

Re-master Your Sales Channel

By Janet Gregory

The term re-mastering is typically applied to the digital audio recording industry. But the concept applies equally well to sales channels that were established more than 5-7 years ago and need quality enhancement.

Selling products and services through a sales channel is a very effective way to grow your business. The purpose of a successful relationship between supplier and sales channel is to:

**Sell more,
Make more money, and
Meet customer needs.**

If it's time to re-master or re-energize your sales channel, here's a simple, proven approach to successfully achieve your goals. Define what is important to you and to your sales channel, then build a plan to maintain or change it to meet your goals. This is a straightforward three-step process that provides the foundation for a sales and marketing plan to energize your sales channel.

Answer the following three questions:

- What's in it for you?
- What's in it for your sales channel?
- What's the connection between you and your sales channel?

Simple? Yes, but many companies don't look beyond the classic response, and even more companies don't even bother to seriously ask the questions. Look only at the classic response and you will be disappointed with the results. Look beyond the simple answers to understand the real reasons and real motivations so that, together, you and your sales channel can achieve some great results.

This provides the foundation for developing incentive plans, marketing campaigns, recognition, sales support and business process that will re-master your sales channel.

What's in it for you?

The first step is to ask your business two critical questions: "Why does our company have a sales channel?" and "Why is the sales channel important to our business?" Interview multiple people in sales, in marketing and at various management levels. Take notes or record each interview so that the real essence of these important questions becomes visible.

Classic response probably sounds like this:

- To drive sales volume.

The real reason will sound like one or more of the following:

- To gain access to customers that are not otherwise accessible.
- To deliver a more complete solution to customers that your product or service cannot deliver alone.
- To implement your product or service for a customer, bringing it to life and putting it to use.
- To extend the reach of your organization.
- To enhance the credibility of your product, service or company.
- To add a layer of expertise to your product, service or company.

Keep asking why until you get to the real reasons for your sales channel. Compile your results and prioritize them. Driving sales volume should not be a priority on your list; sales volume is the result, not the reason.

What's in it for your sales channel?

The next step is to ask several members of your sales channel two similar critical questions. Interview multiple members of your sales channel. Select multiple organizations of varying size and business structure. Talk with multiple departments, such as sales, marketing, operations and customer services, as well as various management levels. The two critical questions are: "Why do they want your product or service in their business portfolio?" and "Why is your product, service or company important to their business?"

Classic response probably sounds like this:

- To make more money.

The real reason will sound like one or more of the following:

- To meet customer demand and fulfill a need.
- To deliver new and innovative offerings to existing customers.
- To gain access to new markets or new customers.
- To provide a more complete portfolio of products and services in their area of expertise.
- To give their customers choice.
- To be competitive.

You will not be able to effectively prioritize the results because the real motivation for the channel to join your sales channel will be slightly different for each organization. Priority groups will become visible. The classic response of making money is the desired result of a good relationship between vendor and sales channel; it is not the reason to they establish a relationship with you.

For the sales channel it is an expensive proposition to add a new supplier to their portfolio. Making money takes considerable time. Each new supplier introduces new process, new training and changes the focus for the organization. It affects every employee and every department from sales to accounting to operations and customer service. It adds new confusion and complications. It may even impact other vendors that they do business with.

What's the connection between you and your sales channel?

The final step is to identify the connection between you and your sales channel. In both the internal interviews and the external ones with the sales channel, ask: "How would you describe the connection between our two companies?"

Classic response probably sounds like this:

- To satisfy customer needs.

The real connection will be visible in your day-to-day supplier behavior and the sales channel perceptions. Remember the old expression that "actions speak louder than words." Listen beyond the classic or obvious responses; evaluate your company behavior:

- Senior management contact: when & why
- Sales & sales management contact: who & why
- Channel accomplishments recognition: how often & what criteria
- Ownership for the customer at each key sales stage: inquiry, configuration, sales quote, contract, order acknowledgement, implementation, and on-going support.
- How easy is your company to do business with at each key interaction phase

Be brutally honest about what the connection is today. This is also your opportunity to capture where you want to go and what your company can do to re-master the relationship.

The next question is obvious: "What would you change in the way our two companies work together to improve our mutual success?" To this second question the classical response will typically start with very tactical (and predictable) answers: the channel will say "more leads" and your company will say "better forecasting" or "more deals." Push beyond the obvious tactical responses and some game-changing suggestions will come forward. Find ideas that can significantly differentiate operations and improve performance.

Define the Relationship

What does the current behavior between supplier and sales channel describe? On one end of the relationship spectrum is a symbiotic relationship and the other end is a partnership. The real nature of the relationship, most likely, lies somewhere between.



Symbiotic Relationship

The symbiotic relationship is common with suppliers that have a mix of direct and channel sales. A symbiotic relationship is typical in companies with a higher proportion of revenue attained from

direct sales; the channel relationship will be more hands-off, autonomous and symbiotic. On the flip side, sales of supplier product and services will likely be a small proportion of the channel total sales, thus reducing the importance of the supplier to the channel partner's overall business.

Definition: A symbiotic channel relationship is where the supplier and sales channel operate in close association that may be, but is not necessarily, of benefit to each. In this relationship the two organizations operate autonomously with minimal collaboration regarding operations that affect the end user customer. Supplier and sales channel are relatively self-sufficient in their respective roles, self-governing in decisions that affect product and service delivery. Supplier and channel require limited participation of the other to achieve their independent goals. There is relatively little concern for the goals of the other party. There is little to no effort to share profit.

Partnership

A partnership in its strongest form will be evident with suppliers that are 100% channel, but it also exists in companies with a channel and direct sales mix. Typical in companies with a higher proportion of revenue attained from channel sales, the channel will be more collaborative and participate in more decisions that affect product and service delivery. Likewise, the channel partner will have a high proportion of their total sales related to the supplier product and services, so when they turn the lights on in the morning they know that the supplier revenues help to pay the electric bill.

Definition: A true channel partnership is where supplier and channel share common interests and participate in achieving common goals. In this relationship the two organizations thrive on 360° feedback in every area of operations that affect their mutual businesses. Supplier and sales channel are independent business entities that require significant cooperation to achieve common goals. Supplier and channel invest in the common interests and goals appropriate to their participation in the partnership. They will share (directly or indirectly) in the profits or losses of the business in which they have common interests and investment.

For most suppliers the relationship with the sales channel will likely have some symbiotic characteristics and some partnership-like qualities. Also common is to have certain types of channel members will fall into one relationship category and other fall into a different category.

The final step is to list all of your sales channel members and assign them to one of the relationship categories.

Use the four categories above or define your own range of categories that describe the relationships with your sales channel. In building this list, common characteristics among the organizations in each category will become evident.

Return to steps 1 and 2 to re-evaluate the answers to "What's in it for you?" and "What's in it for your sales channel?" The answers to these questions will likely have slightly different variations for each of the relationship categories.

Companies desiring a highly successful sales channel will take the time to seriously evaluate the relationship they have with the sales channel. The results will prove themselves in increased sales that are profitable for both supplier and sales channel.

Ask simple questions. Use a straightforward approach. Listen beyond the obvious classic responses.

Re-master your sales channel.

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