



INSIGHT

Building a compelling **Partner Proposition**

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Introduction

An indirect channel is an important route-to-market for many B2B technology companies. An indirect channel strategy offers many potential benefits to a vendor or service provider, however many indirect strategies are not well-executed and therefore never deliver the hoped-for returns.

Many vendor's partner propositions never build the desired levels of commitment and engagement from partners.

One of the most critical aspects of building a successful indirect channel is to be able to articulate and deliver a compelling proposition to targeted partners, which effectively communicates how the vendor will create value for the partner's business and which addresses the various concerns that any potential partner will have. Yet many vendor's partner propositions lack depth and are too 'vendor-centric', therefore they never build the desired levels of commitment and engagement from partners.

In this article we outline an eight-point framework for creating a compelling partner proposition, based on OneGTM's experiences of working with a variety of channel organisations. The framework addresses the key questions that any prospective partner or reseller will have when considering an investment in a vendor relationship. These fall under eight key headings:

1. End-Customer Benefit
2. Competitive Advantage
3. Commercially Attractive
4. Sales & Marketing Support
5. Business Value-add
6. Peace of Mind
7. Future Proofing
8. Ease of Doing Business

Each of these is considered in more detail below.

Indirect isn't an easy option

An indirect, or partner, channel is a key part of the go-to-market strategy for many organisations selling technology-based B2B products and services. Many look to resellers and distributors to generate a significant proportion of their revenues and some 'channel-only' businesses eschew the direct sales route completely.

Executed well, an indirect channel strategy offers many potential benefits to a vendor or service provider, including the ability to increase market reach, lower sales costs, accelerate growth and access a broader array of skills and capabilities than the vendor has in their own organisation. However many indirect strategies are not well-executed and therefore never deliver the hoped-for returns. Unfortunately, the indirect route is often seen as an easy, low-effort option, when in reality succeeding with an indirect-based go-to-market model requires effort, commitment, intelligence, and time.

“If you do not seek out allies and helpers, then you will be isolated and weak.”

- Sun Tzu,
The Art of War

“The most important single central fact about a free market is that no exchange takes place unless both parties benefit.”

– Milton Friedman,
Economist

What’s in it for you?

One of the critical aspects of building a partner channel is creating a compelling proposition to partners, which effectively explains how working with the vendor is going to create value for the partner’s business, and which addresses the numerous concerns that any organisation inevitably has about investing time, effort and cash in a new vendor relationship.

Yet many vendors and service providers’ partner propositions are wafer-thin, based on a very narrow view of what is important to a partner. The thinking sometimes doesn’t seem to go much further than “We’ve got a product and we think it’s really good. We want you to sell it so we’ll offer you a margin to do so. What else could you possibly need to know?”

I’m not suggesting that these vendors haven’t got any offering for their partners. Many have ticked off a number of the boxes: commercial framework – check; partner portal – check; partner programme brochure – check. It’s just that often these elements are precisely that – check box items. We’ve got them because that’s what you do if you want to work with partners, right?

What’s often missing is a properly thought through framework for how the vendor is going to create value for the partner, based on a genuine understanding of what is important to the partner, what support the partner requires to be successful, and what concerns and perceived risks may prevent a potential partner from committing to the relationship.

Having a well-defined partner proposition is fundamentally important to an indirect channel strategy because it should be the starting point for designing your partner programme. The various elements of your programme – the commercial framework, the infrastructure, the incentive programmes and the go-to-market toolkits – they exist to enable us to deliver on the partner proposition. If the proposition isn’t clearly defined then it’s very difficult to know what we should build and critically, given that we inevitably have finite resources, what we should prioritise.

Relevant to everyone equals compelling to no-one

A common shortfall we see in the approach to partner propositions is a lack of clarity about what types of organisation the proposition is primarily aimed at. Sometimes this is as a result of a failure to do the hard thinking about which types of partner could represent the most effective route to market, and therefore where the vendor should focus their effort and resources.

Companies too often want to hedge their bets; the thinking is that any partner is a good partner; therefore we’ll keep the proposition as generic as possible so as not to rule anyone out. Of course the result is that the proposition isn’t compelling to anyone, just as a customer proposition that tries to be relevant to everyone, ends up being specific to no-one.

