

7 Killer Ways to Save You From the Channel Grave

Sales partners may seem like a capricious lot, but their motivations for choosing vendors are actually pretty sensible. Like you, they're in it to earn. And also like you, they require a positive experience, healthy business relationships, and an intuitive digital ecosystem to drive the sales that both of you are looking for.

The problem is that the market is always changing. New solutions, new providers, and new customers are always popping up, and with each one a new set of challenges emerge for vendors. It's a bit like a game of Whack-a-Mole, with the mole being an obstacle to selling your product. How are you, as a vendor focused so narrowly on the scope of the solution you're trying to provide, supposed to simultaneously keep an eye a business landscape that's always changing and always expanding?

Rest easy. The task is not as daunting as it may seem. To understand why, we first need to identify the two key drivers of change in today's channel markets.

1.) Everything is online

And by everything, we mean *everything*. A simple Google search will reveal perfectly accurate information about whatever product or service you're researching, and it can be found in an instant: Customer reviews, analyst perceptions, the structure of vendors' ecosystems, even pricing data are all available to whoever is interested enough to find it.

That poses a challenge for channel partners because they're no longer the supplier of that information. Customers are now their own resource, and they know it is their own responsibility to equip themselves with the proper data. That's how they make informed decisions. They know what a given product does. They know how it works, what it costs, where it can be found, and when they can get it. More importantly, they know it can be purchased online.

And this applies to partners as much as it does customers. Studies show partners complete roughly 60 percent of their research *before* even landing on a given vendor's website. They've researched the ecosystem, visited competitors' sites, and studied the entire software ecosystem. They've done their homework before they're even presented with your pitch.

So the era of the coy marketer is over, because everything can be found online. For channel partners, that means becoming a steward of information, rather than a gatekeeper. It means becoming a trusted advisor, rather than a mere step in the checkout process.

2.) Cloud consumption is here to stay

The future of channel marketing isn't a buffet; it's a currier service. Spotify, Netflix, Blue Apron, Loot Crate, Dollar Shave Club, Amazon Prime—the success of subscription models on the consumer end spell a similar fate for the business-to-business side. If you have a credit card you can purchase a product or service, and increasingly those purchases are subscription-based.

This is great for vendors because it's never been easier to sign up for a complete solution with minimal short-term costs. But it also poses some interesting new challenges. For one, it's really easy to simply switch to a competing subscription. And the reasons for doing so don't have to be shared with anyone. (Often, they aren't.) On the consumer end it's easy to "game" the market by chasing whatever digital video or music streaming service has the best short-term deal. Some consumers ditch a service the moment it loses some precious bit of content. It's not different on the B2B end. Your partners and end-customers have the same freedom and access to swap providers. Even if the commitment is on a yearly basis, the structure of that commitment impacts partners' interest in maintain a relationship with a vendor.

And here's the rub: This isn't going to change. Clients, partners, and customers like it that way. It offers them peace of mind to know they can so easily opt out of or swap vendors and services. That puts the onus on you, as the vendor, to sustain a quality experience for them.

For this reason we expect to see marketing leaders spend more of their energy on facilitating partner relationships. A recent study by Gartner found 30 percent of CMOs plan to invest in partner relationship management (PRM) over the next two years.

So those are the two biggest forces driving change in the market. Now let's look at what you need to do to thrive in such a marketplace.

1. Identify Your Ideal Partner Profile

To find the perfect sales partner you first need to understand a bit about your end customer. Who, specifically, are you selling to? What individual? Is it the CMO.? Is it I.T.? Is it the director of I.T., or is it a vice president of I.T.? Who is your end buyer? Then, once you've found the buyer, you need to learn about *her* trusted advisors. Who already fits that role?

Remember: Everything is online and the subscription model is here to stay. With those two new realities in mind, you need to think about that trusted advisor who already has the ear of the people you want to sell to. That's the very beginning of how you profile your ideal sales partner—by identifying the party or individual already talking to your customers. Because that's who your partner will be targeting. As the vendor you have to then create a program or engagement model that's attractive to the partners that have the ear of your target customer.

Okay, sure, so that makes sense—but what if you don't know the answers to those questions? What if you don't know *who* your customers' trusted resource is?

Just ask them! Ask them who they talk to. Who is their trusted advisor, and also, what are they looking for from that advisor? Asking your target customer about their expectations has an added bonus, because now you're also starting to build a profile of your ideal partner and learning exactly what they expect from you as a potential vendor. Are they going to implement? Are they going to resell? Or are they just going to refer a lead back to you? Answering these questions will help build a profile of what you're going to provide as a vendor, but also what you want your partners to accomplish.

This leads to other questions about what type of partner model works best. Should you start new partners under a referral model or a reseller model? Maybe you don't even know how to define that type of partnership or what to ask for in the beginning? In most cases it's a good idea to think about it from the partner's perspective: What's in it for them? How do they make money working with *you*? How are you going to get their mindshare?

