

Channel Marketing: The Era of Accountability

A positional paper on the topic of business development among members of the high tech sales channel including vendors, distributors, integrators, and Solution Providers by Tony Serino, President; Serino & Associates, LLC a Channel Marketing Services Provider

This paper explores how IT vendors and channel companies can implement measurable and motivational joint marketing activities that result in the desired outcome. These campaigns must not only motivate end customer decision-makers to take action, they must also motivate the sales and executive teams from all the participating technology partners to take action.

Compelling the people at each business entity to seek a solution to their business opportunities or issues forms the essence of a campaign and the basis of its messaging. Ensuring that measurement mechanisms are included within the campaigns and that measurable success criteria are established during the planning process ensures that the outcome can be objectively evaluated.

From Pennsylvania Avenue, to Wall Street, to the highways circling the great technology centers, we are now in the Era of Accountability. Business managers must be able to provide objective evidence of success and quantify the results of their investments, including Market Development Funds (MDF) used in joint marketing efforts. Calculating ROI (Return on Investment) is now a very real part of their job.

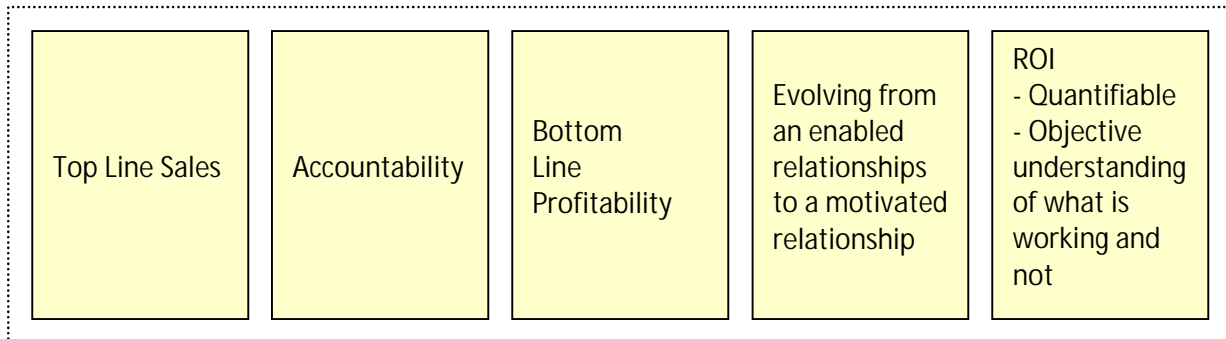
Michael Horsch Fizz, Senior Advisor at FCI and Premium Council Partner at the Gerson Lehrman Group states, "From our sampling, IT spending in the large enterprise has stabilized for now. Q1 over Q2 09 forecast is a modest 3.14% growth. Average in the past four years has been 7-11%. Present SI projects coupled with a sudden increase in client RFI's, RFQ's and RFP's indicate a flat Q3, HOWEVER it also indicates we can be optimistic for Q4 2009. Present data also indicates enterprise client IT spending will continue to evolve away from product purchases and toward solution purchases."

The research indicates that there is a lot of need and opportunity in the market for vendors and channel companies to address in tandem, and that decision makers purchasing technology will be more interested in solutions to their issues and opportunities as opposed to discrete products. Human nature will cause all people to be receptive to hearing about solutions to the matters that, both literally and figuratively, keep them awake at night.

Fortunately, IT managers and business executives at mid-market companies and global enterprises have business needs that can be resolved through a combination of technical products and IT services. Making these decision makers aware that solutions to their problems exist is only part of the process in building and sustaining a robust new business pipeline. Positioning a specific Solution Provider as the expert problem solver using a vendor's technology as an element of the solution takes the process a step further. Staying in touch with the decision makers until they have the budget in place and the initiative on their priority list will result in the Solution Provider's sales and technical teams being in front of the right people at the right time. Having (or not having) the measurement mechanism in place to keep track of the opportunity and the stamina to persevere will result in notable accomplishments (or lost opportunities). We explore these matters further.

The business problems

The primary issues needing to be addressed by technology vendors, distributors, and Solution Providers, both individually AND in partnership with one another are:



...The Buck starts here; reaching the ultimate end customers...

Every IT product ever developed, every IT solution ever delivered, was developed for an end-user's use.

In the most basic sense, end user partner marketing is about understanding the end customer's business and reaching the right people with insightful and hard-hitting messages that cause them to take actions.

Comprehensive channel marketing solutions identify the target audience, the specific need being addressed, creation of the solution messages and campaign framework including media, messaging and measurement mechanisms. In addition, it deals with training and arming sales representatives with the information they need to qualify an opportunity and close the sale. Setting goals and measuring results against the goals allows all parties involved to understand how success will be measured and whether a campaign is successful.

In the event that the ultimate sale is expected to occur via an ecommerce site, those examples are not central to this document and will not be addressed further.

Joint planning/Joint roll outs

"We must all hang together or most assuredly we will all hang separately."
- Ben Franklin c. 1777.

This patriot's quote is an appropriate metaphor for planning channel relationships and implementing channel marketing campaigns because "in the channel" you win as a team. It is also appropriate because the restructuring that was taking place in colonial America, threatening livelihoods (if not lives) of the people, has similarities to the upheaval that exists in high technology industry, including its channels to markets.

When planning marketing campaigns cooperatively within the Channel it's essential that the programs are based on resolving the mutual needs. Successful channel marketing campaigns are conducted among groups of people each with differing and specialized skills and resources. If your planning efforts exclude groups or individuals, and if those people are central to implementation, you have weak links.

