

OPTIMIZING CHANNEL ALIGNMENT

A program to develop collaborative advantage

8-Week Program (Aug 14 – Oct 2, 2023)

Aug 14	Aug 21	Aug 28	Sep 05	Sep 11	Sep 18	Sep 25	Oct 2
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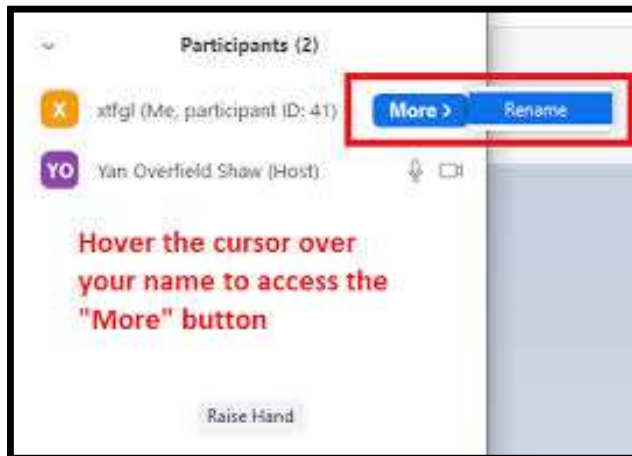


Leading the
Channel Forward®

ACTvantage

Zoom Platform Instructions

- Please Add Team # to your name, by clicking 'Rename' option
- **Example**
 - J Doe [Team 1]



First Name	Last Name	Team #	Company
Josh	Pinkard	Team 1	Martin Supply Inc.
Peter	Vagnoni	Team 1	Line Drive
Jessica	Mendez	Team 1	Norton Saint-Gobain
Cory	Kizielewicz	Team 1	SBD
Hannah	Shaw	Team 1	SBD
Hector	Flores	Team 2	US Tool Group
Jake	Bowen	Team 2	Line Drive
Hunter	DeFrees	Team 2	Norton Saint-Gobain
Jason	Motta	Team 2	SBD
Jacob	Puleo	Team 2	Kennametal
Caroline	Harris	Team 3	Vallen
Matt	Coovert	Team 3	Norton Saint-Gobain
Darryl	Woods	Team 3	SBD
Sergio	Escalona	Team 3	Kennametal
Bill	McElhaney	Team 3	Cutler Industrial Sales
Fernando	Segovai	Team 4	Durrie Sales Company
Anja	Taylor	Team 4	ARCH Cutting Tools
Marc	Jamrose	Team 4	SBD
Sam	Stancato	Team 4	Kennametal
Will	Barrett	Team 4	3M
Tristan	Moncier	Team 5	SBD
Taelor	Simmons	Team 5	SBD
Eric	Kenney	Team 5	Kennametal
Cynthia	Gabriele	Team 5	Netplus



Optimizing Channel Alignment Certification in 8 Weeks

Program Overview

ISA Channel 2.0 Framework

Channel Alignment Framework – Research

Program Overview & Course Approach

Channel Goals

Supplier Perspective

Assess your current channel goal-setting process

Translate firm-level financial goals to channel goals

Identify critical success factors for achieving channel goals

Channel Growth

Distributor Perspective

Learn to diagnose distributor growth challenges

Comprehend the key elements of the generating growth framework

Learn about nine growth strategies used by distributors

Channel Focus

Learn to identify the right channel partners.

Assess existing channel partner performance.

Leverage purchase order data for channel relationship.

Channel Compensation

Understand the trade-offs in channel compensation focus.

Learn about channel compensation comprehensively using 11 forms of capital

Measure the effectiveness of channel compensation elements.

Channel Alignment

Assess your current channel alignment process.

Connect channel stakeholders' interest to create channel alignment.

Apply the channel alignment framework as a channel relationship tool.

Understand how to quantitatively measure channel alignment.

Channel Evolution

Understand the implementation factors for channel management processes.

Learn four phases of implementing channel performance analytics.

Real-World Example.

Roadmap: A Plan of Action

Learn to adapt to channel forces.

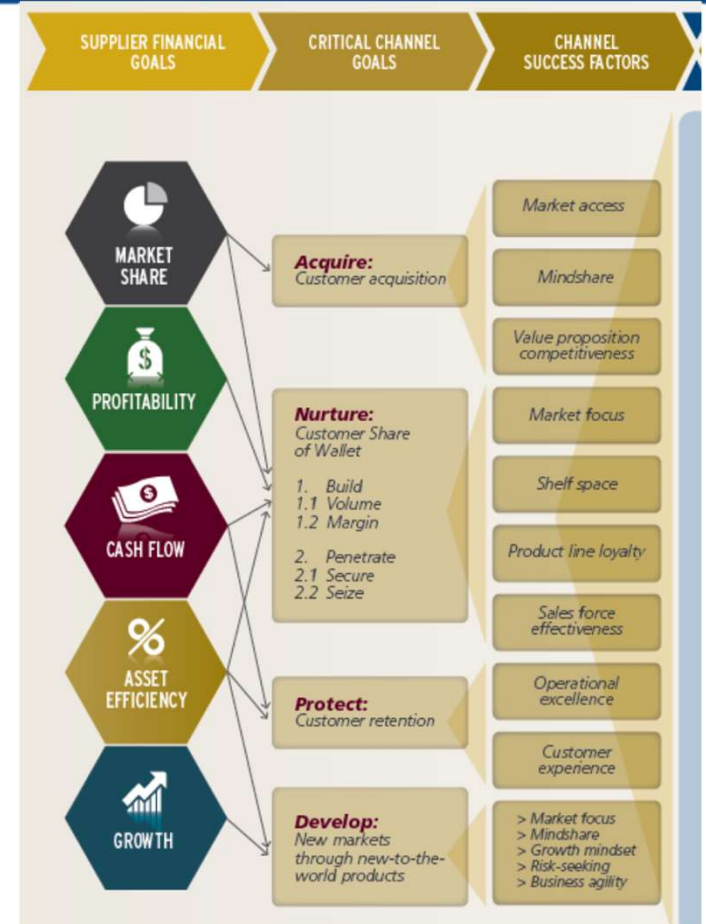
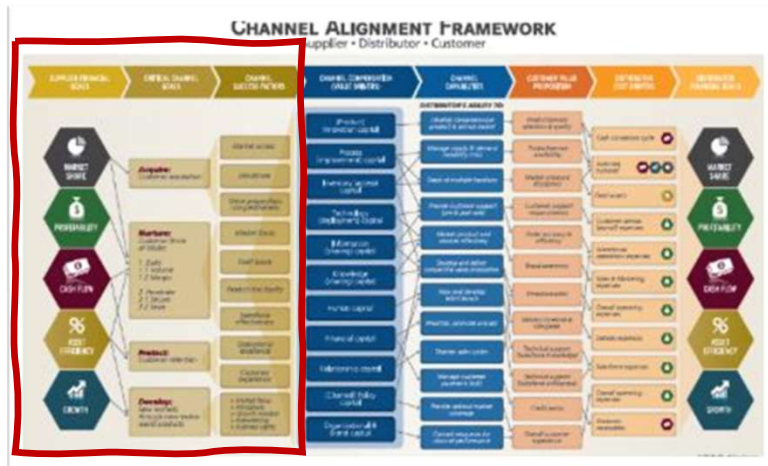
Comprehend the five principles of channel advantage.

