

The way I see it...

Information Fuels New Channel Economy

OPINION, A2

Opportunity Management

BUSINESS, A1



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Opportunity Management BEYOND DEAL REGISTRATION AND LEAD MANAGEMENT

Deal Registration programs have now become *de rigueur* among many technology/business-to-business marketers. Like co-op and MDF programs before them, they were introduced with strategic intentions. However, as program proliferation grows, they have evolved into a must-have program to “meet competition,” and often the strategic drivers that were the foundation for those programs become secondary.

Deal registration, in general, is a controversial topic for the partner and vendor alike. Their effectiveness spurs much debate for reasons that are beyond the scope of this article. However, the origins of deal registration were founded as a means for marketers to 1) minimize channel conflict, b) provide an incentive to turn their channel partners into proactive “hunters” for new business, and c) to gain insight into key sales opportunities. The benefits of deal registration has been particularly appealing in sales situations requiring long sales cycles, extensive investment in consulting or configuration, or vendor assistance to keep the sales process on track.

Today, it is our experience that manufacturers of all types are providing deal registration programs including low dollar, low interest commodity products with short sales cycles. Often these programs are in the interest of “meeting competition” and are used merely as another “incentive” based program to one-up their competition in another attempt to pay for channel loyalty.

Separately, many vendors are spending a lot of time, effort, and money generating sales leads. Whether through trade-shows and events, website, advertising or other efforts, generating those leads often represents the lion's share of the vendor's marketing budget and the focus of the marketing department. It's what happens after the lead is generated that often doesn't get enough attention. At worst, the leads end up in a black hole distribution list offering little insight as to their ultimate fate. At best, there is a lead ranking and distribution plan with a closed-loop process to report on a

lead's status from their recipients. But these lead management programs are often administered via unique processes which partners don't embrace. Therefore, leads are often distributed without acknowledgement or reporting on status. This is counterproductive to the vendors investment in the system. Also, vendors often view the results of their lead management activities in isolation from their other channel programs. Therefore, the vendor can't clearly understand the relative contribution to sales effectiveness or cost efficiency.

The newest trend is for marketers to combine the key attributes of their deal registration and their lead generation programs into a single “opportunity management” system. Consolidating the

previously disparate lead management and deal registration programs into one opportunity management system has a synergistic effect that provides benefits to vendors and channel partners alike.

BENEFITS FOR VENDORS

Centralized Sales Pipeline Reporting:

Deployed properly, vendors can now centrally view a significant portion of the active sales efforts currently taking place throughout their entire channel organization regardless of their origin. Both deal registration and lead generation require similar information to exchange between the marketer and their partner, including the end user name, company and contact information, the chances of closing, expected closing date,

the value of the sale, the specific products and services of interest and more. Armed with the insight of all, or most, of the active sales activities among their channel partners, manufacturers can now better manage inventories, assign staffing and support resources, and monitor trends over time. These trends may be evaluated across a number of attributes including geographic, partner and product attributes.

Holistic View of Program Performance:

By linking the sales opportunity to the source, vendors gain a better understanding of which programs are effectively generating sales or which programs are more cost effective. You can now get answers to questions such as the following:

- What are the sources of most sales and opportunities?
- Are they from an existing partner client?
- Are they from partner-sponsored events funded through your MDF program?
- Are they a result of your own lead generation campaigns?
- What percent of the sales opportunities came from each?
- How far do “lost” leads and opportunities go in the sales process, and why weren't they successful?

At the most basic level, you can create a close ratio by looking at your total number of opportunities (“at bats”) and successful deals (“hits”). The resulting close ratio can be calculated by partner or by program. This becomes a quantitative metric that provides a snapshot of your channel or program “health” of strategic significance.

Set a Baseline for Channel Performance

Now that you know the relative performance of your marketing programs and their impact on sales through the metrics described in the previous paragraph, a performance index can be applied to partners to determine which are under- or over-performing. These program indexes can be established and evaluated for individual partners, partner segments (or “tiers”), or geographic territories. When evaluated as such, the



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The way I see it...



Bill Kelly is EVP for CCI and helps companies define objectives, evaluate strategies and implement programs that achieve measurable results

Information Fuels the New Channel Economy

My involvement in associations, attendance at events and meeting face-to-face with clients provides first-hand insight into challenges faced by companies that sell through channels. Through these interactions I see a pervasive theme: channel information plays an essential role in developing and maintaining a sustainable competitive advantage.

The demands on channels today—increased competition, optimum partner mix, lower profit margins—are creating an increasing need for access to timely and relevant data. This need extends beyond deeper visibility into channel sales and its related programs. It delves into a comprehensive understanding of customers—what products and how are they buying, which partners are providing the services, how do they reach these customers, and what market segments do they represent? It is this integrated view of channel business that companies desire.

COMPREHENSIVE CHANNEL INSIGHT

Although insight into channel sales plays a central role in enabling organizations to leverage the power of information, companies have long struggled with the fragmented nature of channels as they have evolved. The channel's fragmented nature creates significant problems with the delivery of inconsistent and varied information. What is required is a unified approach to channel insight in which the different pieces are addressed in a single, integrated solution.

Companies at the forefront of this movement are focused on three core data sets:

1. Partner Profiles - In addition to data about the business location, products and revenue levels, companies are using the partner application process to identify the form of ownership, markets served, business focus, established partnerships, sales reps and sales engineers, professional service offering, certifications, and post sales support.

2. Transactional Data - In the design of channel programs, leading companies are paying close attention to the strategic importance of the data captured. For example, deal registration applications can provide insight into the end-user (new or existing), market, lead source and competitive nature. SPIF and rebate programs can assist in identifying "who" at the partner location is actu-

ally selling the products. Beyond this, co-op/MDF applications can be designed to shed light on market focus, customer audience, messaging and media mix.

