



## 10 Things you need to know for a PROFITABLE REWARDS PROGRAM

Over the last few years, the loyalty and incentives arena has changed. As the number of viable partners continues to dwindle due to the need for them to possess cloud selling capabilities, the competition grows, bringing with it a fierceness and urgency not seen before. This means you face more opponents, while chasing after fewer quality partnerships. Therefore, it's important your program stands out to potential partners. This eBook presents 10 key things to remember when designing your rewards program.

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### The Situation

Over the last few years, the loyalty and incentives arena has changed. As the number of viable partners continues to dwindle due to the need for them to possess cloud selling capabilities, the competition grows, bringing with it a fierceness and urgency not seen before. This means you face more opponents, while chasing after fewer quality partnerships. Therefore, it's important your program stands out to potential partners.

With between 5% and 6% growth in the tech market this year, and even greater growth predicted in 2015, having the right partners in your ecosystem to capitalize on this upswing is vital. In this day and age, cultivating productive relationships requires a targeted loyalty program that incents productive partner behaviors and sales – not just the sales themselves. Your program's value proposition must cut through the noise partners endure from so many vendors simultaneously. This eBook shares 10 top tips to develop and deploy a thriving channel loyalty and incentive program.

### One: Outline your individual business segment loyalty qualifiers

When building a program, you must consider what loyalty means from your partners' perspective. Partners are becoming increasingly selective about the vendors they do business with and must weigh many factors when deciding whose products to sell, including:

- Brand
- Breadth of portfolio
- Market opportunity
- Training, education, certification
- Business planning/financial support
- Accessibility/support/ease of doing business

The more of these boxes your company can check, the more attractive your value proposition will be for potential partners. Standing out from your competition is key in order to earn the loyalty of highly sought-after partners. You can also stand out by making it clear that you are trying remedy common partner challenges, including:

- The need to know their potential earnings
- Knowing about all of the programs that are available to them

### Two: Define the behaviors and KPIs you want to incent

When designing a program, begin by identifying the behaviors you want to incent. Without this figured out, you will be unable to use your program to encourage the behaviors that drive sales. If you start with the program structure instead of the behaviors, you will likely overlook the true potential of the program and miss some of the key metrics that will help you track the program's success. Finding the behaviors before you build the program will keep you from having to retrofit it.

### Three: Understand your partners' different business models

Today, the merging of partner types has eliminated the viability of one-size-fits-all loyalty

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programs, in favor of programs that align to the business models of each of your channel partners. The additional layer of traditional, cloud and hybrid models muddies the water even further, making it crucial for you to understand how your partners go to market and make money selling your solutions. Today, the three partner distinctions you must keep in mind are:

- In transition
- Hybrid
- Born in the cloud

The best way to thoroughly understand each of your partners specific business models and needs is by conducting a partner profiling exercise, followed by a capacity planning exercise.

#### Four: Reward throughout the sales cycle – pre and post-sales

Traditionally, incentive programs rewarded individuals after a sale was made. However, today's programs recognize that a successful sale is the result of a string of productive activities, that when combined, lead to the sale. This is especially true for products and services with long sales cycles, where many different sales and marketing processes work in harmony to generate leads, nurture opportunities and maintain engagement through an increasingly complex buying process. As a result, contemporary incentive programs reward for pre-sales activities that assure every crucial step listed below is carried out, promoting overall sales and marketing effectiveness.

- Demand generation
- Lead follow-up
- Lead qualification
- Early opportunity registration
- Additional subscriptions
- Renewals

We believe a combination of pre and post-sales rewards will give you the best opportunity to inspire productive behaviors from your partners. Rewarding throughout the entire sales cycle will provide the motivation they need to effectively market and sell your products.

#### Five: Provide a mix of individual, team and company-level rewards

While vendors often want to focus their rewards on the reseller's sales staff because they most influence the sale, many resellers are reluctant to allow their vendors to reward their sales staff directly. Today, it is wise to reward both company and individuals by positioning the individual rewards as a means of helping the reseller achieve their overall sales goals – those thresholds often established before quarterly rebates can be earned.

