

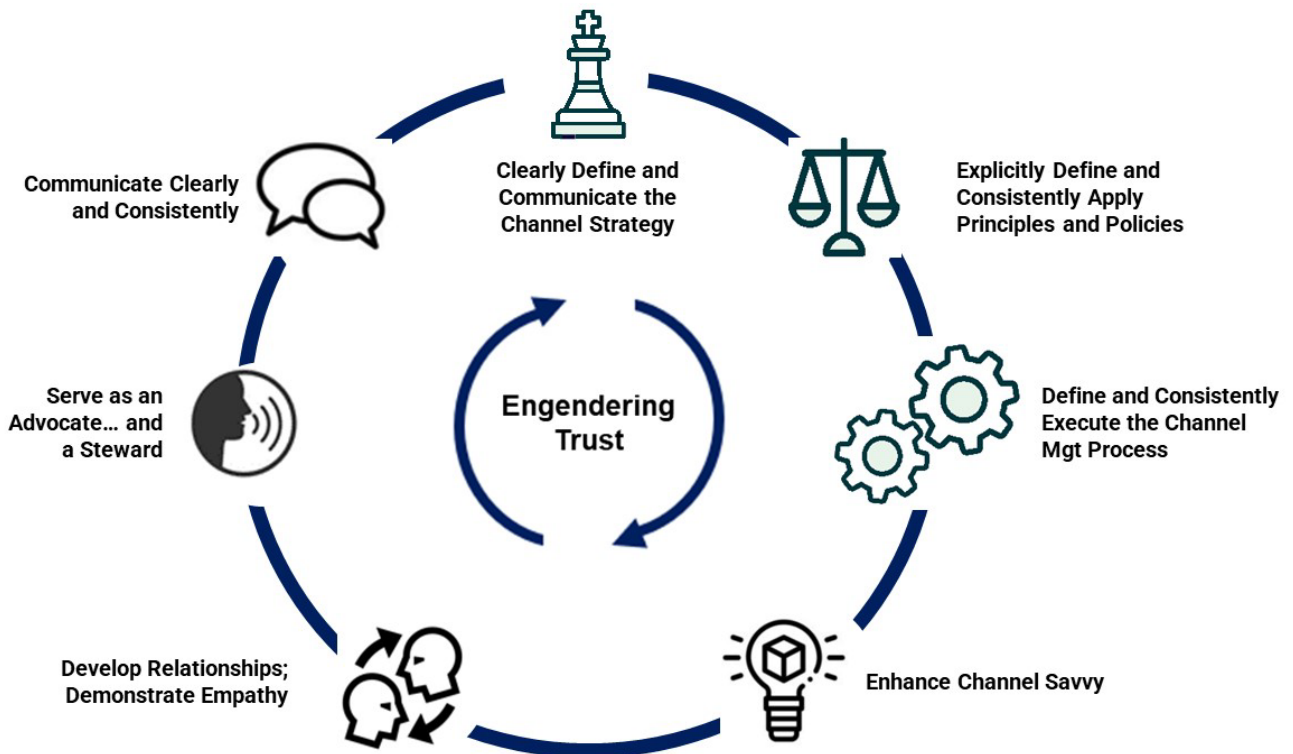
## Engendering Trust, The Foundation of a Manufacturer's Relationship with its Channel Partners

*Trust (noun): firm belief in the reliability, truth, ability, or strength of someone or something.<sup>1</sup>*

Trust is the cornerstone of every relationship whether it is personal or professional. Trust is also the foundation of productive, long-term relationships between companies and their channel partners, the indirect sales channels companies engage to market, sell, service, etc. their products and services to their target end users.

Companies and their channel managers engender trust through their plans and actions, the key elements of which are identified in Figure One and described below.

**Figure One—Engendering Trust with Channel Partners**





### **Clearly Define and Communicate the Channel Strategy**

Clearly communicate to channel partners...

- The range of sales channels, both direct and indirect, the company uses to market, sell, service, support, etc... its products and services
- The target markets and end-user segments that each sales channel covers and serves and the functions it performs



### **Explicitly Define and Consistently Apply Principles and Policies**

Explicitly and clearly define, communicate, and apply:

- The company's market coverage philosophy... exclusive, selective, open
- How the company coordinates the interactions of its sales channels and how it (proactively) enables constructive channel conflict (e.g., through authorizations and pricing) and mitigates the risk of destructive channel conflict
- The company's "rules of engagement" such as how it manages competitive opportunities with mechanisms like deal registration



### **Define and Consistently Execute the Channel Management Process**

Explicitly define and train the company's channel professionals to execute its channel management process systematically, consistently, and objectively... especially the key components of its "Manage and Grow" activities...

- Develop joint business plans
- Proactively manage the sales funnel
- Periodically review performance using a structured and meaningful set of leading, coincident, and lagging metrics
- Consistently elevate and celebrate successes
- Systematically and objectively manage performance shortfalls
- Objectively and consistently renew relationships with performing channel partners and off-board poor performing ones



### **Enhance Channel Savvy**

Arm each channel manager with the knowledge and skills they need to effectively interact and manage commercial relationships with third-party organizations...

- An understanding of the economic relationship between the company and its channel partners
- The structure and financial models of the channel partners with which each channel professional engages... their characteristics and capabilities, their financial model... how each channel partner makes \$, the company's position within each type of channel partner (i.e., the company's "mindshare" position), the implications that the company's requirements and benefits have for each channel partner's financial outcomes...
- The soft skills required to develop and manage long-term commercial relationships... relationship management skills, negotiation skills, influence skills...



### **Develop Relationships: Demonstrate Empathy**

Proactively invest time to engage with the range of stakeholders that own, manage, and perform the daily functions for each channel partner, interact professionally and respectfully, be empathetic but firm when the interests of the channel partner and the company diverge... see *Serve as an Advocate...* and a *Steward*.



### **Serve as an Advocate... and a Steward**

Serve as the "voice" of the channel partners within the company's organization... represent the channel partners' perspectives and share their feedback... while recognizing that as a company channel professional, you also represent the company's interests... therefore, you must balance the tension between serving as an advocate for the channel and a steward for the company.



### **Communicate Clearly and Continuously**

As a channel professional, you are on the front-line and represent the face and voice of the organization to the channel... the voice of the many functions that are required to successfully design, implement, manage, and support the company's channel strategy. You also represent the voice of the channel. Consequently, you must communicate clearly and continuously to ensure all stakeholders are informed and the interactions are coordinated, appropriate, seamless, and effective.

Engendering trust with the company's channel partners is foundational to executing a successful channel strategy. With it, companies and channel professionals foster productive, long-term relationships with channel partners. Without it, they do not.

If you'd like to discuss channel strategy, channel program or channel management issues with FL&A, then you are welcome to contact Jim Fogarty at [jfogarty@franklynn.com](mailto:jfogarty@franklynn.com).

<sup>1</sup> Source: Oxford Languages