

Ten 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.

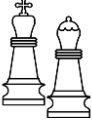









A high performing channel strategy is an integrated system (see Figure One). It is designed to align with and enable the corporate strategy, and it is grounded in the dynamics of the market(s) it is intended to cover and serve. While the key elements of the channel strategy are the sales strategy, market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

FL&A’s *Ten 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 50+ years of experience helping thousands of clients solve channel strategy issues across hundreds of business-to- business markets.

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



Ten Core Elements of a High Performing Channel

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|---------------------|---|--|
| Critical Inputs |  | <p>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.). The management team creates a common and shared understanding of the Key Elements of the company's channel strategy.</p> |
| |  | <p>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.</p> |
| Key Elements |  | <p>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.</p> |
| |  | <p>Market Coverage Model The company clearly defines and communicates the model it uses to cover and serve its target markets. It defines and engages the direct and indirect sales resources that have the competencies required to engage its target stakeholders and execute its sales processes to deliver its value proposition to them. It's channel structure aligns with the dynamics and economics of the markets it serves.</p> |
| |  | <p>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, channel partner engagement philosophy, and conflict management philosophy, methods and mechanisms.</p> |
| Supporting Elements |  | <p>People and Structure The company uses a structured personnel assessment, qualification, selection and alignment process to employ the personnel with the right competencies. It appropriately structures their compensation and effectively organizes and aligns them.</p> |
| |  | <p>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 and benefits that enables its sales resources to perform the activities and functions it requires.</p> |
| |  | <p>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).</p> |
| |  | <p>Enabling Technology The company deploys the appropriate mix of technology to support and enable its direct and indirect sales resources to execute their roles and responsibilities (e.g., CRM, PRM, Learning Management, etc.).</p> |
| |  | <p>Leadership Alignment and Commitment The leadership team clearly defines the organization's channel strategy, and the leadership and commercial team proactively and publicly supports the channel strategy and leads the implementation and execution of it.</p> |