How to Formalize Your Channel Program

8 Steps Toward a More Productive & Profitable Indirect Channel

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Introduction: It's Time to Take the Next Step to Grow Your Channel Program

You already know that leveraging indirect sales channels makes good business sense for a litany of reasons, including:

> Scaling revenue faster
> Paying for performance
> Reducing customer acquisition costs
> Expanding the reach of your marketing campaigns
> Generating more opportunities from your channel's customer bases
> Improving conversion rates by building on your channel's customer relationships
> Offloading customer onboarding and training
> Upsell and cross-sell through indirect channels
> Reaching new markets and segments (quickly)

No doubt you've experienced many of these benefits to some degree with your existing channel program. **Tapping into the full value of your channel, however, requires a more formal commitment of resources—people, processes and technology—throughout all phases of the partner lifecycle.**

Your indirect sales channel may include agents, distributors, dealers, resellers, etc. For simplicity, we'll use the term "partner" to refer to any person or organization that's part of your indirect channel and has influence and customer relationships in your down-line go-to-market strategies.

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In this guidebook, ITA Group leads you through eight steps required to formalize your channel program, including:

1. Plan & Assess Your Channel Program
2. Design & Build a Strong Foundation
3. Target & Recruit the Right Partners
4. Onboard & Activate to Jumpstart Sales
5. Train & Enable Partners to Sell Your Solutions
6. Engage & Motivate Partners to Boost Sales Performance
7. Retain & Reward Partners to Improve Profitability
8. Measure & Evaluate Results

Channel Program Lifecycle

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Step 1: Assess & Plan Your Channel Program

Before you do anything else, assess where your channel program is today and where you want it to be tomorrow—beginning with who your ideal partners are. Every other decision about how you target, recruit, onboard, activate, train, enable, engage, motivate, retain and reward depends on this evaluation.

Channel Program Lifecycle

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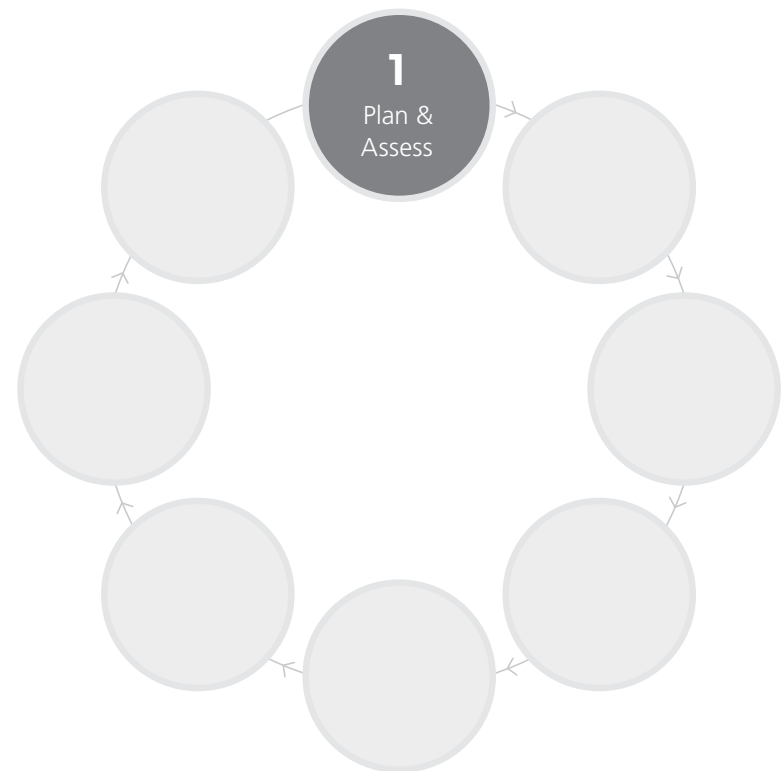
Identify Your Ideal Partner Profile

What is an ideal partner profile? "Think of it as a job description for hiring new partners that are engaged, productive and profitable," says Forrester. More specifically, Forrester defines an ideal partner profile as a list of criteria used to identify partners with attributes required to fulfill the company's priorities and its target customers' requirements (e.g., coverage, compatibility, capabilities, capacity, creditworthiness, commitment).

Begin by generating a list of your top-performing indirect sales partners, including the following data:

> Partner sales revenue
> Partner demographic information (location, size, type, etc.)
> Partner customer types (who do they sell to?)

Then look for commonalities in the markets you're targeting. For example, the top performers are large resellers in North America targeting small and medium businesses (SMBs) who also sell support services.

Get More Out of Your Ideal Partner Profile

Ideal partner profiles are primarily used to recruit look-a-like partners but also can be used to groom them from within your partner base. By identifying key behaviors or characteristics of top performers, you can incent low performing partners to achieve KPIs.

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Look for Promising Partner Subsegments

Keep in mind that if you base your Ideal Partner Profile solely on sales and partner type or customer type, you may be missing valuable correlations between behavior and activity. If you have (or can get) the data, include other firmographics, such as:

> Partner selling style (e.g., how do they sell?)

> Product mix

> Vertical specialization

> Expertise or competency

> Staff make-up

As a result you may discover that large distributors are only your best partners for core product lines and maintenance products with medium and enterprise businesses, while local resellers and e-commerce aggregators are top sellers of your niche products to SMBs.

Another example, which is increasingly relevant today, is to look at partners' selling styles. Since the pandemic, you may be seeing better growth metrics from partners that are pros at selling digitally compared to those who previously drove most revenue from in-person events. As a result, your ideal partner profile may need to be adjusted to include digital selling prowess even though those partners historically were not your top performers.

Don't worry if you have only a small portion of the data addressed here. Start with the data you do have, then prioritize the data points you want to collect and add to your analysis next. Source these new data points from your partners and/or third-party data sources like research, surveys, purchased intelligence and sentiment. Seek assistance from outsourced experts, especially if you don't yet have a data analyst role aligned to your channel efforts.

Run a Data Assessment

Take at least three years of sales history (or as much as you have) and analyze where performance is coming from (and where it's not). Then apply your partner profile elements to the data to find trends in size, specialty or other characteristics. This will help you start to segment partners so you can better tailor messaging, incentives, enablement and program journeys to their needs.