The Roadmap: How to apply this at your company

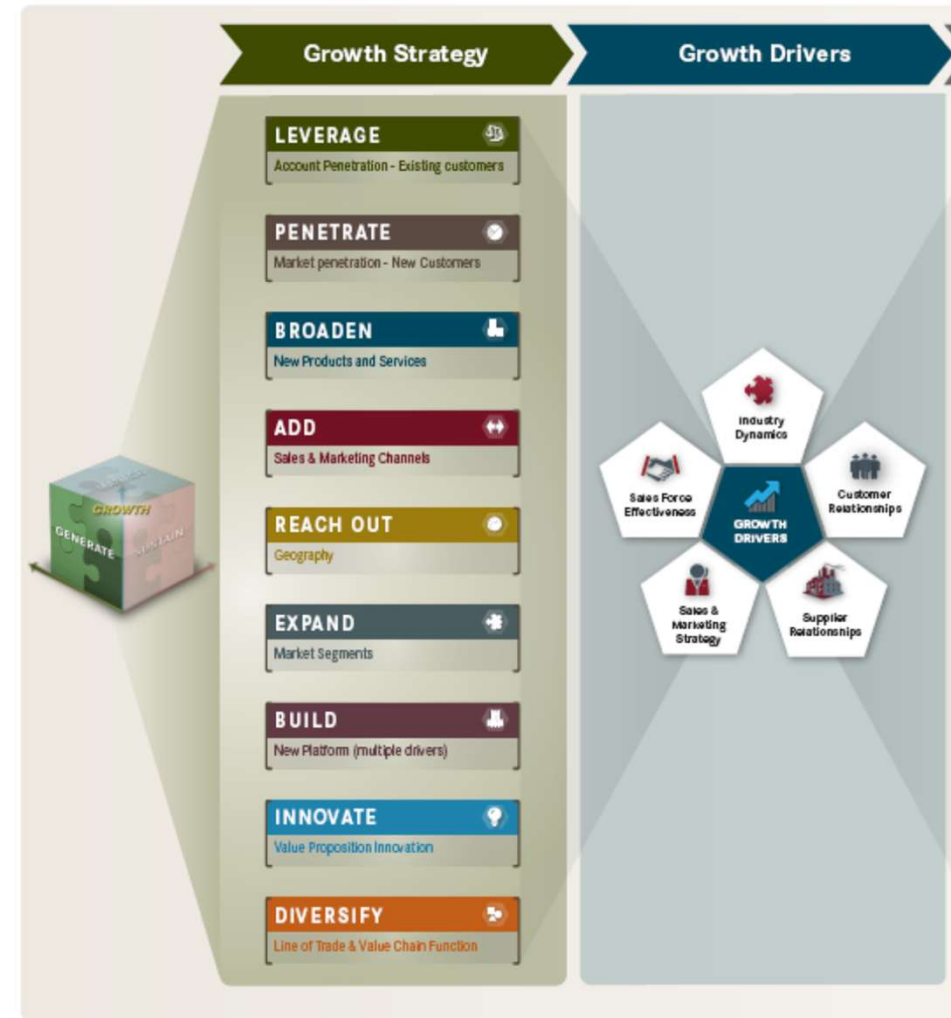
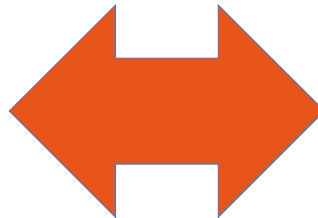
8 Weeks, 75 Minutes Each Week.



Connecting Financial and Channel Goals to Channel Success Factors



CHANNEL GROWTH: ALIGNING SUPPLIER AND DISTRIBUTOR PERSPECTIVES





Channel Partner Performance Assessment:

Good to Great

Anecdotal

- Subjective
- Selective memory
- Recent incident



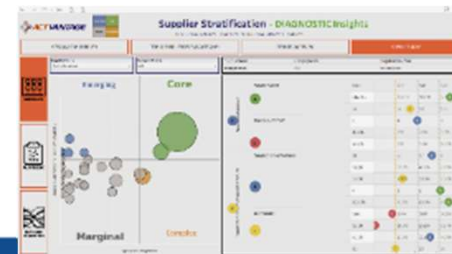
Partner Scorecard

- Pros:
 - Quantitative & Descriptive [WHAT]
- Cons: **Lacks**
 1. comparative assessment
 2. prescriptive guidance (goals)
 3. follow-through



