OPTIMIZING CHANNEL ALIGNMENT

A program to develop collaborative advantage

8-Week Program	Aua 14 – Oct	2. 2023)

Aug	Aug	Aug 28	Sep	Sep	Sep	Sep	0ct
14	21	28	05	11	18	25	2







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 firmlevel 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

CHANNEL ALIGNMENT FRAMEWORK Supplier • Distributor • Customer CRETECAL CHANNEL CHANNEL COMPENSATION SUPPLIER FINANCIAL CHANNEL CHANNEL **CUSTOMER VALUE SUCCESS FACTORS** (VALUE DRIVERS) PROPOSITION COST DRIVERS GOALS CAPABILITIES DISTRIBUTOR'S ABILITY TO: Develop comprehensive Product/service (Product) product & service basket selection & quality Innovation capital Cash conversion cycle 💍 Market access Manage supply & demand variability (risk) Product/service Process avallability (improvement) capital Inventory 000 MARKET MARKET Acquire: turnover SHARE SHARE Mindshare Customer acquisition Market presence Stock at multiple locations Inventory (access) (footprint) capital Fored assets Value proposition Provide customer support (pre-& post-sale) Customer support competitiveness \$ \$ Technology (deployment) capital responsiveness Customer service 0 PROFITABILITY PROFITABILITY (payroll) expenses Market focus Nurture: Market product and services effectively Order accuracy & Customer Share efficiency nformation of Wallet Warehouse (sharing) capital operations expenses 0 0 1. Build Shelf space Develop and deliver Brand awareness 1.1 Volume competitive value proposition Knowledge 1.2 Margin Sales & Marketing 0 (sharing) capital expenses **CASH FLOW CASH FLOW** Product line loyalty Train and develop talent bench 2. Penetrate Time-to-market 2.1 Secure 2.2 Seize 0 Human capital Overall operating expenses Salesforce Delivery (on-time & % effectiveness % Prioritize, promote and sell complete) 0 Financial capital Delivery expenses ASSET ASSET Operational Technical support **EFFICIENCY** excellence **EFFICIENCY**

Relationship capital

(Channel) Policy capital

Organizational & Brand capital

Shorten sales cycles

Manage customer

payments (risk)

Provide optimal market

coverage

Commit resources for

channel performance

(Salesforce knowledge)

Technical support

(Salesforce willingness)

Credit terms

Overall customer

experience

0

0

O

GROWTH

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Salesforce expenses

Overall operating

expenses

Accounts

receivables

Protect:

Develop:

New markets

world products

through new-to-the-

4

GROWTH

Customer retention

Customer

experience

> Market focus

> Growth mindset

> Mindshare

> Risk-seeking

> Business agility

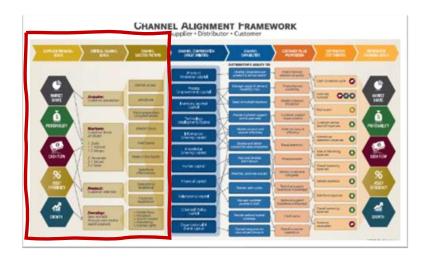


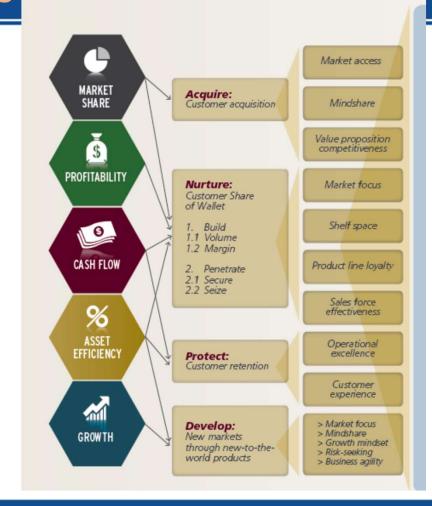
Connecting Financial and Channel Goals to Channel Success Factors