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Discover Emerging Ecosystem Partners

If you step back and look at your go-to-market strategies, they've changed a lot in the last five to 10 years. That transformation continues with evolving digital technologies, buyer journeys and decision-makers. In the next decade, ecosystems will be increasingly important.

Forrester explains: "Ecosystems are different from traditional indirect channels in that they are untethered to the financial transaction and focused more on intrafirm value creation, access and attachment to external networks and partner innovation."

In simple terms, this means broadening your scope to include the people, partners and channels that influence, service, add value and grow within the products and services you sell.

An ecosystem accounts for the full lifecycle of your product instead of a single point in time where a transaction takes place.

What we're really talking about is a whole new group of partners:

> **Influencer Channel:** Affinity partners, referral agents, affiliates, advocates, ambassadors and alliances who influence sales of your solutions.

> **Transactional Channel:** Traditional indirect sales channel.

> **Retention Channel:** Consultants, integrators, adjacent ISVs, accountants, digital agencies, who drive adoption, upsell or cross-sell opportunities, particularly for subscription-based services.

These channels don't replace your core indirect (or in ecosystem terms, transactional) channel, but embracing them will be a hallmark of high-performing channel programs going forward. Take some time to figure out what individuals or organizations are part of your ecosystem and formalize your efforts to engage them as well.

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Plot How to Grow to the Next Level

Once you take a good look at who your partners are (or who you want them to be), you can do a similar exercise to evaluate your channel program, focus on how you're running it today and what it will take to get to the next level.

To easily see your current status, use our simple Channel Program Formality Scale, which lists channel program characteristics across the partner lifecycle and indicates the degree of formality from low to high.

Pinpoint Where Your Channel Program Is Today
Referencing the table on the next page, circle the items that are true for your channel program. Every program is different, so you may circle items from multiple columns but should find a majority in one, indicating the predominant level of formality.

Determine Where You Want Your Program To Be Tomorrow
The Channel Program Formality Scale also shows what more formal channel programs look like so you can quickly identify the gaps in your own program to get to the next level. Keep in mind that a mid-level program may be a stop-gap on the way to a more formal program, or it may be the best option for your organization. Additionally, you may choose some parts of the lifecycle to be more formal than others. Every program looks different—even those in the same industry.

Try our self-evaluation on the next page to see where you fall on the spectrum.

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Channel Program Formality Scale

	Low	Medium	High
People	> Sales leader runs direct/channel > Sales managers oversee direct channel > Support serves direct/channel > Little-to-no marketing support	> Sales leader runs channel > Dedicated channel managers (CM) > Shared support > Some marketing support with tailored channel focus	> Channel leader > Dedicated CM > Dedicated channel support > Dedicated channel marketing support
Process	Ad hoc	Defined	Refined
Technology	Limited	Point solutions	Integrated, end-to-end
Targeting & Recruiting	> All partners welcome > Ad hoc management	> Targeted partner type(s) > Homogeneous management	> Targeted partner types > Segmented management by type
Onboarding & Activating	Kick-off call with channel manager	> Welcome kit > Kick-off call with channel team > Clear first actions and goals	> Welcome kit > Kick-off call with channel team and leadership > Business planning sessions > Core onboarding journey defined with actions, learnings and recognitions > Partner Relationship Management (PRM) system
Training & Enabling	> One-off training by CM > Collateral emailed as needed	> Live, in-person training > Recorded training library > Online portal for collateral > Online quoting > Joint selling > "Lite" quiz and training system	> Live, in-person training > Recorded training library > Learning Management System (LMS) > Certification program > Through-Channel Marketing Automation (TCMA) > Online quoting > Joint selling

Channel Program Formality Scale

	Low	Medium	High
Engaging & Motivating	Phone calls and emails from CM	> Phone calls and emails from CM > Partner newsletter > Partner webinars > Product SPIFFs > Leaderboards > Training incentives	> Phone calls and emails from CM > Partner newsletter > Partner webinars > Partner events > Email nurture campaigns > Product SPIFFs > Behavioral incentives > MDF > Gamification elements
Retaining & Rewarding	> Volume-based commissions, margins or rebates > Persistency and retention commissions	> Volume-based commissions or margins > Persistency and retention commissions > Performance bonuses	> Volume-based commissions or margins > Persistency and retention commissions > Performance bonuses > President's Club trips > Perks by performance tiers > Satisfaction score payouts > Tenure and retention bonuses
Measuring & Evaluating	> Spreadsheets > Revenue or growth metrics > Ad hoc measurement	> Spreadsheets and some system reporting > Standard cadence of measurement > Access to analyst hours > Clear idea of sales metrics and goal progress > A handful of metrics beyond transactional revenue and growth	> Dashboards by role using real-time data and segmented drill downs > Clear goal progress for partners in program > On-demand analyst hours for ad hoc questions > Synced up data sources > Clear KPIs and metrics to measure against through the entire lifecycle > Benchmarks

Step 2: Design & Build a Strong Foundation for Your Channel Program

After reviewing the Channel Program Formality Scale in Step 1, you may have noticed that the less formal programs rely almost exclusively on people while the more formal programs also invest in process and technology. These additions make a channel program consistent and scalable.

To put your channel program on the right path, start by defining partner lifecycle processes. Once you've done that, deploy technology to automate parts of the process. Finally, employ people at critical touchpoints to ensure a positive partner experience.

Decide Who to Define How

The types of partners you target will influence how you engage and support them. Be sure to clarify your partner profile(s) (See Step 1) before investing time and money in designing and your partner platforms, including process, people and technology.