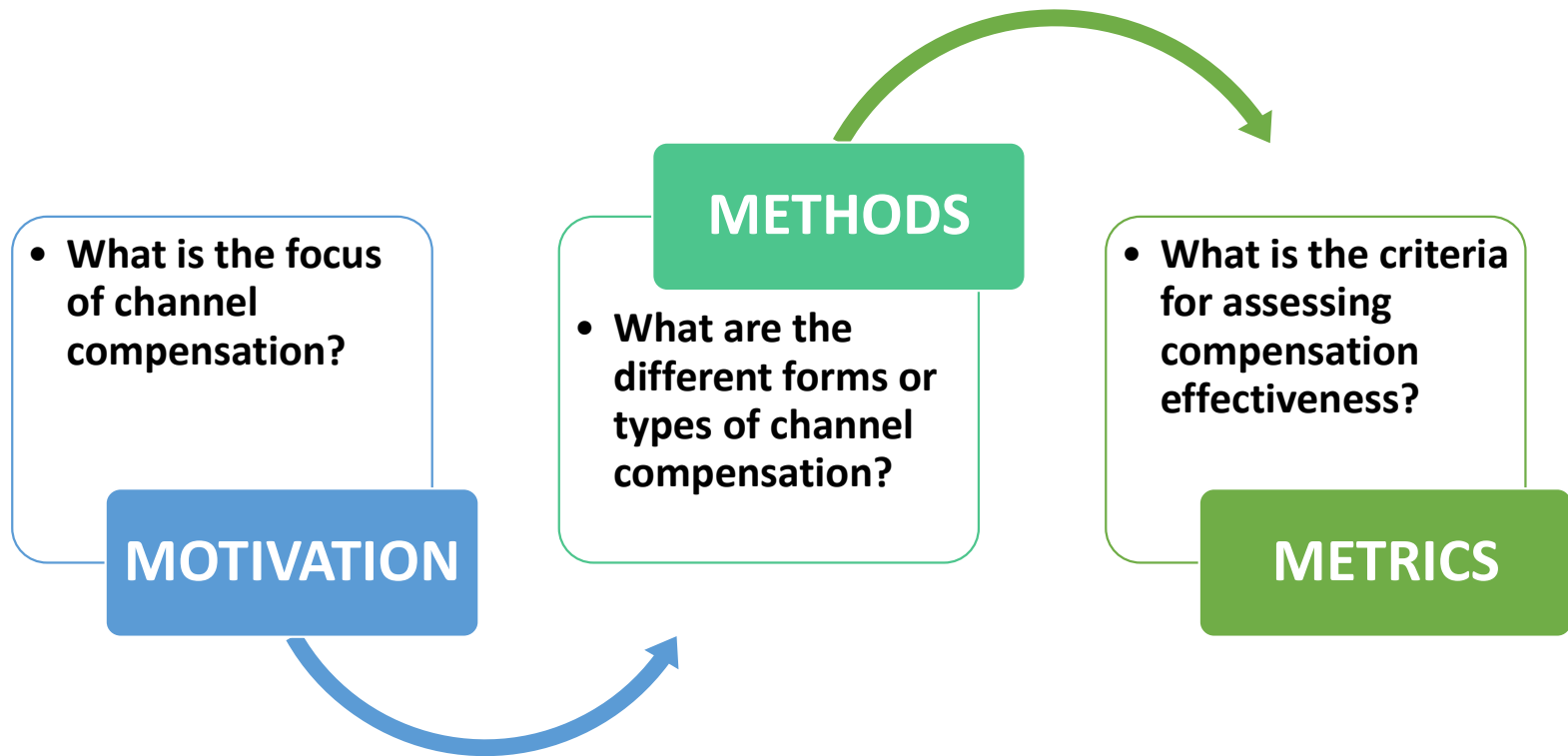
Supplier or Distributor Stratification

- Comprehensive
 - 4 Dimensions
- Diagnostic [WHY]
- Provides benchmark
- Comparative ranking
- Tracks performance over time



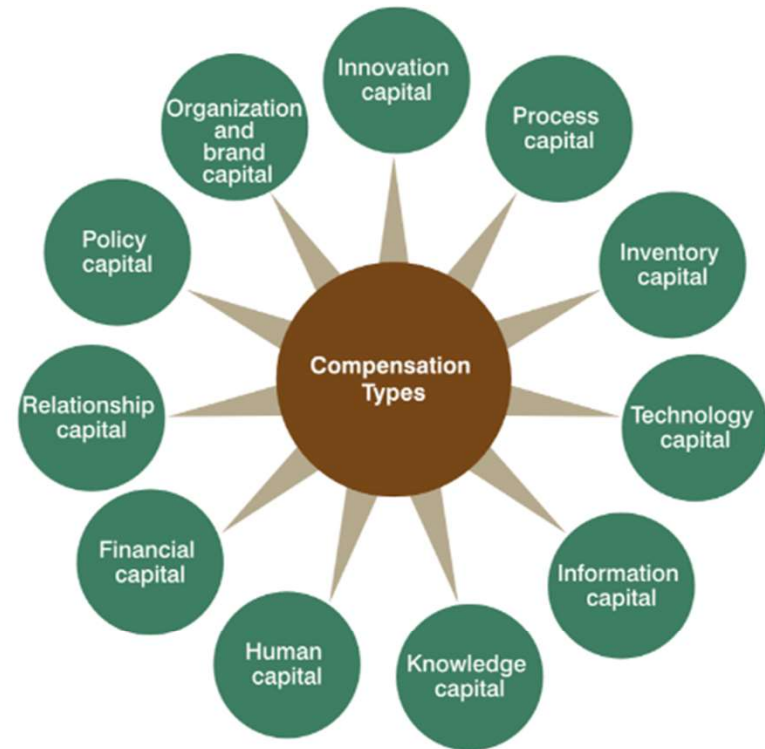
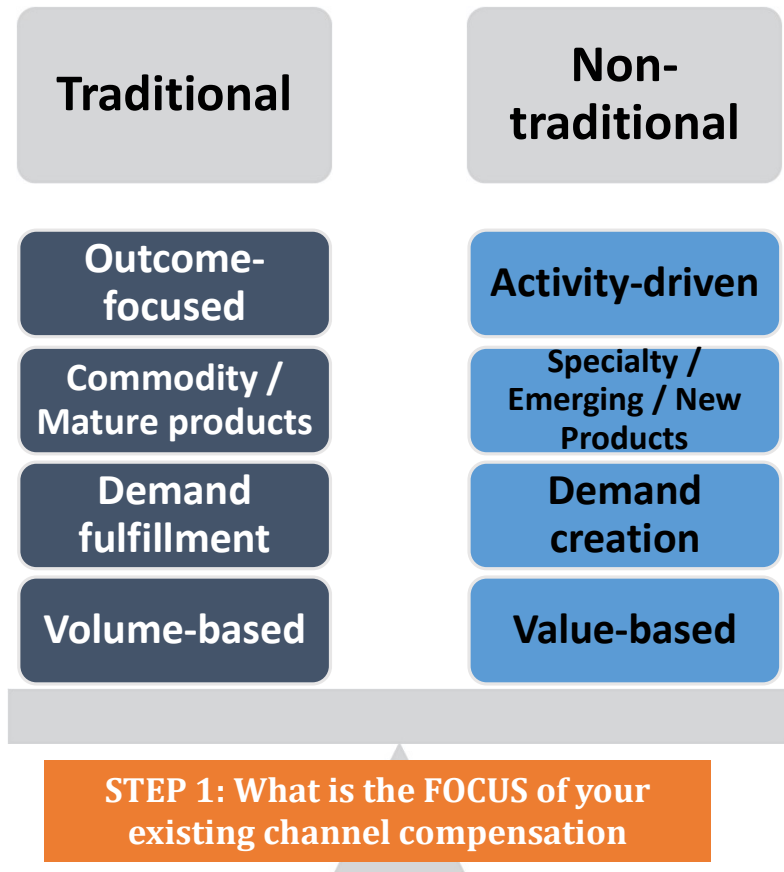


