



Winning business through the channel: **the need for change**

Why a new approach is needed to
succeed with today's business customer



Introduction

During the last decade, the way that business technology is bought and sold has changed dramatically. There have been significant shifts in the way that business customers make technology purchasing decisions. At the same time, the marketing tools available to suppliers have also evolved radically. The world of technology sales and marketing has moved on.

Yet the way many vendors and service providers support and engage their channel has not adapted to keep pace with these changes. Too many rely on approaches which worked well 10-15 years ago, but which are wholly unsuited to the new world in which we now operate. The result? Those companies are finding it increasingly difficult to deliver the performance they're seeking from their channel. And with the channel being such a critical part of the go-to-market mix for many vendors, this has potentially fatal consequences for those organisations.

Unfortunately many organisations will fail to understand why they're finding it increasingly difficult to drive sales until it is too late. One step removed from the end-customer, they're not recognising that the rules of the game have changed. They resemble the proverbial frog in the pan of gradually heated water; dimly aware that things are getting a bit uncomfortable but unable to quite put their finger on what's changed.

However the good news is that those vendors that do react swiftly to the changes underway stand to reap the benefits, giving themselves a distinct edge over their slower-moving competitors.

In this paper we look at:

- Why a different approach to winning business is required in today's B2B landscape
- The challenges facing channel partners as they seek to adapt to the new world order
- Why many vendors' efforts to support channel partners currently fall short
- The things vendors should do differently to help their channel partners succeed

Those vendors that do react swiftly to the changes that are underway stand to reap the benefits – and give themselves a distinct edge.



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The changing B2B customer

Fundamental changes in the way that B2B customers buy technology have significant implications if you seek to go to market through channel partners.

Numerous and simultaneous technological, social and economic transformations are leading to fundamental changes in the way that B2B customers buy technology. These developments have significant implications for all technology companies – but particularly those vendors seeking to go to market through channel partners.

There are several key factors driving change. The most important of these that you need to be aware of are:

- **Well-informed B2B buyers don't need suppliers to learn about products or technologies.**

Today's B2B buyers have easy access to a wealth of information via search engines and social forums, and are supported by sophisticated procurement departments and IT analysts – so your customers are increasingly able to identify potential solutions for themselves. They don't need to speak to salespeople to help them understand the features of different technology products, and they can form their own opinions about the merits of different approaches.

- **As a result, buyers are engaging with suppliers later in the decision-making cycle.**

A recent survey¹ of 1,400 B2B decision-makers found that, on average, customers completed nearly 60% of a purchase decision – researching solutions, ranking options, setting requirements, benchmarking pricing and so on – before even having a conversation with a supplier. That's a disaster for companies who have built their business around the solution-selling model and now find themselves with limited opportunity to influence customer thinking and demonstrate their value.

- **Traditional marketing techniques aren't working.**

Anybody who's tried to generate a healthy pipeline by blasting out emails or cold calling will know that traditional push-based marketing is increasingly ineffective. Bombarded from all angles by poorly targeted marketing messages, buyers are ruthlessly screening out anything that isn't deemed highly relevant to their own goals and challenges.

- **Prospects want perspective and insight – not a product pitch.**

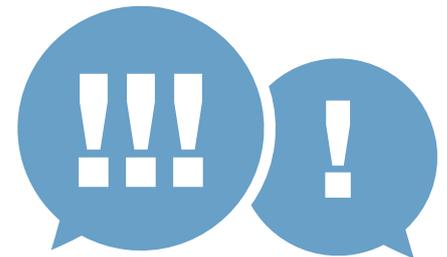
Senior execs are still willing to engage with providers, but they're looking for those who can bring to the table new ideas and interesting opinions. They want to hear from people who can challenge their thinking and highlight problems and opportunities that the customer may not even have identified themselves.

- **To be in the game, you need to be perceived as a thought leader.**

In a separate survey², when buyers were asked about the importance of thought leadership in creating their supplier shortlists, an impressive 88% said it was important or critical. In today's B2B environment, if you're not perceived as offering insight and leadership, you may not even get visibility of the deals you're missing out on.



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88% of buyers think thought leadership is important or critical in creating their supplier shortlists.

