

What Limits the Performance of Your Company's Channel Strategy?

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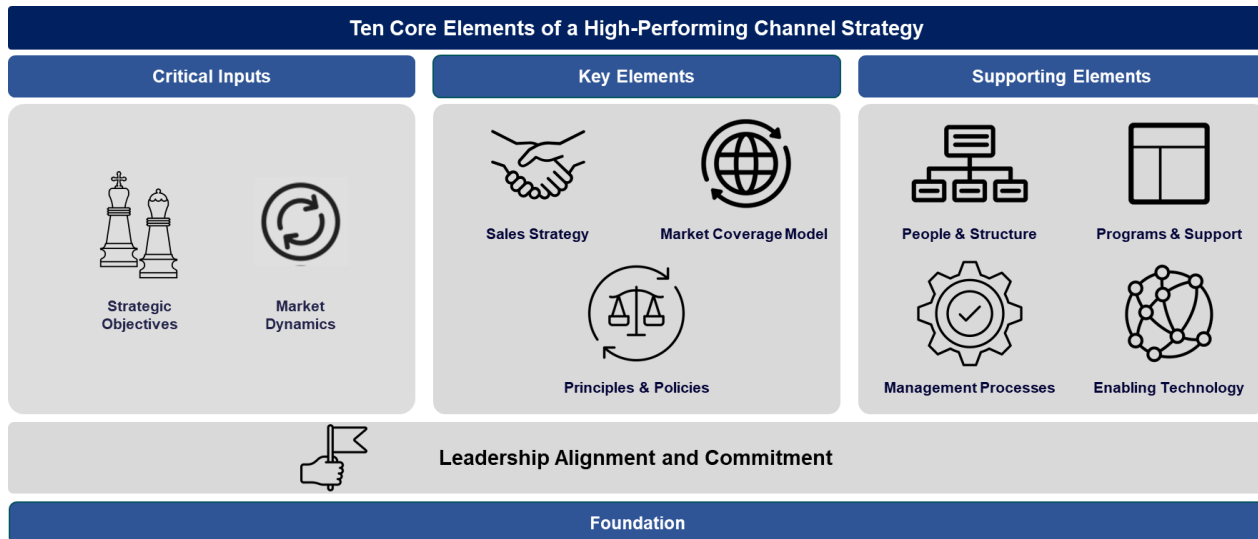
Is your company's sales team consistently missing its sales, market share, and/or profit targets?

Is your management team wondering whether elements of its go-to-market/channel strategy are limiting its performance? Is it asking questions like:

- Does the company have the right type, mix and number of salespeople and channel partners and are they in the right places?
- Does the sales team see enough of the company's target end users?
- Can the salespeople successfully sell the company's offering?
- Do the salespeople win as often as they should?
- Does the company provide the right type of support?
- Do the sales leaders proactively and consistently manage the sales professionals?

If your team is in this situation and asking these types of questions, then it might be time to re-evaluate the company's channel strategy. For this, it can use the Ten Core Elements of a High-Performing Channel Strategy framework to diagnose and identify the root causes that limit its performance (see Figure One).

Figure One¹



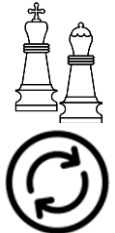
The Critical Inputs define what the business wants to achieve and the environment in which it competes. The Key Elements define the main attributes of the channel strategy, and the Supporting Elements define what the company must do to implement and execute its channel strategy successfully.¹

¹ See FL&A's article "The Ten Core Elements of a High-Performing Channel Strategy" for a more detailed description of this framework (<https://franklynn.com/wp-content/uploads/2024/10/Ten-Core-Elements-of-a-High-Performing-Channel.pdf>)

The management team can evaluate each of the Core Elements to determine which one(s) limit(s) the company's performance.

Critical Inputs




If the management team thinks the company's business objectives are not well understood or that the dynamics of the market have changed significantly, then it should evaluate the Critical Inputs.