Channel Compensation: 3 Steps





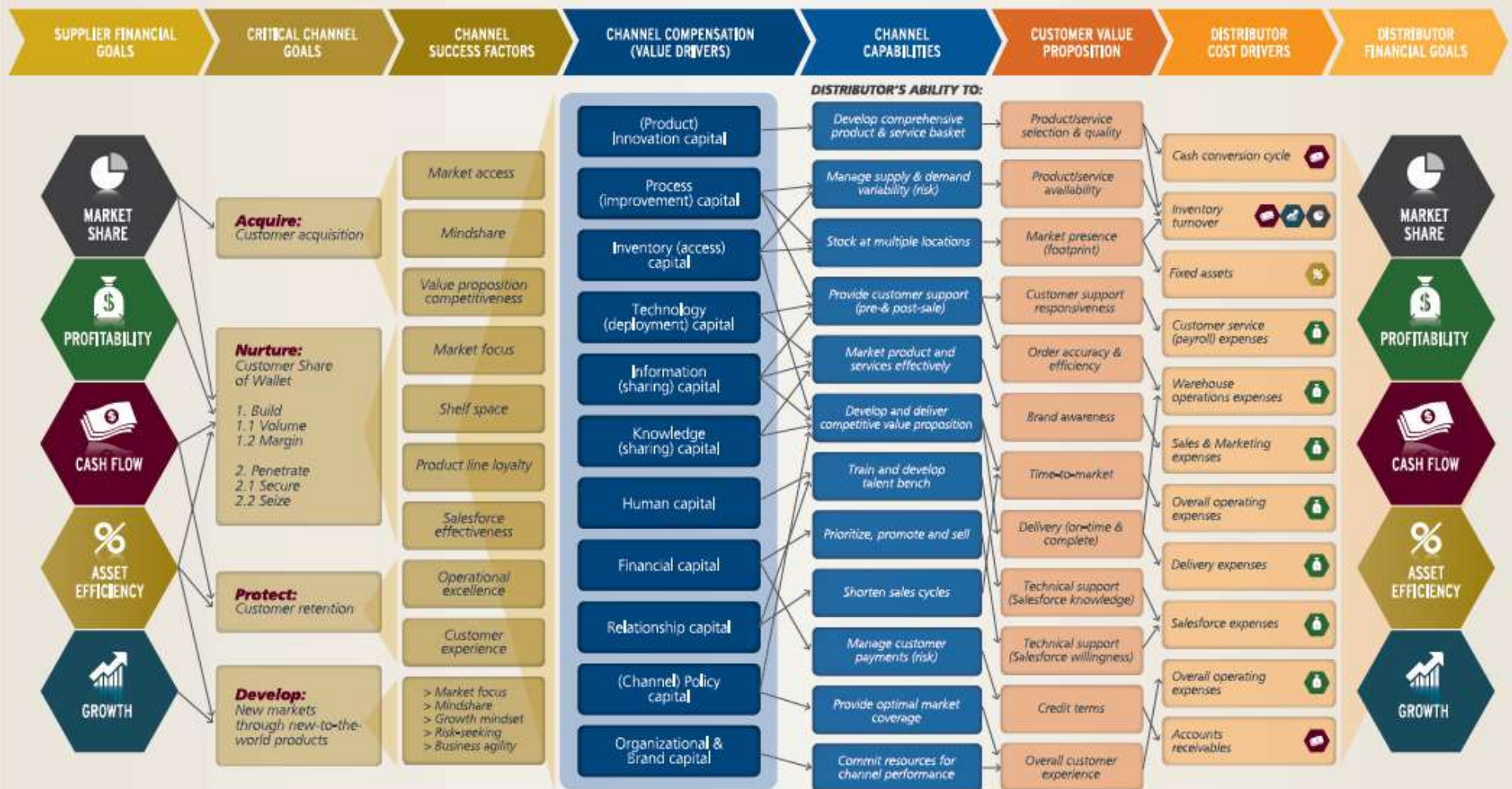
Key Takeaways



STEP 2: Are you BALANCING channel comp across 11 capitals or overusing a few? Are you customizing channel comp based on channel partner performance?

CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer





Channel Management – Processes and Implementation Factors

Channel Management Processes	Human Capital	Process Capital	Data Capital	Organization Capital
Determine Channel Goals	<ul style="list-style-type: none">• Resources• Roles and responsibilities• Accountability	<ul style="list-style-type: none">• Framework• Process• Methodology• Process owner• Collaboration	<ul style="list-style-type: none">• Data requirements• Definitions and assumptions• Analytics	<ul style="list-style-type: none">• Top management commitment• Change management• Learning and development• Culture
Decide Channel Focus				
Design Channel Compensation				
Manage Channel Alignment				



Discussion: Group activity – 10 minutes

Having learned about FOUR implementation components and its applications,

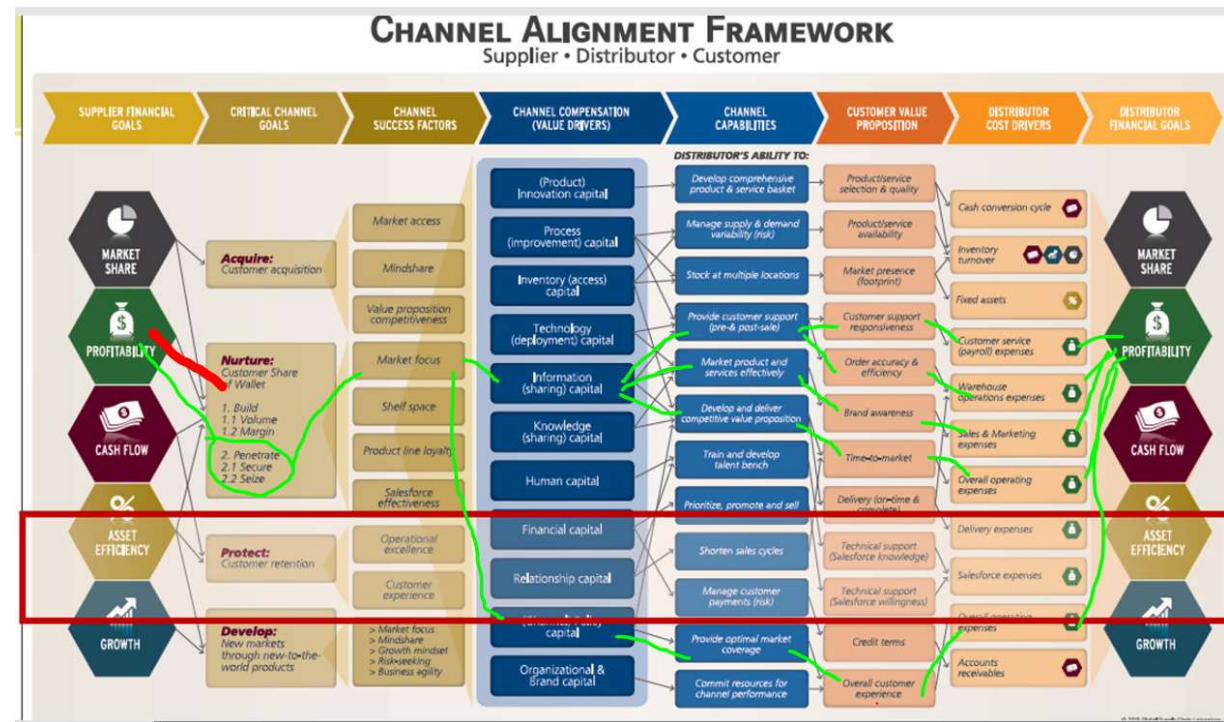
- 1) Share the channel-related best practice project and its outcome to your team. Link the contributing factors to four capitals.
- 2) What improvements will you recommend to your firm's existing practice of channel project implementation approach?