The sales and marketing behaviors you are trying to encourage likely include overall company behaviors to attain sales goals, as well as specific behaviors for individuals to close opportunities. The vast range of behaviors you want partners to engage in makes it important to pair company-level rebates with individual role-based rewards.

As a vendor, you should aspire to decrease partner effort in order to increase loyalty.

Company-level rebates reward resellers for incremental performance and progress toward attainment of overall goals of the partnership. This may include advertising or promoting your products in marketing programs to generate sales opportunities in the pipeline, or increasing overall sales quarter-over-quarter by improving the win ratio of those opportunities.

Individual rewards provide an incentive for individual roles within the reseller's organization to contribute to the sales and marketing process. This can include post sales rewards or rewards for performing activities crucial to moving opportunities through the sales cycle prior close. For instance, rewards may be earned for utilizing vendor-provided marketing tools to attract opportunities that close.

### Six: Make your company easy to do business with – mimic a consumer-like experience.

Partners have come to expect the ease of use from vendor-provided tools that they receive from eCommerce sites like amazon.com. As a vendor, you should aspire to decrease partner effort in order to increase loyalty. The easier your program is to use, the more likely your partners are to participate in it, and the more satisfied they will be with their experience. A few of the most critical ways to make your program easy to use include:

- Anywhere, anytime availability via mobile, tablets, cloud
- Simple registration/activation process
- Clear rules of qualification and engagement
- Consistent validation and claim procedures
- Align T&Cs with all local, legal, and tax requirements

While ease of doing business has long been important to partners, the recent spike in competition for partners has brought it to the forefront for vendors. Successful vendors have focused on timely, targeted communication, engaging partners through social media, blogs, video messages and webcasts (wherever they are active), in addition to email. They use these means to showcase top-performers, as well as to share best practices and encourage participation by driving interest in the program.

### Seven: Target each audience with the right value proposition

It is important to create a compelling value proposition that speaks to each audience you're trying to reach within your partner organization. This starts with identifying the right rewards for each specific audience. While a business owner is motivated by financial incentives that directly impact their bottom line, this is not the true for partner sales teams. They are motivated by an award selection of name brands, experiences and "lifestyle rewards."

Trophy style rewards, as opposed to cash rewards, offer a lasting impact because they stand out prominently in the participants' memory. When a sales rep earns cash, it goes in one pocket and out the other to pay for gas or groceries – it is not memorable. However, when they use their accumulated points to buy a SMART TV, they think about the rewards program every single time they sit down to watch a movie. You must think about what will be memorable to each audience when choosing rewards that will compel them to take action.

Vendors face the challenge of timely and accurate reward fulfillment, especially when operating an international rewards program.

### Eight: Leverage a single global incentive cloud – Earn – Burn – PRM – Report

Running a successful global incentive program requires a single incentive platform to manage all program aspects consistently, yet with the ability to make regional/geographical modifications. The loyalty technology you choose will dictate whether you can manage functionality, such as claim and behavior validation and reporting configured on a global basis while dealing with promotional activity, enablement and communications locally.

In our experience, we've identified the best performing programs as 40% global and 60% local, with the vendor's in-country teams managing the latter portion. Involving them in the management can help the vendor earn their buy-in and commitment, which is important for driving participation and ultimately program success.

Regionally-specific configuration on a single platform will also equip you to measure, report and analyze individual/aggregate promotion performance. When this single incentive platform is integrated with your PRM/CRM investment, you have a global reward and payment fulfillment platform connected to a single reporting engine. Think about the opportunity you would have to track and measure ROI.

### Nine: Leverage a single incentive fulfillment/payment network

Your partners have engaged in the right behaviors, earned points and used them to acquire merchandise from your catalog – but how will you get rewards to them and when? Vendors face the challenge of timely and accurate reward fulfillment, especially when operating an international rewards program. Using the right rewards technology is critical to be successful.

The first step is to utilize one catalog platform managed centrally by supply chain teams in NA, EMEA, APAC and LATAM. We believe in-country and in-region fulfillment should be a prerequisite for a global program because it ensures goods and payments will be delivered on time and in the right currency. Partners expect to receive rewards fast (not waiting 30 days or more) and to have them right the first time. Plus, this will help you avoid hefty shipping costs.

