Building Profitable Partnerships

Improving business partner relationships and programs that capture market potential and increase sales

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Organization Development and Design

The Value of Partnership

- The top 1,000 companies earn 35 - 40% of revenues from partnerships and alliances

    - Small and mid size companies partner with large companies to accelerate growth and profitability

Drivers For Profitable Partnerships

- Mutual Goals

- Common Views on Strategic Business Issues

- High Levels Of Trust

- Joint Business Activities with High ROI

Learning From Unprofitable Partners

Over 40% of Partnerships Fail !

High Priority Reasons For Failure:

- 52 % Structural Reasons
  - Mismatched strategy and operations
  - Partner lacks competencies

- 48 % fail due to damaged relationships.
  - Mismatch of partner culture
  - Lack of trust

Link Between Trust and Profitability

- ## Partners that trust each other:

  Generate more profit, serve customers better, understand each others business by sharing information and dedicate resources to better serve each other
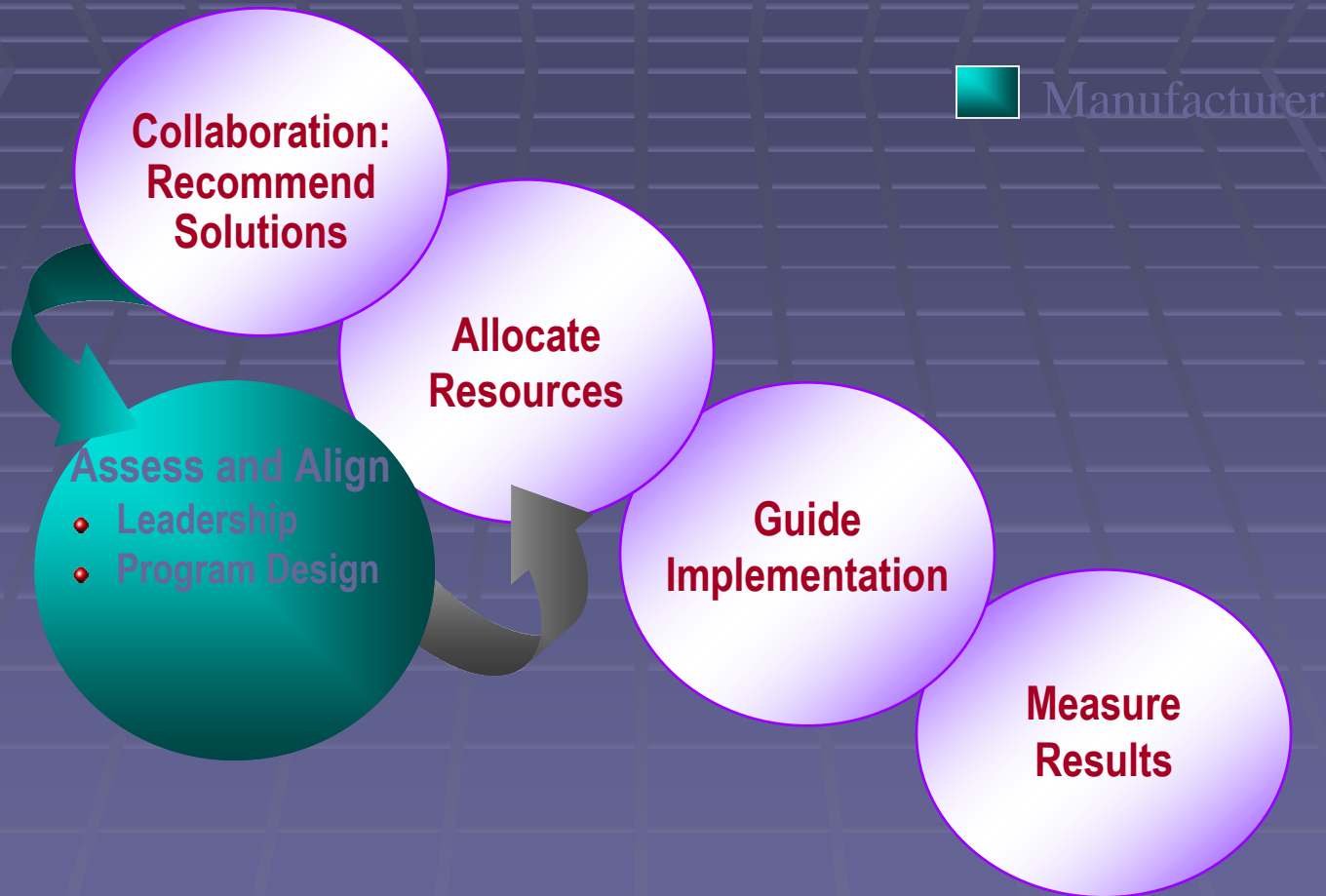
- ## Resellers with high trust in their partner