Each group is required to summarize the responses when we come back.



TEAM 1

- **Our Challenge:**
- “Current equity of compensation is too low because of dilution of the category. This creates conflict of dissatisfaction of the manufacturing group from the distribution level and this can be resolved by reduction of suppliers to insure maximization of equity for the partnership or exclusivity for a time frame to evaluate performance.”
- **Our two compensation capitals to resolve conflict:**
- **Info Sharing:** Assuming our larger partners are better positioned to act on Info Sharing (they have more advanced analytics and quantitative decision-making processes), we can offer Info Sharing Capital as a tool that they will gain more value from than their smaller competitors.
- **Channel Policy:** To address the root cause, though, we can invite our largest partners into our Channel Policy discussions to make sure we align on goals. (As Bill Ward said, we might not be ready to go the same exclusivity route as Exxon Mobile, but we may be too far in the other direction with an over-saturated distributor marketplace.)
- **Diagram:**
- (Follow the green lines. Ignore the red box.)



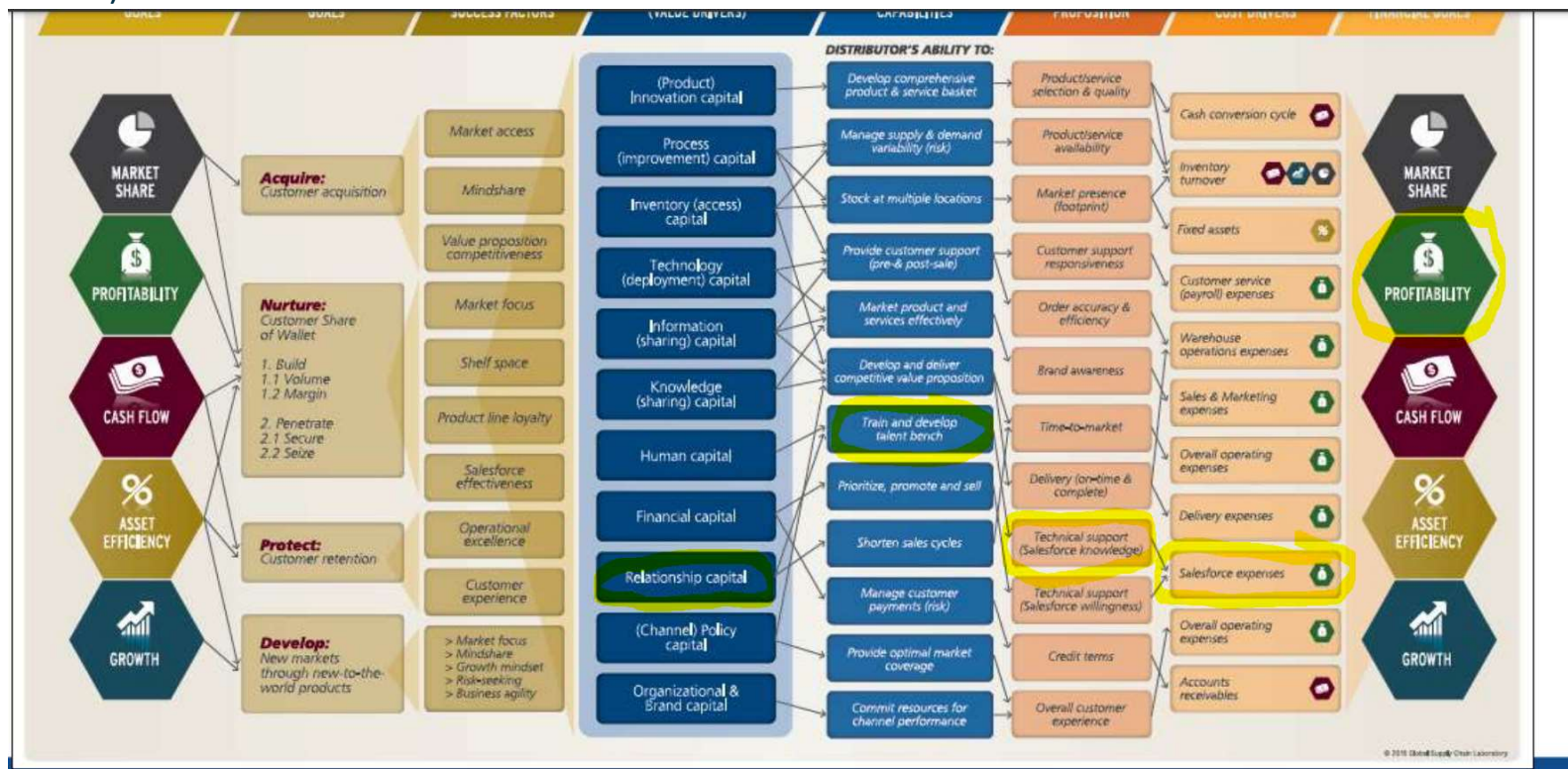


TEAM 2



TEAM 3

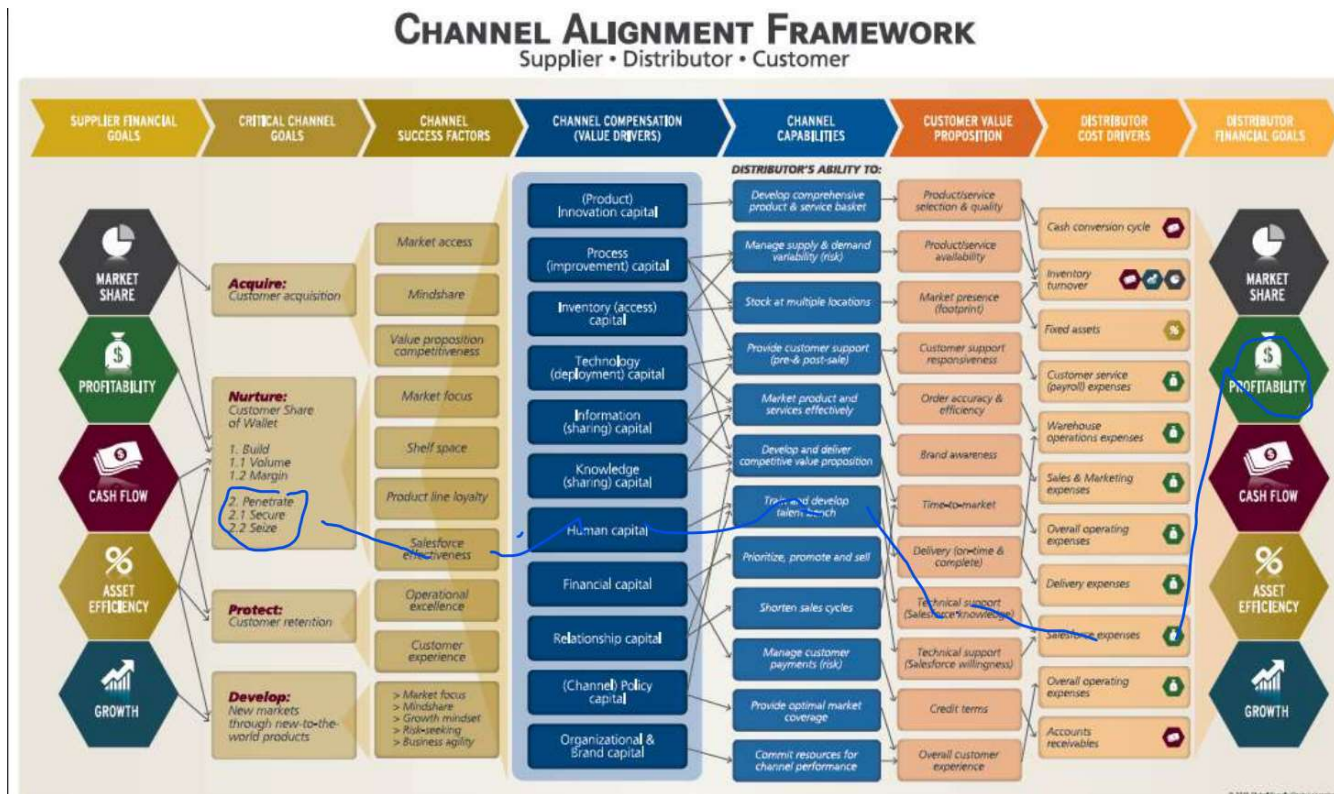
- We chose relationship/ loyalty as our conflict and below you will see the path we took (highlighted in the chart) – we are recommending to offer more robust training programs for the sales team (personalized to their needs).





TEAM 4

- Per our team discussion, we used Human Capital as our conflict and drew our path through the model. Although easier said than done it provides meaningful steps to achieve this outcome.





