

Smart channel incentive program management: Foster productive partner relationships and drive revenue

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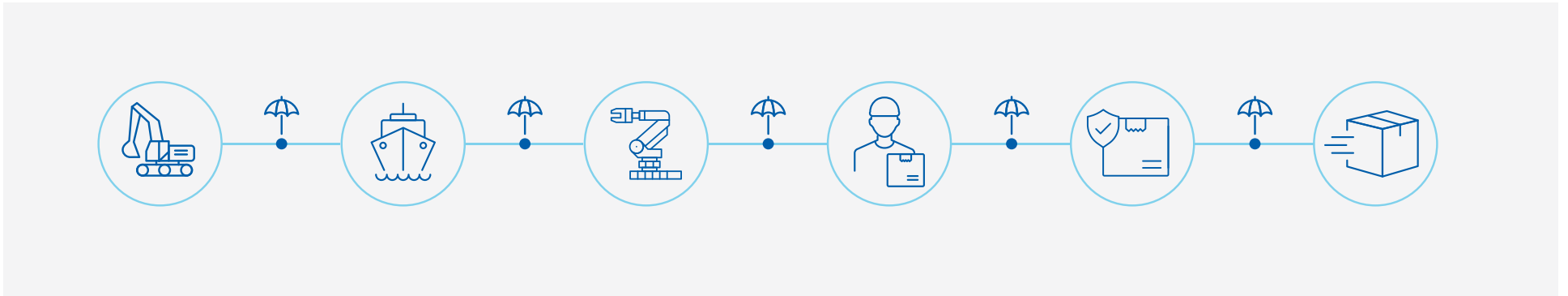
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Introduction

The high-tech supply chain is very complex. It begins in the Earth’s crust, where the elements used to make modern technology components are found, and ends with the individual consumer, who relies on technological devices daily. In between, a multitude of people and processes are required to work together to connect the dots.



Simply put: Manufacturers need channel partners to help them produce and sell their products. Maintaining mutually beneficial relationships with these partners is crucial, and incentives play a large part in these relationships. But with so many different types of incentives to choose from, it can be difficult for manufacturers to design and implement an effective incentive program.



This eBook explores five ways you can reinvigorate your incentives strategy to connect and drive channel collaboration and optimize revenue, as highlighted by leading high-tech manufacturing executives throughout this eBook.

The idea is to move from an ad hoc state to an optimized state, where channel sales can really be a true lever for revenue optimization.

Five tips for managing a successful channel incentives program

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Five tips for managing a successful channel incentives program

1. Clearly define channel goals for each business segment.

Because incentive programs aren't one size fits all, you need to carefully consider what you're trying to accomplish with each business segment. Are you trying to increase sales to a specific, targeted vertical market? Do you want to improve sales performance for a specific product or service? Are you launching a new product or service that you want your partners to promote? What are the geographical considerations? Answers to these questions will help you establish a strong value proposition that keeps partners happy while accomplishing your business objectives.

“Your channel strategy is like a three-legged horse: which customers are you trying to reach, which markets are you trying to reach those customers in, and which partners have the best capabilities to serve those customers in those markets? And then, ultimately, what do you as a manufacturer want to drive through this channel?”

– VP of Strategy and Business Development at a leading global industrial technology manufacturing company

2. Use your channel data to segment partners on a continuous basis.

Effective channel partner segmentation allows you to tailor your engagement strategies, resources, and support mechanisms to meet the specific needs of different partners, which in turn improves the overall efficiency of your partner program. There are several ways to approach partner segmentation, including:

- **By sales volume:** Recognize high-performing partners with tailored incentives, rewards, and recognition programs to encourage continued success.
- **By industry:** Offer specialized support and marketing efforts tailored to the specific needs and challenges of each sector.
- **By end customer:** Understand the different types of customers that partners serve, so you can tailor marketing collateral, product offerings, and support materials.
- **By market:** Tap into local customer bases, manage logistics, understand regional market trends, and comply with local regulations.

“We go through an exercise where we segment our channel partners on a yearly basis, and sometimes more often. We look at who’s doing well and what kind of volumes they’re driving, and that gives us a roadmap of where to go from a go-to-market standpoint.”

