



How to Create Channel Sales Programs That Actually Work

Discover the key to increasing revenue growth by 50%





Introduction: Do It If It's Right for You

There are two compelling reasons for you to consider establishing an indirect sales channel program. A successful program enables you to:

1. Scale at a lower and more manageable cost
2. Increase revenue growth by at least 20%

Granted, channel sales work best under specific conditions, so how can you tell if a channel sales program is right for you? How do you know when it's the right time to take that step, and how can you find the right partners? And most importantly, if channel sales is for you, how do you create a program that will bring the ultimate benefits to your company?

Read on to find out.



There's no question that channel sales can make a significant difference to a company's revenue. On average, using indirect sales channels results in year-over-year revenue growth of between 20-30%—a substantial amount even if you ignore how much competition there is, particularly in crowded industries like technology and cybersecurity. And in fact, growth can skyrocket as high as 50% if all sales go through indirect channels.

If your business and sales engine are mature enough, and your particular product can be easily sold by resellers, distributors, or other such partners, then good news: a channel sales program is definitely the way to go.

However, if your product requires specialist intervention—for customization, implementation

and integration work, installation, professional services, etc.—the role of resellers and distributors should be limited, leaving most of the heavy lifting to your direct sales team.

In the latter case, a more balanced approach makes sense. For example, a smaller channel sales program would involve channel partners who happen to have an established relationship with the end customer and can therefore expedite the close of the sale.

Ultimately, the biggest advantage for a channel sales program is that it helps a company grow and scale at a much lower and more manageable cost. For one, using channel sales partners means you'll be able to shift more accounts receivables to third parties.

Part 1: The Power of a Channel Sales Program

Five Questions to Answer Before You Move to Channel Sales

- 1 How will you translate topline sales goals into broader goals for the channel sales organization?
- 2 How do you want to go to market?
- 3 How are you allocating resources to hit your revenue goal?
- 4 What is your growth strategy?
- 5 What level of budgeting and investment will your channel sales program require?

Top Three Reasons for Channel Sales Failure

As with any change in sales strategy, there are pitfalls to avoid from the get-go. The fact is, there aren't a lot of cons to a channel sales program if it is conceived and executed properly. Things generally go well if you have the right product and partners. But there are three very common traps that can result in channel sales breakdown or even failure. By avoiding them, you vastly increase your probability of success.

- 1 The main hazard is channel conflict, which you risk when your executive management does not recognize the role of channel sales in driving revenue, or as a go-to-market initiative. Unless there is full consensus on the purpose of the program, even the best-laid plans will end in failure.
- 2 Another major point of failure is bad compensation plans. For example, if financial incentives for direct salespeople don't support the goals of the partner program (i.e., if they are not rewarded for their part in making the channel succeed), they are less likely to support it and may even perceive it as a threat and work against it.
- 3 Another common reason for failure is having the wrong partners. You need partners with the right profiles, capabilities, and sales and support foundation to bring your product to market and nurture its growth. Understanding how a partner's strengths align with your product and strategy is critical.

Part 2: How to Build a World-Class Channel Sales Program



You're ready to initiate your channel sales program. Now, how do you ensure that implementation goes smoothly and that the results meet your expectations?

In general, there are seven steps to aligning a channel sales partner program with your existing sales engine:

Part 2: How to Build a World-Class Channel Sales Program



Finalize the channel sales strategy, making sure everyone—from the top down—understands how to drive that strategy.



Identify the core processes and highlight related metrics so all salespeople know how performance will be evaluated—even as far as how to calculate ROI.



Design (and redesign) the sales force so it's in alignment with the program you're building. Use quarterly initiatives to keep your finger on the pulse of progress and make adjustments as necessary.



Determine the compensation plans and key indicators of success to measure revenue growth, quotas, and how teams are doing monthly, quarterly, or annually.



Establish an enablement strategy for your partners. Training partners properly—so they're engaged at the technical and sales levels—is a key component for the success of a channel program. You may consider partner certification or other formal authorization. There may even be justification to rally marketing and technology resources around that strategy.



Ensure the team's strength by staffing and onboarding people with the specific skills you need, not only at sales, but also at support and technical levels. The mark of a world-class channel sales organization is one where the team is trained correctly and focused on the right initiatives to achieve success.



Analyze the program environment continually (quarterly, if not more frequently) to make sure you're generating your desired ROI through the program, that the team is in alignment, and the program is working as expected.

Remember: the best partner programs are dynamic. You can't simply build, launch, and then be done with it. You need to constantly examine the program and tweak it for relevance and improvements. If the goal is growth, you'll need to continuously analyze the sales numbers to figure out how keep up (or speed up) momentum.

Part 2: How to Build a World-Class Channel Sales Program

The Most Important Features of a Successful Channel Program

Every successful channel sales program gets five things right:

- 1 First and foremost, gaining commitment from the sales force for the rules of engagement requires a good pricing model. Since everything channel partners do is paid on gross margin, they must see the potential to make money. Discounts must be attractive enough to gain the channel partners' interest. If margins are small, growth via the program will slow down and the program itself could become irrelevant.
- 2 A good program documents, defines, and aligns sales goals. There must be absolute clarity on what is expected of your channel partners, their objectives, and how their performance will be measured. Providing clear goals and KPIs for the channel will engage and spur channel partners to work in the right direction.
- 3 Having success metrics to review and measure against on a monthly or quarterly basis is critical. It allows you to see if the program is performing as expected. After all, if you're not quantifiably measuring results, you don't know whether the program is failing or succeeding, or the best course of action to take.
- 4 Also key to a successful program is facilitating clear communication with your partners, particularly during implementation. Make sure they've read the fine print, understand how performance will be measured, and know the dos and don'ts and all your terms and conditions.
- 5 The best programs all have built-in accountability. Both your company and your partners must work together for the overall success of the program, checking and balancing each other's actions accordingly.

