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## KEY ELEMENTS OF A HIGH- PERFORMING CHANNEL PROGRAM



# Introduction

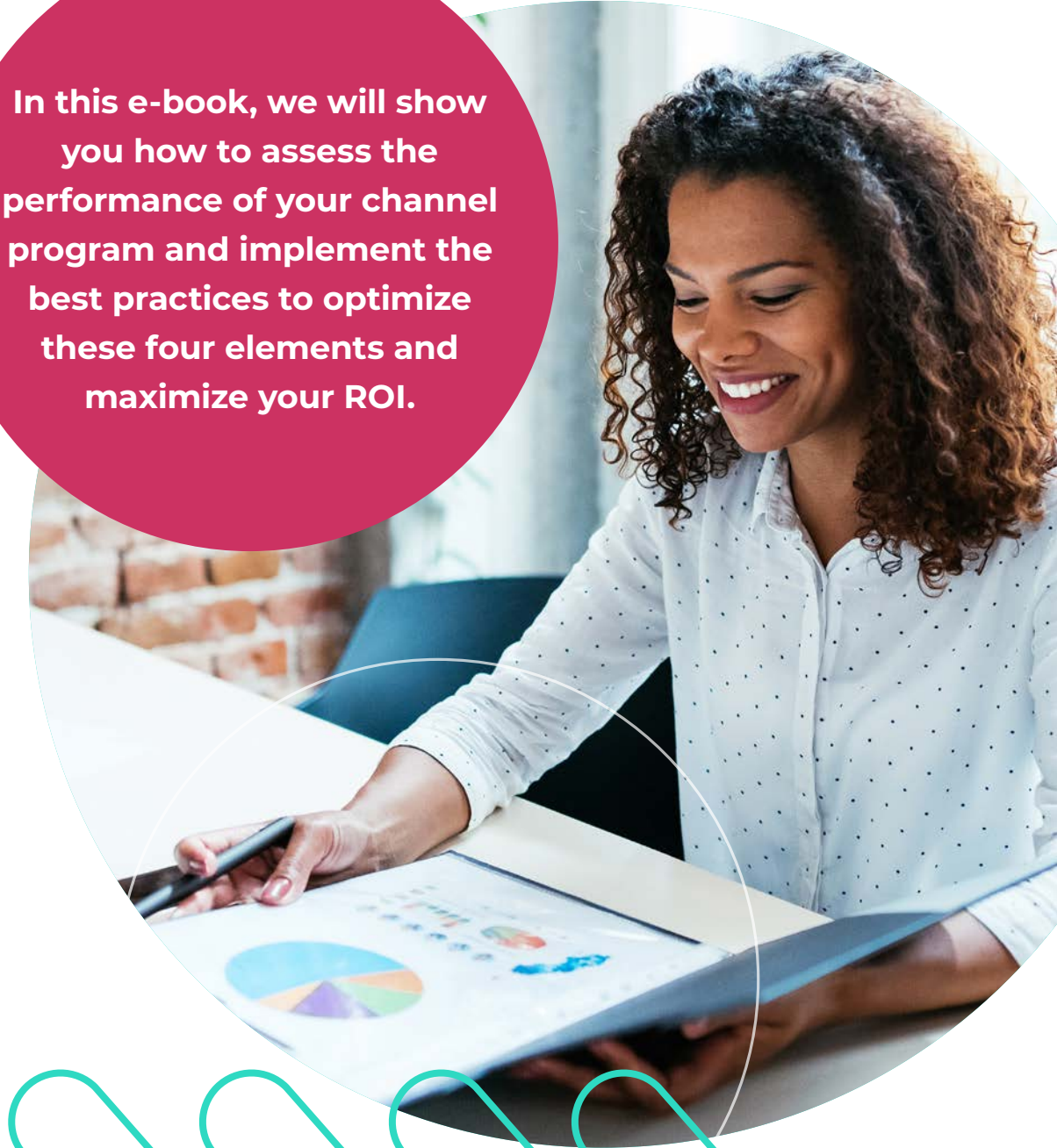
**Channel partners are essential for increasing market penetration, accelerating growth, reaching new markets, and generating sales. But running an efficient, high-performing channel program is no easy feat.**


Many channel leaders talk a good game about expanding their partner programs and building broad ecosystems. Yet, most of these programs are rudimentary—they're manually run, error-prone, and cumbersome. Today's value-added resellers (VARs) have many choices. If an original equipment manufacturer (OEM) doesn't offer an attractive channel partner program that meets their needs, they can easily switch to another vendor.

