# Aligning **Channel Incentives** to Partner Personas and Journeys

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# Introduction

The world of channel incentive and rewards management has become more complex in recent years. The classic linear sales funnel no longer applies; it's been completely unraveled in our 24/7/365 digital and social world, becoming a complex, circuitous journey. On top of that, demographic shifts are putting Millennials in key customer-facing roles in record numbers. It's time to rethink the way incentive plans are designed and implemented. It all starts with understanding your partners and their journey to you.

**This eBook defines the channel partner journey and will help you understand how to better align your incentives to your partners.**





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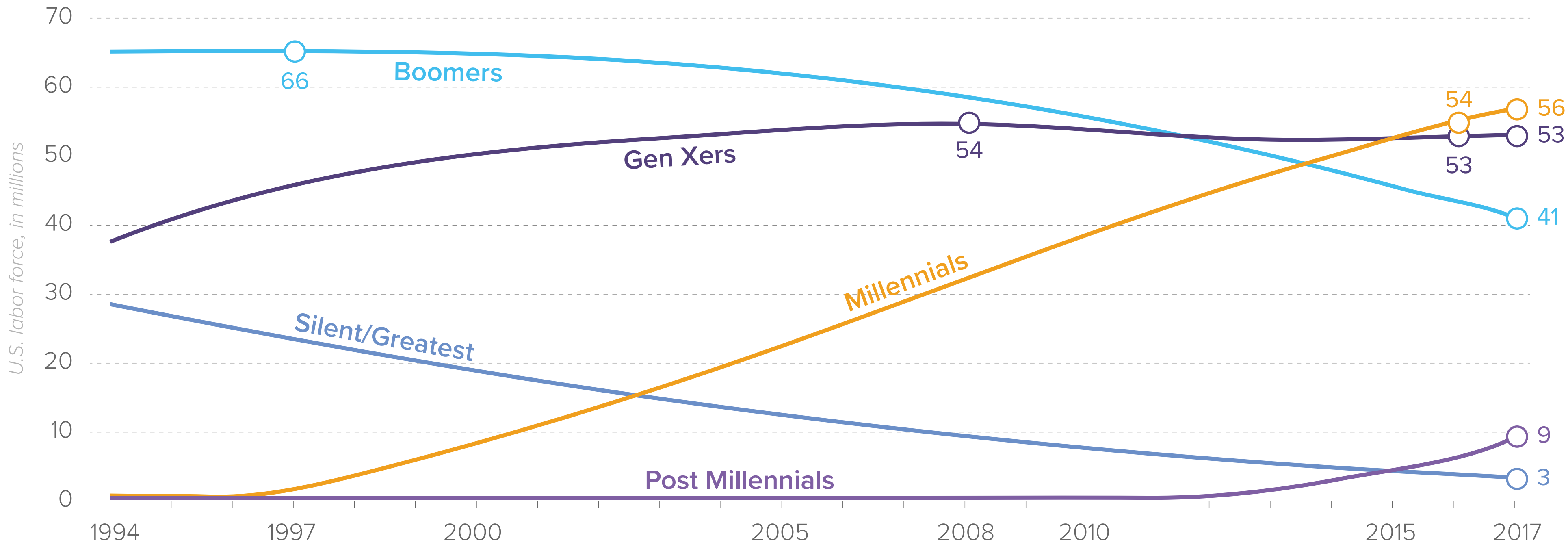
# Demographic Divide

The workforce is changing. In 2016, Millennials officially replaced Generation X as the largest generation in the workforce. And it is estimated by CompTIA, the world's largest IT association, that 75% of the channel will be comprised of Millennials in the coming years. This number is even higher in sales and customer-facing roles that need the most consideration in terms of motivating behaviors.

**In 2016, Millennials eclipsed Gen X to become the largest generation in the workforce**




Source: Pew Research Center



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Channel incentives are usually performance-based and aim to improve the yield, reach, or mix of a group of partners and solutions. Common incentives include volume rebates, new customer bonuses, sales performance incentive funds (SPIFs), market development funds (MDFs), embedded headcount, and activity-based rewards. How do these appeal to Millennials? Modern incentive programs are mimicking online experiences and experimenting with non-monetary rewards, micropayments, and gamification.

Another significant change is the mix of transacting versus non-transacting partners. For decades, channel programs have been anchored on precious metals. These gold-, silver-, and bronze-level tiers allowed vendors to segment and focus dollars toward top-tier partners. But an increasing number of partners now look more like influencers, advocates, and alliances, which causes a fundamental change in how incentive programs work. Without a set-discount target or percentage-of-revenue-type target, vendors must consider how to accomplish similar behavior modification of partners using capital spending. This puts increased pressure on channel management to prove ROI and ensure that processes are in place to reduce overpayments, partner gaming, and fraud.