3. Sales-Out Data (POS) - POS data is the data that comes from the partner or distributor regarding product sales. It has information associated with when the product was purchased, type of product purchased, location of the purchase, who sold it, and much more! Understanding POS and using it strategically provides a huge benefit.

THE DEFINING ADVANTAGE

This unified approach to viewing channel related data permits companies to act faster and more effectively than the competition, helping to define and maintain competitive advantage. The bottom line: More sales and a full return on channel investments, and successful management of partners in the long run. ❊

If you would like to learn how CCI's software and services make it easy for managers to find and understand their channel information and proactively use it in decision making, please give me a call at (415) 526-3210 or e-mail me at bill.kelly@CClonline.biz

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Opportunity Management

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high and low performers of the group become obvious. Unusually low performers indicate an area for further evaluation and perhaps an easy opportunity for improvement. Conversely, high performers become a source of inspiration and referenceable best-practices.

BENEFITS FOR PARTNERS

Common Interface Simplifies and Encourages Engagement

Effective deal registration and lead management programs require common information: End user contact info, company name, source of lead, chance of closing (or how "hot" the lead is), and areas of interest (product or service). This information can all be formatted through a similar interface on a common platform. This benefit is more significant than you may think.

While attending a recent conference, it was conveyed that a typical channel partner may be participating in 10 or more partner programs. The trend is for manufacturers to offer programs with increasing complexity. Therefore, partners often don't understand or embrace vendor programs to the level marketers would expect (It was pointed out that one prominent manufacturer had over 40 distinct marketing programs targeting the same partner organizations simultaneously!). While not entirely due to this phenomenon, it was also pointed out in the same conference that the typical channel partner only actively supports the programs of 2-4 key vendors.

It's not too much of a stretch to say that vendor programs which are easy to understand and use will increase partner understanding and involvement, satisfac-

tion—and ultimately—loyalty. The need for simplicity in program structure is often overlooked by vendor sales and marketing teams because they only have to understand their own programs—AND their understanding of these programs is their primary job responsibility. This is not the case with resellers.

Benefit from the Learning

WIIFM (What's In It For Me) is the criteria every potential partner participant has when evaluating a vendor's channel program. Using the same performance indexes presented above, your partners can benefit with the insights of their relative strengths and weakness through an understanding of their close ratios and where they might be under performing. If their close ratio on otherwise good opportunities is lower than the benchmark for their group, it's in their best interest to know that information and work with you to find out why. This is a chance for you to add value as a supplier and business partner. Your resellers are business people, too. If they want to stay in business, they will enthusiastically seek ways to improve their business by understanding their own areas of opportunity. You will both benefit from the results.

In short, evolving your Lead Management and Deal Registration programs into a combined Opportunity Management program will allow both you and your partners to maintain the benefits of your existing program as well as provide the additional benefits of greater insight through common reporting and ease of use. This, in turn, will contribute to greater program utilization and a stronger partnership for all. ❊

GUIDING PRINCIPLES FOR EFFECTIVE CHANNEL PROGRAMS

In today's dynamic marketplace marketers and resellers need each other for success. For many marketers, however, channel program development is often simply a means of "meeting competition" rather than a means to provide a measurable contribution. Plus, it's easy to get complacent. Business models are evolving rapidly for partners and vendors alike. Have you evolved your programs accordingly? Evaluate your own channel go-to-market strategies with those principles presented below:

Unless you have a contractual relationship to the contrary, the reseller owns their customers. Many marketers have difficulty accepting this perspective, but developing such an outlook both internally and with your channel partners goes a long way toward building mutual trust.

Understand the business model and goals of each partner. This may seem obvious, but many major marketers treat their partners as a homogeneous unit, all with similar goals and program needs. As an example, one of our clients didn't understand why a specific reseller wasn't participating in a specific promotion. After a quick conversation with the reseller's principal contact, it was discovered that this reseller didn't even sell this particular product line as part

of their solution offering. While they were a partner of significant importance, it was assumed that all their resellers had similar interest in this particular product and promotion. Not so.

Tools are available to help you create a partner profile database that can include value-added capabilities, other products represented or certifications earned, program usage and promotion histories, branch office locations, and contact information for senior management and sales representatives. Understanding this will allow you to create a segmentation model that can be far more useful than simply offering silver, gold, and platinum "tiers."

Create Marketing programs that address the go-to-market strategy of each partner and end-user customer segment. Prioritize and focus your development efforts to those segments—and individual resellers within that segment—which present the most opportunity for success.

The mission statement for all of your channel marketing efforts should include "the development of programs that attract new customers and hold existing customers for your channel partners." Each program that clearly demonstrates

this initiative to your resellers will contribute to increased loyalty through a recognized co-dependence. The assets of the manufacturer (product/market knowledge, support, marketing know-how brand strengths, etc.) are combined with the assets of the reseller (convenient/low cost customer access, relationships, value added solutions, etc.) in the form of targeted customer-focused co-marketing programs.

All channel programs must be measurable. The metrics for these programs must consist of both objective, quantitative data (measuring performance against program objectives), and qualitative criteria (the best measures of the perceived effectiveness by your channel partners). The latter is usually obtained through surveys (mail, fax, phone, and internet) and focus groups. Resellers are generally quite willing to share their opinions with you. Their insight can greatly contribute to your program deployment best-practices.

A tremendous opportunity exists for manufacturers to increase the effectiveness and efficiency of your channel sales. Often with only a little fine tuning, your channel offering can easily be turned into a competitive advantage.