

7 STEPS TO BUILDING CHANNEL RELATIONSHIPS THAT PRODUCE RESULTS

Walter Ruckes, Vice President, Sales & Channel Engagement
BI WORLDWIDE

“The biggest key to successful lasting changes is to associate with the right people – partners who believe in you and in whom you believe.”

In his book “Change or Die,” author Alan Duetschman says that when faced with a challenge or a need to change, we like to think that the magic comes from discovering the right processes or series of events.

Although that seems like the most logical approach, it isn't the most effective.

The biggest key to successful lasting changes is to associate with people – “who believe in you and in whom you believe.”

Do your channel partners believe in you?

Do you believe in them? If not, it's time to start building relationships that provide mutually beneficial results. It can be done when you focus first on providing value to your partners.

Complications and Frustrations

Managing a complex independent sales channel that satisfies the needs of every partner gets more complicated each day. Partners are pulled in many directions by their own business priorities and changing market conditions.

Internet shopping in both B2B and B2C markets is changing traditional selling strategies that relied on relationships and one-on-one interactions. Social media is helping customers gain tremendous knowledge — both positive and negative — about a product before a sales interaction even takes place.

In light of these changes, manufacturers are supplementing their channel sales and marketing efforts with their own direct marketing in the form of experiential events, promotions, social media, blogs and webinars. Distributors and dealers who own current customer information often use it for their own marketing and loyalty initiatives and risk competing with the messages customers hear from the manufacturer.

An added dimension of today's channel programs is that many include bottom-line benefits to the distributors or dealers themselves: financing programs, extended warranties, purchase programs, samples, advisory councils and sales recognition.

The result is a noisy cluttered marketplace — with your brand fighting for attention.

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Putting Your Channel First

At the same time you are engaging and building relationships with customers, you should be building strong relationships with your channel partners.

Creating a highly functional channel is very similar to creating a highly effective interpersonal relationship.

Every day manufacturers have to ask a key question:

“What can I do to make this relationship more successful?” This is a very different question than “How can I get my partner to cooperate so this relationship is successful?”

When you put the needs of your partners first, you are more likely to find trust, loyalty and the desire to reciprocate.

So how do you do that?

By building your channel initiatives around these **7 STEPS**

Step 1:

Align both strategic and tactical goals.

On the surface this sounds easy – because both you and your partners have the same overall goals: to maximize sales and profits. Make sure that you are positioning yourself so your partners recognize that you want them to be as successful in their business as you want to be in yours.

Of course, if your partner isn't interested in maximizing profits, you may want to reconsider the relationship. Deciding that a partnership isn't working can be very good business.

This diagram shows four types of relational styles that typically characterize distribution channels, as evidenced by the level of trust they share and the level of collaboration with which they conduct joint business activities. Channels progress beyond a Transactional relationship and toward Full Partnership, as they focus on two areas:

- ✓ Building a higher level of trust
- ✓ Collaborating on joint business activities that deliver value to the entire channel

Channel Partnerships Continuum



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Step 2:

Help your partners identify themselves with you.

Help your partners form a psychological and emotional connection to you. When asked what business they are in, your partner will ideally use your name in their description of their business. Build your strategic plans so that your partners want to be associated and connected to you in their marketplace.

Case Study: Generate Leads Using an Integrated Strategy

A manufacturer helped build this identity connection by providing its dealers with a complete set of marketing and sales-support tools designed to sustain a national marketing calendar. All of the dealer communication materials and training tools aligned to the national calendar messages and offers.

Server tactics included two segmented direct mail lead generation campaigns, support for eight trade shows, a customer blog and email marketing campaign, social media support, and national media support. In addition to these tools, which were personalized to the customer, the manufacturer offered sales support and training materials to integrate with the campaigns and supported experience when they went online or visited a dealership.

Step 3:

Respect that your partners have different priorities.

Respect that the priorities your partners have will not directly align with yours. Be willing to make short-term compromises to build and maintain long-term relationships. Find ways to help your partners deal with their needs first, so they are better prepared to attend to your needs later.