SUPPLIER FINANCIAL

CRITICAL CHANNEL

CHANNEL SUCCESS FACTORS

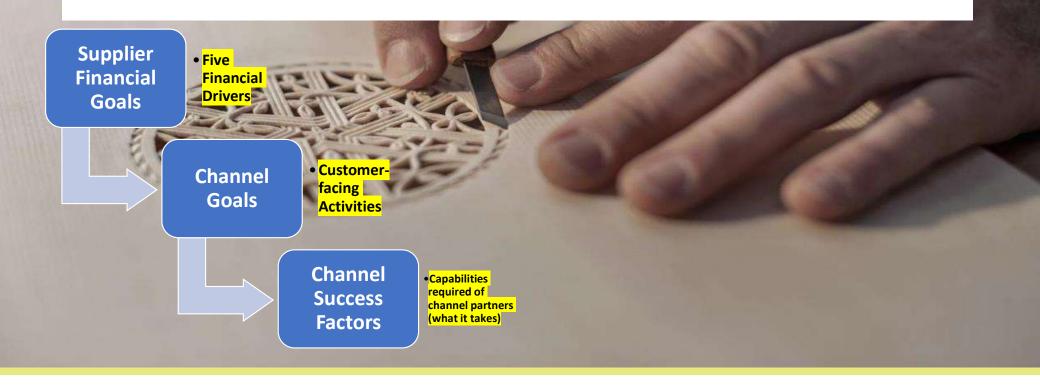




Discussion: Group activity – 10 minutes

- 1. What is your current channel goal-setting process? What recommendations would you make to your current goal-setting process based on the 3-step best practice discussed?
- 2. What are the Channel Success Factors [CSF] required for your firm to achieve your financial and channel goals?

Each group is required to summarize and send their responses.

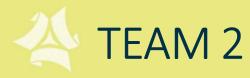




1) Current Goal Setting Processing? What recommendations would you make with the 3 step best practice discussed?

Recommendation: Analysis of current data and having agreement upfront with a sign off.

- 2) Channel Success Factors Required for your firm to achieve your financial goals and channel goals?
- Creation of a specific market focus build a better <u>intelligence</u> and have a good stock of where we are...
 - How do we get into the market? Do we need acquire someone in that market to grow it?
 - Do any of our customers already have some market focus? Can we nurture and develop it?
 - · Can we protect any wins that we have or do we need to develop the market focus?



1. What is your current channel goal-setting process?

- 1. The current channel goal-setting process is established with the organization's financial goals as the over-arching framework. Once financial goals are established, channel goals go an additional layer deeper and focus on what needs to be executed to drive those financial goals. For example, if the financial goal is to improve market share, the channel goals will determine if that share gain will be attained via new customer growth, existing customer growth, new product development, or other means.
- 2. What recommendations would you make to your current goal-setting process based on the 3-step best practice discussed?
 - 1. If acquiring new customers/markets is the goal, need to understand your value proposition
 - 2. Nurturing and protecting existing customer base with particular emphasis on your "core" customers

3. What are the Channel Success Factors [CSF] required for your firm to achieve your financial and channel goals?

Below are some success factors that were brought up by the team

- 1. Protecting relationships through incentives, NPD
- 2. Prioritize core customer base
- 3. Operational excellence via plant efficiency, lead times, service level
- 4. Pricing and promotional strategy, customer programming (rebates, coop marketing funds, etc)



1) Current channel goal setting process

Identify through a suppliers KPI what the supplier's financial goals are and communicate within the company all the way to the sales team. The more transparency given can help deliver the message of how a sales force can devise a sales strategy.

Top Line growth is great for market share but needs to be accompanied by

bottom line growth.

1. Build/Penetrate - Identify and follow the supplier's financial goals with strategies of new customer, existing customer, or new business development.