TEAM 5



Learning Objectives – Week 8

Adapt to Channel Forces

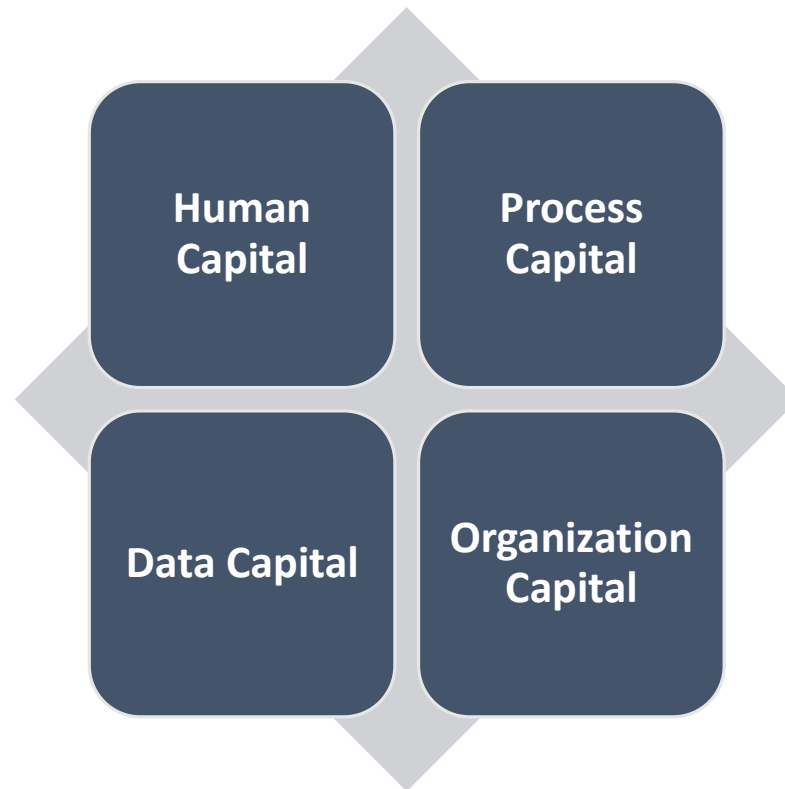
- Understand the implementation factors for channel management processes
- Learn four phases of implementing channel performance analytics

Roadmap: A Plan of Action

- Why Adapt?
- 5 Principles of Channel Advantage
- Action Roadmap



Channel Management – Implementation Ingredients





Channel Management – Processes and Implementation Factors

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Decide Channel Focus				
Design Channel Compensation				
Manage Channel Alignment				



Channel Mindset

Top management orientation towards channel relationship



Channel mindset (as-is)

- Undesirable but must be accepted
- Sunk cost or dead expense
- Subjective complaint list
- Short-term fixes



Channel mindset (to-be)

- Focused partners for competitive advantage
- Investment for collaborative advantage
- Objective performance analytics
- Balanced solutions



Discussion: Group activity – 10 minutes

Having learned about FOUR implementation components and its applications,

1) Share the channel-related best practice project and its outcome to your team. Link the contributing factors to four capitals.

2) What improvements will you recommend to your firm's existing practice of channel project implementation approach?

Channel Management Processes	Human Capital	Process Capital	Data Capital	Organization Capital
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Decide Channel Focus				
Design Channel Compensation				
Manage Channel Alignment				

Why adapt to channel forces?