Channel Program Lifecycle

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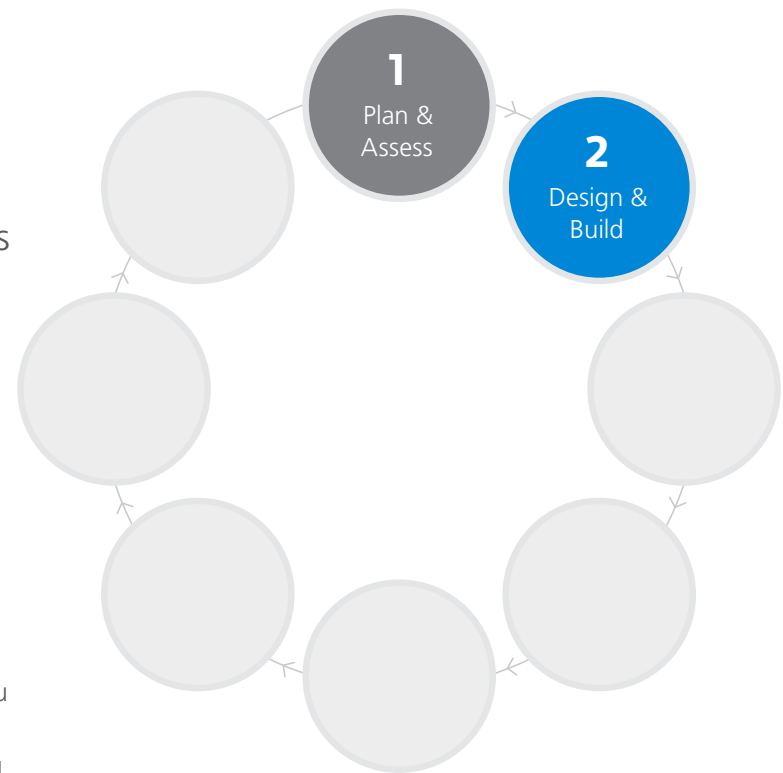
Define Your Partner Lifecycle Processes

The partner lifecycle generally falls into a few phases, like you saw in the diagram in the introduction. Your partner lifecycle may vary somewhat—and that's OK. What's more important is that you define the processes required to support your partner through each phase. Remember to define this for both your partners and your internal teams to ascertain what level of staffing and effort you'll need.

In the Target & Recruit phase, for example, you'll need to decide what partners to target and how you will reach them, what you will offer them and how you will communicate that value proposition, etc. (See Step 3 for more details.)

Map the Partner Journey

When you're just starting to formalize your channel program, you may not be ready to create a complete partner journey map. Simply outlining core touchpoints, activities and needed engagements can serve as a compass for designing elements required in execution phase of a formal channel program implementation.

Partner Journey Maps can have stages similar to this:

Pre-work · Infrastructure · Recruit · Decision · Onboard · Enable · Transact · Implement · Support · Grow · Measure

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Deploy Technology to Simplify & Automate Processes

After defining the essential processes for each phase of the lifecycle, you'll want to look for ways to leverage technology to automate routine tasks and enable partner self-service. "Managing a plethora of concurrent [channel] activities without sufficient automation is no longer possible," according to 2021 research from Forrester, which warns that companies "can no longer succeed with manual, human-centric processes or rely on spreadsheets to manage their channel programs." Forrester defines seven categories in the channel software stack, including:

Seven Categories in the Channel Software Stack

1. Partner relationship management (PRM) platforms, which manage the partner lifecycle, such as targeting, recruiting, onboarding, enablement, basic communication, co-selling and co-marketing.

2. Through-channel marketing automation (TCMA) platforms, which give partners access to co-branded collateral and the ability to execute marketing programs and campaigns.

3. Channel learning and readiness (CLR) platforms, such as learning management systems (LMS), content management systems to train, educate and develop partners.

4. Channel incentives management (CIM) platforms, which manage sales performance incentive funds (SPIFFs), co-ops, market development funds (MDFs), bonuses, rebates, price protection, channel sales compensation, behavior-based incentives and loyalty programs.

5. Channel data management (CDM) platforms, which collects, cleanses and aggregates transactional and inventory data from partners into a single data source.

6. Channel marketplaces, financials, pricing and inventory platforms, which automate financial reporting and ensures accuracy in payments, commissions and rebates.

7. Channel ecosystem management platforms, which manage the influence, transaction and retention channels across the entire customer buying journey.

If you're just starting to formalize your channel program, focus on the elements highlighted in software categories 1–5. If you're not quite ready to bring on multiple platforms just start with one.

The incentives management area (Category 4) offers the best opportunity to demonstrate return on investment (ROI) because it directly correlates to revenue, retention and growth in your channel.

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Employ People to Drive & Manage the Partner Lifecycle

While tools are essential to efficiency and scale, they're only as good as the channel teams that leverage them to improve the partner experience. Your people are the heart of the program, initiating and nurturing partner relationships, driving partner sales performance and engendering partner loyalty.

"Your people" includes everyone in your company—not simply someone you've hired, or designated to get the channel program rolling. For long-term success, you need:

Executive Buy-in

All members of the C-suite or leadership team need to be behind the channel program in name and practice or the chances of failure are all but assured.

Channel Expertise

Channel sales are not the same as direct sales. Many companies make the mistake of asking their best direct salesperson to oversee indirect sales to show partners how it's done. Unfortunately, being an individual contributor and managing channel partners requires different skills. Hire someone with experience to manage your indirect channel and build your team with new hires or cross-trained staff.

Dedicated Channel Management

Some headcounts should be assigned exclusively to partners, including roles responsible for channel recruiting, channel onboarding, channel account-management and channel field marketing. This may be a small team in the early days, with each member filling one or more roles. The goal is that the channel team will expand in number and expertise as the channel grows. You can augment direct staffing with outsourced support now and into the future to scale and fill gaps in expertise cost-effectively.

Define Shared Roles

While you're ramping up, some members of your team may need support both direct and channel sales (e.g., sales leadership, sales training, sales engineering, quoting, installation, deployment, technical support, etc.). Be sure they understand how to allocate their time and effort proportionately to avoid internal channel conflict.

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Step 3: Target & Recruit the Right Partners

No doubt you've heard of (if not experienced) the 80/20 rule (or, the Pareto Principle)—80% of your channel sales come from 20% of your partners. It's called a rule for a reason; it's pretty much true.

So, obviously, the trick to growing channel sales is to find more partners like your top performers. That's your ideal partner profile. (See Step 1 for guidance on how to develop your profiles—yes, you can have more than one!)