– Director of Business Management Systems at an innovative multinational fabless semiconductor company

3. Collaborate closely with stakeholders.

Channel incentive programs involve many stakeholders both within and outside your organization. Understanding the needs and challenges of these stakeholders is critical to fostering long-term relationships, which are the key to successful channel incentive management. Internally, have regular conversations with global sales leadership. They have the most in-depth knowledge of your customers’ buying behavior and are therefore uniquely equipped with insights that will shape the strategy of your incentive program. Externally, strive to gain a deep understanding of your partners’ end customers so you can better support their efforts. Involve your partners in developing your incentive programs, seeking their input and feedback. Universally, it’s important to stay on top of market trends and pivot when necessary.



Channel enablement: Think outside the box

Remember that incentives aren’t just for salespeople – they also work well with partners who deal primarily with customers before and well after the sale, such as field application engineers (FAEs). Rewarding FAEs who provide consistently excellent technical support can go a long way in solidifying customer loyalty, earning repeat business, and growing market share.

“If you focus solely on distribution margins, you won’t create healthy, sustainable relationships with your partners in the long run. You need to develop a joint plan.”

– Director of Business Management Systems at an innovative multinational fabless semiconductor company

4. Maintain proactive governance over the program.

Channel incentive programs have a lot of moving parts. If managed inefficiently, partner relationships and revenue can suffer. Three critical components to proactive oversight are:

- **Visibility and control:** You must be able to provide channel, sales, and marketing teams with a complete view of rebates, market development funds, and other channel incentives across the organization and across a particular geography, partner, segment, or customer.
- **Revenue protection:** You must be able to easily match claims and sales data to reduce over-payments and provide more accurate and effective strategies.
- **Use of resources:** You must significantly reduce the manual administration and costs required to successfully manage rebates by automating complex rebate earning and payment calculations.

“We’re in an economic recovery. Demand is going up and the stock market is at an all-time high, but budgets aren’t increasing at the same speed. So, there’s an expectation from all the sales and marketing teams that growth is expected. But growth needs to be managed without incremental costs.”

– VP of Global Customer Success and Strategic Initiatives at a market-leading revenue optimization and compliance company

5. Track the right data.

The amount of data available to high-tech manufacturers can be overwhelming. It’s important to narrow down the top three to five metrics that matter most with respect to the goals you defined for each business and channel partner segment. These can include anything from inventory and demand to point-of-sales data and production lead times. Regardless of which data points you prioritize, the ability to accurately capture that data in a timely manner is paramount. Missing or inaccurate data makes it impossible to tie incentives to actual performance. It also leads to slow and error-prone payment processing and prevents the calculation of program ROI.

“You want your channel partner to think of you when there is an opportunity on the table. That can’t happen without having trust and mutual respect. That’s why I say the incentive is one component, but the real win is when you go beyond the incentives to develop the relationship.”

– VP of Strategy and Business Development at a leading global industrial technology manufacturing company

Model N channel incentive solutions for high tech

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Model N channel incentive solutions for high tech

Creating revolutionary high-tech products is complex, but delivering your solutions to market doesn't have to be. Model N helps you successfully navigate major challenges in channel management so you can fuel revenue growth while fostering long-term partner relationships.



Model N Channel Management automates common channel processes for sales, incentives, and inventory to increase funnel velocity, reduce overpayments, and accelerate inventory more effectively through the channel.



Model N Rebate Management offers automated incentive management, eliminating manual processes with templates, accelerators, insights, automatic payment generation, and more.



Model N Market Development Fund Management enables you to increase revenue by centralizing and automating funds, optimizing partner visibility, and streamlining goal-focused marketing initiatives.



Model N Payment Management makes global payments easy, efficient, and transparent for high-tech finance teams and improves partner relationships and retention.



Model N Ngage accelerates time to value across your Model N systems through tailored learning content, platform assistance, and helpful alerts that guide users through your organization's specific processes and roles.

Ready to reinvigorate your incentives strategy?

About Model N

Model N is the leader in revenue optimization and compliance for pharmaceutical, medtech, and high-tech innovators. Our intelligent platform powers your digital transformation with integrated technology, data, analytics, and expert services that deliver deep insight and control.

Our integrated cloud solution is proven to automate pricing, incentive, and contract decisions to scale business profitably and grow revenue. Model N is trusted across more than 120 countries by the world's leading pharmaceutical, medical technology, semiconductor, and high-tech companies, including AstraZeneca, Stryker, Seagate Technology, Broadcom, and Microchip Technology. For more information, visit modeln.com

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