



# The CCI Journal

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## INTEGRATING CHANNEL PROGRAMS TO MEET OBJECTIVES

A channel management mantra of the last few years has been, "Incent channel behavior." While upper level management at a manufacturer company may want to hear that channel managers are trying to change the behavior of partners, changing human behavior is an often futile task, and it's not always in the best interest of all concerned. Further, partners know when a manufacturer is trying to modify their behavior, and that unspoken issue often hangs between the two parties like a red flag, creating distrust.

Incenting short-term behavioral changes is not effective, but guiding long-term activity is. One of the emerging trends in channel and trade promotions is to integrate programs. Integrated programs take a holistic approach to a multi-faceted business issue, support initiatives, provide a mix of tools to a diverse channel network and they can be far more cost-effective and risk-averse than providing the partners with only one program. Moreover, integrated channel programs are an excellent way to execute against the objective of guiding long-term activity with partners.

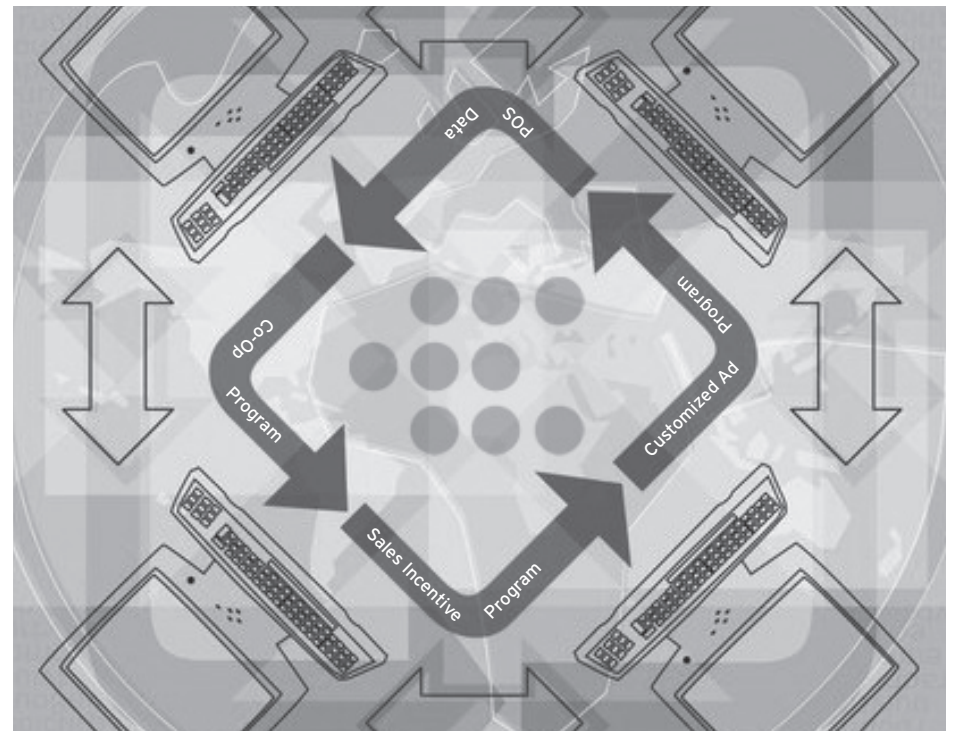
Gone are the days of developing and launching a channel or trade promotion program only to lob it over the proverbial fence and hope it works. Gone, too, are the days of creating a single, "one size fits all" program and assuming that it will magically achieve all of the established business objectives. Welcome to the post Sarbanes-Oxley business climate where companies are being forced to do

more with less, all while remaining profitable under the scrutiny of a financial and legal magnifying glass. But it isn't so bad, this brave new world. Companies are now forced to follow business practices that should have been followed all along, such as strategic planning, fiscal responsibility, embracing the customer and investing in the channel. But how do we do it?

### ONE STEP AT A TIME

At CCI we generally recommend that our clients start all new projects with relevant baseline data such as channel demographics, annual co-op spend information, use of manufacturer-provided tools by partners, etc. There are several ways in which this combination of data can be collected, including online surveys, as well as compiling all data from the company's current contract and transactional databases. The purpose of collecting this type of data is to understand what types of programs have been established and with what results, providing a starting point against which all subsequent data can be compared.

The next step is to work directly with your primary audience: the channel partners. Soliciting their honest feedback, constructive criticism and ideas in several forums can be very insightful and is critical to the success of channel programs. When endeavoring to integrate several programs, partner input is even more essential. While it's often true that your partners are heavily invested in mutual success, they may not feel completely safe in sharing



uncensored feedback with your company – and that's alright. The ideal way to capture the type of information you are looking for at this stage is through an objective, qualified third party; focus groups, brainstorming sessions and partner councils are highly effective. Not only will partners be more likely to disclose their true thoughts to a stranger, but they will also see that your company is making an investment in and is listening to them by soliciting the help of a professional organization.

