

Channel Selling

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The indirect sales channel has emerged as a sales environment distinctly different from conventional business-to-business or business-to-consumer selling. This shifting focus is long overdue, especially in industries such as technology, where a high percentage of products are sold through distributor and reseller networks that require different approaches to selling and management.

At some point all selling becomes the same, but it's what happens upstream from the representative-to-customer interaction that tells an interesting story. For the manufacturer that sells products indirectly, the channel can look like a black box. The manufacturer might provide leads, market development funds, demos and discounts without being able to pin down a reliable forecast or to have a concrete notion of which marketing programs work.

Even more important, with so much manufacturing done off shore today, accurate forecasts are critical to supply chains and delivery schedules. It's not enough to know that some percentage of the forecast will reliably turn into revenue any more -- we need to know which products will generate that revenue.

The traditional channel is a Byzantine affair. Each player knows the players above and below, but no one has the big picture view of what's going on. That's because the traditional channel is dispersed, and individuals at every level jealously guard their leads lest some "friendly" competitor in the channel latch on and steal the deal.

Channel software

Software that helps to manage the channel sales process falls into several categories, and each has its own shortcomings. Many manufacturers have in-house systems that

do some of the tasks of channel management. Typically such systems have insufficient visibility downstream, but their universal shortcoming is that they are sponsored and managed by the manufacturer. The manufacturer can promise total security, but the channel partners will always be wary of putting their deal information into such a system.

Other solutions include traditional SFA and PRM (partner relationship management) systems. SFA has its place, but often it is not very good at the kind of multilevel roll-up that a channel organization might need.

Conventional PRM is good at handling the relationship between the manufacturer and the first level of distributors and resellers, for things like marketing programs and allocation of funds. But gathering up precise information about the disposition of leads and calculating metrics is an inexact science at best.

Channel metrics

Channel metrics can or should include such topics as average closure rate on raw leads, quantity and quality of leads generated, time to close, and, most importantly, time to first contact. More often than anyone wants to acknowledge, weeks will pass before someone makes the initial call on a lead. There are many reasons for this, but reps sometimes ignore a lead because it just doesn't look right -- perhaps it might not close this quarter, or the rep is unfamiliar with the requested product because it's new. Having some insight into whether and when leads get worked can do a lot to raise the confidence of the manufacturer and manage the lead flow. It can also validate the investment of marketing funds.

I have discovered at least one company, BlueRoads, that supports a novel approach

and makes the process palatable to manufacturers and their partners. In this approach, a partner receives an initial quantity of leads, but receiving more is dependent on reporting back on the disposition of the first batch. This provides the visibility manufacturers need.

To help the partners, BlueRoads hosts the channel management software, acting as an honest broker between the manufacturer and the channel. This tactic lets the partners register a deal without giving away the information that would make it possible for someone else to poach it. What makes it acceptable to both parties is that the application is hosted and managed by BlueRoads, a third party.

Web Necessary Applications

I have previously reported on a class of hosted applications that I refer to as "Web necessary" because they leverage the Internet in a way that delivers more value than if the Web were used as a simple transport mechanism. As you see here, one hallmark of Web-necessary applications -- beyond the bare fact of hosting -- is that they are collaborative.

The BlueRoads application offers more than I can mention here. My purpose is not to hype the company but to highlight the emerging need for applications that are hosted by necessity and design rather than simply as alternatives to traditional approaches. Part of the value delivered by BlueRoads is that it acts as a mediator within some very complex relationships. This example shows we are moving into a new phase of on-demand computing in which the benefits of hosting -- such as fast deployment and high availability -- are taken for granted and more important but less tangible factors, such as the one we have seen in this example, come into play.



About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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About Beagle Research Group

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