

Communiqué



Nine Core Elements of a High-Performing Channel Strategy

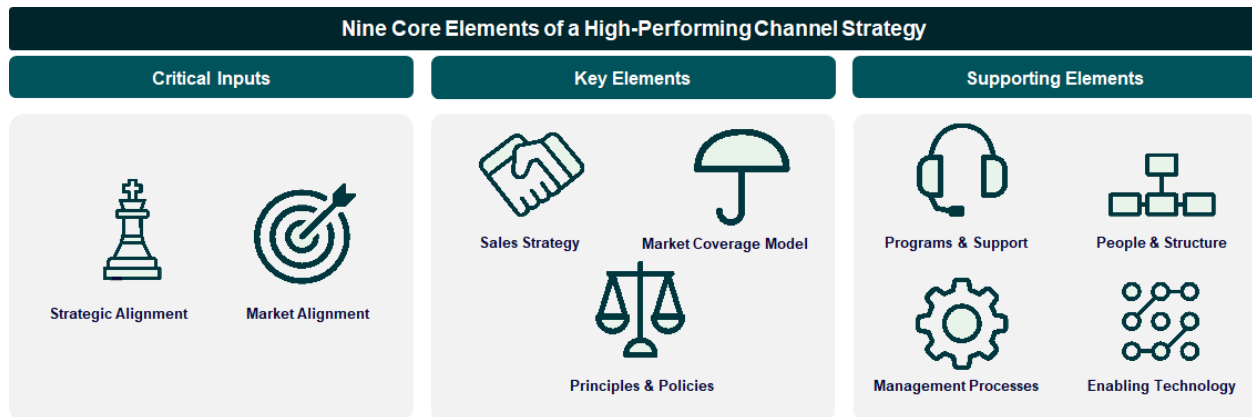
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A company's channel strategy enables it to create sustainable value. A well-designed channel strategy allows it to cover and serve its target markets, deliver its value proposition, and generate profitable growth which fuels earnings, cash flow and the company's value.

A high performing channel strategy is actually an integrated system (see Figure One). It is designed to align with and enable the corporate strategy, and it is grounded in the dynamics of the market(s) it is intended to cover and serve. While the key elements of the channel strategy are the sales strategy, market coverage model, and the related principles and policies, a company can only execute it with qualified personnel, the appropriate mix of supporting programs, structured management processes and enabling technology.

FL&A's *Nine Core Elements of a High Performing Channel Strategy* defines the critical characteristics of a successful channel strategy, and it is rooted in FL&A's 48 years of experience helping thousands of clients solve channel strategy issues across hundreds of business-to-business markets.

Figure One
Nine Core Elements of a High-Performing Channel Strategy



Strategic Alignment

The company designs its channel strategy to deliver its growth objectives and support and enable its strategic growth initiatives (e.g., launch new products; enter new markets; cover and serve target customer segments; etc.).



Market Alignment

The company's channel strategy aligns with the market dynamics. The company maintains a comprehensive map of the market ("market map") which provides insight into the variables that influence the design of it. The company estimates the size of the markets it serves and its market share, and it determines the issues that limit it. The company creates profiles of its target markets; it segments and targets its end customers; it understands their buying behavior and channel preferences; and it creates and maintains an analysis of the competitive landscape.



Sales Strategy

The company defines the customer segments it will proactively target, the value proposition it will offer each one, and the sales process it must execute to deliver its value proposition to each target segment.



Market Coverage Model

The company explicitly and appropriately aligns its direct and indirect sales resources with the critical stakeholders in each of its target markets; its channel structure aligns with the dynamics and economics of the markets it serves.



Principles and Policies

The company explicitly defines and consistently follows principles and policies that make its channel strategy effective and efficient such as defining its channel governance model, market coverage philosophy, conflict management approach and rules of engagement.



People and Structure

The company employs personnel with the right competencies, appropriately structures their compensation, and effectively organizes and aligns them.



Programs and Support

The company has an overarching program structure that defines its requirements for its direct and indirect sales resources and the benefits it provides them; it offers an appropriate mix of supporting programs that enables its sales resources to perform the activities and functions it requires.



Sales/Channel Management Processes

The company explicitly defines and executes the processes required to successfully engage and rigorously manage its direct and indirect sales resources (e.g., Assess and Plan; Target and Recruit; On-board and Ramp-up; Manage and Grow; and Execute and Optimize).



Enabling Technology

The company deploys the appropriate mix of technology to support and enable its direct and indirect sales resources to execute their responsibilities (e.g., CRM, PRM, Learning Management, etc.).