Find the Best Matches

Armed with data-driven partner profiles, you can allocate your time and spend to recruit partners that are more likely to be interested in joining your program and becoming producing partners.

Recruiting is a continuous multipronged process that requires its own marketing and sales campaigns. No, it's not enough for your channel sales managers to contact everyone in their address books to bring warm bodies into your program. Nor is it productive to cast a wide net by running digital ads or blasting emails to everyone in your industry.

Focus on direct to the partner outreach with tools like ABM campaigns, focused ads to IP addresses, specific list-builds that might work with your competitors and entertain the idea of working with a third party to help. These services cost money but can cut time off your search and improve results compared to a scattershot approach.

Channel Program Lifecycle

1 Plan & Assess

2 Design & Build

3 Target & Recruit

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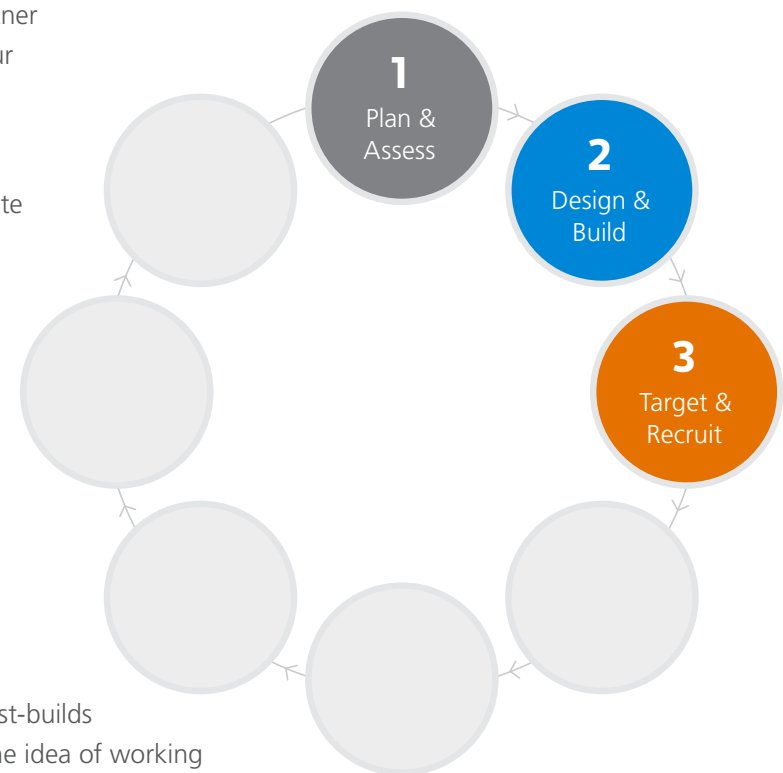
Attract Partners With Clear Benefits

It may seem obvious, but this advice bears repeating: Don't tell partners how great your products are. They are pitched all day long by vendors that think they have the next big thing. Instead, attract them by telling them the benefits of partnering with your company.

Be prepared to answer the hard questions, such as:

> How can you help them make money and build
their businesses?

> How will you make life easier for them?

> How will you make life better for their customers?

> Why should they trust you to take care of their
hard-won customers?

> How do you handle issues, complaints, problems, disputes?

> What are your company's long-term plans for growth
or exit?

Selling partners have a reputation for being coin-operated because they gravitate to the high-margin or high-commission opportunities. But, none of that matters if they lose clients because the fundamentals are not in place.

Make no mistake: Partners will walk away from the highest bidder if it jeopardizes their reputation and future ability to attract and support customers. If you're unsure where you might be faltering, try voice of the partner (VoP) or voice of the customer (VoC) surveys to get that vital information and act on it.

**Articulate Your Unique
Value Proposition**

It's important that your team be able to articulate your program's unique value proposition (UVP). A UVP is a short statement that describes the benefits of your offer, how you solve your customer's needs and what distinguishes you from the competition.

Note: Your UVP may change depending on the types of partners you're targeting and the types of products and services you're enlisting them to sell. Create UVPs for each of your key stakeholders. Since your partners are representing your company, also create a joint UVP that communicates the value you and your partner bring together that will compel your prospects to buy.

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Step 4: Onboard & Activate to Jumpstart Sales

If at one point you thought signing new partners would turn on immediate revenue, your early experience certainly has disabused you of that notion. In fact, a partner agreement means your work has just begun.

To be sure, turning recruits into producing partners is made easier by having the right partners, as discussed in Step 3, but it really hinges on what happens after the ink is dried. Solid and repeatable onboarding processes can get your new partnerships off to a strong start.

Consider these best practices:

> Welcome Partners to Your Go-to-Market Team

> Set Up Partners for Success

> Activate Partners With Practical Experience

Channel Program Lifecycle

1 Plan & Assess

2 Design & Build

3 Target & Recruit

4 Onboard & Activate

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Welcome Partners to Your Go-to-Market Team

A partnership evolves a lot like a romance; once you agree to have a committed relationship, it's time to meet the family. Similarly, you want to kick off a partnership by introducing your new partners to members of your extended team, including executive leaders. In turn, ask the same of your partners.

Onboarding is a simple but effective way to:
> Show an early sign of top-down commitment to your partnership
> Engender reciprocal feelings of commitment
> Provide partners with proof of promised support resources
> Offer partners an escalation path for questions and concerns
> Extend partner relationships beyond the recruiting channel manager
> Ensure both teams are aware of the partnership and working toward alignment

Continuing the relationship analogy, onboarding is like the honeymoon period. You're both enamored with the potential of the new relationship and eager to build a future together. By all means, harness that enthusiasm to encourage partners to complete onboarding right away and move quickly to activation.

But be prepared to give partners some space and time to adjust to the new relationship at their own pace. But don't be too standoffish.