Without the benefit of the financial transaction, channel programs need to evolve. Vendors need to be able to ensure proper attribution and measure influence around the end buyer at each stage. With the buying journey changing at the exact same time, this will be tricky. Advanced tools and technology are needed to match the customer journey with the partner journey in real time.





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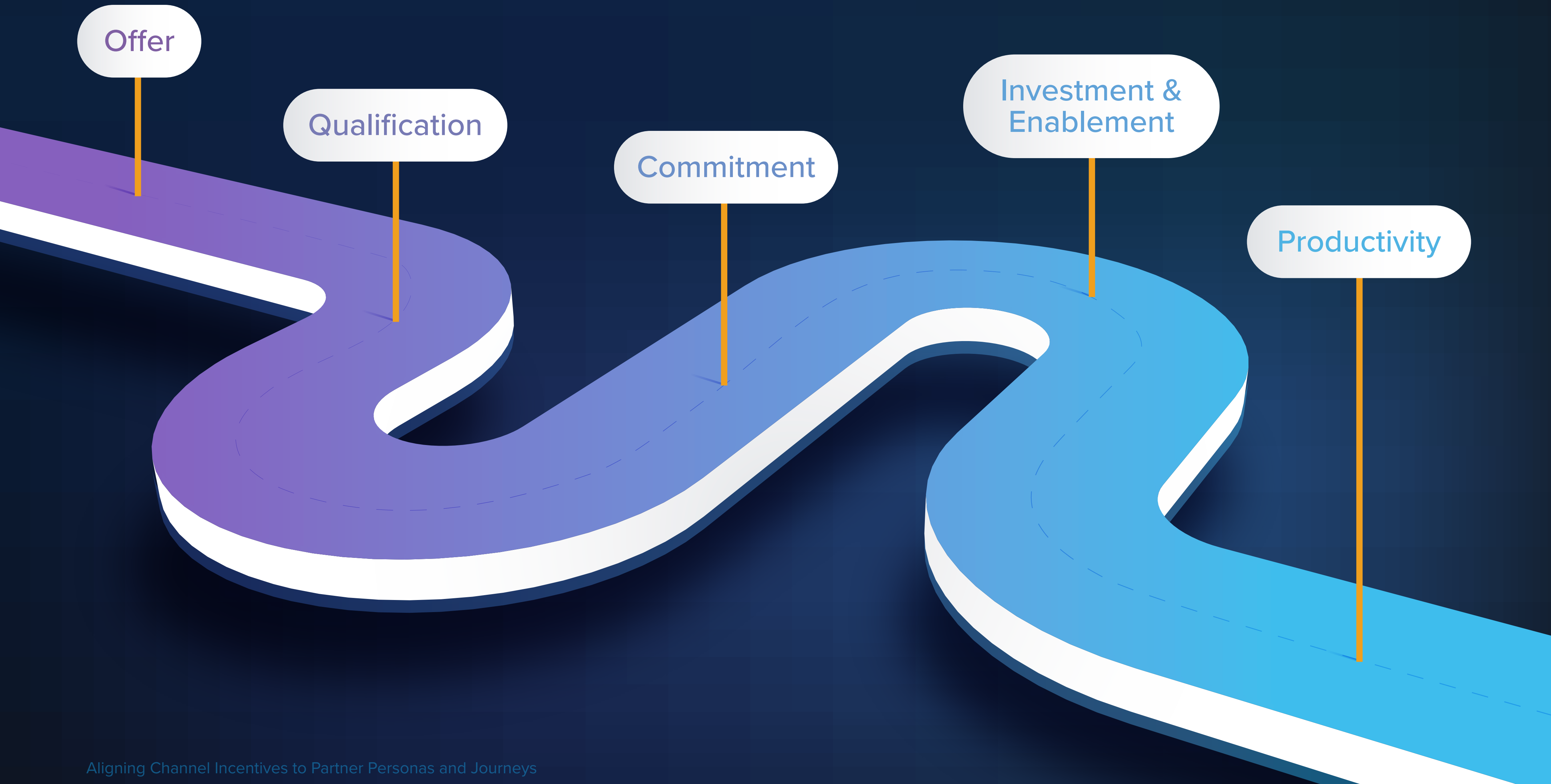
# The Partner Journey

To develop a truly integrated channel incentives strategy, one must look at how incentives align to the partner journey and partner personas during each stage.





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## Offer Stage

During the offer stage, executive management at the partner level is focused on revenue/performance achievement incentives including MDF as well as rebates. This is a minimum requirement from a partner during the offer stage.

## Qualification Stage

During this stage, the technology, sales, and marketing leads want to know how rebates are earned and if they are stackable or not. Sales management wants to know if deal registration is part of the program. The technology lead needs to understand the certification/specialization requirements and what rewards are associated with this stage.