There are many moving parts when it comes to running a successful channel partner program. We have boiled them down to four key elements you should focus on to improve engagement and satisfaction with your partners:

1. Clearly defined partner tiering, incentives, and penalties
2. Best-in-class tools and systems
3. Channel-friendly policies and practices
4. Partner engagement and support programs

**In this e-book, we will show you how to assess the performance of your channel program and implement the best practices to optimize these four elements and maximize your ROI.**





## How to Assess the Performance of Your Channel Partner Program

**Before making any changes, do you know where your channel partner program currently stands? Do you know which areas are best-in-class and which ones are underperforming?**

The next pages are several essential areas to gauge how mature your channel is and steps to take to improve it.

# Channel Accountability


**There will be inconsistencies in performance, data gathering, and customer experience whenever there are questions around who owns what.**

**Some critical indicators of immature channel accountability include:**

- No clear key performance indicators (KPIs) or hesitancy of reporting stats
- No straightforward certification program in place or unwillingness to support partners for sales and marketing
- A lack of dedicated channel account managers
- No tracking of performance and a lack of awareness of the status of contracts expired or otherwise

**Below are a few suggestions on how to improve the maturity of your channel accountability:**

- Establish well-defined KPIs and a transparent performance evaluation system to enable accurate performance and revenue forecasting.
- Implement OEM-approved certification requirements for your channel partners. This requirement will enable opportunity reallocation to track renewal contracts, performance management, and affirms that value is consistently delivered.
- Reinforce an active partnership with overlay sales teams to support and provide complete visibility into the install base.



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**Make it easy for your partners to work with you by providing high-quality data on the install base, which partners can augment and supplement.**

## Ease of Doing Business

**Whenever processes are unclear, clunky, and cumbersome, it makes doing business with you difficult. This lack of clarity and clunky processes often results in high partner attrition, missed opportunities, and underperformance.**

**Some of the key indicators that your business is not the easiest to deal with include:**

- Poor customer data quality
- A lack of tools and CRM portal for partners
- Deep discounting on deals to account for mismanagement or a lack of value selling
- Weak entitlement management
- Unclear processes and policies, resulting in slow operations

**Below are some suggestions to improve the maturity of your channel operations:**

- Automate capabilities to support quoting and back office functions and offer channel tools and a portal to help partners manage the full opportunity set.
- Implement pricing controls to limit, manage, and track discounting and enforce entitlement management. We suggest strict cutoffs with no exceptions or grace period for renewals.
- Have transparent order management and purchase order (PO) processes, clear entitlement and renewal policies, and straightforward pricing structures supported by clear, consistent communication.
- Make it easy for your partners to work with you by providing high-quality data on the install base, which partners can augment and supplement.

# Industry-Leading Products and Services

**Businesses think that their product or service is the top of the line, but this isn't always the case. This disconnect can result in subpar performance and will ultimately lead to erosion of the product/service, especially with channel partners.**

**Below are a few areas to keep in mind to make sure your product is sellable for your partners, to represent your company in the market best:**

- Make sure the product solves a unique problem and is in demand
- Your product is difficult to maintain/service
- Clunky customer and partner onboarding and integration plans

**Below are a few suggestions to ensure your partners continue to prioritize your solution:**

- Regularly update your portfolio for market and competitive threats to meet end-user expectations.

- Emphasize your customer and partner onboarding programs. Seamless integration and onboarding are essential to long-term satisfaction and growth.
- Provide partners with value-added maintenance and support products to drive revenue through upsell and cross-sell.
- Deliver quality technical and customer support to facilitate renewal conversations and increase customer retention.
- Help VARs explore pre- and post-sales service opportunities to drive revenue.
- A regular review of your partner and customer feedback can make you aware of areas of improvement.

**Deliver quality technical and customer support to facilitate renewal conversations and increase customer retention.**





**Design attractive tier programs that reward proactivity and investment with rebates, marketing development funds, etc.**

## Competitive Compensation

**There is no question that incentives drive sales. Selecting the proper compensation structure will differ by product, industry, and method of revenue generation (new sale vs. renewals). Sales plans can quickly become stagnant and detached from the channel strategy if your incentives program is not straightforward, transparent, and, most of all, competitive.**

**Below are a couple of items that can get in the way of a successful channel compensation program:**

- Lack of straightforward tiered program that focuses on goal completion and proactivity
- Lack of understanding of your incentive programs vs. your competitors

**Below are some suggestions to help ensure your compensation plan remains competitive:**

- Offer competitive discount levels to support product and service sales.
- Design attractive tier programs that reward proactivity and investment with rebates, marketing development funds, etc.
- Structure opportunities for VARs to provide value-added services and expand their revenue streams.
- Create a clear path to payout partners instantly once a goal is complete.
- Keep incentives fresh by offering new ways to compensate partners based on campaigns.