Set Up Partners for Success

Instead, nurture partners through the onboarding process, which includes a few key activities:

Discover

Assuming your newly refined recruiting process screened partners for desirable characteristics, you already know there's a good fit between you and your new partners. Your goal, then, is to get to know them better so that you can design effective go-to-market plans. Ask your partner to share information, such as:

> Key stakeholders, roles and contact info
> Internal processes
> Target customer segments
> Specializations (solution or vertical)
> Skills and skills gaps
> Business goals

Process

You'll also need to review the operational aspects of the relationship, such as:

> Rules of engagement
> Partner tiers and benefits
> Training Programs
> Incentives
> Accessing the partner portal
> Accessing tools for proposals, quotes, ordering and provisioning
> Accessing and sales and marketing materials
> Accessing market development funds
> Partner payment or billing
> Customer onboarding and support

Plan

After the exchange of information, both parties need to come together to:

> Align goals for the partnership
> Create a joint business plan for achieving those goals
> Determine how success will be measured

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Activate Partners With Practical Experience

Clearly, this is too much information to cover in a single touchpoint, so it needs to be communicated over time.

A best practice is to give just enough information to drive your partner's first action with your company. Help them taste a first win and then trickle in additional information.

Prioritize what your partners need to know to be successful, not what you want them to know. For example, you may want your partner to watch a 30-minute video introduction to your company, brand message, mission and culture, but all the partner really needs is a company overview flyer they can skim in five minutes or less. Similarly, you may want the partner to train on your full product suite, but the partner really only needs to be familiar with one or two products to get their first sale.

While your new partners are industry pros, they're new to your company, solutions and processes. Capture early momentum by working side by side with partners to achieve these milestones:

> Initial sales and technical training

> Initiating marketing campaigns

> Selling together

> Celebrating an initial win

Hook Your Partners With Rewards

How you recognize and reward wins matters! Consider a surprise-and-delight tactic like sending a small gift, celebration kit or team-oriented recognition. Rewards stimulate serotonin in the brain, creating an emotional response tied to your brand. Rewards are the equivalent of an emotional drug to keep your partners hooked on your program and products.

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# Step 5: Train & Enable Partners to Sell Your Solutions

After you've armed your partners with a basic understanding of your processes, products and value prop, they have a great foundation to start selling. But they still need your help with continuing sales education and enablement.

Drive Partner Revenue Through Training Incentives
Most partners are coveted salespeople because they're knowledgeable about the solutions they sell or the industries they serve. As a result, they are considered trusted advisers to their customers. They are unlikely to jeopardize that status by selling a solution they don't understand well. Training is critical to boosting their knowledge and confidence in representing your brand and, in turn, growing your pipeline and sales revenue.

While low formality channel programs try to get by with a few timely webinars, high formality and formal channel programs invest in professional sales, product, or technical training. Online courses are delivered through an advanced program portal or in Learning Management Systems (LMS), which enables self-paced learning and testing. Often tying rewards and incentives to taking training, achieving milestones and earning certifications is a good tactic to consider to accelerate partner activity.

Channel Program Lifecycle
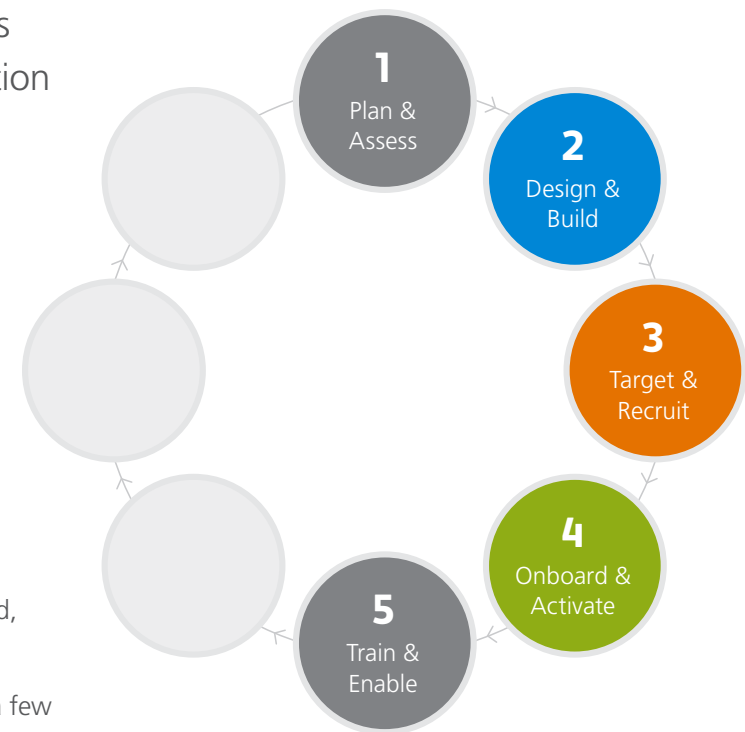
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Drive Partner Revenue Through Training Incentives (cont.)

If you offer more complex or technical products, you may require partners to not only self-test but certify they've attained specific competencies in exchange for credentials or other perks like discounts or access to greater support.

Incentives, in general, can help to drive partners to complete the training needed to sell your solutions and drive revenue successfully.

Rewards can be a staple of your ongoing education program, encouraging existing partners to learn new skills, such as:

> Selling new products as you add them to your portfolio
> Targeting new vertical markets
> Mastering new marketing or sales techniques required for the digital age

88%
YOY Revenue Growth

See Training Incentives at Work

In one case, ITA Group helped a client break into new global markets through a channel with training incentives, driving 88% year-over-year revenue growth and a 25:1 return on investment.

Reward Partners for Using Enablement Tools

Take a cue from best-in-class channel programs and use incentives—small rewards like gift cards or a point deposit—to encourage your partners to use sales enablement tools that will help them sell and represent your brand consistently.

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Enable Partners to Market & Sell Your Solutions Effectively

Just as continuous training gives your partners the know-how to represent your brand, sales enablement gives them the actual tools to do so, such as:

Sales & Marketing Materials

Co-brand or rebrand customer-facing collateral and campaigns, such as:

> Pitch decks

> Email campaigns

> Social campaigns

> Flyers (digital and print)

> Landing page templates

> Newsletter templates

> Digital ad templates

> Product and educational videos

Through Channel Marketing Automation

Deploy technology that enables you to give partners access to branded sales and marketing materials (see list above). Some platforms also give partners the ability to deploy email campaigns to their end customers without leaving the tool, easing the burden on partners and improving tracking for you.