Case Study: Channel Survey

A building-products company had announced a "partner" program for its resellers. Most dealers joined the program because the company offered an extended warranty for enrolled dealers.

After an initial spike in activity, the program lost momentum. Tools like the extended warranty, customized dealer websites, and customer referrals were failing to motivate new enrollments or any activity. A channel survey provided insight into the dealers' needs and the manufacturer is now revising their program to add benefits that will increase dealer activity and improve dealer results.

Step 4:

Track and report the information your partners need.

Of course you want to measure what helps you drive your business. Recognize that partners do more than just sell for you. Look for ways to provide data and analysis to help them improve their overall business, not just your part of it.

Help your partners help improve their overall business, not just your part of it.

Case Study: Tech Reseller Channel Analysis

A technology company with a sophisticated reseller program provides its channel partners with sales analytics for their overall business development. These analytics help the partners identify which sales representatives can benefit from training and which will respond well to sales incentives. The data also provides the technology company with critical information used to segment distributors and dealers in order to make decisions on where to best focus their support.

Channel Sales Effectiveness

The principles of Behavioral Economics define three key drivers of channel sales effectiveness: Goal-Setting, Emotional Engagement and Focus.

1 Goal-Setting is more than just challenging your distributors and dealers to sell more or sell the most, and it's more than setting goals for them. The most powerful driver of success is self-selected goals. When you work with your channel partners to set goals that they believe are achievable, you will unleash their growth potential.

2 Emotional Engagement comes from the multiple research studies that show over 77% of our decision making is based on emotions, not on facts. According to Duetschman, when faced with a need to change, the odds are 9-to-1 that you won't. It is at that point when subjects are faced with life-changing decisions as vital as minimizing the risk of heart disease and repeat offenders stopping criminal behavior.

Step 5:

Create high expectations and standards of excellence.

Partners will rise to your expectations when they clearly know what those are and how to achieve them. Define what a "perfect" partner would be and provide the resources to help them get to where you want them to be with things like training, certification, store upgrades, and web development services. Show appreciation for their pride in your brand.

Case Study: Customer Satisfaction & Certification

Among the buzzwords and trends with channel sales and marketing programs, one thing remains constant: customer satisfaction. If customers don't brag about their experience with your sales staff and refer your business to others, no amount of product superiority can create loyalty. In fact, a recent study showed that 53% of customer loyalty can be traced to experience with the sales rep.

A proven way to ensure this kind of experience is to create a certification program with "customer impact areas" that define standards of excellence. Measurement is key and communications are vital. Once dealers are certified, they have differentiated themselves in their marketplace and can use that to promote themselves – and by association – you.

Step 6:

Make them successful.

Every business can improve. Provide your partners with support for their overall business needs, whether it is general sales training, ways to use social media to attract customers, technology upgrades to improve overall operations, or ways to create better financial management. When their business is operating efficiently, they will have more resources to devote to you.

Case Study: Take it to the Next Level

Even good certification programs need to be upgraded and refreshed to reflect changing market conditions. A window manufacturer with a long-running dealer certification program recently upgraded it to include an entire list of benefits, including:

- ✓ Product training for dealership sales representatives
- ✓ Incentives to drive focus on specific products and solutions
- ✓ Advertising and merchandising tools including lead generation and referrals
- ✓ Print-on-demand marketing tools including direct mail, flyers, brochures and ads
- ✓ Financing partnership
- ✓ Customer satisfaction research program
- ✓ Online tools to drive customer communications

In addition to this full suite of tools, the manufacturer also put together a multi-city series of events to support dealers and encourage interaction with contractors, which has been successful in building loyalty and learning.

Channel Sales Effectiveness

The principles of Behavioral Economics define three key drivers of channel sales effectiveness: Goal-Setting, Emotional Engagement and Focus.