## Understanding the Key Tradeoffs Between Vendor and Channel Partners

**A productive partnership depends on clear tradeoffs between you, as the vendor, and your channel partners. Understanding this delineation will help minimize the confusion around responsibilities and improve accountability.**

As a vendor, you're expected to innovate your program frequently to meet customer expectations and market demands. This expectation means providing extensive and efficient channel account management (CAM) coverage to enforce well-defined program rules. Additionally, you should adhere to high standards for order acceptance to ensure fair treatment of all partners. Partners also expect you to offer a variety of channel value-added solutions to support them in generating more sales.

In return, your channel partners are expected to deliver consistent and responsive services related to your products and take ownership of end-user relationships. Their strategies and processes should align with your goals to create a consistent end-user experience. They should be flexible in accepting or resolving "mostly correct" orders. Meanwhile, they can expect to operate with exclusive geographic territories and minimum competition.

## **CHANNEL PROGRAM BEST PRACTICE #1: Partner Tiering, Incentives, and Penalties**

**Structure your channel program and set time-bound, quality-driven objectives to encourage proactive behaviors from your partners:**

### **Clearly Differentiated Tier Levels**

Differentiating your tiering will help your partners understand expectations and requirements to meet the distinct goals of each tier. Create your distinct partner tiers with varying product/service discounts, as well as marketing and training support.

Each tier should have expectations around annual certification requirements on product knowledge to maintain certain partner/co-branding status. Offering your partners an on-demand training portal will help partners self-select programs to meet their unique certification requirements. Additionally, offering consistent evaluations with key metrics to track will help partners keep track of performance.

### **Incentives and Penalty Policies**

A powerful, fresh incentive program is a great way to drive the performance that you desire from your channel. Setting clear performance targets for your partners and penalties if they do not meet them will be vital in holding them accountable, especially when driving new product sales.

## **Below are five best practices to reinforce your incentives program:**

- Establish minimal new product sales per year required to retain partner status.
- Set clear performance targets for service contract attach rates and service renewal rates.
- Provide financial incentives for selling the latest advanced technology products.
- Tie rewards to a partner's ability to engage customers proactively.
- Strictly enforce penalties or fees for failing to renew or complete a transaction within a specific time window. Do not allow exceptions to this rule. Strict penalties are your strongest defense against underperformance, channel behavior, and driving equity among partners.



## CHANNEL PROGRAM BEST PRACTICE #2: Best-in-Class Systems and Tools

**To simplify processes and make doing business with you more manageable, provide your channel partners and internal channel stakeholders with robust systems and tools that offer multiple access options.**

### **Customer Relationship Management (CRM) System**

CRM systems are standard across the board, but often, these systems are rarely configured optimally for the channel. Use a CRM system that is designed for channel performance management. Do not use product manufacturing enterprise resource planning (ERP) or contract management systems.

We suggest selecting a CRM platform that offers asset management, channel portals, customer portals, and robust reporting capabilities. Ensure that your partners have multiple access points and easy 24/7 access to all customer communications, quoting management functions, and reports.

### **Quoting Management Software**

When it comes to quoting management software, it's essential to provide your partners with quote building and management capabilities at the customer, site, and asset levels. These capabilities will make it easier for your partners to fulfill new channel product sales orders and service renewals due diligence.

### **Order Management Tool**

Set up efficient workflows to allow your partners to manage the flow of purchase orders (POs) through the customers' system, partners' system, and your internal system. By streamlining the transaction process, you'll ensure accurate performance measurement and prompt payouts to partners.

### **Data Management Platform**

We suggest implementing rigorous data management protocols at all interference points within the CRM (including asset management, service assignments, and delivery systems). The goal is to achieve 100 percent data accuracy to provide a holistic, accurate view of the vendor-partner relationship.

Track the below data points to achieve a 360° view of your partners:

- Account and profile
- Skills and certification
- Partner performance and incentives
- Sales enablement
- Through-channel marketing
- Any quantitative and qualitative data that's important to your unique channel

### **Reporting Capabilities**

Having robust reporting capabilities is one of the most critical elements of a high-performing channel program. Use an integrated CRM and reporting system to generate real-time insights for your channel partners at the customer, site, and asset level.