Market Development Funds

Invest in your partners' marketing initiatives by offering funding for qualifying activities. Historically, MDF has been used for local marketing campaigns (e.g., advertising or events).

The pandemic highlighted a pre-existing trend away from geo-based marketing to digital marketing and is forcing vendors to think more creatively about MDF for activities, such as:

> Virtual events

> Website user experience (UX)

> Search Engine Optimization (SEO)

> Search Engine Marketing (SEM) and Pay-Per-Click (PPC) campaigns

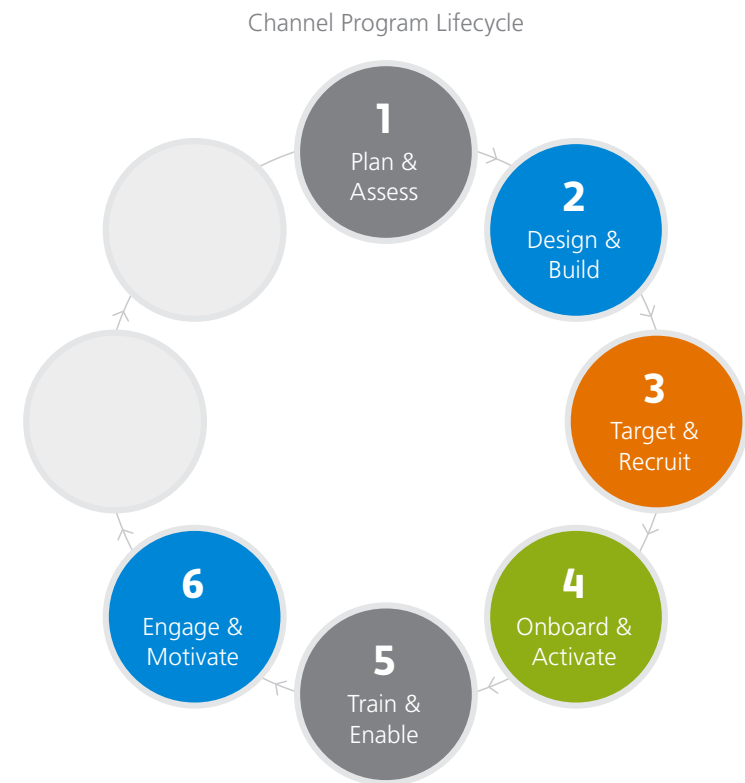> Account-based Marketing (ABM) campaigns

Evaluative MDF Effectiveness

If you've already been offering MDF, then this is a good time to evaluate and analyze the effectiveness of those investments or if you should direct them elsewhere. You won't know until you run the numbers, so put in the time or hire an expert.

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Step 6: Engage & Motivate Partners to Boost Sales Performance

At this point, your partners are attracted, onboarded, activated, trained and enabled, so the revenue streams should start flowing, right? They might, but you can't count on it. Unlike direct sales reps devoted to selling your services, partners represent many vendors, possibly your competitors.

While this "vendor-neutral" stance is integral to being a trusted adviser to the customers you're targeting; it also means that you need to make a concerted effort to gain partner mindshare. Embrace best practices by communicating consistently and incenting behavior.

Channel Program Lifecycle

1 Plan & Assess

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4 Onboard & Activate

5 Train & Enable

6 Engage & Motivate

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Communicate with Partners Consistently

It may seem evident that regular communications with partners is key to nurturing the relationship, but you'd be surprised how often it's overlooked. Best-in-class programs make communications a priority with a constant cadence kept on track with calendaring and automation. Here are some examples:

> Email campaigns or newsletters can be set up in advance to remind partners about ways your solutions can help their customers, training opportunities, marketing assets, special events, promotions and more.

> Texting campaigns also can be automated and scheduled to keep your current customer promo or SPIFFs top of mind.

> Direct mail can build excitement for large, attention-grabbing promotions or reach high-value market segments.

> Events, such as monthly webinars or in-person roadshows establish a cadence of interactive communications.

> Check-ins, either virtually or in person, can be set monthly with individual partners to talk about ways to move deals forward or other topics of concern.

> Quarterly business reviews (QBRs) are must-attend meetings that check progress against agreed-upon goals, new opportunities and roadblocks.

Brand Your Channel

Building a brand identity is critical to marketing your company. The same principles apply to your channel program, too. Consider investing in a brand identity that ties your channel program to your corporate brand while distinguishing channel-centric communications, mailings and special events or contests.
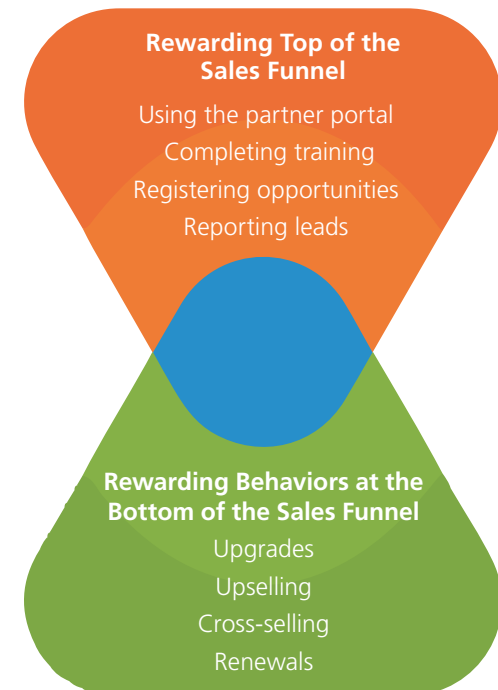
While scheduling ensures communications with partners is consistent, it doesn't replace the personal touch that a channel manager or other team members can bring to the relationship through personal email messages, phone calls and increasingly social media. Make an effort to send thank you notes or recognize a job well done to reinforce their value to your business strategy.

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Incent Partner Behavior

Notice that we didn't say incent sales—we said behaviors. Savvy vendors are moving away from rewarding partners solely for closed deals.