2. Alignment -Setting and following the plan in place

- 3. Geographical Limitations Consideration of different regions which may not align universally so perhaps different channel goals may differ depending on region or geography.
- 4. Retention
 - 1. It takes much longer to gain new business than to retain and grow existing business.
- 5. Measurement and Alignment of Success Factors for Future Campaigns and Strategy
 - 1. Reach
 - 2. Marketing
 - 3. SalesForce (CRM)
 - 4. Analytics

TEAM 4

- Financial Goal: Profitability/Margin Enhancement
- Channel Goal: Setting margin pipelines/goals in CRM platform. Goals should be set to 50% over target, knowing the realistic hit rates will be closer to 25-30% over target
- Channel Success Factor: Utilize resources such as specialists/technical sales individuals to assist each pipeline goal



- **Question #1**
- Step 1: Define Overall goal and objective sets Determined by Business Executives or Business unit leads

Outline overall goal

- Determine required check points or elements (i.e. In accomplishing 10% growth you mush all implement 5% growth in these 2 categories and sell
- Establish the metrics in which the goal is being measured against (\$\$\$, Engagement, clicks, completed sales etc.)

Step 2: Financially Ability
Financial breakdown of the goal (i.e. What is it going to cost to achieve?/ What investment is needed)
Determine Financial metric (Top line/Margin enhancement or Savings)
Outline how the metric is to be calculated and tracked

Step 3: Execution

- Determine/Deliver Communication of goal to all relevant parties
 Outline & Ensure all departments or business units know their role and expected participation in achieving this goal (marketing, finance, ops, sales
- Act and implement all customer facing activities (Sales communication to customers ect.)
 Monitor and Supervise adjust course if needed
 Step 4: Postmortem
 Audit financial metric

Did secondary objectives get met? To what % was this goal accomplished

- **Ouestion #2**
- We feel that all channel success factor are needed to achieve the bulk of corporate goals however directly these are the top 3 we feel provide the most ROI
- Nurture Market focus and shelf space
 Protect Customer Experience (constantly improve and develop the best experience possible)
 Develop Market focus and Mindshare



Learning Objectives – Week 3

Channel Growth [Distributor Perspective]

- Learn to diagnose distributor growth challenges
- Comprehend the key elements of the generating growth framework (from distributor perspective)
- Learn about nine growth strategies used by distributors

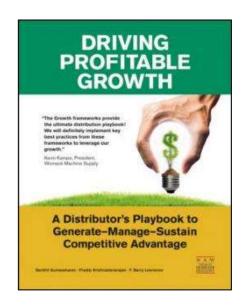


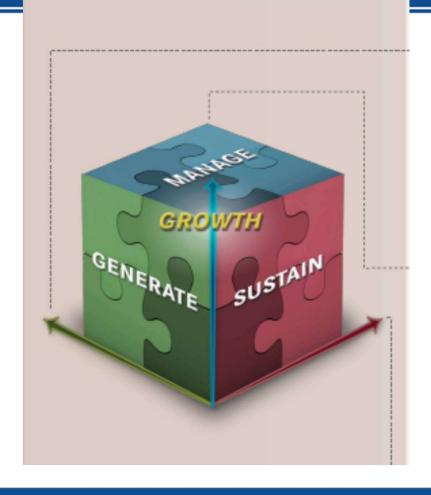
What are the different growth strategies pursued by distributors or your channel partners?