Arm your channel account managers and channel partners with customized reports regularly to drive actionable insights and meet their unique business needs. Enable your channel partners to access information through a live portal or submit a simple request to your service department.

## CHANNEL PROGRAM BEST PRACTICE #3: Channel-Friendly Policies and Practices

**Set and strictly enforce clear policies and create an accountability system to ensure both your company and the channel partners are held accountable for their parts in this relationship. Here are the key areas to address:**

### Deal Registrations

If a partner can push the easy button and renew current contracts without selling new deals, they will. Provide incremental discounts and financial incentives to your VARs for registering new sales. These incentives will help you increase pipeline visibility while rewarding demand generation efforts.

### Incumbent Protection

Competition within the channel is intense. If a partner can poach a renewal deal, they will. Establishing a 30-day incumbency policy will incentivize partners to stay on top of renewal contracts. Guarantee incumbents a higher margin on all support renewals to discourage end-user poaching by other VARs.

### Channel vs. Direct Engagement

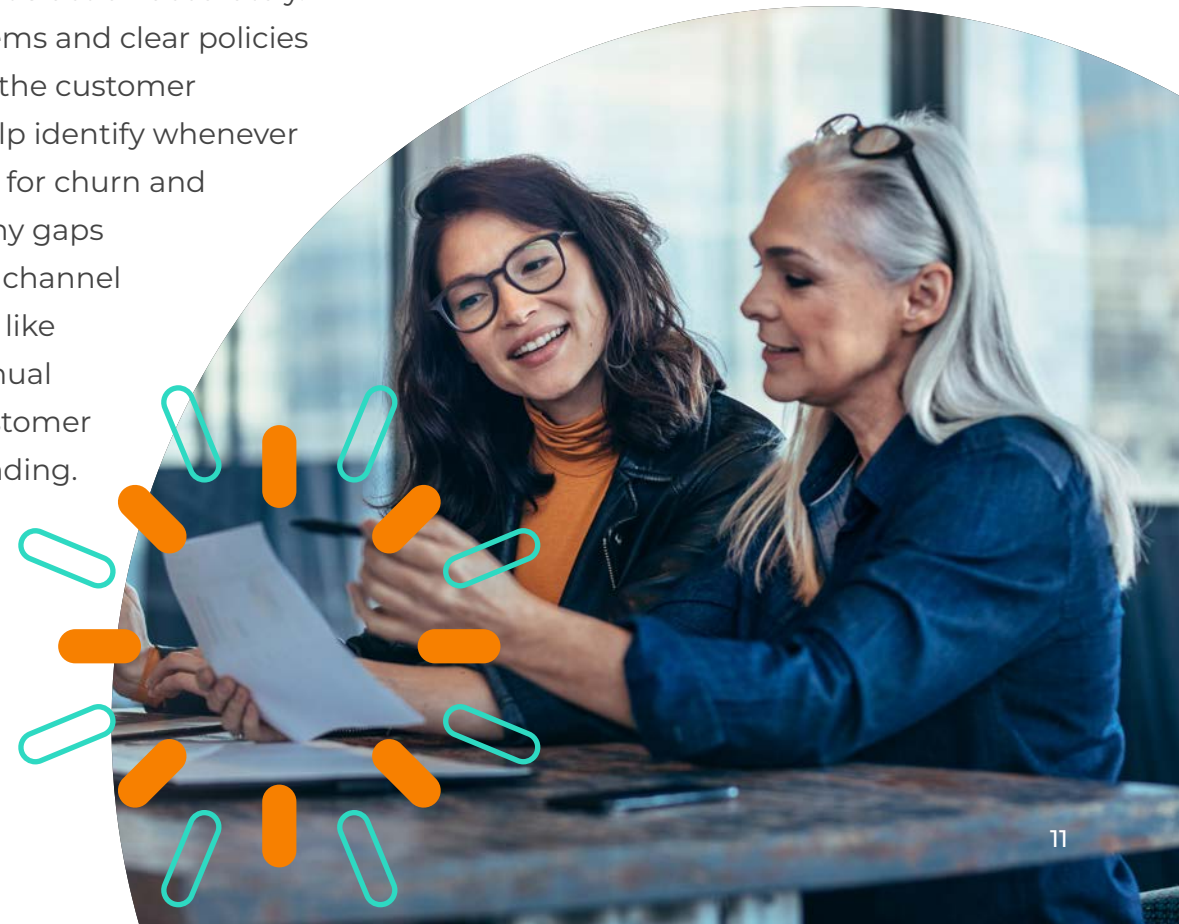
When there is ambiguity around client engagement, it leads to miscommunications, inaccuracies, and missed opportunities. Strictly enforce transparent and straightforward rules to govern ownership of end-users, deals, and renewals.