- **The buyer might not actually be who you think...**

In days gone by, the IT department was an effective gatekeeper to an organisation's technology spend. Maintain a good relationship with the IT department and you could be pretty sure you'd get visibility of new purchasing decisions. But now an increasing share of technology spend is driven outside of the IT department. Gartner has forecast that by 2017 the CMO will spend more on IT than the CIO. In order to connect with these new buyers, sales and marketing professionals need to be able to talk with confidence about the broader business issues that concern them, and not how great a particular piece of technology is.

The upshot is that a new approach to channel marketing is needed – one which is based more on demonstrating business insight and thought leadership, and less on technology expertise and whizzy product pitches.

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Channel partners are under pressure...

For many channel organisations, the approaches they've always used are simply no longer suited to the way end customers now plan and make their purchases.

These radical changes in buyer behaviour are creating significant challenges for the resellers, solution providers and specialist consultancies that make up a significant part of the IT channel. In many cases, the sales and marketing approaches that they've used for the last couple of decades are simply no longer suited to the way customers now plan and make their purchases.

Engaged far later in the buying cycle – after the customer has largely defined the solution themselves – these organisations are finding it increasingly difficult to influence customer thinking and differentiate themselves through their technical expertise.

As a result, many channel organisations are finding it hard to maintain sales volumes and margins. After all, as any good salesperson knows, if the first time you've spoken to a customer is after the RFP has landed on your desk, then your chances of winning that piece of business with a decent profit are pretty slim.

To gain access to senior decision-makers and influence their thinking in the early stages of the sales process, your channel partners need to be able to show that they can bring to the table relevant insights, ideas and opinions. And they need to be able to present those insights, ideas and opinions as a coherent, well-substantiated story – with clear takeaways for the customer, and well-defined next steps designed to lead the customer down the path towards deeper engagement.

Yet individual resellers often lack the resources and the access to insight that they need to build those compelling 'stories'. Not to mention actually delivering them in a way that will capture the interest of prospective customers.



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They're increasingly also finding that they lack many of the marketing skillsets required to succeed in today's B2B landscape. As traditional push-based marketing approaches (i.e. email, telemarketing) see diminishing returns, content-based marketing becomes ever more important for demand generation. However, being able to create relevant and interesting content which engages customers early in their buying cycle – around the business issues that matter to them – and then sustains that engagement throughout the entire buying journey, requires new thinking and new skills...

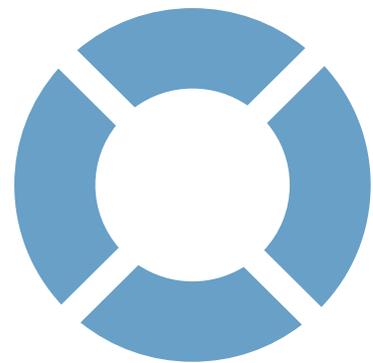
To compound the problem created by these changes in buyer behaviour, technology resellers are at the same time also having to respond to a number of other significant market shifts.

- Many customers are looking to rationalise their supplier relationships and reduce the number of providers they deal with. This in turn is forcing resellers and solution providers to expand the range of technologies they support.
- Customers are increasingly buying and consuming technology as a cloud-based or managed service. This means that resellers need to transition to new delivery models while maintaining existing revenue streams that still provide the bulk of their income. This has broad implications for skills, culture, processes, financing, etc.
- The technology landscape itself is constantly changing with new areas (e.g. mobility, data analytics) growing while others decline. Resellers face continual pressure to re-skill and re-focus to avoid being left behind.

In the face of all these pressures, there's no doubt that IT resellers are experiencing challenging times. They're having to manage significant change in several directions simultaneously, which in turn is placing huge strain on their operational capabilities, their management resources and their finances. Many are struggling to make the necessary changes themselves, particularly in the go-to-market area, where as we've identified, they may lack the expertise to even understand what changes are required.

The bottom line is that many partner organisations need help to adapt to all of these changes – and they're looking to vendors to provide that help.

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The bottom line is that many channel partners are struggling to generate opportunities – and they're looking for help from vendors.



Vendors need to step up to the plate

Many vendors are themselves struggling to understand the degree of change required – and the difference they can, and need to, make to partners' performance.

Vendors clearly have a strong vested interest in helping their channel partners to adapt to today's changed buying environment. After all, unless they do, those partners won't be successful in driving sales of the vendor's products and services.