As a result of this lack of focus, there is often a lack of understanding about the prospective partners’ business drivers, challenges and key metrics. Vendors struggle to talk about the stuff that is compelling and meaningful for the partner. Too often partner communications focus on why the product is great, or what fantastic support the vendor offers, without speaking directly to how this helps the partner achieve their business goals.

Too often partner communications focus on why the product is great and not directly how this helps the partner.



If a vendor or service provider is serious about developing a partner channel then it needs to develop a proposition to those partners.

You commit, I'll commit

Unsurprisingly these shallow partner propositions, which actually focus more on what's in it for me, rather than what's in it for you, rarely produce real commitment from partners. In today's hyper-connected, hyper-competitive world, where channel partners have access to more choice and information than ever before, this level of thinking just won't cut it. If any vendor or service provider is serious about developing a partner channel then it needs to get serious about developing a compelling proposition to those partners.

At one level the process of developing a partner value proposition is no different to developing a proposition to your customers. You need to start by identifying what your target partner looks like and developing a proper understanding of their business - what their goals are, what is driving change in their business, what challenges they're faced with - and from there determine how you can create value for them.

However a partner proposition is different from a customer proposition in that it needs to work on more levels. As a partner I need to be convinced of the same stuff as a customer, but then there's a whole additional set of questions I'm going to have about how we work together. Only if you satisfactorily address all of those questions am I going to invest my organisation's time, resources and money in a whole-hearted commitment to a relationship.

Eight steps to partnering success

To help our clients develop successful partner propositions, we have developed a simple model which addresses the eight key dimensions of a rounded partner proposition. Only if you can articulate a compelling story against each of these elements, will you have a proposition which will truly excite and energise your target partners.



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To expect a partner to make a serious commitment to you without investigating the competitive alternatives is naïve.

1. Customer benefit

This has to be the starting point because unless I as a partner believe that what you do has value to a customer, I'm unlikely to be convinced that I'm ever going to make money selling it. The customer benefit is something that I'm probably going to want to understand before I even consider the rest of your partner programme. So an important starting point for developing your partner proposition is to be clear what your value proposition is to the end-customer.

If you're targeting partners to address particular segments of the market, maybe those you don't currently serve directly, then you need to be clear that you have a value proposition relevant to this segment of the market. If you're going to rely on your partners to work this out for themselves then you're likely to have a lot of exploratory conversations that never produce an outcome.

2. Competitive advantage

If I believe that what you do has value to a customer, then the next thing I'm going to want to understand is whether you have a competitive advantage over other companies doing broadly similar things. If I align myself with you rather than one of your competitors am I going to be more or less likely to win deals?

Whereas in communications to customers the tendency is not to talk too explicitly about the competition, when communicating your position to partners the competitive position needs to be addressed upfront. To expect that a partner will make a serious commitment to you without investigating the competitive alternatives is naïve, so you need to get on the front-foot and make sure that you can clearly articulate what your competitive differentiators are, and why your partners should invest in your product rather than one of your competitors.

3. Commercially attractive

So let's assume that I'm convinced on the first two points, the next thing I'm going to need to know is can I make money selling this stuff; what's the commercial framework for working with you. If I'm smart (just go with that one for the moment), I'm going to want to understand all aspects of the commercial relationship; not just what margin can I make on your product or service, but also what investment am I going to need to make (e.g. training my people, getting them accredited, purchasing demo equipment, purchasing marketing resources etc) and what additional financial support you're going to offer, whether that's by way of MDF, rebate, training credits etc.

And if you, as a vendor, are serious about convincing me to work with you then I'd suggest you should have worked this out upfront so that you can clearly show me how I can make a healthy ROI from working with you. Of course I'm going to want to plug in my own assumptions, but I expect you to at least have a starting point. If all you can tell me is what the margin is and you're expecting me to work out the rest, then I'm going to question whether you've really thought this whole partnering thing through.