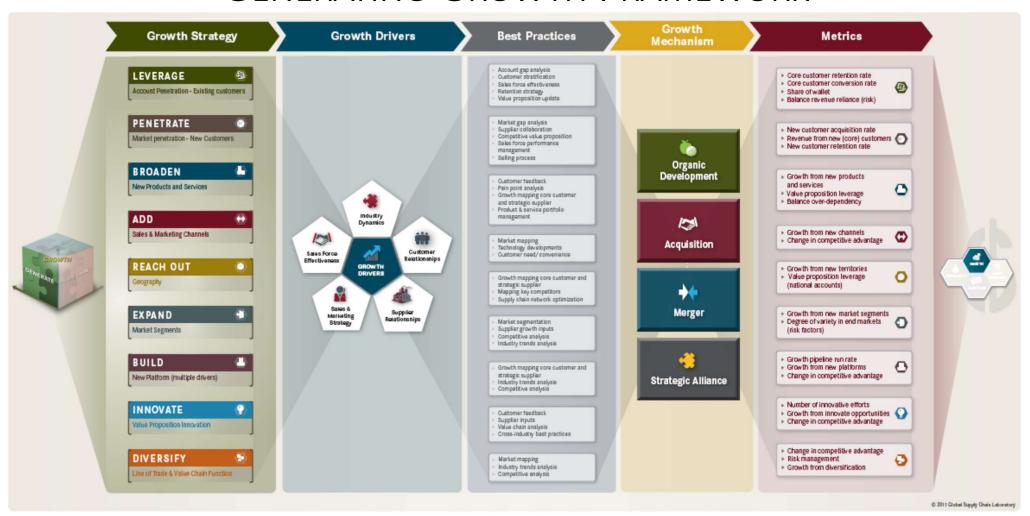


Growth Dimensions





GENERATING GROWTH FRAMEWORK



Definitions

≻Growth Strategy

• 9 ways to grow revenue

→Growth Drivers

5 ways to convert a growth strategy into a specific growth opportunity

Best Practices

 Required strategic analytics for converting strategy into specific opportunity

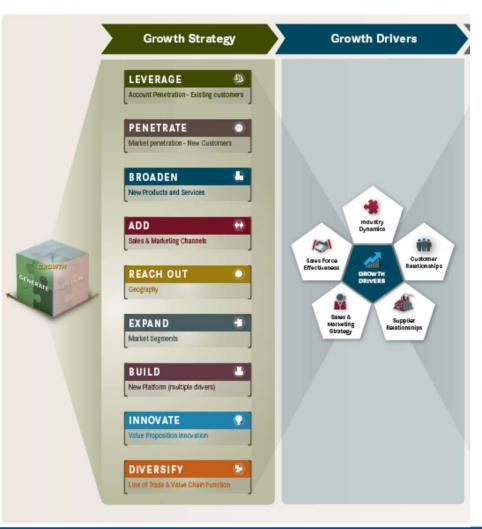
> Growth Mechanism

4 ways to implement a specific growth opportunity

> Metrics

Measures for each growth strategy

CUSTOMER STRATIFICATION: THE FOUNDATIONAL GROWTH ANALYTICS



(Combining Profitability & Cost-to-serve)

OPPORTUNISTIC

- · High Profitability
- No Relationship
- Low Cost to Serve
- Low Volume

CORE

- High Profitability
- Sustained Relationship
- · Low Cost to Serve
- · High Volume

MARGINAL

- Low Profitability
- No Relationship
- High Cost to Serve
- Low Volume

SERVICE DRAIN

- Low Profitability
- Sustained Relationship
- High Cost to Serve
- High Volume

CUSTOMER LIFETIME VALUE

(Combining Buying Power & Alignment)



Driving Account Growth

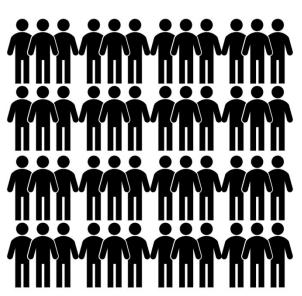
All customers are NOT created equal

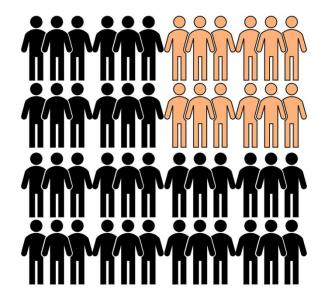
All customers are created equal

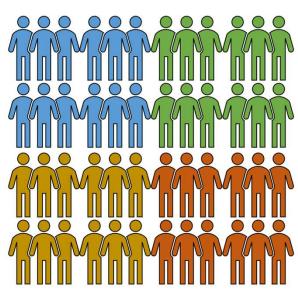
80-20



CUSTOMER STRATIFICATION







- Companies do not have unlimited resources.
- Customers have different needs and preferences.