However, many vendors are themselves struggling to understand the degree of change that is required and the implications for their channel management and channel marketing models.

As a result, there are a number of common issues that we see today in the way that vendors are supporting their channels. These include:

- **Excessive focus on products and technology.**

As we've identified, today's customers are increasingly looking for more than just a product pitch when they engage with suppliers. Yet many vendors still invest the majority of their channel marketing budget into tools and programmes designed to persuade partners – and partners' customers – why their products are the best on the planet in their particular category. However, for the reasons we've discussed, that's not giving your channel partners the insight or the tools they need to build the right types of customer engagements.

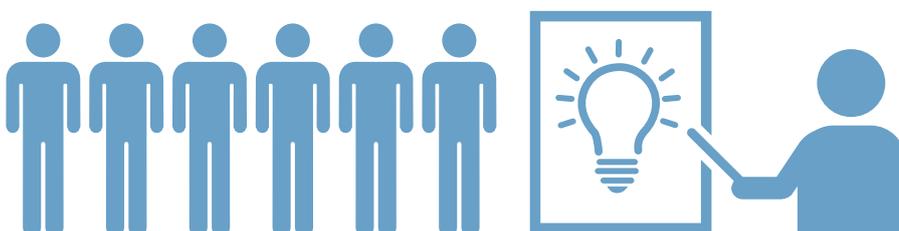
- **Lack of go-to-market guidance.**

In their position at the hub of a network of selling organisations, vendors should be ideally placed to offer guidance on the go-to-market approaches that are the most effective. They should also be well-equipped to share insights into the broader trends that are creating the market opportunity – because, presumably, they did a lot of this thinking when they decided to invest in the product in the first place. Yet many vendors, either through design or omission, do a pretty bad job of offering any useful guidance to their channel partners about how to generate significant demand.

- **Not delivering the tools and content partners need.**

As we've discussed, creating high-quality, insight-led content is vital for demand generation in today's B2B environment. But many channel partners lack the resources and skills to generate this content themselves. Basic economics suggests that it must be more efficient for a vendor to invest once in a piece of content (e.g. a research report, a viewpoint paper), which can then be re-purposed by multiple channel partners, than for every partner to do it themselves. Yet few vendors are creating good content that can easily be re-purposed by their partners.

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- **Lack of joined-up programmes.**

Even where vendors do have strong thought leadership programmes themselves, they often fail to engage their partners in those programmes – which means that channel partners aren't able to leverage the vendor's investment to help drive sales. It also means that if sales opportunities are generated on the back of some insightful thought leadership, the partner is poorly equipped to follow up and actually convert those leads.

Of course, as a vendor, you could look at these four key areas of concern and conclude that they're not actually that important. Perhaps you'll take the view that you should simply be focusing on building great products – and that it's your channel partner's role to work out how to sell them effectively. If that's the case, you can probably stop right here.

If, however, what you've seen so far has raised a few questions in your mind about how much of a 'partnership' you actually have with your channel, please read on...

Most of you will probably conclude that not stepping up and extending a helping hand is a high-risk strategy. You'll recognise that if you want to remain in control of your own destiny, it's important that you tackle these challenges head on – by providing the leadership and guidance that many of your channel partners are probably crying out for.



Many of your channel partners are probably crying out for a little leadership and guidance.

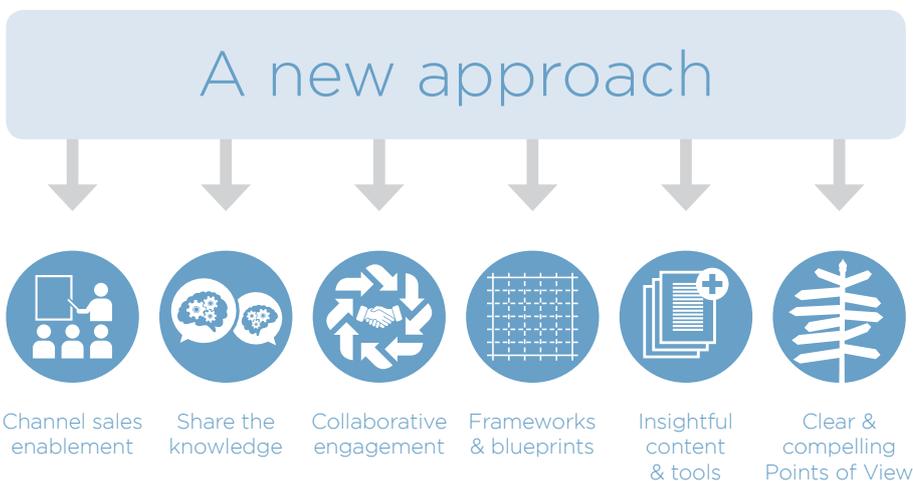
A new approach to channel marketing

Progressive vendors have a vital role to play in enabling their channel partners to succeed in the new selling environment.