		Some Key Questions	
Critical Inputs		Strategic Objectives and Market Dynamics	
			Has the company clearly defined its strategic objectives and initiatives? Is the channel strategy designed to deliver them?
			Has the management team recently changed the strategic objectives? If so, has it modified the channel strategy so it supports the new objectives?
		Does the management team maintain a "map" of the market? Does it clearly understand the end user, channel, and competitive landscapes and the key dynamics of each one?	

Key Elements





If the management team has recently changed elements of the company's sales strategy such as its target end users, value proposition or sales process, then it may be appropriate to evaluate the other Key Elements of the channel strategy. The company may need to adjust the type, mix and number of direct and indirect sales resources so it can execute its sales strategy. It may need to adjust its Principles and Policies so it resolves destructive channel conflict that may have emerged.

The team can evaluate issues related to each topic to help it discover whether the Key Elements are defined and aligned.

		Some Key Questions
Key Elements		Sales Strategy
		Has the company clearly defined each element of its sales strategy?... its target markets? ... its value proposition? its sales process?
		Has the management team adapted the sales strategy to reflect changes to the company's strategic objectives and initiatives? ...to changes in the market structure and dynamics?
		Market Coverage Model
		Has the company engaged the right mix and number of qualified direct and/or indirect sales resources to execute its sales strategy? Do they have the right set of competencies to perform their sales roles?
		Does the company capture enough mindshare so its channel partners proactively support it?
		Principles and Policies
		Do the company's principals and policies allow the company to effectively, efficiently, and consistently: <ul style="list-style-type: none"> • Design and evolve its channel strategy? • Clearly define and adapt its market coverage philosophy? • Articulate an appropriate and effective way to interact with its sales resources? • Define how it engenders constructive and mitigates the risk of destructive channel conflict?


Supporting Elements

Many times, the company has a well-designed channel strategy, but it does not execute it well. If the team believes the Critical Inputs and Key Elements are defined and aligned, then it can evaluate the Supporting Elements to determine if the organization is positioned to execute the channel strategy.

		Some Key Questions
Supporting Elements	 People and Structure	<p>Does the company engage people with the right competencies to lead and manage its sales team and channel partners?</p> <p>Does the company's organization structure enable members of its team to coordinate their responsibilities and execute them?</p>
	 Programs and Support	<p>Does the company offer the mix of programs and support that enables its sales resources to perform?</p> <ul style="list-style-type: none"> • Training (product, technical, sales, etc.)? • Marketing? • Technical support? • Appropriately designed compensation plans?
	 Sales and Channel Management Processes	<p>Are the company's sales and channel management processes, practices and tools defined, documented and executed consistently and rigorously?</p> <p>Does the sales team have a defined sales management cadence? ... is it executed consistently?</p> <p>Does the management team actively coach its sales leaders? Do the sales leaders actively coach the field sales professionals and the channel partners?</p>
	 Enabling Technology	<p>Does the company deploy the right mix of technology to enable its sales resources to effectively and efficiently execute their jobs (e.g., ERP, CRM, PRM, CPQ, etc.)?</p>

Foundation

The organization's leaders must share a common understanding of the channel strategy and commit to execute it. To determine if this is a gap, the management team can consider a few additional questions.

		Some Key Questions
Foundation	 Leadership Alignment and Commitment	<p>Has the management team created a common and shared understanding of the channel strategy?</p> <p>Do all functional leaders embrace and support the channel strategy?</p> <p>Does the company rigorously manage the changes it makes to its channel strategy?</p>

Management teams can use the Ten Core Elements framework to evaluate the company's channel strategy and identify the root cause(s) that limit(s) its performance. Importantly, the team can also use it to define the actions it must take to resolve them.

If you'd like to discuss how your team can use the Ten Core Elements framework to evaluate the performance of its channel strategy, then you're welcome to contact Jim Fogarty at jfogarty@franklynn.com.