



A Whitepaper from the World's Leading PRM Specialists, RelayWare

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White Paper

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Finding the perfect partner

An indiscriminate approach to channel recruitment will no doubt attract a high volume of willing candidates but will they add anything to your bottom line?

In this article Mike Morgan, CEO RelayWare examines how vendors and the channel need to be more discerning when entering into relationships.

Unlike the famous, 80:20 rule in direct sales, it's estimated that approximately 95% of a vendor's channel revenue will come through 5% of its partnerships. That means that a high proportion of those other resellers may well be focussed on selling someone else's products.

So how does a vendor know when it's building its channel which partners will be the most successful and how does it avoid engaging partners who will be fail to support the business? Simple really, start applying traditional recruitment strategies to the channel.

Currently, most vendors use one of two approaches: reactive partner acceptance following inbound enquiries generated through PR for example; or proactive campaign-based enrolment against purchased contact lists and telemarketing. Both methods will undoubtedly fill up the channel pipeline but will those recruited partners merely be names on a database or will they be valued business partners?

Whilst most vendors embark on channel recruitment with the very best intentions, some even working to a formal selection criteria, they generally fail to undertake the necessary due diligence to find the businesses able to provide greatest revenue growth potential.

Channel recruitment is no different to personnel recruitment. Vendors must first define the goals and job role – what do you want the candidate to do for you once recruited? If you ask most vendors what

they want from a channel partner the answer will be simple – revenue. But that merely establishes the goal. In the context of channel recruitment, role definition requires an understanding of the geographic, horizontal, vertical and product markets to be targeted. Next, the profile attributes of a successful candidate – what skills, specialist knowledge and other qualities are typically possessed by other successful candidates? Finally, what compensation, benefits and rewards will be offered to entice the best candidates to apply? If these things are not clearly understood before embarking on a recruitment campaign it is likely that vendors will attract the wrong kind of partners, attract none at all or worse, repel those who have the potential to deliver the highest growth and profitability.

The greatest challenge and the most time consuming step is the definition of the most desirable profile attributes and benchmarking or 'scoring' your partner community against them in order to provide direction to your recruitment campaign. For this there is no quick fix, it requires the development of considerable channel intelligence. Curiously, most

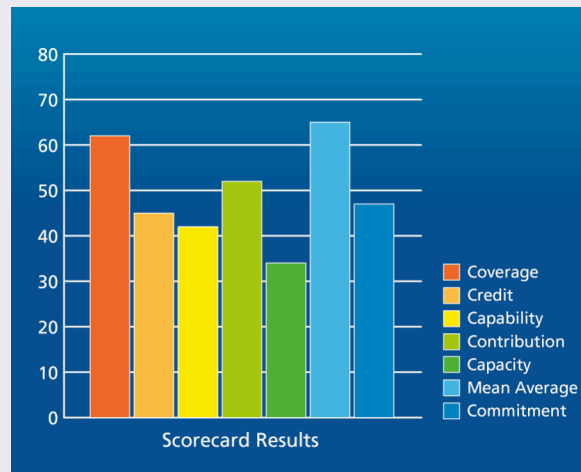
businesses will invest much resource into understanding competitors but few have a thorough picture of the channel. The painstaking task of intelligence gathering must be undertaken to identify which partners will be able to meet the brief.

The attributes to look for are the six C's of channel recruitment: coverage, capability, capacity, commitment, credit and contribution.

Coverage: As well as geographic reach vendors must know which horizontal and vertical markets the reseller is operating in, which audiences they target, the product portfolio they will be able to successfully manage and what market share they currently have.

Capability: This assessment is a little more subjective and requires deep investigation. What is the size of their sales force and how skilled are they? What proactive marketing do they undertake to attract new custom and how strong is their after-sales support?

Capacity: Here we need to understand their capacity for growth. Depending upon the partner type this factor may take into consideration human resources, infrastructure, locations, size of customer base, size of addressable markets or it may even take into consideration the volumes of inventory they are able to manage. Capacity is a key criterion because whether or not you expect to displace a competitor within the prospective partner's product portfolio, their capacity for growth is critical.

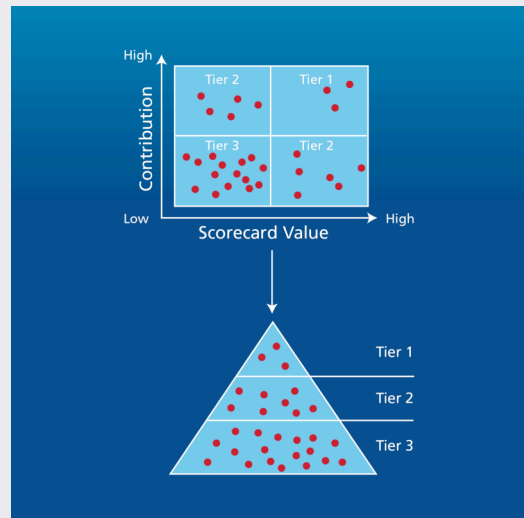


Commitment: While a partner's commitment to a vendor is often dependent on uniqueness of product, installed base, relationship and the level of support they receive, vendors may also assess current commitments by assessing the level of investment made by the partner into the relationship. Indicators are of course sales performance but also share of spend and number of competitive brands carried. From here vendors can identify how much effort will be required to convert loyalties or whether there is even room within the business for additional suppliers.

Credit: If your relationship is to be a transactional one then arguably the most important question of all relates to the solvency of the partner? Are they sufficiently credit-worthy to make partnering viable. This question is even more critical at present!

Contribution: This is often the only criteria used by vendors to measure a partners suitability or current value – the revenue and profit generated by them. This approach however only perpetuates the 95:5 rule and a partner's potential contribution as well as their actual contribution must be assessed.

Armed with this mixture of quantitative and qualitative information, vendors can create a balanced scorecard analysis. Attributes are scored, then weighted for importance. Then qualitative measures are mapped against quantitative to generate a balanced assessment of a partners suitability. In this way, businesses have a simple formula to identify which partners can provide the greatest revenue opportunities.



Now that the dream team has been identified the final stage is creating the right package to attract them – the partner programme. attract them – the partner programme.

Partner recruitment is not a one way relationship dictated by the vendor, quality partners – like quality personnel – will be in high demand. Vendors must create an attractive proposition with both compelling financial remuneration and support that matches the contribution and growth potential of each partner. With deep understanding of each partners' strengths, bespoke (or at least tailored) support packages can be created to ensure that they are willing and able to become the perfect partner.

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