When all of the data and feedback is in, it's time to do something that many companies find very challenging: Listen to what the information is telling you. We humans can find it terribly difficult to hear anything that sounds like criticism or that leaves us with the

impression that our best is not good enough. But if your company is truly interested in success, then really hearing and giving consideration to valuable information is the best place to start. For instance, if the results illuminate the fact that only 10% of your channel partners are using co-operative marketing funds, that sales have remained flat over the last 12 months and the partners don't feel your company is providing them with the tools they need to market and sell your products, isn't that information you want to have? These are fixable issues that would continue to be problematic if not addressed. Instead, by listening, you now know that there are three basic areas that require further investigation. This is good news.

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## CLIENT CASE STORY

CCI is pleased to provide one of our many client case stories to CCI Journal readers. The case story illustrates how this client integrated their channel programs to ultimately meet objectives.

### The Client

This client (the "manufacturer") is a leading provider of storage networking solutions that keep company data secure and available across national

and international locations. Their large network of multi-tiered partners is growing and spans worldwide across three geographies.

### The Client Challenge

Working with multi-tiered channels made it challenging for this client to gather and analyze relevant program data, let alone manage partners in an effective manner. The current programs were managed separately from one another and were time consuming and not as effective as the manufacturer had anticipated.

With a lack of aggregated, real-time information this manufacturer did not have a reliable method for determining the current status of programs, sales incentives and if or how growth was occurring in the field. Additionally, more than 50% of the resources were being spent on program management tasks and not on strategic matters.

### The Solution

CCI recommended that this manufacturer integrate and centralize programs, as it was possible, in one online system. The client took inventory of

their current programs, recreated them with CCI's input and ultimately designed a group of programs that were integrated, including co-operative marketing and a loyalty program.

CCI's ProgramsPro platform and Fund Management and Point of Sale Modules were implemented in the United States and EMEA in the Summer of 2005, with APAC's programs launching in the Fall. CCI manages most of the program administration for this client, with the exception of point of sale (POS) data

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## The way I see it...



Bill Kelly is VP of Sales for CCI and helps companies define objectives, evaluate strategies and implement programs that achieve measurable results.

## Outside-In Program Design

What if, just by changing your approach, you could positively impact your company's competitive advantage? Help boost the bottom line? Well you can, no matter what your role in the organization.

### Look Through the Partners' Eyes

How many of us have had unbridled enthusiasm about the next channel program idea without knowing how our partners will feel about it? Or how many of us have done the footwork for yet another new program without knowing the needs of the marketplace? More programs and services are not always better; the key is selecting the ones that are important to partners. As a manufacturer, you must always look first through the partners' eyes when creating any programs that will impact them. This is outside-in program design, and it works.

Your success is directly tied to your ability to make it easier for the customer to do business with you and to provide the value-added services they'll buy. When you accomplish this, you won't have to worry about pricing, competition, or mergers because you will already have the keys to a very successful relationship. Your first and best customer is your channel partner; for your programs to succeed, you must know what your partners want. Only by asking your partners what would make it easier for them to do business with you will you be able to reduce redundancies and costs, and ultimately increase your competitive advantage.

### How Will the Marketplace Change Your Business?

Your partners are one of the best resources for accurate data. Ask your partners what is changing in the marketplace, and what will be different over the course of the next three years.

Why is that so important for your organization? Well, consider this. How can you sit in meetings, discussing how

you are going to change your company, if you don't have a clue what's changing in your partner's world? That's a little scary. And yet, I've seen countless organizations talk about what they are going to change when they don't have a clue what's changing in the partners' world and in the market.

### Good, Solid Information

Organizations often do not—and worse yet, cannot—make the best decisions because they are unable to access the right data. And just as often, decisions are made based on data that is faulty, untrustworthy or outdated. Ask your partners what you are doing well and what could be improved. Pay particular attention to those areas where your partners would grade you at a C- level.

### Don't Forget to Mine Your Existing Data

Channel promotions and incentive programs present you with countless opportunities to gather information related to geographies, organizational size, revenue levels, products/solutions supported, training/certificates achieved, markets served and contact information beyond the owner or principal. This information is essential in understanding which partners most effectively serve targeted markets as well as which warrant continued investment in programs such as co-op advertising, MDF and co-marketing.

### Include Reporting and Analytical Tools

One of the most difficult problems faced by the channel marketing program manager is measuring the program and determining if objectives have been achieved. This problem is complicated by the uncertainty surrounding the correct measures to use when making assessments. Only if all activity is funneled through a central payment and tracking source will a fact-based environment that allows for the analysis and evaluation of results be created.