  Generated 78% more sales

  (Harvard Business Review, Kumar, 1999)

The Partnering Process

Collaboration: Recommend Solutions

Allocate Resources

Assess and Align
- Leadership
- Program Design

Guide Implementation

Measure Results

Manufacturer

Assessment: Channel Capabilities

Business Strategy

Competitor Benchmarks

Core Competencies

Customer Expectations

Products and Services

Channel Members

Customer

Channel Development

Channel Capabilities

Selection and Development

Service Delivery

Promotions and Incentives

Training and Support
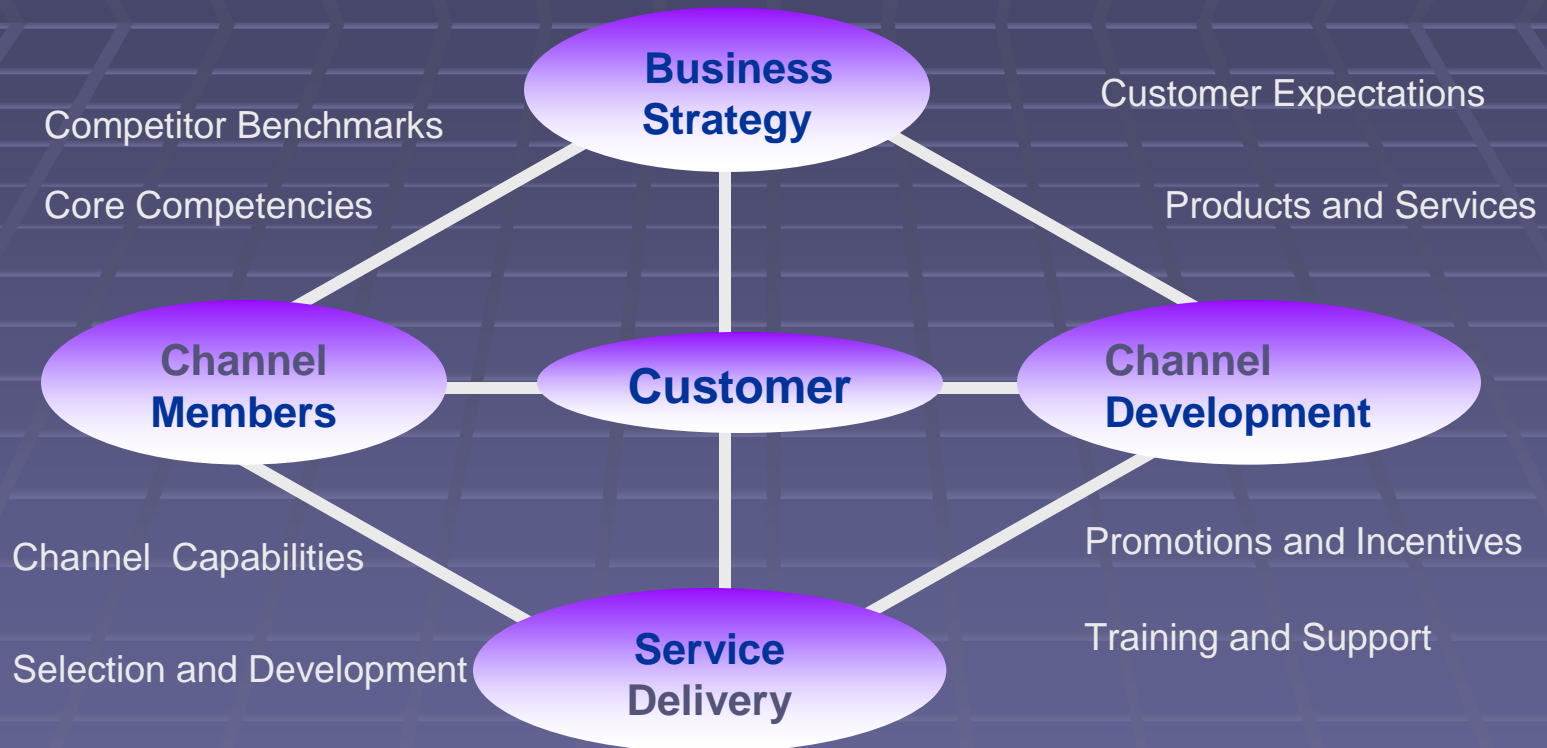
Select High Potential Partners

