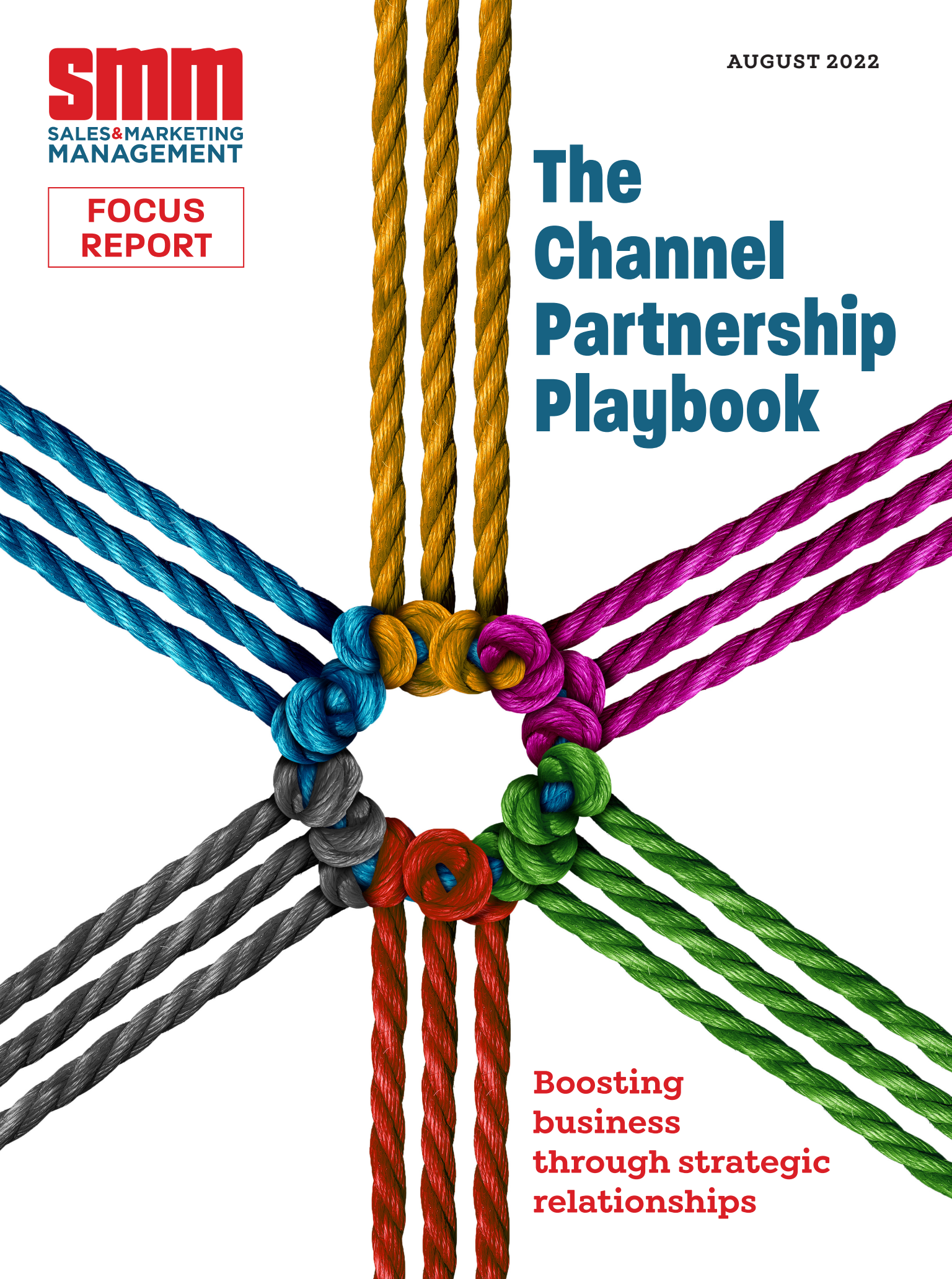