### Ongoing Education

Ongoing training and education about the channel, end-users and competition is required to insure that those who make the decisions do so with the best foundation of domain knowledge possible. Without proper education many of your programs will fall short of expectations.

Take these concepts and suggestions and create you own "outside-in" campaign and take your program to the next level! ❏

For more information on outside-in program design, please email Bill Kelly at [bill.kelly@CCIONline.biz](mailto:bill.kelly@CCIONline.biz).

## Integrating...

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### PROGRAM INTEGRATION: HOW?

Expanding on the example above let's discuss how a company might integrate channel programs. Let's assume that CCI conducted further interviews with the channel partners and discovered that there were several areas where they felt the manufacturer was falling short of the promise to support channel marketing and sales efforts: a.) Long product sales cycle makes it difficult to accrue enough money in co-op funds to warrant the necessary work to claim reimbursement; b.) Unclear direction on how to co-market due to limited access to imagery and marketing copy, confusion over manufacturer's brand guidelines and limited time and money to produce professional materials; and, c.) Inconsistent timing and methods for sharing new product information makes selling new products more difficult.

One way to tackle these challenges is to develop an integrated approach where-in several complementary programs are developed and launched together to address the needs of both the manufacturer and the channel. Of course, you will need to do a cost analysis to determine the best way to balance needs with resources, but the results of all of this research will be well worth the effort. An integrated program might be contained in one automated system that includes:

**A. CO-OP FUNDS:** Revisit the current co-op program guidelines and make accruals more attainable and aligned with the product price point and sales cycle. Allow for simplified management of the co-op program by putting it online in a system that allows for real-time exchange of data.

**B. CO-MARKETING:** Provide an online marketing material tool where partners can use manufacturer-provided templates to create co-branded and customized direct mail pieces, ads and brochures. Allow the materials to be submitted and approved online as part of a co-op reimbursement claim or a marketing plan.

### C. SALES AND OTHER INCENTIVES:

The higher the price point and/or the longer the sales cycle, the more critical it is to have informed, trained and professional channel partners. Providing incentives for those partners who not only exceed the minimum authorization and sales requirements of your company, but who also respond to online announcements, take surveys, attend additional trainings, participate in manufacturer-sponsored marketing sessions, etc., is an excellent way of supporting mutually beneficial activities. If you attach redeemable values to each activity (i.e., points), they can then be used to purchase training materials, logo merchandise or other items of value that, in turn, reinforce the very activities your company is trying to guide in the channel.

### WHY INTEGRATE PROGRAMS?

Yes, program integration requires more research and pre-work as well as ongoing communication and education than simply providing one program to the channel, but it is an easier overall approach. Integrated programs provide more trackable, measurable results because all of the individual programs are managed in one centralized location. In some cases the data from one program feeds the data in another so they can be somewhat interdependent. The net result is that the channel has a choice of tools that they can mix and match to meet their needs while always mapping back to your company's objectives. ❏

## CLIENT CASE STORY

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loads. Because the programs are managed within one centralized system, both CCI and the client can manage components of the program without compromising the integrity of the data. The system also enables the POS data to determine individual accrual amounts for the co-op program.

### The Results

Less than 90 days after implementation of the U.S. and EMEA programs, this client was already realizing positive, measurable results. With 24x7 real-time access to sales, co-op and ROI

reports the client is able to make more informed decisions about the programs, field-level activity and overall channel management. The ability to cross-reference data and see programs from a strategic viewpoint also aids in the decision-making processes.

Operationally, the client has seen a decrease in resource inefficiencies of over 30%, which is one key contributor to their increasing ROI. And client and user satisfaction levels have increased, which can be an excellent precursor to higher program utilization, lifts in incremental revenue and the potential for more trust and synergy between the manufacturer and its channel. ❏

What's New @ CCI

### Refer-A-Friend

You could win one of three prizes valued at over \$200.00 by referring a friend to CCI. Don't delay; this program ends on December 31, 2005.

For more information on prizes, official rules & how to refer a friend - from your company or from another - please visit [CCIONline.biz/refer](http://CCIONline.biz/refer) today.

### CHANNEL FOCUS NORTH AMERICA CONFERENCE 2006

CCI has been selected to be a member of the Channel Focus North America Conference advisory board. The conference is scheduled to take place in the Spring of 2006 in Miami, Florida. Watch the CCI Journal for more details and to learn about your conference registration options.

### Trade Promotion Management Association Fall Conference

For the second time this year a CCI client was invited to speak at a TPMA Conference. In May, one CCI client gave a presentation called "Effective Use of Next Practices in Channel & Trade Promotion Programs." In November another client gave a presentation on evolving a co-op program over time.

### CCI GROWTH CONTINUES

In October CCI knocked down a wall and added a significant amount of square footage to our office space. Our growth is in response to the needs of our clients, so thank you.