Instead, they're rewarding actions throughout the partner's journey, which ultimately drive sales. So, you'll want to look at promoting behaviors at the top of the sales funnel, as well as consider rewarding partners for specific achievements at the bottom of the funnel.

A behavior-based incentive strategy is endorsed by Forrester as a way to break through the noise and engender partner loyalty. "Optimizing channel incentives around changes in behavior as opposed to rewarding existing habits is also important to drive channel loyalty," says Forrester. "Brands that excel at deploying the right mix, level and cadence of incentives will improve revenue and profit from the channel, expand the breadth and depth of customer relationships, and increase mindshare and loyalty of partners."

Rewarding Top of the Sales Funnel

Using the partner portal
Completing training
Registering opportunities
Reporting leads

Rewarding Behaviors at the Bottom of the Sales Funnel

Upgrades
Upselling
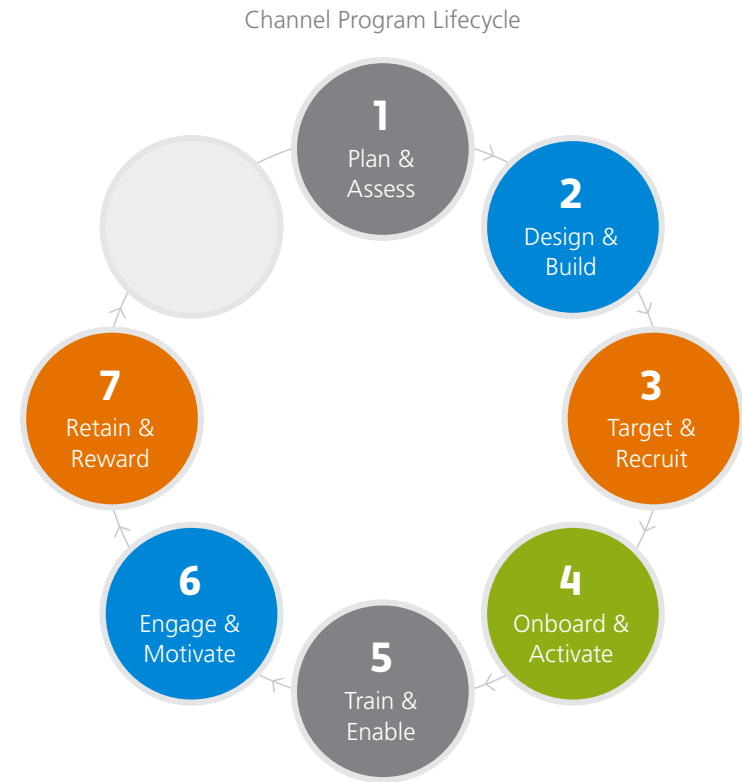Cross-selling
Renewals

Engage Experts to Optimize Your Incentive Program

Not sure how to set up a behavior-based incentive program? Work with experts who specialize in creating channel incentive programs to meet your business objectives. Knowing how much to incent, how to allocate incentives across behaviors and transactions, and also what style of incentive to offer can be tricky. Trust experts to help you design and optimize the right mix of incentives to drive desired behaviors.

Step 7: Retain & Reward Partners to Improve Profitability

After all the time and money that you've spent to target, attract, onboard, activate, train, enable, engage and motivate partners, you don't want to lose them to competitors or simple inertia. Your profitability depends on a return on that substantial investment. You can increase the odds by getting your targeting right in Step 1 and committing to Steps 2–6, but you also need to formalize a retention program that rewards partners for loyalty.

Channel Program Lifecycle

1 Plan & Assess

2 Design & Build

3 Target & Recruit

4 Onboard & Activate

5 Train & Enable

6 Engage & Motivate

7 Retain & Reward

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Drive Retention With a Good Partner (& Customer) Experience

Above all else, partners are looking for two things:

1   **How well you make their life easier by being "easy to do business with"**

2   **How well you serve their customers with solutions and support**

No amount of money will cause them to overlook either of these things. If you've done the work (Steps 1–6) to create a strong relationship with partners, they may forgive an isolated incident, but consistent underperformance is a deal-breaker. It only stands to reason since it impacts their overall business (not just what they do with you) if your processes are inefficient or your solutions don't work as advertised.

Simply put, their reputations as trusted advisers and their future revenue streams are on the line. Making sure that your partner experience and customer experience are buttoned down will put you ahead of the game in retaining engaged and producing partners.

To bring consistency to your partner experience, leverage the tools outlined in Step 2 on building a strong foundation. That said, the partner experience is about more than having a partner portal; it's about a personalized partner journey. Personalizing your communication, segmentation, infrastructure and enablement to the journey of each partner will help create alignment and significantly improve the partner experience.

To improve the partner experience, consider implementing voice of the partner and customer programs to help you:

> Understand where you're missing the mark

> Discover what the desired state looks like

> Identify elements to put in place

> Collect regular feedback on any area of the partner or customer experience

> Monitor continuously for improvements or declines in service

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Reward Partners for Loyalty

With your house in order, you improve your chances of developing long and profitable partner relationships, but it never hurts—and often helps—to recognize partners that perform consistently. Building on the recommendations in about incenting partner behavior, you'll want to reward partners in various ways, such as:

Awards
If your channel does not have tiers or you want to incent partners who are newer to your program, consider celebrating success with awards for top performers but also other behaviors, such as Fastest Growing or Best New Partner, or Top Seller for a new or strategic solution. Public recognition (along with performance bonuses) can go a long way to cementing that vendor-partner bond.

Incentive Trips
While monetary rewards are appreciated, they often lack the emotional connections you want to make with partners to create loyalty. That's why sales incentive trips are an effective reward for top performers. In addition to being treated like a celebrity at a five-star location, these multiday events give your team and your partners a chance to get to know each other better, creating shared memories and even friendships. Over time, it's these interactions that build trust that's critical, especially on the days when you're definitely not at the beach.

Higher Status
Achieving a higher level based on investing in training, staffing, event participation, etc. Of course, revenue can be one criterion, but not the only one. The level achieved must come with perks, such as greater discounts, higher commissions, dedicated support, additional MDF, marketing assistance, etc.