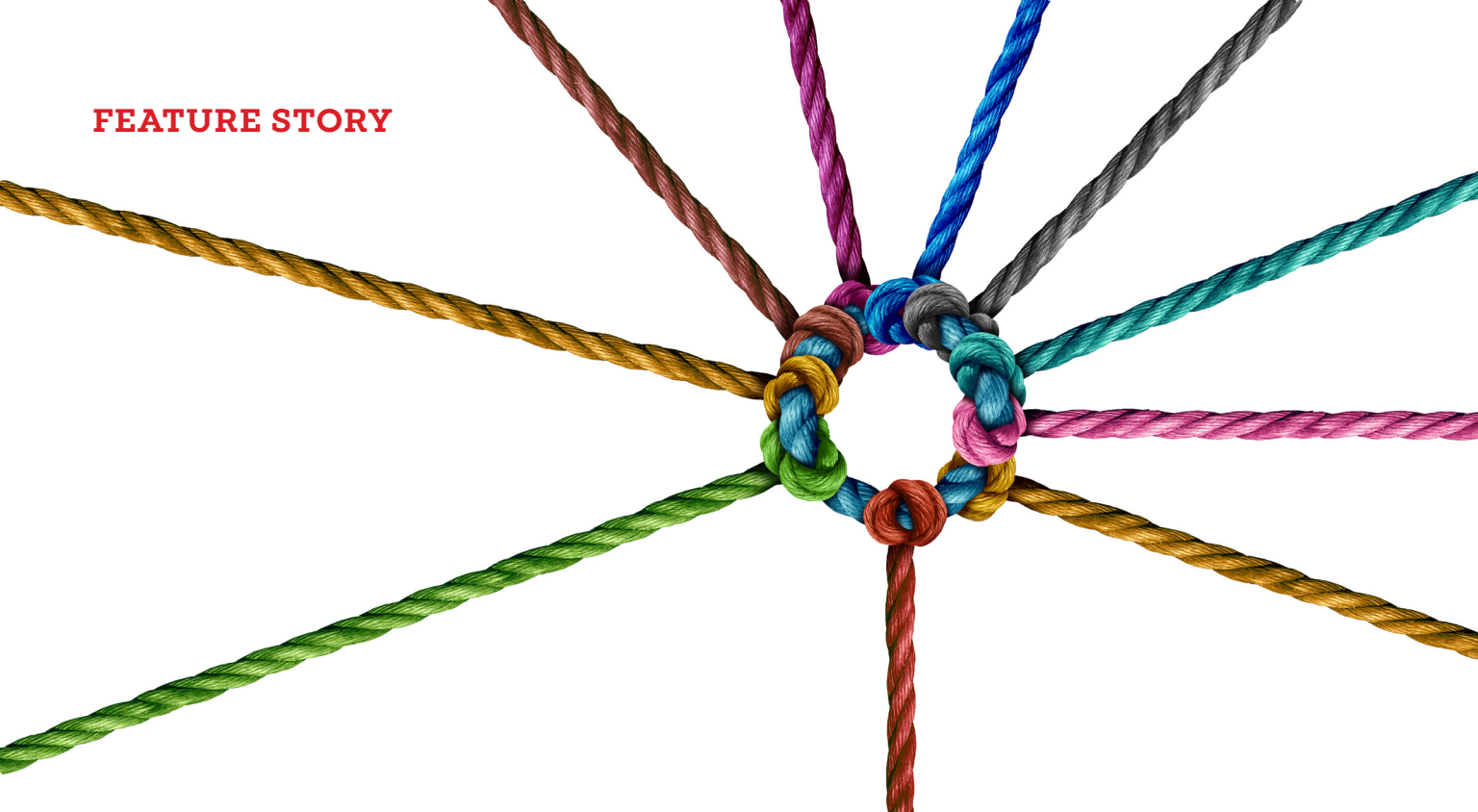