Ability to Execute And Provide Value

Willingness To Align

Alignment
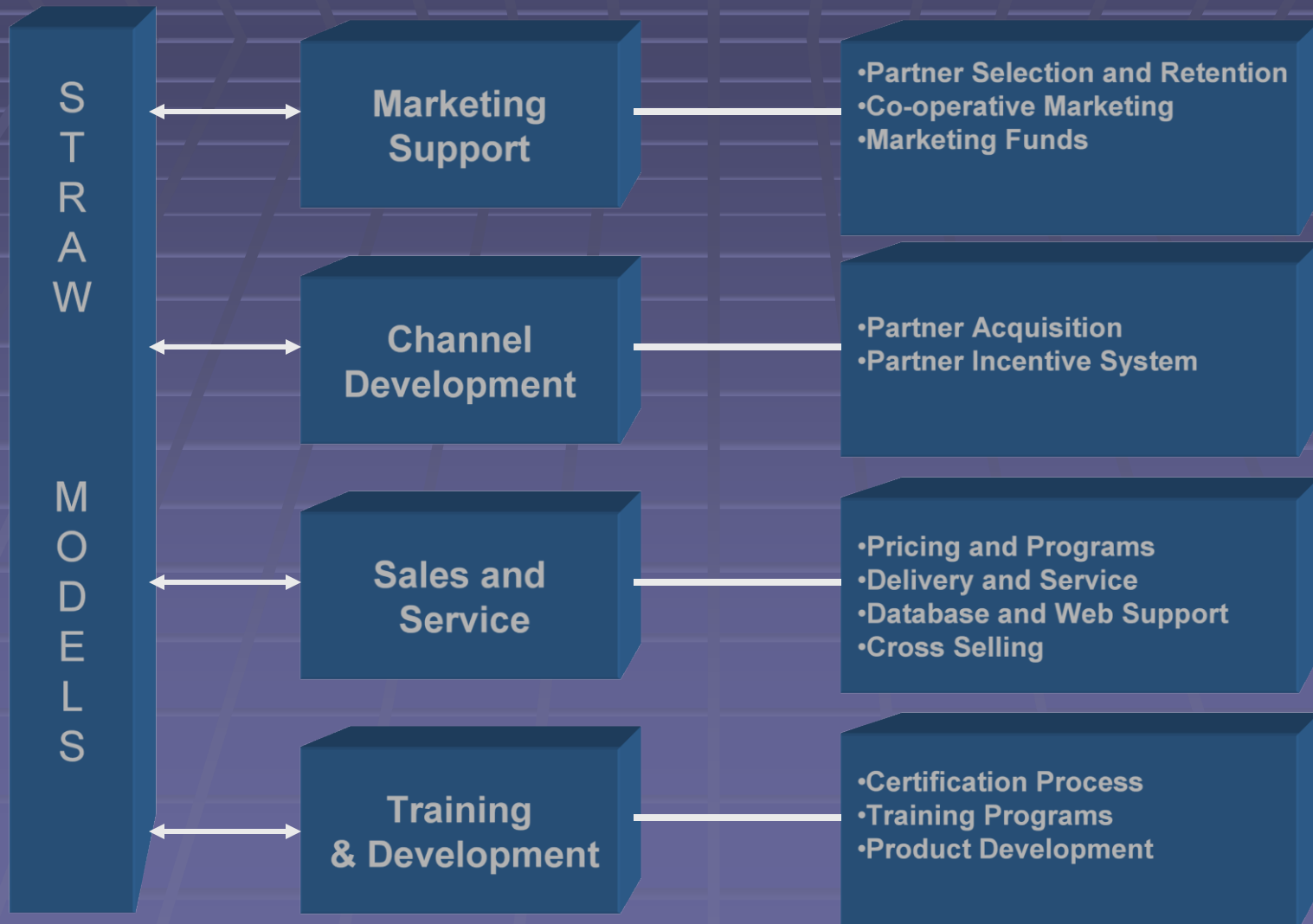
- Leadership Commitment
- Goal Clarity
- Apply Assessment Data

  - Define Partner Selection Criteria
  - Use Data to Build "Straw Model" Programs
  - Determine Potential ROI

Collaboration: Program Design

S T R A W

M O D E L S

Marketing Support
- Partner Selection and Retention
- Co-operative Marketing
- Marketing Funds

Channel Development
- Partner Acquisition
- Partner Incentive System

Sales and Service
- Pricing and Programs
- Delivery and Service
- Database and Web Support
- Cross Selling

