CHANNELASSIST

Channel sales metrics you need & how to use the insight to optimize the performance of your channel programs & partners

Use Data Driven Insights To Make Smarter Decisions & Grow Your Channel Revenue Faster

Actionable Analytics are rapidly becoming the go-to-solution for businesses and managers that require access to real-time information to assist-in vital decision making.

As a channel sales and marketing leader, you make important decisions about your channel partners, programs, and priorities. You want your partner managers optimally enabled to win. The playing field is highly competitive and your managerial moves can make your quarter or your year.

In this paper, we will address the specific challenges faced by sales and marketing leaders of companies using an indirect or channel sales model.

The paper highlights the value of identifying the most relevant data for decision making, and making it readily accessible to enable faster, smarter decisions.

We will stimulate some thought with some examples of specific metrics and key performance indicators that you should consider using in your business.

Game day, bottom of the ninth, two outs and the bases are loaded. Your team is trailing by 1 and the competition has Lefty on the mound throwing heat. Smith is due-up but he already has three strikeouts today, so you pull the trigger and decide on a pinch hitter. Now you have a critical decision to make. Who is the right person for this situation?

In recent years we've seen a substantial trend by companies to drive more business through indirect sales channels. As channel partners and channel revenue grows, the importance of measuring and managing the impact of your investment in partner programs is more important than ever.

There are two right handed bats on the bench to choose from and your current statistics provide insights but no easy answers. McGregor has an OPS hovering around .863 with 46 extra-base hits this year, but is a woeful 0-14 in bases loaded situations. Johnson carries a .278 batting average with a great walk to strikeout ratio, but over his career, has only 2 hits in 28 at-bats against this reliever.

Which variable do you rely on most to make your decision?

You may have terabytes of data available that's either too high level, not readily available or not presented in a format that facilitates channel sales decisions. And your managers may not know how to use the information to make decisions. So decisions get made on instinct instead of facts.

You go with McGregor. Your advanced scouting shows that Lefty throws his 96mph fastball 89% of the time on the first pitch and with his pitch count up to 32; his arm fatigue will keep the ball on a straight plane. The pitcher winds, and unleashes a high fastball to the plate. McGregor swings through his power zone and lashes a single to left field. Two runs score. Game over.

Analyzing relevant data along with predicting outcomes is vital for baseball teams and a must for organizations that want to make better decisions faster and outpace their competition.

By analyzing past performance and developing leading indicators, businesses have the vision to plan effectively.

Analytics offer the crucial ability to transform data into insight and uncover opportunities for growth.

Present key insights to front line managers to enable smart decisions to drive growth.

Focus on the biggest drivers of performance and enable front line managers with simple, understandable tools.

In his ground breaking book, MoneyBall, author Michael Lewis provided evidence that the "gut instinct" baseball insiders used in game-time situations was subjective and often flawed. He focused on the Oakland A's, who enlisted analytical, proof-based processes to assemble a competitive baseball team.

He concluded that the A's, who used intelligence to objectively measure in-game activity in 2002, were able to compete and beat the competition despite lacking the revenue resources of their richer baseball cousins.

With Analytics you can Measure, Forecast & Empower.

In their work with dozens of companies in six data-rich industries, Dominic Barton and David Court of McKinsey found that fully exploiting data and analytics requires three mutually supportive capabilities.

First, companies must be able to identify, combine, and manage multiple sources of data. Second, they need the capability to build advanced analytics models for predicting and optimizing outcomes. Third, and most critical, management must possess the muscle to transform the organization so that the data and models actually yield better decisions. (1)

Barton and Court cite the need to source data creatively – to identify usable data you already have, and explore new sources of data.

New Sources of Data:

Consider the value of the data that your sales incentive system can provide.

You may sell to distributors who sell to resellers who sell to end-users.

Harness the data in your incentive system and you will know which resellers are active, who they are selling to and the products being sold.

Support one of your largest partners. They drive a lot of business for you and have a large sales team. With a large team, you're sure to get traction. They also sell competitive lines though and their sales team has a very fragmented focus.

Select the reseller that has the highest performing sales people for your company's products.

Identify a small number of target accounts and find the sales reps within your channel partners that have successfully sold to these end users.

Work with the reseller that has niche expertise in your target markets and applications.

Support one of your newer resellers that appear to be making a strong commitment to your brand.