**FOCUS
REPORT**

The Channel Partnership Playbook

**Boosting
business
through strategic
relationships**





Are Your Channel Relationships Where They Need to Be?

BY PAUL NOLAN

Leaders at Ecosense, a supplier of real-time radon detection and monitoring devices for single-family homes, multifamily residences, schools, public buildings and commercial buildings, knew the company was primed for exponential growth if it could get in front of the right prospects.

The company's radon monitors integrate a patented, high-accuracy ion chamber detection technology together with state-of-the-art analysis and processing software capable of delivering the first accurate radon result in minutes not days. The company, which notched approximately \$1.3 million in sales in 2020, expects to end this year with between \$3.5 million and \$4.5 million in sales.

Ecosense has five internal salespeople, so Insoo Park, the company's founder and CEO, knew the kind of growth he was after would have to involve outside partners. In addition to selling direct to homeowners through Amazon and other online retailers, Ecosense marketed itself through home inspection businesses. Reaching broader markets will require a deeper and wider network of channel partners.

A **channel partnership**

is a mutually beneficial business relationship in which one company sells and distributes another company's product or service.

The supplier is able to supplement its own sales team without investing in full-time employees, but forfeits some control over the sales effort, gives up some profit in most cases, and risks outside salespeople damaging the brand image.

FEATURE STORY



DALLAS JONES
VICE PRESIDENT
ECOSENSE

Enter Dallas Jones, who was hired by Ecosense earlier this year as a vice president and given the mission to broaden the company's channel partner network. Jones previously served as the executive director of the American Association of Radon Scientists & Technologists (AARST). In that role, he spearheaded national radon data collection for the Centers for Disease Control (CDC) and successfully lobbied and secured adoption of AARST voluntary consensus standards by the Environmental Protection Agency (EPA), Department of Housing and Urban Development (HUD), and 20 state radon programs.

"I was looking for an executive with extensive radon experience, strategic business development skills and a good reputation in the market. Dallas met all those criteria," Park said in an email exchange with Sales & Marketing Management.

Creating New Go-to-Market Partnerships

In a telephone interview, Jones said he is working to increase the number of channel partner relationships among "mom and pop" home inspection businesses throughout North America while simultaneously expanding their network to include radon mitigators, real estate agents and environmental consultants who work on large commercial projects.

Some of these new business partners wouldn't have imagined partnering with Ecosense just a few years ago. Real estate agents viewed radon testing as a potential deal killer or, at the very least, a hurdle to clear and not mention again. Jones said he is changing attitudes by showing these businesses that partnering with Ecosense can be a win-win endeavor, which is the longstanding formula for creating and fostering strong channel partnerships.

"I don't think it's a matter of changing how we go to market as much as how can we get into areas more effectively," he said. "I know the opportunities very well because of my background. There is a traditional way that things have been done. People who have been at this for a while think a certain way. When you give them something fresh and new, sometimes it takes a moment for them to try on that idea. It's a matter of being persistent and clear with your messaging."

"People who have been at this for a while think a certain way. When you give them something fresh and new, sometimes it takes a moment for them to try on that idea."

Make Smart Choices

The most successful partnerships in any aspect of life are the byproduct of recognizing a good fit. As Aja Frost of Hubspot states in a [blog post](#), "the process of finding partners is almost identical to finding prospects. Just like trying to sell to everyone reduces your focus and actually harms your overall results, trying to partner with everyone is a bad idea."

The first step is to identify a prospective partner's goals and determine whether you align with them. Presumably, you are reaching the same target audience with different – and complimentary – offerings. Both parties typically hope to increase revenue, but that can be accomplished in different ways. A channel partner may be a reseller, a referrer who doesn't close sales or an affiliate who simply builds your brand presence.

"Once you've identified your partner's goals, you can work on responding to their needs," said Chad Brinkle, owner of High Country Off-Road, a parts and accessories manufacturer. "Take the time to understand their business and their market better by asking questions, finding out more about their past projects, and understanding their clients better."

Frost recommends determining potential partners' technical expertise, determining whether a prospective partner's sales process is compatible with yours, and honestly assessing how much commitment would be required for success. A commitment to train channel partners and provide ample support early is expected, but they should ultimately operate mostly independently from your company.

If both companies agree a partnership is beneficial, it's wise to create a contract that spells out in detail the roles and responsibilities of each partner. What training is necessary? Who is covering what costs? What metrics will be measured to gauge success, and what timelines are reasonable? Are exit options necessary?

Others we spoke with who have experience initiating channel partnerships emphasized that starting the partnership is one thing, getting partners to stay engaged and make the win-win proposition a reality is a whole additional challenge.

FEATURE STORY

The Importance of Onboarding

Studies have shown that an employee's first 90 days on a job greatly impact how long they will stay with a company. The same holds true for channel partners. A carefully structured onboarding process goes a long way toward turning burgeoning channel partnerships into long-term successes.

Most B2B sales processes are becoming more complex, not less. Buyers have more people involved and, in many cases, have more informational needs. Channel partners should get at least something close to the same amount of training and have the same understanding of the sales process as inside sales reps.

Ahmed Hirani, vice president for global strategic partnerships at Brainbox AI, said that once his company has identified a solid channel partner, it initiates a training process that can take up to six months to complete. There is product training through webinars and on-demand videos, instruction on their sales process and ride-alongs on early sales presentations. Brainbox AI produces HVAC software as a service (SaaS) technology that leverages AI to make buildings smarter and greener.