As we've seen, if technology organisations are to succeed in selling to today's clued-up B2B buyer, a new approach is needed – one that's built on genuine collaboration between channel partner and vendor. Progressive vendors have a vital role to play in enabling their channel partners to succeed in this new and increasingly challenging selling environment.

To help channel partners deliver effective, insight-led go-to-market programmes, we've identified a number of areas that we believe vendors should be addressing as a matter of priority:

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Clear and compelling Points of View

To successfully engage senior decision-makers in the early stages of their buying journey, channel partners need to be able to offer some thought-provoking opinions, backed up by relevant insights. And vendors have an important role to play in supplying those ideas.

Having a clear and distinctive Point of View about the environment your customers operate in, the challenges and opportunities they face, and the actions they should be taking, is the first step in building an effective insight-led marketing programme.

Without a Point of View you can't hope to be perceived as a thought leader, which means that customers will have less interest in engaging with you or your channel partners, and it will prove more difficult for those partners to find and influence opportunities.

Your Point of View may be very focused and single-minded (e.g. Salesforce's 'no software' message in the early 2000s) or a more broad-ranging 'world view' (e.g. IBM's Smarter Planet programme). Whichever route you take, it's important that your Point of View is an idea or ethos that not only engages your customers, but something that your channel partners can easily get behind and articulate.

If your company already has a clearly defined Point of View for your market, you should build on it for all your through-channel activities, adapting it where necessary to be relevant to the work of your channel partners. If you don't have a Point of View today then you probably need to think about how you develop one.

If you'd like to read more about the role of the Point of View and how to develop it, just take a look at our 'From Thought Leadership To Revenue' guide.

Insightful content and tools

Vendors that want to develop effective sales channels and equip their partners for success will need to take a more active role in creating engaging and relevant content that can be re-used and re-purposed by channel partners. This content could take the form of research reports, viewpoint papers, infographics, seminar packages, videos, etc.

Creating a continual flow of good content that will engage a senior-level business audience takes time, effort and money. And many channel partners will lack the capability and the resources to do it themselves. In a similar vein, the decision to invest in a high-quality piece of research is likely to be difficult for an individual partner to justify.

So it's up to vendors to step up to the plate and do what it takes to create the right impression. After all, it's far easier to justify the costs if the benefits are spread across a whole channel. By investing in this type of content, you can add a huge amount of value to your partners – and your own business.

It's important that content assets are created in such a way that each partner can adapt them to reflect their own areas of focus and expertise. Few partners will want to use a piece of vendor content without adding their own messages, so consideration needs to be given to creating content that can be easily customised.

You should also ensure that the content you create for your channel partners to use is fully aligned with your own broader marketing activities. By taking this approach, you can not only maximise the impact of your investment but also help to ensure that your partners' marketing is, to an extent, 'locked in' to your own plans.



Without a clear Point of View, you have no hope of being perceived as a thought leader.



Opting to invest in content assets adds huge value to your partners – and to your own business.

Frameworks and blueprints

Giving someone the right parts doesn't necessarily mean that that person knows how to build a car. Likewise, giving your channel partners good content tools doesn't necessarily mean they'll know how to build a successful marketing programme.

Creating and executing an effective content-led marketing programme is more complex than simply sending out an email blast and hoping that somebody responds. Some partners are likely to struggle to understand how to convert their content-based activities into pipeline and sales.

To help partners transition to this new way of generating business, you should consider creating frameworks which your partners can then use to help develop their own go-to-market programmes and demand generation campaigns.

Depending on the capabilities and goals of each individual partner, you can either provide these blueprints to be followed exactly or simply used as a source of ideas to prompt fresh-thinking by your channel partners.