The three categories I've described above are the foundation levels of the partner proposition. To use the analogy of Maslow's hierarchy of needs, they're the food, water and shelter elements; until I'm satisfied about them I'm not going to worry too much about anything else. But just like Maslow's theory, once my basic concerns are satisfied there's a whole lot of other stuff I'm going to care about. This brings us on to the other elements that need to be addressed in the partner.



59% of channel salespeople and managers said that vendors providing more insight on market trends, would have a high impact on sales

4. Sales and marketing support

So let's assume that I believe your product is saleable and that it's possible to make money selling it; the next thing I'm going to want to know is how you're going to help me sell it. After all it's your product so hopefully you know better than anyone else what the customer drivers are for it, who the decision-makers and influencers are and what the buying cycle typically looks like. You'll hopefully have an understanding about the messaging that works best for different audiences, and the tools that are needed at different points in the sales process to build interest and counter objections.

If you don't know that stuff then I'm going to start questioning some of the assumptions we've made in the previous stages. If you do know it but aren't going to use that knowledge to help me succeed, then I'm again going to question your commitment to partnering.

A key part of building a successful partner programme is being able to externalise the knowledge that exists within your organisation about how to successfully market and sell your products, and put it into a format that is accessible and usable to me as a partner. In our recent 'What Channels Need to Succeed' survey, providing more insight on market trends, competitor activity and customer needs was identified as the single most useful thing that vendors could do to positively impact channel sales.

So that means providing effective training tools, support materials, collateral, campaign templates etc. The better able you are to do that, the keener I'll be to work with you and the more successful we'll both be when I do.

5. Business value-add

Often the primary reason a partner works with a vendor or service provider is not because of the margin they make on the vendor's product; it's because the vendor's product has a strategic value to the partner. The value may take a variety of forms. It could be because it provides protection against a competitive threat, or because it provides a hedge for the partner on an emerging market opportunity, or because it drives sales of the partner's core products and services. For example, the big management consultancies didn't invest so much effort in SAP because they could make a margin on the license fees. It was because they could generate services revenues from the implementations that were typically 3-4x the total cost of the software itself.

If as a vendor you want to make your partner proposition as compelling as possible to me then it's vital that you can identify and articulate the potential strategic value to my business. You then need to frame your proposition to me in those terms, rather than just talking about how great your product or service is.

Of course being able to identify the value-added is only possible if you really understand the partner's business model, which goes back to our earlier comments about having clarity about the types of partner you're primarily focused on.

6. Peace of mind

Any value I derive from reselling your product or service will quickly be destroyed if I end up with a lot of dissatisfied customers because your product is unreliable or doesn't deliver the claimed benefits. The cost to me in terms of resources consumed, reputational damage and lost cross-sell opportunities could easily outweigh the money I make from selling your product.

Therefore a key thing I'm going to want before committing myself fully is peace of mind that if we're successful in driving sales it's going to result in happy, satisfied customers. If I don't feel completely confident on this point then I probably won't tell you outright (I don't want to imply that I've got doubts about your reliability or your integrity) but I'm probably not going to invest huge amounts of effort generating new opportunities.

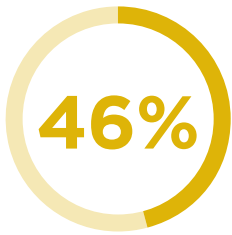
That's why as a vendor it's very important that you address this question explicitly in your partner communications and do whatever you can to provide the peace of mind that partners will be looking for. This reassurance can take a number of different forms, including certifications, testimonials and case studies, service level guarantees, sandbox environments etc - the more the better. You need to ask yourself the question - if I was a partner that had no first-hand experience of this product, what would persuade me that the risks associated with it are negligible compared to the opportunity?

7. Future-proofing

The ICT industry is by its very nature fast-moving; previously dominant technologies can quickly become redundant, hot new products can come out of left-field seemingly overnight. As the leader of any company in the ICT value chain I need to have one eye on the here and now and one eye on the future. It's usually easier to prosper as a badly-managed company in a hot sector than a well-managed company in a sector that's going down the tubes. So if I've got any sense (and most business leaders wouldn't have got to where they are without a fair degree of savvy) I'm going to spend at least part of my time thinking about what the industry will look like in 2 - 3 years time and how I ensure that I'm in a profitable, growing sector rather than a commoditised, declining one.