A partner may not experience as much immediate success as they envisioned, causing the relationship to lose momentum.

Some important elements to keep channel partnerships engaged have already been mentioned. These include:

- Clarifying and aligning goals
- Investing in thorough and effective onboarding
- Agreeing how success of the partnership will be measured

An incentive program is another good way to keep channel partners engaged. Compensation is a primary motivator, but creative use of non-cash incentives can be a difference maker far beyond the cost of the rewards themselves. Brainbox AI rewards new partners with gift cards of varying value for the first five sales they close. "That helps us drive the opportunities, fill their sales funnel and, by virtue, our sales funnel," said Hirani.

Be sure to align incentive benchmarks with your goals. As with any incentive program, it's important to know the interests of participants so your rewards are, well, rewarding. Gift cards and points programs provide flexibility of rewards and often

96% of B2B marketers responding to a survey said they expect to **increase revenue** directly attributed to their partner ecosystems.

Source – 2022 Channel/Partner Marketing Benchmark Survey

"We spend a lot of time training these resellers to be able to act as our own agents in the market space. We want to give them everything about competitive analysis and objection handling," Hirani said. "We find it more successful to engage with them on their first three to five sales calls and work with them to hone the pitch. We ensure the level of service to our customer (the reseller) and their customer (the end user) is white-glove service."

Brisa Renteria, an entrepreneur who started her own sales recruitment company called [Improve Growth](#), added, "The more you train your channel partners, the more loyal they will become. They should get better at having sales conversations, and see revenue increases as a result."

Keeping Channel Partners Engaged

Channel partners probably won't represent your product line exclusively. While some contracts prohibit a channel partner from selling a competitor's product, they still usually sell multiple lines and earn revenue from multiple partnerships. A partnership may start with a lot of promise and positive energy only to quickly fizzle as the channel partner disengages.

turnkey administration. Many companies reward top resellers with an annual incentive trip, where they combine product training with bonding and relationship building. When tied to sales goals, these programs are usually self-funding.

Open communication and data sharing also foster stronger channel partnerships. Communication includes designing marketing materials that are tailored to your channel partners' needs.

"How do you make sure your voice is heard above all the rest? Understanding them as a partner," said Preseetha Pettigrew, vice president of strategic alliances for Seismic, a sales enablement company with headquarters in San Diego. "Bigger partners may be more generous with incentives, but what I think is more important is to understand [your partners'] teams and what they care about. If we want to align with their sales teams, we need to have them understand why working with us is going to support their goals more than other possible partners."

Pettigrew said about 30% of Seismic's sales are supported by a channel partner who adds value to the end customer in some way. They may provide the lead or support Seismic through the

FEATURE STORY

sales cycle by providing insight on a deal or connecting Seismic’s salespeople with key decision-makers at a client company.

“We want to maintain a small set of meaningful strategic partnerships where we dive deep into those relationships and build strong alignment with them across all different elements of their business,” she said.

Subhead

In the end, developing strong channel partner relationships relies on many of the same things as having success with full-time hires. Ensure a good fit by having clear objectives for partnership. Once partners are selected, onboard properly, compensate fairly and motivate with regular incentives beyond compensation. Strong and open communication – including being a good listener – are vital to long-term success.

There is a wide range of technology tools that will help support your channel partnerships as they increase and become more complex. Answering the question “What’s in your tech stack?” in regards to channel partnership software is as important as any other area of technological investment.

Just as it is important to cut bad hires loose when it becomes apparent they are not a good fit, you can’t afford to cling to

poorly performing channel partnerships when there is little hope things will turn around. Your brand image is on the line. Admit a bad fit as politely as possible and move on.

Less than 20% of respondents to a [survey on channel partnerships](#) conducted by Channel Marketer Report and Demand Gen Report describe their current program’s ability to sell and market through channel partners as very effective. Nearly two-thirds rated their channel sales and marketing support as only somewhat effective. Yet a whopping 96% of respondents said they expect to increase revenue directly attributed to their partner ecosystems.

If you’re in this group of sales and marketing leaders who plans to lean heavier on channel partners to produce revenue, you can’t do it on the cheap. The survey report states, “Recognizing their responsibility to engage and collaborate with partners more effectively, B2B executives are committed to allocating more resources for channel incentives and partner training. At more than 40% of the respondents’ companies, partner portals will be added or upgraded.”

