Business and that is quite okay, as we shall just value each type of business as equal potential to you.

Once we have this information, we can then create the Units of Demand for every postcode in the market we are creating territories for, and if we have already agreed on how many territories are to be cut, we divide the Total Units of Demand by the number of territories, and that gives us the basis to identify how many Units of Demand will be in each territory.

Our aim is then to make each territory of approximately equal demand, but we are limited by the size of the postcodes, as we try to keep to whole postcodes in each territory, and are reluctant to cut postcodes as:

1. We cannot measure part postcodes as the business data's lowest level as supplied by the ABS is postcode level.
2. It then makes it very hard to describe territories without exact maps
3. The average potential franchisee understands postcodes.

I hope this assists with the understanding of setting up your territories.

Sincerely,

Peter Buckingham  
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