3 Focus is key for both short-and long-term success. After working with your channel partners to set goals and help their sales representatives become engaged with achieving those goals, maintaining focus is vital. Imagine a day in the life of your distributor or dealer sales person and all of the distractions that come at them every hour. Creating focus is about building touch-points into your initiatives that make you a priority with those reps: sharing progress-to-goal, teaching them in bite-sized chunks, offering them opportunities to be rewarded and providing ways to drive focus.

Step 7:

Develop engaged brand advocates.

When your partners see that you value them, they will become citizens and stewards of your brand during business transactions and in their personal lives. They will recommend your products to friends and family, proudly wear clothing with your logo to personal events, defend your reputation in online forums and comment positively on blogs.

Hearing About Your Brand:

If you know who is selling your products and you know how to get information, training and promotions to them, you have taken the first step toward building a partnership.

Believing in Your Brand:

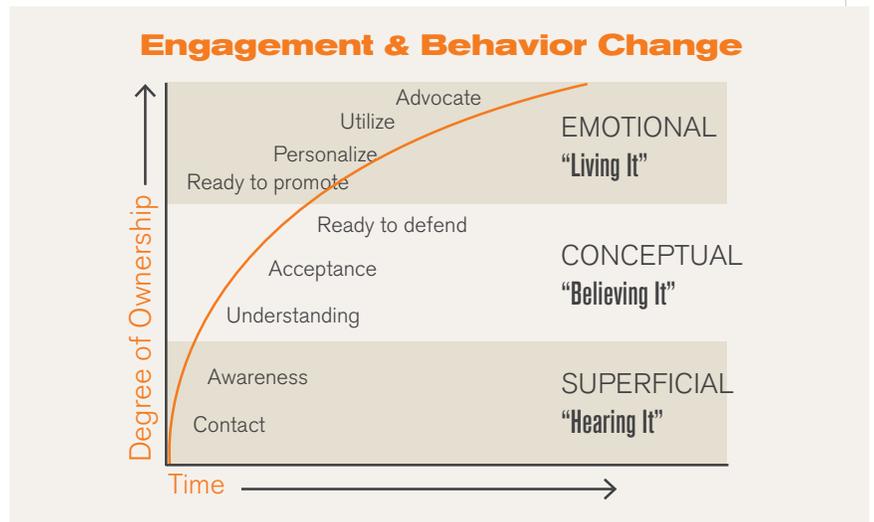
Those who believe in your product but aren't advocates — they understand your products and have accepted them as a key part of an overall customer solution. They are ready to defend them against the competition on your behalf.

Living Your Brand:

Your ultimate goal is to create brand advocates from those who sell your products and solutions. They will not only use your product, but they'll tell others about it and provide feedback to you on how to make your product better.

Channel Partnerships 101: Engagement & Behavior Change

The following chart shows the connection between behavior change and engagement. Ask yourself where your distributors, dealers and sales reps fall on the chart. This will help you determine next steps for your own channel program.



Next Steps

Embracing an attitude of helping your partners be successful creates trust, loyalty and a healthy business climate where everyone wins. Think about it — who will you respond more positively to? Somebody who wants you to put them first or somebody who puts you first?

BI WORLDWIDE can help you impact channel performance.

BI WORLDWIDE helps manufacturers optimize their channel programs in the following areas:

- ✓ Blueprinting, including field research and analysis to understand how your channel currently works and developing an action plan
- ✓ Learning to increase product and sales skills training
- ✓ Incentives and promotions for both sales reps and customers
- ✓ Communication platforms for personalized messages and offers to sales staff and customers
- ✓ Experiential marketing events and logistics allowing prospects to experience your products
- ✓ Advisory councils, including travel services to bring your elite dealers together to strategize and build long-term relationships
- ✓ Sales recognition tools such as personalized web pages for top performers and recognition events in unique locations

For more information on Sales and Channel Effectiveness programs, visit [BIWORLDWIDE.com](https://www.biworldwide.com) or email us at LATAM@BIWORLDWIDE.com