There is no time like the present to review your current channel partnerships, determine which ones remain valuable to both sides, and have an honest conversation on how the partnership can be improved. **SMM**

THANK YOU
to our digital sponsors

SMM
SALES & MARKETING
MANAGEMENT

BULOVA
CITIZEN

KPMG

SONY®

TUMI

SEIKO

To learn more about becoming a SMM digital sponsor, contact Mike@SalesAndMarketing.com



Channel Travel Incentive Program Reaps 8:1 ROI

As with internal sales teams, keeping channel partners engaged requires meaningful and creative incentives. Channel partner management consultant Impartner emphasizes that channel partners have choices and will align with those partners that create the best experiences.

This case study from incentive program designer Next Level Performance shows how one company successfully drove incremental sales through channel partners with a self-funding incentive travel program.

The Story

An electrical products distributor that offers top channel partners a group travel program wanted to create an opportunity to connect with their mid-tier partners. Their goal was to drive sales and reward these partners for their incremental success along the way with a multi-tier payout structure.

The Challenge

Their goal was to increase sales across the board and prove the program to be self-funding. With the expenditure calculation factored into the total sales growth of over \$10 million for this initiative, the program delivered an 8:1 ROI.

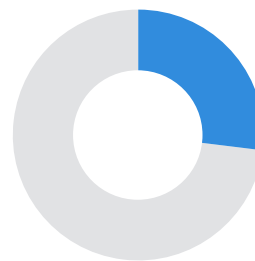
The Solution

Next Level Performance, which creates custom incentive programs, delivered a loyalty platform that combined highly desirable awards for valued customers with controlled budget spends and purchases from valued customers with larger

budget spends. By structuring an inclusive and attainable loyalty program to reward purchases, the client was able to create an integrated approach to ensure all stakeholders were engaged through tiered and targeted motivation strategies.

The Success

The goal was \$180 million in sales growth. The client realized a 23% increase over projections. The incremental growth was the main focus of the client's program success measurement. **SMM**



27%
of partners in the top tier program earned a spot on the trip.



50%
of partners earned points in the next level tier.

Next Level (formerly Dittman Incentive Marketing) has helped client companies improve their performance for more than four decades through incentive and recognition programs. Learn more at nxlperformance.com.

THE POWER OF ONE

Innovation with Purpose. Design With

DEPTH

PROMASTER



PROMASTER ORECA

Eco-Drive | Purposeful Power

THE SUSTAINABLE WAY TO POWER YOUR WATCH - WITH LIGHT. NO BATTERIES REQUIRED.

CITIZEN
BETTER STARTS NOW



WILTON GMT
AUTOMATIC

BULOVA
BOLD AT HEART

REACH YOUR SUMMIT



Alpina
1883 GENEVE

SEASTRONG DIVER 300 HERITAGE
Swiss Professional Diving Watch

INDEPENDENCE. PERSEVERANCE. HERITAGE.
www.alpina-watches.com


FREDERIQUE CONSTANT
GENEVE



Live your passion

CLASSICS WORLDTIMER
MANUFACTURE

frec.com

REWARD YOUR BEST WITH ICONIC BRANDS

THE POWER OF ONE FROM CITIZEN WATCH AMERICA

ACCUTRON **Alpina** BULOVA BULOVA CLOCKS CARAVELLE CITIZEN CITIZEN CLOCKS  FREDERIQUE CONSTANT GENEVE

WWW.CWACORPORATESALES.COM

Channel Partnerships by the Numbers

How important are channel partner relationships to the average B2B company? Channel Market Report and Demand Gen Report surveyed 111 B2B marketers during the months of December 2021 and January 2022 from a variety of industries and company sizes to learn more about their channel program and the investment they are making in them. It's a small sample size, but the results are telling.

96% expect to increase revenue directly attributed to their partner ecosystems. Nearly one-quarter (24%) of those business leaders expect revenue attributable to channel partners to increase more than 20%. Another 42% expect a revenue increase attributable to channel partners of between 11% and 20%.

17% of respondents said their ability to sell and market through channel partners is **not very effective**.

Most (65%) rated their ability in this area as "somewhat effective."

69% of respondents plan to increase their budget to support selling and marketing through channel partners.