Partners are not sitting around waiting for you to call them and define that relationship from the get-go. Likely they're looking for a robust financial package not only from you, but also from the services that surround your product. You're just one piece in a larger money-making puzzle. If it's really easy to sell your product and it moves in large volumes, then they don't need to have huge margins to want to keep selling it. But if it's difficult to sell and takes a long time to close, then you have to think, again, about your partners' return on investment. Their financial compensation has to be taken into account as they work through the nuances of learning how to sell and represent the new brand they've partnered with.

So let's think about the different types of partnerships. Here are six of the most common types:

- Advocate partnership
- Reseller partnership
- Referral partnership

- Distribution partnership
- Strategic partnership
- Value-Added Resellers (VARs), Managed Service Providers (MSPs)

Profiling your partners like this can help organize your channel strategy. But don't overthink it. Rather than defining each partnership with a rigid label, try to think of these relationships in term of what they *do*: Are they *referring*? Are they *reselling*? Or are they *managing services*?

Often partners don't know what to call themselves, so holding them to a set of arbitrary definitions can be a bit limiting. Maybe the partner does a variety of things. Maybe their function crosses a number of disciplines and services. So it doesn't help to think of your partners as a collection of nouns. Think of them as verbs: What do they *do*?

2. Understand the Partner Journey

Vendors spend so much time considering customer journeys that they often overlook that of their partners. Shouldn't that also be a priority? It's pretty stunning how many vendors just never consider the experience of their partners from the very beginning of a relationship to the point of being a revenue-contributing member of a channel ecosystem. Understanding that journey is critical if you're going to sustain or build new partner relationships.

It all ties back to those two new realities of the marketplace: Everything is online, and subscription models are here to stay. Given those realities, how do you nurture prospective partners like you nurture prospective customers? Before they've even clicked on your website, a prospective partner is going to know whether they want to be a partner of yours. They know because they already have all the information they need about you and your service.

So what is the partner journey? Let's take it step by step:

1. Awareness

In this stage the partner is exploring new products, discovering new technologies, or seeking vendors. As much as 70 percent of partners learn about new technologies via vendor events!

2. Consideration

The partner evaluates products, technologies, and potential vendors to work with. On average, a partner will consider two or three different vendors at this stage and weigh them against each other.

3. Decision

Here the partner selects the product or technology to move forward with. This is critical, because the evaluation or impression of the tech is the most important element in a decision to bring on a new vendor.

4. Experience

The partner engages in a relationship with the vendor. At this stage it's important to bear in mind: They already know the tech or product being sold, so much of the resulting relationship is a measure of personal interactions. It's always going to be people who affect partner experiences the most.

5. Growth

Finally, success is achieved and the partner continues to invest in the relationship, which cycles back to the Awareness stage. This is also critical because partners

drop roughly 10 percent of their vendors each year! (Keep that number in mind moving forward.)

Aligning yourself with your partner's journey can strengthen relationships while also opening avenues of discovery for other potential partners. And by promoting a robust experience for the partner—one that engages each of the five stages in the partner journey—you can help foreclose or at least mitigate partner losses.

However, this makes you, the vendor, responsible for creating a coherent and comprehensive content strategy. When thinking about social, blogs, web content, white papers, ebooks, you need to be thinking about sales reps from prospective partners: How is he or she going to consume this content, and does the content help solve—or at least *promise* to solve—a problem for a prospective customer or client of theirs? All that content is part of a larger community of clients, customers, partners, and vendors. (More on that below.)

Finally, it's worth noting, that this is beneficial for the market as a whole. We're seeing huge changes and new challenges in channel sales, mostly as a result of everything being online and purchased through the cloud, but it's ultimately a positive direction because it's promoting a better experience for all the players involved—not just the vendor or the partner.

3. Engage in Communities

This is marketing 101, but it's safe to say success in today's ecosystem begins and ends with engagement. Are you engaged? And are your customers engaged with you? Social media has democratized access to markets but ramped up competition exponentially. Cutting through all the noise has never been harder.

It's not enough to write a single blog post or tweet once or twice a day and hope your customers line up to take your business. You need to sustain activity, respond to

inquiries, share media, and create interesting content that captivates people. It may take months or even years to see the kinds of returns you're looking for, but once a community forms around your niche, you should start to notice peripheral interest in all the different players delivering your product or service. That's how a community forms. And remember, communities are not top-down in structure. You can't swoop in and dictate the terms; you're there to participate like any other.

To find the right community for your market, you need to once again think about your target partners' journey. Where are they hanging out? What are they reading? Where are they reading it? What associations do they belong to? What conferences do they attend?

Engaging in the right communities also undergirds the first two objectives in this book. It helps you develop a profile of your ideal partners, and it helps you empathize with their journey.

So go where the partners are, and don't expect them to come to you. As an equal in that community, you're already showing consideration for their contributions to it, thereby forging new relationships for future opportunities.

4. Shift to Digital Marketing

Just as in virtually every other domain, marketing is going digital. Industry leaders and thought leaders are moving to digital marketing ecosystems en masse, and it's a trend that's not going to reverse. To understand how we need to make two distinctions: The first is what we called "to partner" marketing, and the other is "through partner" marketing.

So what does that mean?

