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Model N

5 Golden Rules for Refining Your Channel

How Do You Identify and Recruit the Partners You Really Need?

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Facilitated by Channelinsight, Now a Model N Company

1. Inventory Your Partners

Start by collecting channel sales data. Use this data to analyze your customers' buying behavior. Identify the partners they buy from, their product purchases and geographic location. After you know what your customers want, take a look at your partners.

Examine partner performance across products, geographic regions and target vertical markets.

Identify partners who stock inventory and those who don't. Be sure to include Partner Program levels in your analysis — are they gold, silver or bronze? Does a particular partner excel in a market that you have decided to enter? Which partners are comfortable with "cloud" solutions?

Using this information, assess the competency and specialization of each partner. Don't forget to leverage your Distributors to better understand all of the capabilities of existing partners, and trade organizations, such as CRN to be aware of the ecosystem. Once you understand what your partners bring to the table you can overlay that on your Route to Market plan.

2. Identify Gaps in Your Partner Coverage

You have what you need to assess your partner landscape and align with your strategic objectives. Identify your target customer market segments, geographies, revenue goals, product mix. Address your channel coverage needs, including geographic and product inventory stocking and delivery expectations. Define your needs relative to referral or implementation imperatives.

Use the Key Performance Indicators (KPI) available as part of your partner inventory to conduct a gap analysis against your goals. This will provide you with your optimal channel partner composition, and your current channel profile. You can then begin to recruit the partners you need to meet your needs.

3. Recruit the Right Partners

Develop your recruitment profile based on the gap analysis of goals and core competencies. Your first course of action is to identify existing partners for further development. Then assess the need for net new partners against your channel landscape.

Determine if a new recruitment team will need to be established or if existing channel managers can accommodate the new business. A net new team should be considered if a material impact on business flow from the existing partner base is anticipated.

Now you are ready to model your recruitment investment and determine the expected ROI on new partners by geo and product category.

Publicize your new initiative, underscoring your need to expand your channel coverage. Provide a compelling reason, based on growth strategy, for recruiting new partners. Be careful to manage your publicity so that customers and partners you want to keep are not alarmed, especially if established partners are being cut.

Begin by directing prospective partners to a website which features automated application and qualification tools, as well as a list of the benefits of partnership. Include an ROI calculator so partners can fully understand the level of investment required and establish a realistic expectation for profitability. Your channel managers can then follow up with personal calls to qualified partners.

An effective recruitment program should mirror some of the requirements inherent in your partner program. These include automated onboarding for high volume partner organizations and online competency tests to determine baseline qualifications.

4. Enable Partners to Succeed

New partners must receive sales and technical support and training. Providing initial training as part of a partner certification program will allow you to scale your support efforts to the partners most likely to succeed in each of your target areas. As a reward for completion of certification, partners can become eligible for a lead quid pro quo program.

A certification program that supports the different levels of your channel partner program can pinpoint new partners most likely to succeed. The cornerstone of an effective certification program is your training — both technical and sales. You can leverage your distributors to assist in delivering training, extending your reach for hands-on education modules. Training should have both classroom and virtual components, including certification tests that measure skills proficiency. Timeframes for completion must be agreed to and enforced. To emphasize the importance of the training, and underscore partner commitment, partners should be required to pay an upfront fee, that might be eligible for reimbursement from future MDF.

5. Measure Success

You have re-structured your channel to include those partners most likely to succeed in helping you achieve your corporate goals. Now it is time to find out whether your actions are delivering your anticipated results.

There are several key measures for you to monitor. Start with your average selling price (ASP). Track your transaction value quarter over quarter to show incremental product sales growth. You might also want to examine the transaction volume to see if you are gaining new customers and net new deals. Deal registration can be an early indicator of net new deals. Look at your sales cycle. Compare how quickly deals close in the channel versus your direct sales.

Don't forget to analyze your product mix, including how well new products are performing and where mature product lines are in their life cycle. And, it isn't just about top line sales; monitor your profit margins, especially on mature products that could experience margin erosion, or new products to determine pricing strategy and appropriate target markets.

Your channel performance depends on having the right partners who are strategically aligned with your corporate goals. You invest in those partners with training, support and programs. Make the most of your channel — follow the 5 Golden Rules for Refining your Channel.

For more information and help refining your channel, visit www.modeln.com

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