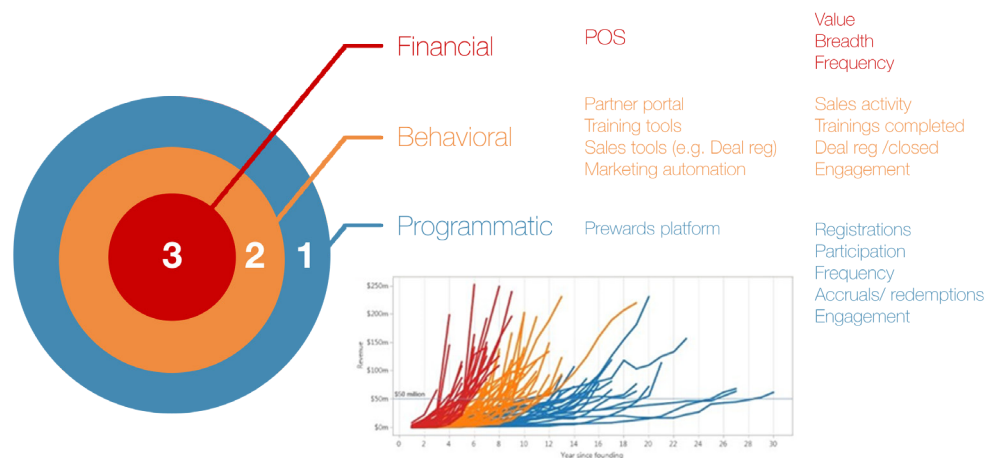
- The use of digital rewards, such as amazon.com vouchers, virtual Visa or Mastercard debit cards and entertainment downloads, has simplified fulfillment somewhat, delivering instant gratification and no need to ship anything. While these types of rewards are becoming more common, a strong incentive catalog should include:
  - Merchandise – brand name electronics, lifestyle and inspirational awards
  - Gift certificates/vouchers – dining, popular shops, travel and experiences
  - Experiences – a wide range of activities, such as cooking courses, sporting event tickets, race car driving, etc.
  - Reward concierge – ability to select personalized rewards for higher value awards
  - Travel shop – customized travel booking service

### Ten: Pilot, measure, tune, analyze and repeat

Before rolling out a program to your entire partner base it should be tested on a limited scale as a pilot program. You will experience two major benefits from this activity – it will give you

insight into the potential effectiveness of program administration, messaging and partner acceptance. Also, it will provide a better understanding of the program’s financial impact, giving you the opportunity to better predict ROI when it’s rolled out to everyone.

Measure and tune your program to maximize your investment:



The data you collect through this exercise is essential in helping you fine-tune your program and remedy any parts that may not have functioned as efficiently as you planned. Taking preventative measures will help you avoid costly pitfalls and partner dissatisfaction, not to mention it will improve your program performance.

Measuring performance is key and it has to start from the ground up. Begin by identifying KPIs indicative of a successful program. They should fall into three different buckets – financial, behavioral and programmatic (see the graphic below). However, simply tracking these areas is not analytics. You’ll need to dig deeper into the true meaning of the data you collect, and connecting your cloud data sources like Google Analytics and Salesforce.com will help you gain the a more complete picture of this. With this full breadth of information, you will be equipped to explore why your program performed a certain way and be equipped to make modifications to drive maximum program performance moving forward.

## Solution Sets

- Contracts
- Pricing
- Rebates
- Benefits
- Trade & Channel
- Rights & Royalties
- Performance Management
- Payment

## Services

- Program Strategy
- Analytics
- Implementation
- Post-Production Support
- Training
- Global Payments
- Program Delivery

## Make More. Keep More. Grow Smarter.

Vistex provides enterprise solutions that manage pricing, incentive, rebate, royalty and channel programs to enhance business performance while reducing labor and infrastructure costs. The industry-optimized Go-to-Market Suite® provides end-to-end solutions for design, management and administration of the complete spectrum of programs. With an unparalleled offering of software and services, enterprises are empowered with unprecedented visibility into program performance, gaining deeper insights to better enable fact-based decisions that drive revenue, control cost, minimize leakage, and streamline processes.