Well, think about it, once again, from the angle of your prospective partners. They're not sitting by the phone waiting for your call. And even for those partner relationships you

already have, there's an ongoing need to maintain them. All this demands an around-the-clock approach to your partner recruitment strategy. Every engagement and every contact should be part of an attempt to find potential solution providers. This is what we mean by "to partner" marketing: You are digitally marketing *to* your customers all the time.

The other big part of this is how industry leaders are developing these markets for their sales channels: Market Development Funds (MDF). Only recently have industry leaders begun to allocate MDF specifically for digital marketing activities. That means the MDF funds are only going to exist if the partner is able to spend it in some kind of digital manner. That could be social, email, a tool like HubSpot. It could be for Google AdWords, a pay-per-click (PPC) campaign. Whatever. The point is that leaders recognize the importance of getting their partners engaged digitally in the right markets and in the right communities, rather than just sitting on a website and hoping the traffic generates magically. It's been said before but it's worth repeating: Content is king.

5. Focus on the Partner Experience

How do you assess the experience your partner is having with you as a vendor? How do you put a number or a score on it?

Easy: You measure it.

Believe it or not it is possible to measure partner experiences. There are many organizations that do this through things like partner satisfaction studies and experience studies. These help provide insights into your partners' experience with your systems, your people, and the journey of getting from a quote to cash in pocket. All those different processes and timelines affect their interest in maintaining partner relationships.

Everyone knows about customer experience—there are thousands of books about it on Amazon—but few people really take the time to think about—let alone research or understand—the experience of partners.

It comes down to this: The better experience a partner has with you, the better the engagement they have with you as an organization, and the better the engagement the partner has with you, the more likely they are to sell your products. And that's why we're here, isn't it? To sell stuff? Or, more accurately, to get partners to sell *your* stuff. So it really starts with that great experience, and it doesn't just end after the first 90 days of onboarding. It's ongoing. It involves the partner account managers, the service, the support, the training, and, of course, the tools.

Recent research shows 80 percent of the partners' experience with your organization is in your systems and tools. And they like it that way! Just like consumers prefer to buy flights, order food, or pay bills online, so do your partners. They want to be able to do research or gain access on their own time and on their own dime. And that entire experience directly influences a partner's willingness to maintain a relationship with you as a vendor. Remember: Partners cull 10 percent of vendors on a yearly basis, and most of that decision is based on the vendor experience.

Thankfully this is starting to change. We are beginning to see more people with job titles focused on partner experience, just as we do with those who specialize in customer experience. In coming years we expect partner experience roles to become even more prominent.

6. Educate, Recognize, & Reward Partners

The most effective way to reward partners is to help them make money the way they're supposed to make money. Their entire goal and incentive is to put together a solution that addresses customers' needs. Happy customers drive sales that both you and partners are looking for.

But that's only part of the puzzle. To keep customers happy and maintain those sales, partners need to facilitate long-term relationships with them. That puts the burden on you

as the vendor to provide partners with thought leadership and training that they can leverage to show value to customers. When we start investing in partners a little bit more than just cutting them a commission check, everyone wins.

This harkens back to the two new realities of everything being online and everything purchased under a subscription model. It's so easy for customers to switch services. So merely landing a customer isn't enough. That value has to be sustained and proven to the buyer over time. And it's the partners' job to do as much as they can to show value.

How can you, as the vendor, support them in that mission?

7. Measure Partner Profit

Just as you need to understand the partner's journey and equip them with all the tools and resources needed to do their job, so do you need to measure their profitability. That's really what it comes down to for the partner. Yet, many vendors don't even consider that perspective.

There are all kinds of financial roadblocks to landing a sale. Partners often have to enable themselves, build their own solutions, or package your product alongside others to pitch a more attractive solution for their customers. Sometimes they don't have enough leads coming in. Sometimes the sales cycle is too narrow or constrained. And sometimes they have to make an entirely new market. All of these are impediments to success for your partners. And you can bet the farm that they're estimating the cost of each and every one: How many people do they need? How hard is it going to be to sell? What's the profitability, the overhead? They're looking at all of this. So... shouldn't you?

Some vendors might share their profitability assessment with you. Just ask for it. It can help put you both on an even plain and hammer out the details of the relationship. A win-win. You can also use software to calculate, more precisely, your partners' profitability.

Whatever the means of finding out, industry leaders know what their partners stand to earn. They know, and if you don't know, then you're working at a serious disadvantage.

To Sum Up...

The marketplace is changing. The channel is more complicated than it's ever been, and there are immense new challenges for vendors and partners alike. Everything is online, so the customer has never been more empowered to find the right solution for their needs. Moreover, the subscription model is here to stay, giving clients greater freedom to switch providers or to drop vendors.

To tackle these challenges, vendors need to consider the perspective of every organization in the channel. What is their motivation? Are they looking for a solution or just cash in pocket? What is the experience of the partner, and are their tools easily accessed in an independent, digital ecosystem? Do they have everything they need to drive sales, and are those needs being met in a way that drive their own profits?

As the vendor you need to need to be able to answer all of these questions. Otherwise, you're just one step closer to stumbling, head first, into the channel grave!