Training & Development
- Certification Process
- Training Programs
- Product Development

Collaboration: Joint Plans

1. Target Customer Segments

2. Define Market / Business Issues

3. Review Channel Issues

4. Align Objectives and Strategies

5. Confirm Objectives and Programs

6. Build Action Plans & Metrics

7. Communication, Measurement & Recognition Plans

Resource Allocation

Address Core Channel Issues:

- Partner Selection and Evaluation
- Training and Development
- Marketing Support Programs
- Sales and Incentives Programs
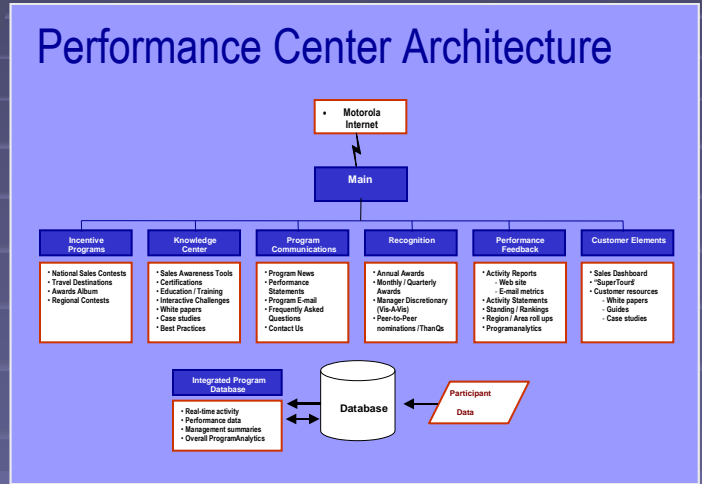- Delivery and Service Programs

Implementation

- Communication
- Training
- Measurement
- Rewards
- Results

Measure Results: Track Progress

Goals	Communications	Training	Marketing	Sales

Channel Initiatives To Drive Desired Results

Performance Center Architecture

- Motorola Internet

Main

Incentive Programs	Knowledge Center	Program Communications	Recognition	Performance Feedback	Customer Elements

• National Sales Contests
• Travel Destinations
• Awards Album
• Regional Contests
	• Sales Awareness Tools
	• Certifications
	• Education / Training
	• Interactive Challenges
	• White papers
	• Case studies
	• Best Practices
		• Program News
		• Performance Statements
		• Program E-mail
		• Frequently Asked Questions
		• Contact Us
			• Annual Awards
			• Monthly / Quarterly Awards
			• Manager Discretionary (Vis-A-Vis)
			• Peer-to-Peer nominations /ThanQs
				• Activity Reports
				  - Web site
				  - E-mail metrics
				• Activity Statements
				• Standing / Rankings
				• Region / Area roll ups
				• Programanalytics
					• Sales Dashboard
					• "SuperTour8"
					• Customer resources
					  - White papers
					  - Guides
					  - Case studies

Integrated Program Database
- • Real-time activity
- • Performance data
- • Management summaries
- • Overall ProgramAnalytics

Database

Participant Data

Performance Metrics

- Activity Based
- Results Based

Increased Awareness	Higher Levels of Participation	Goal Setting & Achievement	Collaboration & Teamwork	Sales Results

Channel Partner Case Study:

Case Study: Channel Partner

A leading international manufacturer of consumer electronics retained us to create a more profitable relationship with a major retailer of their products.

We engaged the Presidents and top leadership across both companies in a channel partner process over three months.

Assessment of Channel Partners

Current Practices   **Desired Practices**

- Programs
- Pricing
- Promotions
- Products
- Positioning
- People
- Progress

Alignment

Business Goals

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Partner Objectives

Revenue /Profitability

Program Assessment

- Pricing
- Promotions
- Products
- Positioning
- People
- Progress

Alignment

Acquire

Develop

Satisfy

Customers

Segments

Product/Service

Collaboration and Implementation

- Resolved Conflicts

- Agreed on Mutual Goals

- Established Action Plans

- Joint Teams Executed Recommendations

Results

Recommendations Implemented

- Redesigned training process

- Implemented method for 12 month rolling forecasts, updated monthly

- Used EDI to provide an electronic basis for purchase orders and inventory

- Positioned SKUs in optimum commission bracket.

Results Of Their Joint Efforts

- Moved to #3 share position, after a long standing #4

- ROI improved 20.6% over annual baseline

- 100% commitments on forecasts

- Turns moving from 3.8 to 4.3 x.