The importance of key criteria used when evaluating suppliers by Distributors

	2022	2023
Quality	79%	86%
On-Time Delivery	56%	71%
Service/Support	46%	56%
Price	57%	47%

Source: ID Annual Survey of Distributor Operations



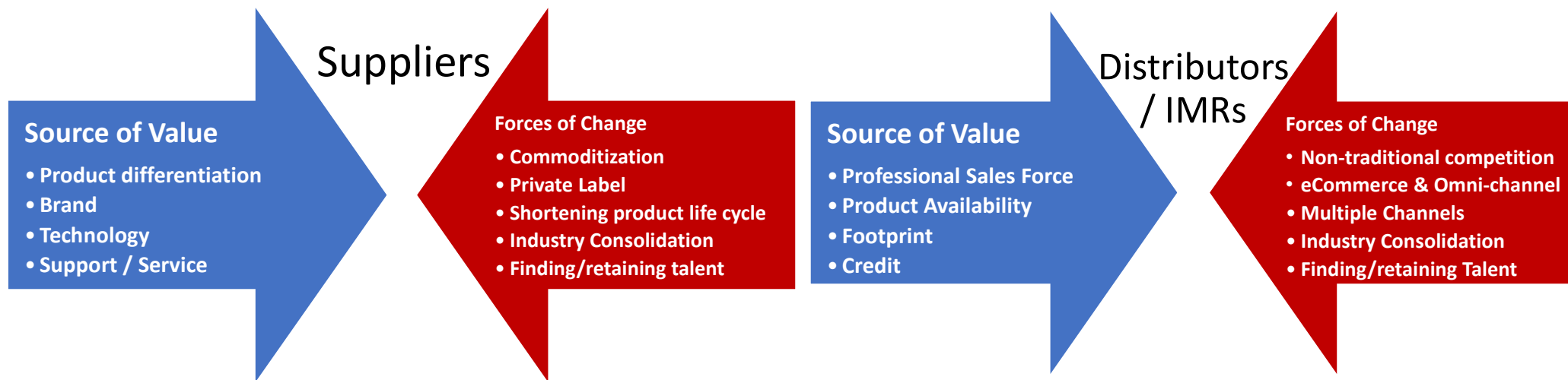
The state of mfr-dist relationship in the industrial channel

The relationships with key suppliers	2021	2022	2023
Gotten worse	38%	22%	14%
Getting better		19%	25%
Stayed the same		59%	62%