When a plan is created among people it is essential that they agree to it and to know and agree to their role. All participants must know what to expect and what is expected of them. They must understand that their success is tied at least in part to the success of the corresponding partner peer ... and they will be

held accountable to fulfill their responsibility. In other words "... (they) must all hang together." Plans that do not include "buy in" result in a bunch of disparate pieces and not the manifestation of an integrated whole. Plans that do not motivate all parties result in ambivalence rather than excitement.


Motivation

Why should any person or company take part in business partner's campaigns? For that matter why should a vendor sales manager or rep support the channel partner, or vice versa?

Too often we assign personal characteristics to inanimate objects or business processes forgetting that we rely on people to complete certain tasks...and form personal opinions. People tend to do what they are good at, what they enjoy doing, and what is of direct benefit to them.

 Mistaken statement:

I don't trust that company

 Correct interpretation:

I don't trust that person

Campaigns must be built with the understanding and expectation that each involved person will concentrate on "what they are good at ... and that the ground rules are clearly explained and will be followed equitably." These criteria form the basis of trust.

Here's a very good bad example of a campaign expectation. Insist that each sales rep enter every interaction or thought about the lead into a CRM application. If it takes the sales rep about 3 minutes to record the information (make sure you include log in time), and that you expect "about 30" discussions or data point worthy of inclusion to result each day on average, you have assigned 90 minutes of secretarial work to that sales rep. While you might not see it that way, I guarantee that the sales rep will.

While every sales opportunity must be recorded and tracked, lacking insight to a matter such as the one just described will seriously hurt, if not totally jeopardize, the entire campaign. And things EXACTLY like this occur commonly, not so much that they are overlooked in traditional channel marketing campaigns, but because the issue is not known to exist because of the lack of understanding by the people planning the activity.

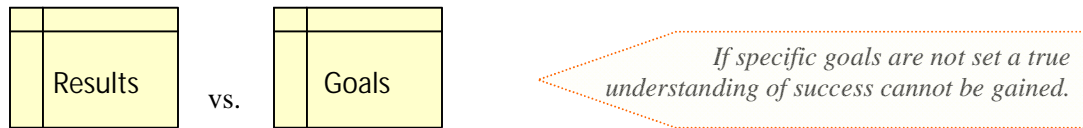
A channel marketing campaign involves the cooperation of many people. Each is a potential weak link capable of causing a program to fail. If any person does not understand how they personally benefit there is a high likelihood of they will be, at best, ambivalent toward the campaign and their involvement.

So don't ask yourself "What's in it for me?", but rather "What's in it for *them*?" And to understand that question, you first have to understand "Who *they* are?" "Why is it that *they* should care?" If you cannot answer these questions in a compelling manner for each person involved, chances are you just uncovered a point of weakness, if not a point of failure in the planned campaign.

Then ask yourself, "Do they have all the tools they need to be successful?" Do they understand their role? If not – who will get them what they need?

How will you know when you succeed?

In the most basic sense success can only be measured by comparing:



Anecdote of a true, first-hand account: An end user account generated \$2 million in new business for their employer, a technology vendor. I was in the sales meeting where the sales representative and sales manager were celebrating the success. Question, was that celebration warranted given the fact that the same account purchased \$500 million of similar products each year from the primary competitor? Is getting 4/10th of 1 percent of the available opportunity a success? Perhaps it is and perhaps it is not.

What is the more successful marketing campaign, one that generated twenty opportunities that resulted in \$1,750,000 of new business, or the one that generated one opportunity that resulted in \$3,000,000 of new business? It could be either, both or neither.

In neither example are you able to objectively analyze success because a success metric had not been established as the basis for measurement.

So, when conducting partner marketing campaigns, set goals with your partners and make sure each campaign does not end until the results are analyzed – independently and with one another.

Why is this important, now?

The approach of the second decade of the third millennium presents a new set of challenges for all businesses. Companies in the high technology supply chain (closest to the end customer) are facing unprecedented economic conditions. As such EVERY manager will be FORCED by fiduciary responsibility, common sense, and the desire to keep their job to know whether their investments are producing the desired results and where and why they are not. And results will be defined as return on investment, in a very measurable and tangible sense. Those who can document results will be on the fast track. Those that cannot document results will be forced to answer “why?”

Every marketing manager always has been understood to have fiduciary responsibility within their job description when it comes to spending marketing funds, however, in the past far too few were held accountable. Further, the lack of accountability was accepted, overlooked or subordinated ... in the past. Today and for the foreseeable future “most” people in Channel Marketing or Partnering roles will have their personal well-being tied directly to “being able to produce and measure results.” Executive and senior management will first request and then demand “Show me the Money. Show me what I got for my investment?” Woe to those who cannot fulfill the request.

Further exacerbating the issue is the fact that co-op, MDF, and other type of joint funding or channel subsidizing programs will be at a lower level than in any other recent time. As such each available unit of currency must be made to work as hard as possible.

From Pennsylvania Avenue, to Wall Street, to the highways circling the great technology centers, and even to the country lanes where embers of technology innovations smolder, we are now in the Era of Accountability. Business managers must be able to provide objective evidence of success and quantify the results of each investment. It will be demanded of them and is now a very real part of the job description.

It is as simple as that.

To learn more about building motivational and measurable channel marketing campaigns that produce results, check out www.ChannelsMarketing.BIZ.

About the author. Tony Serino is the president of Serino & Associate, LLC, a Channel Marketing Services Provider. He established the business in 1993 and has worked with 110 unique technology vendors or channel clients. Tony was Vice President of Marketing for Avnet's computer business unit. He's had P&L responsibilities for a \$24 million Solution Providers and held Channel Director roles at two ISVs.

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