Go Beyond Sales-Based Stratification

Rather than build partner tiers based on sales volume alone, consider creating partner segments that offer incentives and perks aligned with partners' associated effort and impact. Customize incentives based on partner tiers focusing on customers, specialization, role, etc.

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Step 8: Measure & Evaluate Results

Perhaps the best indicator of a formal program is how it measures results and acts on that data. This means going beyond making calls at the end of the month or quarter, hoping partners are going to "make their number." Instead, create a data-driven management strategy where all partners are aware of progress toward sales goals.

Channel Program Lifecycle
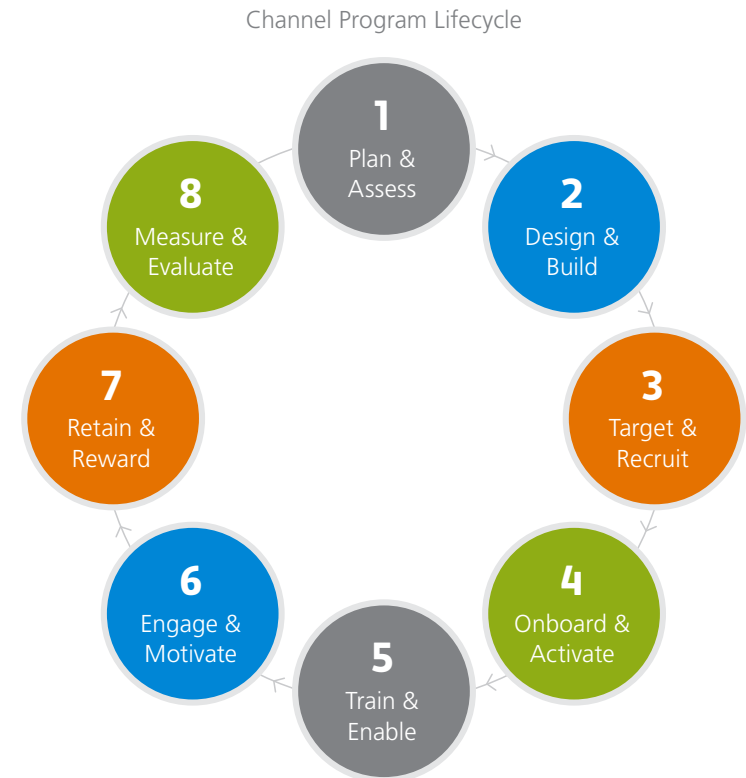
Track Key Performance Indicators (KPIs)

First, you need to decide what to measure. Obviously, you want to track sales metrics, such as:

> Partner Profitability
> Average Deal Size
> Product/Solution Breakdown (portfolio adoption measure)
> Competitor Affinity (usually a third party data point)
> Velocity
> Participation in Incentives/Contests/Sweeps
> Redemption of Earned Points/Payouts
> Goal Attainment
> Retention

However, there are a range of KPIs in other areas (Steps 4–7) that you can monitor to give you a better picture of what's going on, such as:

> Enablement
> Engagement
> Pipeline Activity
> Customer Success
> Partner Experience

Review & Reset Goals

You can slice and dice this data in many ways to get information that can help you optimize your channel program. To avoid data overload, we recommend using a dashboard to monitor your stats and simplify reporting up and down the chain to your leaders and your partners.

Based on analysis of the data, you can make better decisions about how to tweak overall channel program elements, such as:

> Incentive Programs
> Training Programs

However, it's also necessary for those QBRs with partners that we discussed in Step 6. Coming to the table with real data can help drive the discussion about issues, such as:

> Where partners need more support
> Where partners should focus their efforts
> Reset goals for the next quarter

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Where Do You Go From Here?

We created this step-by-step guide to give you a roadmap for formalizing your channel program. Although there are only eight steps, they cover a lot of ground. You may feel exhausted before you even start. Instead of trying to make it all happen now, remember it's not a race—it's a journey. **Here's some advice:**

Start Somewhere

We recommend prioritizing Step 1, which defines who your partners are and dictates the processes, technology and people that make up the foundation for your channel program. Add or revamp your incentives program (Steps 6-7) sooner rather than later to improve alignment with your revenue goals and make a big impact.

Walk Before You Run

There are many options within each step; you don't have to embrace them all at once. Try one strategy or tactic and then add or iterate as you go.

Consult A Guide

Balancing an existing manual process while elevating your program is a big lift, so get help! Bring in experts who can help you tackle each step, so you gain ground while continuing day-to-day operations.

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Checklist: 8 Steps Toward a More Productive & Profitable Indirect Channel

Use the checklist below to track your progress or highlight areas you want to start.

Step 1: Assess & Plan Your Channel Program

- ☐ Identify Your Ideal Partner Profile
- ☐ Look for Promising Subsegments
- ☐ Discover Emerging Ecosystem Partners
- ☐ Plot How to Grow to the Next Level

Step 2: Design & Build a Strong Foundation

- ☐ Define Your Partner Lifecycle Processes
- ☐ Deploy Technology to Simplify & Automate Processes
- ☐ Employ People to Drive & Manage the Partner Lifecycle

Step 3: Target & Recruit the Right Partners

- ☐ Find the Best Matches
- ☐ Attract Partners With Clear Benefits

Step 4: Onboard & Activate to Jumpstart Sales

- ☐ Welcome Partners to Your Go-to-Market Team
- ☐ Set Up Partners for Success
- ☐ Activate Partners With Practical Experience

Step 5: Train & Enable Partners to Sell Your Solutions

- ☐ Drive Partner Revenue Through Training Incentives
- ☐ Enable Partners to Market & Sell Your Solutions Effectively

Step 6: Engage & Motivate Partners to Boost Sales Performance

- ☐ Communicate With Partners Consistently
- ☐ Incent Partner Behavior

Step 7: Retain & Reward Partners to Improve Profitability

- ☐ Drive Retention With Good Partner (& Customer) Experiences
- ☐ Reward Partners for Loyalty

Step 8: Measure & Evaluate Results

- ☐ Track Key Performance Indicators (KPIs)
- ☐ Review & Reset Goals

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Ready to Learn More About Formalizing Your Channel Program?
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