Customer Stratification

Segmenting customers into 4 quadrants based on a multi-factor ranking

approach

(Combining Profitability & Cost-to-serve)
NET PROFIT

OPPORTUNISTIC

- High Profitability
- No Relationship
- Low Cost to Serve
- Low Volume

CORE

- High Profitability
- Sustained Relationship
- Low Cost to Serve
- High Volume

MARGINAL

- Low Profitability
- No Relationship
- High Cost to Serve
- Low Volume

SERVICE DRAIN

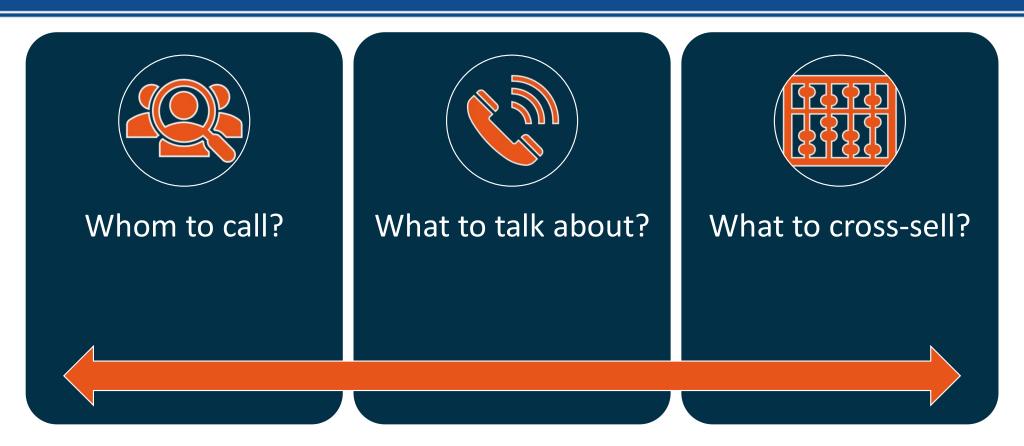
- Low Profitability
- Sustained Relationship
- High Cost to Serve
- High Volume

CUSTOMER LIFETIME VALUE

(Combining Buying Power & Alignment)



Account Growth: Three Key Decisions



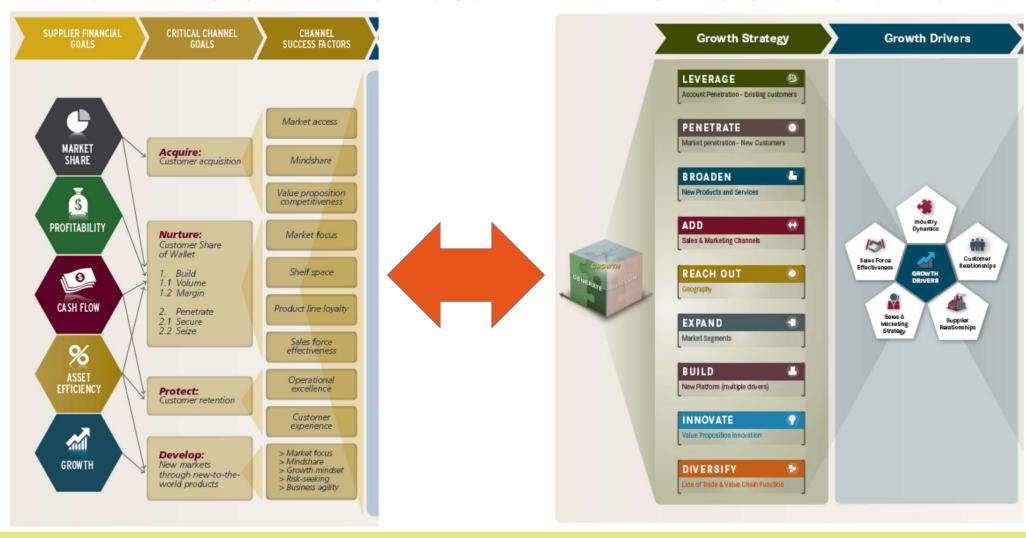


Real-World Case Study

- Channel Growth Platform
- Implementing customer stratification
 as a channel growth tool



CHANNEL GROWTH: ALIGNING SUPPLIER AND DISTRIBUTOR PERSPECTIVES





- 1) Having learned both perspectives, what will you change in your conversation about growth strategies/practices?
- 2) What are the different growth strategies you would recommend for your channel partners?

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



Contact Information



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