Source: ID Annual Survey of Distributor Operations

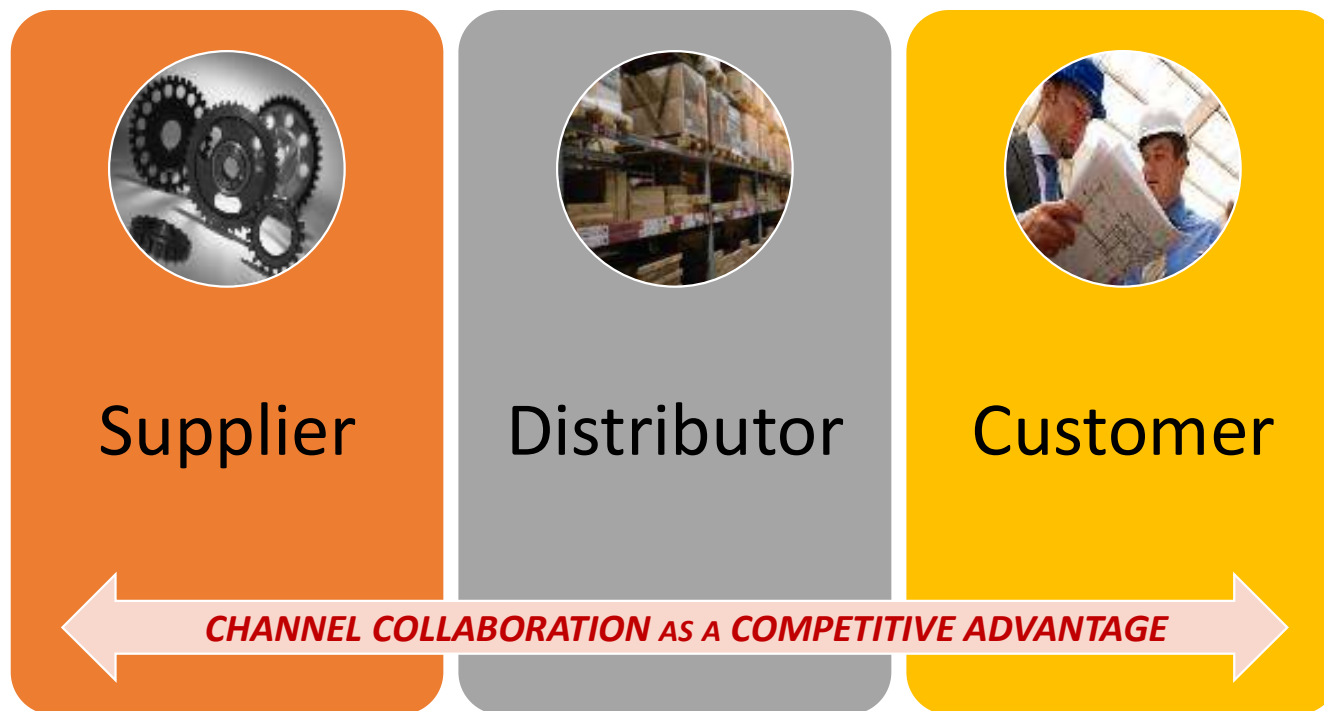


Why Adapt? Eroding Traditional Sources of Value & Competitive Advantages



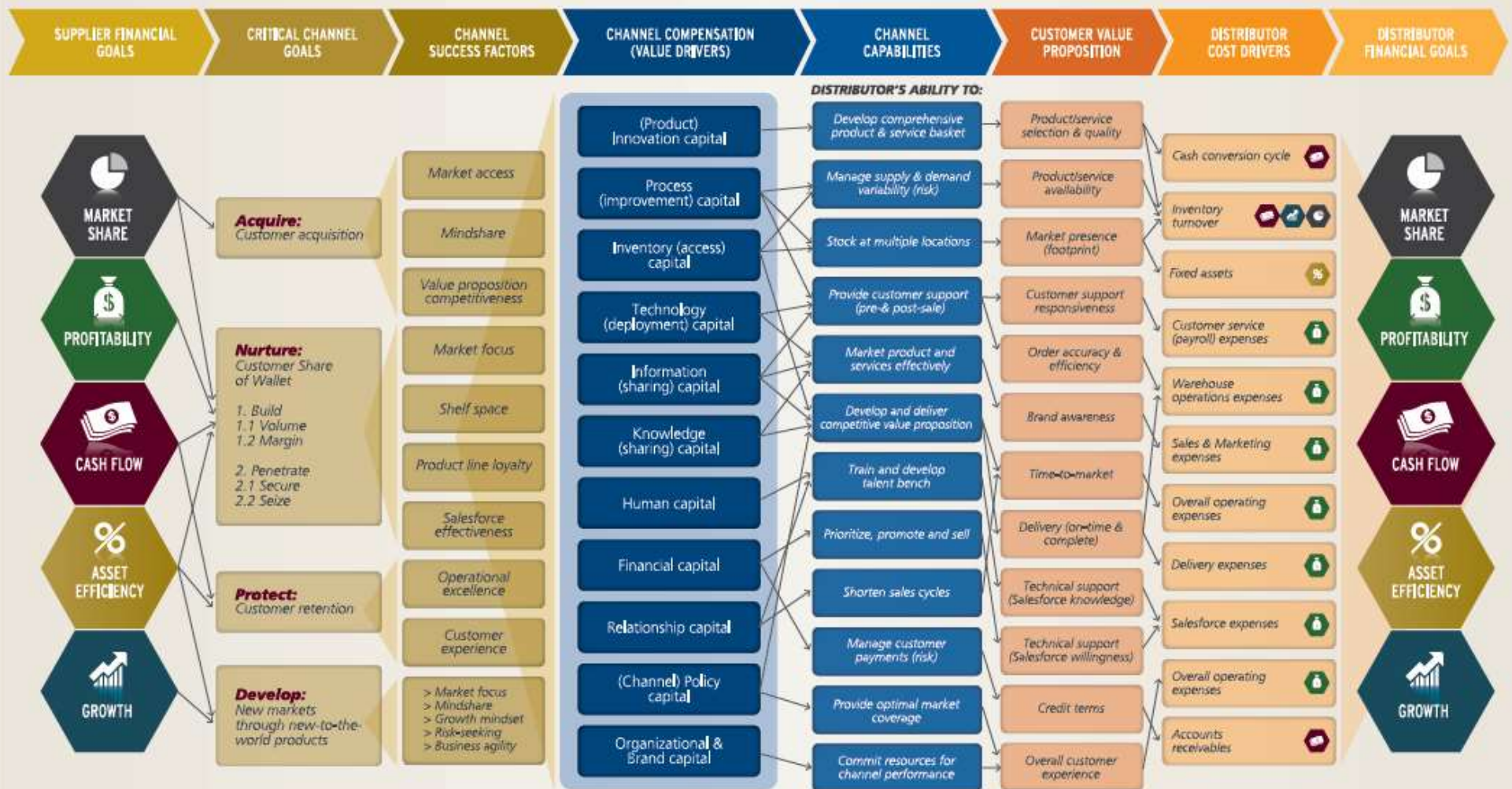
Remaining front of competitive advantage

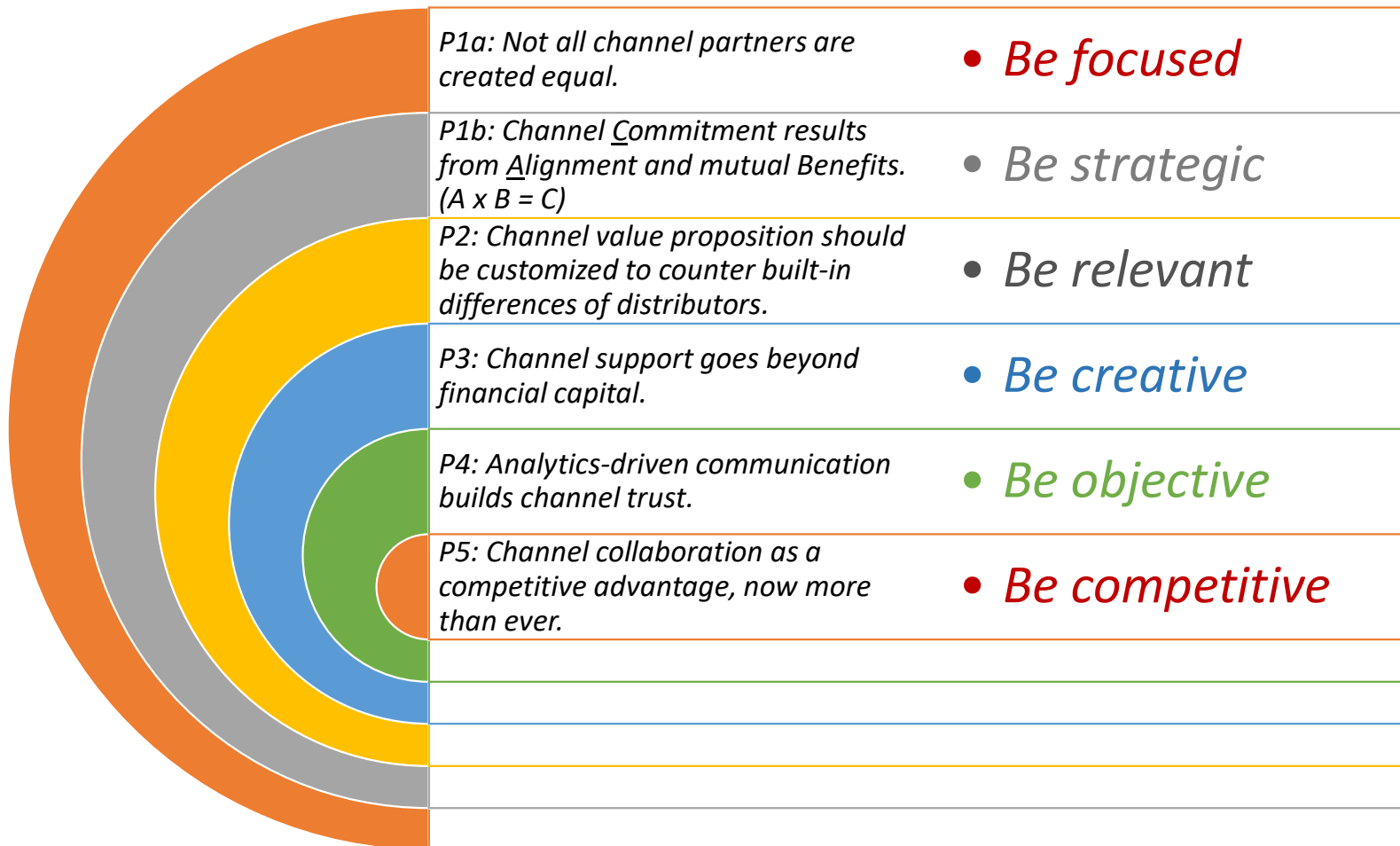
- Channel relationship / collaboration



CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer





5 PRINCIPLES OF CHANNEL MANAGEMENT



Workshop Feedback



Virtual Group Picture

Please switch “ON” your video




Discussion: Group activity – 10 minutes

Identify at least TWO best practices/recommendations you plan to implement/provide in the next 3-6 months

based on **Channel Alignment Framework and other best practices (such as supplier/distributor/customer stratification)** discussed in the course.

Each group is required to summarize the responses when we come back.



The journey of
a thousand
miles **begins**
with one step

Lao Tzu

Next Step

Contact us to
schedule your
**company-specific
one-on-one meeting**
to discuss your
roadmap and
company-specific
questions.



Contact Information



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