Therefore as a distributor or reseller one of the things I'm going to be looking for in my vendor relationships is future-proofing. Do you represent a wave I'm going to be able to ride to a bright and shiny future, or are you a backwater that's going to leave me stranded in a stagnant, muddy pool?

That's why it's important that as part of your partner proposition you can communicate a vision: about what the industry will look like in a few years time and about the leading role you'll be playing within it. You also need to be able to back up the vision with a story about how you're going to realise that future. What's the long-term development strategy; Where's the roadmap? Without that view my commitment will always be tempered by a concern that I'm backing a horse whose race is nearly run.



46% of vendors highlighted 'ease of doing business' as their top priority for 2012.

8. Ease of doing business

The final pillar of our compelling partner proposition is ease of doing business, which in a recent PartnerPath survey was identified by nearly 50% of vendors as their #1 partnering priority for 2012.

Ease of doing business is important in all sectors, but particularly so in mature, highly-competitive sectors, where product differentiation is limited and margins slim. The transaction costs associated with doing business become significant and can be the primary factor in resellers deciding who to work with.

This is where the operational aspects of your partner programme become key: the partner portals, online pricing tools, dedicated support teams and efficient provisioning processes. And it's not just about having this stuff; to attract new partners you need to convince them that you'll be easy to do business with before they've actually experienced it for themselves. You need to make the intangible real, so having the supporting documentation (i.e. the process maps, the SLAs, the partner programme brochure, the testimonials etc) becomes important to provide that evidence and reassurance.

An important point here is not to over-promise in terms of the support that you're able to provide. It's a self-defeating strategy. Typically to make money on any partner relationship and recoup your recruitment and set-up costs, you'll need to do multiple deals. Yet if you've got that partner on board on the strength of misrepresenting your capabilities the chances are you'll only ever see one deal from them. The first deal will also be the last, and once you've lost them you'll have a devil of a job trying to win them back. So while it's important to strive to make yourself easy to do business with, it's equally important to be honest about where you are today, as well as where you plan to be in 6 months, 12 months etc.

So that concludes the eight pillars of our compelling partner proposition. You may think that we're over-complicating things and that a partner proposition just needs to be kept to the basics. If so my question to you would be, which of the above elements do you think are unimportant to a prospective partner?

Or you may think that it's all so obvious that most partner propositions cover it all anyway. If that's the case I'd just ask how many of your current partner base are inactive or unprofitable. If you're one of the many organisations that have less than 50% of their partner base active, what's stopping them? There was obviously a level of interest there at some point or they wouldn't have signed up, so what box are you not ticking for those inactive partners?

To go back to a point I made at the outset, building a successful partner channel is not easy. It requires commitment, application, investment and initiative. However it's not rocket science either. The concerns that any potential partner will have are fairly predictable. By getting yourself into the minds of your partner, and taking a structured approach to building a proposition that is attractive to them, there's no reason why you can't build a compelling partner proposition too.



About the author

Phil Brown

Phil has more than 20 years sales, marketing and general management experience in the technology, telecoms and online sectors. His career includes launching a new, online business for a major telco, building a SaaS business from the ground up, closing multi-million pound sales, helping create a global partner programme for a leading software vendor and running a successful consulting company. As OneGTM's strategy and planning expert, Phil works with clients to ensure they have the right strategies in place to achieve their goals and effective plans to execute them.



About OneGTM

OneGTM specialises in helping B2B technology companies to deliver integrated go-to-market programmes that drive profitable growth. We have delivered successful results for a range of clients in the ICT sectors, including Symantec, Cable & Wireless Worldwide, Telstra, Sanyo, Tools Group, Admiralty and AboveNet.

Our end-to-end capabilities, from strategic planning through to market positioning and demand generation, help our clients succeed, by ensuring that all go-to-market activities are fully aligned and highly effective.

We have a particular focus on channel enablement. Our experienced team understand how channels operate and what they require to be successful. We can help define the frameworks, methodologies and programmes to ensure sales channels are fully engaged - and we can create the toolkits they need to deliver.

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What's in a proposition

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