Part 2: How to Build a World-Class Channel Sales Program

Elements of a Proven Channel Sales Program

Are you missing any of the critical elements to build a proven channel sales program?
You are unless you have:

- ✓ Clear understanding of the process for building a channel strategy
- ✓ A formalized planning process
- ✓ An unambiguous picture of your preferred partner types
- ✓ Absolute stakeholder alignment on investment strategy
- ✓ Awareness of the connection between go-to-market strategy and revenue yield (i.e., inputs vs. outputs)
- ✓ A strategic plan for different customer segments
- ✓ A business plan developed mutually by your company and channel partners
- ✓ Precisely outlined activities and goals for channel partners
- ✓ An incentivized and enthusiastic channel sales team
- ✓ Relevant metrics for channel sales performance, strategy payoffs, and partner execution
- ✓ Consistent field deployment and onboarding



Part 3: The Secret to Making a Good Channel Sales Program Great



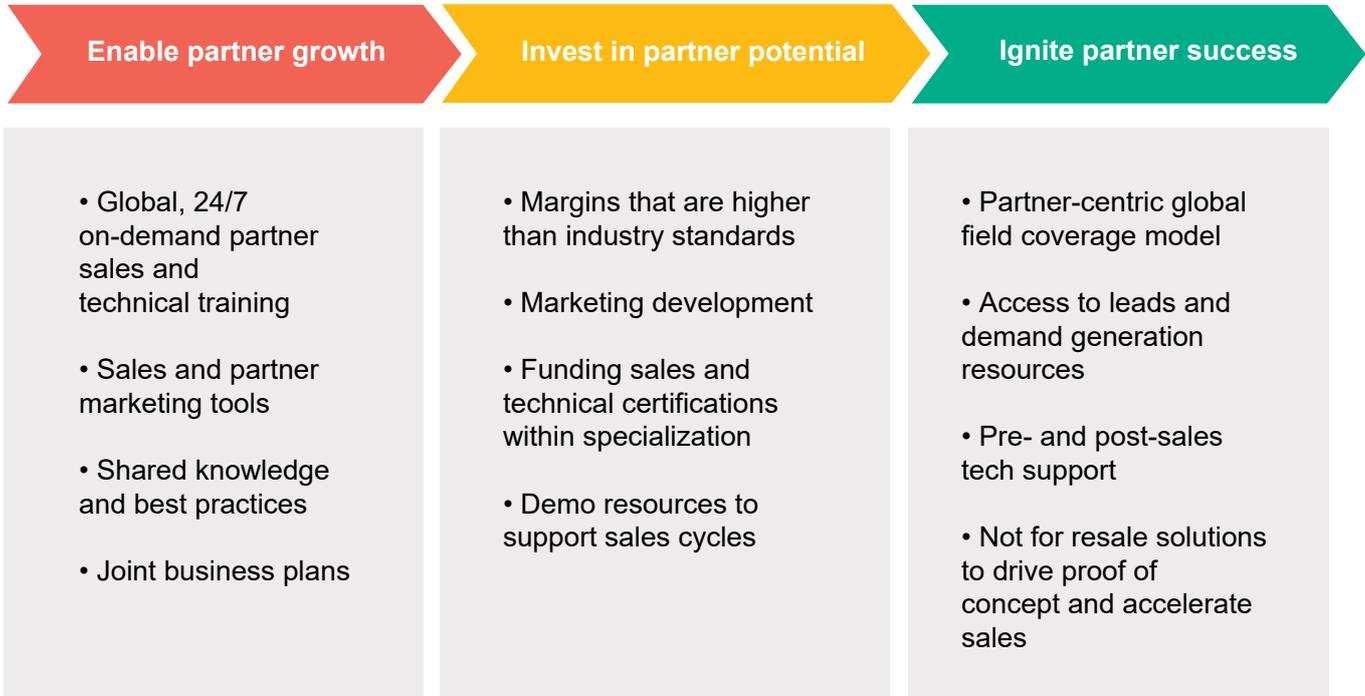
Certainly, the greater the commitment from executives (and all the way down to regional sales representatives), the greater and faster the ROI from the sales channel program.

But the difference between a channel sales program that is merely good and one that is positively great comes down to partner commitment. That's the secret sauce.

Resellers will commit to a task that rewards them in some way. It's as simple as that. Your company needs to prioritize driving up your reseller's enthusiasm for your program. In other words, make your success their success, and vice versa.

Part 3: The Secret to Making a Good Channel Sales Program Great

Consider this three-stage process and sample tools you can offer to empower partners:





Ensure the Success of Your Channel Sales Program

Whether to define your channel sales strategy or optimize and expand your existing program, our expert advisors are here to help. Contact our team to find out how you can achieve more manageable, more repeatable, and exponentially more profitable sales as you grow.

Call SFE Partners at
(781) 460-2100 or visit us at
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About SFE Partners Sales Partners

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