The top three areas targeted for upgrades are partner training/learning management (53%), channel incentive program management (43%) and partner portals (41%).

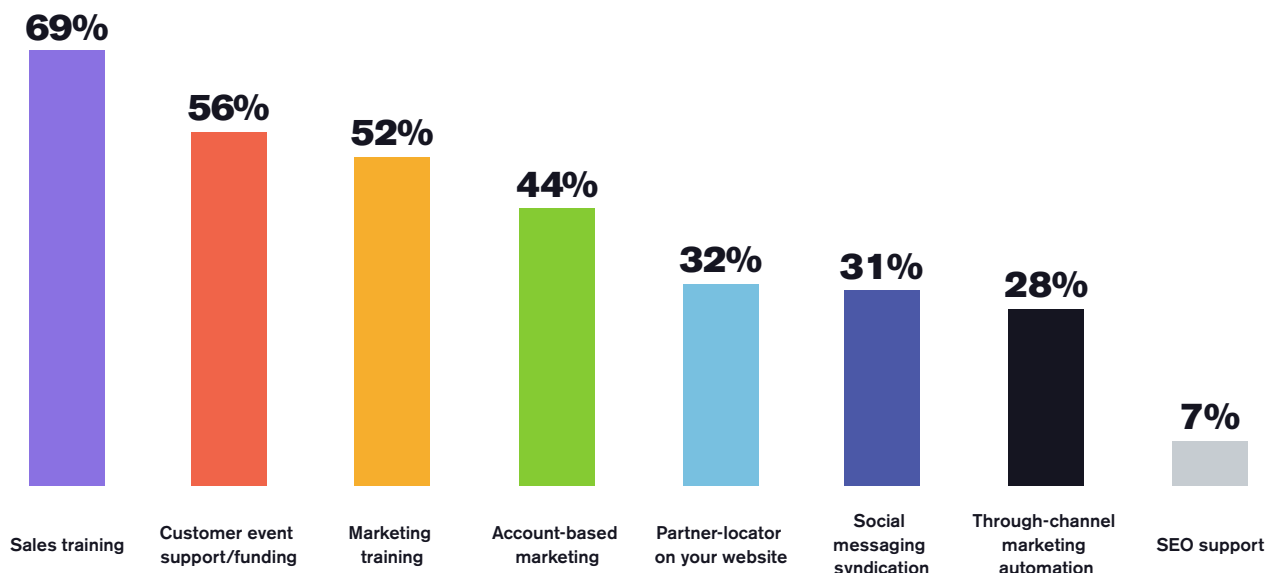
79% of respondents use email

to communicate with channel partners, the most common means of keeping them informed.

The top five methods of communication are rounded out by online meetings (63%), in-person events (52%), partner portal (52%) and outreach by channel partner account managers (49%).

The 2022 Channel/Partner Marketing Benchmark Survey was conducted during December 2021 and January 2022. Nearly 60% of respondents were from software and technology companies. You can [download the report summary here](#). (Registration is required.) **SMM**

Which of the following activities do you offer to support your channel partners?



SOURCE: 2022 CHANNEL/PARTNER MARKETING BENCHMARK SURVEY

Go and Grow

A 9-point outline for starting and scaling channel partnerships

Initiating and fostering strong channel partner relationships are an effective way to meet the “last mile” challenge of reaching new customers. [Impartner](#), a provider of channel management technologies, offers [separate nine-point guides](#) for starting a channel partnership and growing one. The last two recommendations are the same for both scenarios.



STARTING A CHANNEL PARTNERSHIP

SCALING CHANNEL PARTNERSHIPS

Develop your channel proposition

Why would another company want to partner with you? If you don't have a thorough and convincing answer, you're not ready to recruit channel partners. Your answer should include the economics of a partnership, the skills required to sell to your target audience, and the level of support you will provide. Prospective partners want to get a sense of how much effort will be necessary to be an effective partner, how long it will take to generate profits, and whether there's enough it for them to invest the effort.

1

Hone your value proposition

Calculate the share of wallet per partner that you enjoy and determine if you could be getting more. Determine your maximum total addressable market and map those opportunities back to individual partner types. Enumerate opportunities and help partners envision how to pursue them.

Identify appropriate partner personas for your company

What roles do you need your partners to perform? Impartner suggests at a minimum, you will want your partners to be able to fulfill these roles:

- Lead generation and qualification
- Close deals
- Handle delivery and logistics
- Installation and integration
- After-sales support

Creating a detailed partner persona reduces the likelihood of conflicts that develop when a company recruits channel partners indiscriminately.