Some vendors are hesitant about taking this approach, concerned perhaps about being perceived as patronising, or maybe just lacking confidence in their own ideas. But in our experience many channel partners welcome this type of 'value-add' support, and are appreciative of the fact that rather than just create some tools and throw them over the fence, vendors have taken the time to think through how those tools could be used to generate demand.

Providing partners with campaign frameworks and guidance increases the likelihood that your investment in sales and marketing assets will actually generate a return.

Collaborative engagement

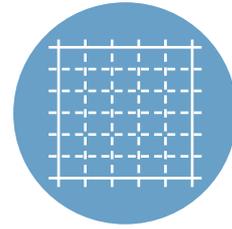
To ensure that channel partners are able to maximise the value of the tools and frameworks available to them, vendors need to re-think their engagement models. You have a vested interest in helping your partners build effective go-to-market plans, and the best plans will be those that leverage the combined knowledge, expertise, resources, relationships and assets of the vendor and the partner together.

This means that the creation of 'joint' plans needs to be more than just a form-filling exercise, where the partner completes the template before your Partner Account Manager gives it a cursory review to check that all of the boxes have been filled in.

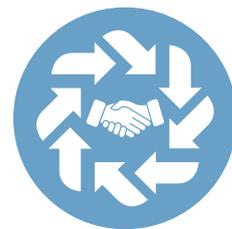
Building joint go-to-market plans should be a collaborative process, which draws on the insights, the ideas and the expertise of both parties. This means establishing the right process and fostering the right skills and behaviours amongst your Partner Account Managers.

For genuine engagement, you could consider investing in facilitated joint planning workshops for higher-value partners bringing together relevant stakeholders from both businesses. Such sessions offer multiple benefits:

- Enabling knowledge sharing in a highly concentrated and relevant way;
- Building a commitment to action among your partner's key stakeholders;
- Aligning your partner's go-to-market activities with your own plans and strategies;
- Ensuring that your partner fully understands how they can use the available tools and resources.



Consider how best to give each channel partner the support and guidance they specifically need.



Building go-to-market plans should be a collaborative process, which draws on the insights and expertise of both parties.

Share the knowledge

To build effective go-to-market programmes, partners can't rely solely on the tools provided by their vendors. They need to be able to develop their own go-to-market strategies, create their own content and effectively enable their own sales channels. And to do all of this, they need access to good-quality market insight – shared by you.

Most vendors are sitting on a wealth of potentially valuable insight – about their market, about relevant technology trends, about the challenges facing different customer groups, etc. Yet most do a pretty poor job of sharing that insight with their partners in a usable format, either because they don't recognise its value or they're just not organised to do it effectively.

Did you see The Channel Partnership's 'What Channels Need to Succeed' report in 2012? Within it, we revealed that 89% of partners felt that if vendors provided more insight regarding market trends and customer needs, it would have a positive impact on their sales performance.

Time for a re-think? As a vendor with a vested interest in enabling your channel partners, you should be reviewing the insight you have access to internally – whether from analyst reports, internal experts or primary research – and packaging it for use by your channel partners. That insight could be delivered in a variety of relevant ways: through sales playbooks, training webinars, regular market briefing papers or via periodic roadshows perhaps.

Ultimately, sharing – rather than jealously guarding – the knowledge you have should increase, not diminish, its value.

Channel sales enablement

There's no point generating sales opportunities with some great, insightful content if the salesperson who ultimately sits in front of the end customer doesn't understand the insights, can't articulate the point of view, and just wants to talk about product features.

So the final area that you need to review is channel sales enablement. Most sales enablement materials today are focused on equipping salespeople with knowledge about what a product does, how it's priced, why it's better than competitor offerings, and how to handle customer objections to buying it. Sales teams do still need all of that information, of course – but they also need more.

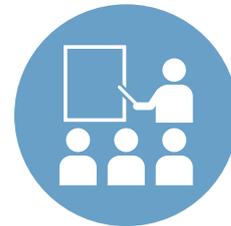
If you want salespeople to engage with customers outside of a procurement process – particularly if you want them to speak to the business contacts who influence technology purchasing decisions – then they need to be able to talk fluently about more than just products and technology.

You need to equip those salespeople to be able to share insights and opinions, talk about the implications for customers and then explain how technology can help the customer address their broader business challenges.