### End-User Satisfaction

It can be challenging to track and monitor end-user satisfaction accurately. Implementing systems and clear policies around the voice of the customer expectations will help identify whenever a customer is at risk for churn and quickly recognize any gaps between direct and channel sales. Tie incentives, like rebates, to semi-annual reviews of VARs' customer sentiment and spending.

### Service Level Agreements (SLAs) and Expectations on Customer Interactions

Clearly defining expectations around response times is critical for adequate customer support and timely renewals. For example, implement a tiered partner program that specifies the response times to inquiries and tie it to the commission rates. This system can also help ensure accountability.



## **CHANNEL PROGRAM BEST PRACTICE #4:**

### **Partner Engagement and Support**

**To cultivate a mutually beneficial vendor-partner relationship, the vendor should regularly engage with and provide marketing and sales support to their partners. Below are some of the critical areas that we suggest focusing your attention on:**

#### **Ample Account Manager Coverage**

Dedicate a channel account manager (CAM) to ensure that you and your channel partner's interests are aligned. A CAM is a high-touch role and must be empowered to respond quickly to all requests made by your partners. Encourage channel partners to appoint an OEM champion as the CAM's counterpart to ensure effective communication and collaboration.

#### **Recurring Partner Meetings**

Set up regular meetings between executives at top partner organizations and your channel sales groups to review performance, share insights and best practices, explore evolving trends, discuss new products or services, and improve the partnerships. Additional benefits of regularly meeting between your partner's executives and your sales team include:

- Gain actionable insights from the voice of the customer. These actionable insights help refine the purchasing journey and identify how you can better support partners to generate more sales.
- Gather valuable feedback from your partners on ways to improve your partnership. This feedback is invaluable to informing your business decisions around your systems and processes. The goal

of these meetings should always be to make it easier for your partners to do business with you.

- Share partner rankings vs. their competitors (may need to obfuscate partner names to protect them). This performance benchmarking can improve partners' success by showing them where they rank in key metrics/categories. This also drives a sense of competition amongst partners.

#### **Collaborative Planning and Profit Monitoring**

Once you have appointed a CAM to manage your channel, provide the resources for them to work with partner teams to establish new account growth, revenue, and profit goals. They should also regularly (twice a year) verify that partners can retain their margin on sales or renewal contracts.

#### **Frequent Training and Sales Support**

Implement a robust certification process to help partners brand and market their value-added services. Offering regular on-site or virtual vendor training for key partners will keep them knowledgeable about your product's value proposition and stay current with your development roadmap. It's also important to ensure that they have sales support by allocating dedicated sales engineers to promptly respond to channel sales requests or technical questions about your solutions.

#### **Marketing Support**

We often see a lack of updated marketing and sales support documentation. Create a regularly updated library for channel partners to ensure that your support collateral is up-to-date and relevant. This library will allow partners to efficiently access and share vendor-approved sales and marketing material with end-users.

# Putting It All Together

**Managing all the moving pieces is challenging even for the most prominent technology vendors and OEMs.**

That's because complete lifecycle channel management requires highly specialized knowledge, experience, and expertise. You must leverage a channel data management solution that offers unparalleled expertise and best-in-class technology to break down data silos, increase visibility, and give you the ability to efficiently and proactively configure, price, quote, and sell customer contracts. A high-performing partner channel program must address these three key areas:

## **1 Partner Success Management:**

Data-driven reporting enables you to analyze performance, forecast sales, evaluate renewal pipelines, increase visibility, and generate insights. These insights allow you to effectively manage ongoing engagements and interactions with channel partners to drive success.

## **2 Onboarding and Enablement:**

Experienced channel experts can help you design partner programs, tiering levels, and incentives. Setting these up at the ground level will help you improve program awareness, optimize sales, and maintain brand consistency across channel to achieve the best outcomes for your business at the very beginning.

## **3 Channel Performance Insights:**

A system that cleanses, validates, enhances, and supplements data across your entire channel ecosystem can help you evaluate performance and determine the current and ongoing value of your partnerships. You can use data-driven insights to drive adoption, increase partner engagement, improve conversions, and increase ROI.

**Our channel specialists are equipped with our industry-leading high-performance sales methodology (HPS), complemented by best-in-class technology to help you cover these three key areas.**

You'll have access to the strategies, best practices, and support to increase partner engagement, improve productivity, gain visibility, ensure accountability, brand consistency, and drive revenue.



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