2

Expand your trading zone

One proven way to overcome the challenges of geographic expansion is to enlist the help of distributors. Distributors can help you identify, qualify and engage partners in new geographies.

Build your program structure

Building a foundation for your partner program is challenging because not all partners have the same needs. In fact, not all partners participate in sales. Some may stop at generating leads, while others provide value through customer support or further development of intellectual property. To help distribute rewards and benefits more efficiently, many companies tier their programs.

3

Explore new business models

Partners can help identify new vertical markets and customer segments you can sell to. Be aware that many market adjacencies have business models that are different than what you are used to. You may need to develop new strategies to address different preferences in buying.

Onboard and enable partners

Partners want a simple and preferably automated enrollment process. Support materials and easily accessible assistance are table stakes. Just as the onboarding process for your internal sales and support personnel is critical to their success and their retention, the initial experience you provide for channel partners has a great impact on the long-term success. Studies show that partners will leave an otherwise profitable relationship if a vendor is difficult to work with.

4

Optimize your partner experience

To honestly assess what type of partner experience your company provides, you need to closely examine onboarding, training, marketing support and other aspects for which your partners rely on you. Understand that you don't hold all the cards. Partners have leverage.

Communicate broadly and efficiently

Partners are more likely to properly present your market positioning if you provide them with the tools and materials they need. You may be tempted to use the same spec sheets and sales materials that you provide end customers, but creating materials designed specifically for partners can help them overcome rejection and represent you more appropriately.

5

Revise and modernize your channel incentives

Incentives devised for one era are not likely optimized for another. Forward-thinking companies are devising ways to reward influence while creating incentives that recognize other forms of value delivery, such as superior end customer satisfaction, technical adroitness, target account penetration and more.

Apply best practices

Constant oversight and continuous refinement are musts. Be aware of best practices in sales enablement, marketing, technology integration and other aspects of going to market. Be open to feedback from partners and ready to implement changes and invest in new tools.

6

Tap partners to expand communications

Partners can help companies expand their marketing influence in new geographies or vertical markets. The more assistance you provide, the more likely partners are to share messaging that is brand compliant. Many partners need guidance in executing marketing campaigns so they provide the right message to the right prospect at the right time.

Foster a partner culture

Launch partnerships with a spirit of cooperation. You cannot expect to thrive in the channel if your company is punitive or uncollaborative. Remember, channel partners often represent more than one brand in product categories. Commit to creating win-win scenarios.

7

Help partners acquire new skills

Partners want help understanding new business trends, emerging technologies relevant to your industry and anything related to ongoing regulatory compliance. Provide help with new skills development either through actual knowledge transfer or funding to help with the cost of ongoing skills development.

8

Invest in a world-class tech stack

Automation has never been more important to becoming more nimble, flexible and scalable than your competitors. Each of the previous suggestions above relies on increased automation and state-of-the-art technology. Many companies' go-to-market strategy has a three-pronged foundation that fosters growth: a customer relationship management (CRM) platform, a marketing automation platform (MAP) and a partner relationship management (PRM) platform. The goal is to be able to monitor, measure and manage every aspect of your organization with real-time data and actionable insights.

9

Think different

Apple conceived this two-word battle cry decades ago, but it is more pertinent than ever. Listen to new voices that present new ideas. Lean into the partner portion of your channel partnerships.

What Channel Strategy Is Right for You?

Establishing clear goals ahead of selecting and forming channel partnerships is critical to finding the right partners. [Crossbeam](#), a partner ecosystem platform that helps companies build more valuable partnerships, identifies these different types of channel partnerships:

Indirect sales – The channel partner sits between you and the customer, bearing the cost of customer acquisition and, in some cases, post-sale customer support.

Resellers – Simply sell a vendor’s products with few modifications.

Value-added resellers – Sell the vendor’s product in a bundle that may also include services such as consulting, installation and configuration or customizations.

Agency partners – The agency has the right to offer the vendor’s product as part of its own product or service offering. This also is referred to as embedded partners or “white label” partners because the vendor’s brand often is not visible to the end user.

Affiliate partners – Partners refer prospects to the vendor and receive a referral fee.

Many companies use several types of channel partnerships in addition to having their own internal sales team. **SMM**