Your Company has just launched a new product. It's the first product in a new line that is forecasted to be strategic to your company's growth.

The sales process can take months, is complex and the competition is strong. You are looking for early wins. As a channel sales leader, you can help stimulate demand in your region by assigning corporate pre-sales support and deploying Marketing Development Funds (MDF) to a channel partner to fund a targeted demand generation program including email marketing, an inside sales campaign and a roadshow. Five of your partners have been asking for MDF to accelerate sales and until now you have not had the funds available.

You have limited resources and can only fund one partner. Which one?

In the past you made your selection based on a combination of gut instinct, friendships and whose turn it was. However, not all your bets have paid off. This is a high potential product, and early wins will pay off substantially for both your company and you.

Your options include:

The most effective approach to building a successful channel model is not reliant on data alone; instead it originates with identifying the business opportunity and determining which factor(s) will improve performance and then incorporating analytics into your decision making process.

The data you capture and the analytics you derive from it are cornerstones for allocating resources properly across your enterprise.

BARRIERS TO SUCCESS:

Some resellers may drive high volume, but may not lead with new products.

Every sales team has some reps that consistently sell a narrow range of products and are not quick to sell newer items.

Reps that won't build relationships with the right decision makers and influencers.

Lack of understanding of transaction size and frequency trends.

To make a smart decision and achieve the optimal result, you need to consider a few additional factors which may present additional alternatives. If the data is readily available and you know how to use it, you can make a smart decision, fast.

Consider these key questions:

- Which channel partners have sales executives and support staff that are trained on the new product?

- Which sales executives have a track record of success selling new products?

- Which resellers also represent your strongest competitors and may have a bias towards leading with the competitor in the new product category?

- Which resellers and sales executives have strong relationships within your target end user customers?

- Which resellers are consistently leading with your products?

- Which resellers and reps have the most expertise and success with the specific application and segment you are targeting?

Understanding the relationship between positive performance metrics and the behavior that causes it will give you a decisive competitive edge.

Whether you are managing a reseller with 40 branch sales offices and 600 reps or a local partner with 25 reps out of one office, access to data-driven intelligence will give you both the panoramic view and the granular detail to empower you to drive a productive meeting.

If you don't provide your workforce with the tools and knowledge to perform at their best they will always be at a disadvantage against the competition.

You are preparing for a semi-annual review with one of your national channel partners. What are the performance gaps and where is the potential for improvement? How do you prepare? For a productive session you should review the following:

Product sales
- Is the reseller selling broadly across your entire product line?
- Are there specific product lines that the reseller does not sell often, perhaps due to a preference for an alternate supplier?
- Is the reseller selling your newer products, or holding off waiting for signs of market acceptance?

Sales branch offices and reps
- Are some offices underperforming others significantly?
- What are the opportunities for growth that you may not be aware of?
- Are sales reps broadly committed to your brand?
- Do their sales trends reflect it?
- Have you looked at transaction frequency, recency and breadth?

Customer perspective
- What's the trend in end user customers?
- Do you have gaps where major customers are not buying at levels you would expect?
- What's the risk that a rep is dominating a customer relationship, but not introducing key new high potential products?

Product training
- Which reps are keeping up their training and certification on your products?
- Does it vary by sales branch or the rep's sales manager?
- Is their commitment to training reflected in their sales achievements?

According to research by Andrew McAfee and Erik Brynjolfsson of MIT, companies that inject big data and analytics into their operations show productivity rates and profitability that are 5% to 6% higher than those of their peers.

As data-driven strategies take hold, they will become an increasingly important point of competitive differentiation.

In conclusion, to win the war for market share, as a Channel Chief you need data-driven insights to prioritize your investment in your channel programs.

You can improve business performance and gain competitive advantage by improving your ability to exploit the power of your data.

1. Source and consolidate multiple sources of data. Look at new sources of data to give you line of sight into trends that you may not have considered before such as data from your sales incentive systems, loyalty programs, training systems, marketing automation tools and your deal registration & opportunity management programs.

2. Focus on the biggest drivers of performance. The two channel scenarios described in this report listed a number of key indicators that can easily be assessed, yet give you better insight than high level sales per partner.

3. Create tools and dashboards that are easy for your front line partner sales and marketing managers to use. Teach them.

Empower your team to make smarter decisions, faster!