This switch from product features focus to broader business benefits isn't something that will happen overnight. It needs to be worked on, and rehearsed. But it's definitely worth doing. Because unless they can engage with customers around the business issues that concern them, your channel partners will struggle to convert interest into sales – and will continue to find themselves fighting on price for deals that someone else has helped to shape.



Sharing the knowledge you have access to should increase, not diminish, its overall value.



Sales teams need to be able to talk confidently about more than just products and technology.

Summary

Channel partners are wondering what went wrong. Vendors have significant cause for concern too. Channel marketing has moved on...

There's no denying that the way that business technology is bought and sold has changed dramatically in recent years. Tried-and-tested approaches that opened up and successfully converted sales opportunities in the past are no longer getting results. And when a promising dialogue does eventually spring to life, end customers are expecting so much more than a simple product pitch...

Channel organisations everywhere are wondering what went wrong – and when. How they could find themselves so off the pace? And what they can actually do about it?

Vendors have significant cause for concern too. After all, if business is increasingly tricky for their channel partners, the effects will swiftly find their way upstream as well.

Are the numerous radical and simultaneous changes that are occurring within channel marketing already starting to have an impact on your business? More importantly, what's your response right now?

Will you decide it's purely a channel partner problem, relentlessly focus on creating great products – and only later stop to scratch your head and wonder why this wonderful technology isn't actually selling? Well, best of luck. Because it will be far too late to salvage your business, its reputation or your own pride then...

Hopefully, you're a more progressive vendor and have already given it some serious thought – even if you're not quite sure what the ultimate answer is, or how to proceed from here on in.

Recognising that the rules of the game have changed is an important first step. Next comes understanding how you need to evolve. The good news is that if you do react swiftly to the changes that are underway within the market, you'll stand to reap the benefits. Not only will your business emerge stronger, with sales partners that are both engaged and effective, but you'll also be able to enjoy a distinct edge over slower-moving competitors.

Recognising that the rules of the game have changed is an important first step. Next comes understanding how you need to evolve.

References

¹The End of Solution Sales, Harvard Business Review, Aug 2012

²How Customers Choose, ITSMA Survey, 2012

About OneGTM

OneGTM was formed in 2010 by co-directors Phil Brown and Tim Hallac to address clients' needs for fully joined-up and better aligned go-to-market programmes.

Based in London, OneGTM has a core team of 10 people, providing a powerful combination of strategic planning, creative marketing, channel management and project delivery expertise.

OneGTM offers a comprehensive set of go-to-market services to help progressive B2B technology companies design and deliver integrated channel development and channel marketing programmes. We can help you to:

- **Define a winning go-to-market strategy**
- **Identify & attract the right partners**
- **Engage & enable channel partners**
- **Drive results & deliver effective ROI**

With end-to-end capabilities, we can provide solutions to ensure you achieve your goals - whatever stage of the channel lifecycle you're at. Whether it's setting up a new channel or increasing the effectiveness of your existing operation, our go-to-market expertise helps drive profitable growth for you.



The Directors



Phil Brown

Phil Brown has more than 20 years' B2B sales, marketing and general management

experience, primarily in the information, communications and technology (ICT) sectors. His career includes running high-performing enterprise sales and marketing teams, launching a new online business for a major telco, building a SaaS business from the ground up, and founding OneGTM, a successful B2B go-to-market company.

At OneGTM, Phil works with clients to ensure they have the right go-to-market strategies in place to achieve their goals and effective plans to execute them. Helping clients build and execute results-oriented thought leadership programmes is a particular area of focus.



Tim Hallac

Tim co-founded OneGTM because he recognised a need to have a seamless approach to strategy,

marketing and sales implementation. As a former client himself, he was frustrated that he had to get so many agencies involved to get a job done. What's more, this never worked, as the agencies often didn't like working with one another, ideas and strategies became lost in translation, and you always ended up paying more.

As MD of award-winning marketing agency Mabox, Tim has experience in almost every marketing discipline - from branding through to sales incentives. Known as OneGTM's marketing genius, he is responsible for marketing planning and coming up with new ideas on how to approach every client's problems.

If you'd like to discuss how OneGTM can help you evolve to stay one step ahead of the changes within channel marketing, contact us at:

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