## Commitment Stage

Managed Business Objective (MBO) and revenue performance incentives are the important incentive drivers during this stage. A key factor at this stage is launch funds. MDF funds must be specified for launching the relationship with the sales and marketing leads at the partner level, including dedicated funds for onboarding velocity.

## Investment and Enablement Stage

Points-based incentives become the real drivers during the investment and enablement stage since vendors will engage with a wider partner audience during this stage. Engage them in a points-based rewards program that aligns with various activities partners need to complete. Reward them for activities and behaviors, not transactions.

## Productivity Stage

This is the stage where the partner is producing results and generating revenues. Deal registrations, Co-op & MDF, lead reporting, and SPIFs are all important incentives during this stage of the partner relationship. Vendors must give channel partner individuals a reason for choosing their solution over those of the competition. In the beginning, it is all about content. What is the value proposition and how will you, the vendor, support partners through incentives? But when partners reach the enablement/investment stage and the productivity stage, you must be able to serve up a cohesive set of incentives that achieve your partners' business objectives, as well as your own.

Start with onboarding velocity. Then offer certification and specialization incentives once that partner is enabled and ready to go, followed by demand creation incentives and early opportunity registration incentives. The objective is to align those incentives to the last two stages of the partner journey.

# Partner profiling

Vendors usually ask themselves these questions:

> "Which channel incentives are the most effective?"

> "How do I know which promotions to launch at what particular stage in the partner journey?"

The first step in the process is identifying your overarching corporate goals. What are you trying to achieve? What type of growth do you want?

Next, you need to profile your partners. While developing your ideal partner profile, be sure to engage partners in the profiling exercise. Now you've identified which partners you want to engage, and which partners are really going to contribute to your growth goals. Partner profiling will help you identify and flag those partners. Next, you, the vendor, need to identify partner-level personas and understand which partner personas are going to engage with each one of your channel programs and incentives.



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Perhaps the most important step is to understand what behaviors you want to see the partners perform. This is critical, in addition to understanding your partner's sales process.

The partner journey in brief is engaging the partner, gaining a commitment to you and to the partnership, and making them productive. Once you achieve this, you must understand their sales cycle. Often partners run on an activity-based sales cycle that is misaligned to your sales process.

This is where the buyer’s journey plays a role. Many vendors have conducted buyer's journey studies but haven’t leveraged the results effectively. There is a way of putting them to good use. Compare your partner sales process to your buyer's journey. Review the data and identify the length of the sales cycle.

Next, look at your close dates. This is another vital data point in aligning your partner sales process to your buyer's journey. Also consider when an MQL became a SAL. Was it partner-led or did you send them that MQL? Understand where the real sales cycle lengthens from this data point and note the time of the deal registration. These simple measurements allow you to align that partner’s sales process to your buyer’s journey, making partners much more productive.





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# Conclusion

Vendors are dealing with a multitude of changes in their channel partner programs. Changing demographics and sales journeys have upended traditional ways of structuring incentive programs. Today, we recognize that the program must be in alignment with both the partner and buyer's journeys and be constructed upon a recognition that a successful sale results from a combination of productive activities. This is especially true for products and services with long sales cycles, where sales, marketing, and product processes are employed in tandem to generate leads, nurture opportunities, and maintain engagement through an increasingly complex buying process.

## The Critical Role of Software

High tech companies supported by software that can capably manage the full lifecycle of their incentive programs will have a strategic advantage in the marketplace. The ideal incentive management solution enables the vendor to analyze, track, report and respond nimbly to a wide variety of partner/buyer behaviors and market factors. Visibility into 100% accurate, real-time sales figures, channel inventory data, 'what-if' scenarios, and promotional performance will help you forecast and plan for the future. It's all about having the best insight into your data, because better insight leads to better profits. Vistex provides leading-edge software and data science solutions to turbocharge your incentives management system.





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## **Deployment Options** | Run it your way

Whether you decide to run your systems on-premise, in the cloud or in a hybrid environment, with Vistex solutions your organization is empowered with unprecedented visibility into any program and performance. Gain deeper insight and enable fact-based decisions to drive revenue, control cost, minimize leakage, and streamline processes. With a range of deployment options for all your programs, you choose the way that works best for your business needs.

### Add the right option for your business

On-Premise

In Cloud

Hybrid

### How Vistex Adds Value

With the rising cost of customer acquisition, the rapid pace of innovation and intense competition for market share, high tech companies must monitor program performance, drive demand and protect margins for critical revenue growth. Vistex enables high tech companies through an integrated solution that manages the full breadth of direct and indirect channel management including CDM, contracts, pricing, ship & debit, rebates, Co-op & MDF, incentives and IP royalties. High tech companies can now improve profitability through automation of complex programs, insights into program performance, incentive calculation accuracy, overpayment avoidance, increased compliance, streamlined reimbursements, and better manage the entire revenue management lifecycle.

### About Vistex®

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world's leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.



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