



The Exact Expertise to  
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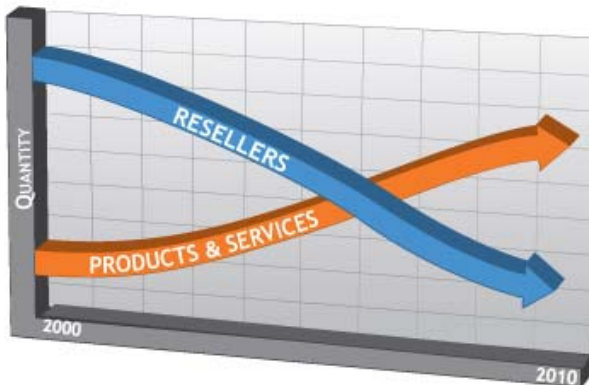
## LSA Global | White Paper



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## Best Practices in Acquiring Channel Sales Resources

**E**very vendor in the world wants revenue growth through their channel. Yet few really understand how to make that happen in a rational and predictable manner. As a result, lots of resellers are signed up every year, and typically less than 10% of them deliver the revenue that was expected.



The basics of channel growth are pretty simple. Channel revenue growth can only happen if a vendor can increase one or more of the following variables:

1. The price of the product
2. The number of potential customers
3. The number of resellers
4. The productivity of their current resellers (or some combination).

All have their risks and difficulties, but, of the four, increasing the number of resellers is the most common initiative when revenue growth falls behind plan, perhaps because recruiting is seen as the most straight-forward program to implement.

However, there is one major (and growing) impediment to recruiting success. The unfortunate reality is that the number of new products and services being introduced into the channel is increasing while the number of potential partners available to sell them is declining.

Therefore, channel managers must continually improve their ability to acquire new channel sales resources just to maintain, much less increase, their revenue. As competition increases, the channel's tolerance for failed vendor relationships decreases. The channel is creating its own barriers to entry, and recruiting efforts that used to be "good enough" just aren't acceptable any longer.

Differentiating themselves during recruitment is critical for vendors, but differentiation is getting harder and harder as products and programs mature and competitors enter the market with cheaper alternatives. Given today's competitive environment, acquiring new resellers (or growing the resources allocated to your brand) requires a well-conceived plan, properly funded and with dedicated corporate resources. Any kind of channel development effort based on acquiring new resellers should rigorously adhere to the "best practices" described below:

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## Best Practices for Acquiring New Channel Sales Resources

1. **Agree on the market or segment you wish to address with the new resellers.** Start with the basics. To whom will a new reseller sell your products, and how much competition will there be from current partners? Don't recruit redundant partners.
2. **Document the profile of the "perfect" reseller.** Develop a quantifiable system to measure potential reseller performance in each of the following areas: marketing, sales, technical and administrative. Be specific. For instance, how many sales people should they have, and what percentage of their sales time do you need to be successful? A scorecard can be developed and potential new resellers that do not earn enough points should be rejected. The more rigorous the screening, the healthier the channel.
3. **Define a recruitment process and identify who is responsible for each step.** After the potential partner is engaged, there are obvious and quantifiable steps in any process to acquire channel sales resources. For example:
  - Step one: review their organizational structure.
  - Step two: meet with their sales management.
  - Step three: present a relevant value proposition.
  - Step four: meet with technical management, etc.

This process might be simple or complex depending upon the potential of the relationship, but every process benefits from formal project management discipline.

4. **Decide on your partnering strategy for each potential reseller after evaluating them.** Remember that the partner probably already sells similar, even competitive, products. Potential partnering strategies include:
  - Frontal Assault – You intend to get the reseller to stop selling what they currently sell and switch that business to you.
  - Flanking – You work with the reseller to set up a separate sales group to focus on your products.
  - Fragmentation – You add your products to the reseller's line card and work to get them included on proposals when appropriate.
5. **Identify a growth strategy in conjunction with each high-potential partner.** Gather information about the reseller's installed base. How many customers are there, what have they purchased, what are they likely to purchase in the future? Each potential strategy, as described below by mathematician and professor Igor Ansoff, has its risks and requirements for success. Pick the one that fits most closely with your market coverage and partnering strategies. Understand that recruiting a reseller who plans to take your new products to customers with whom they have no relationship is a risky and expensive proposition that fails more often than it succeeds.

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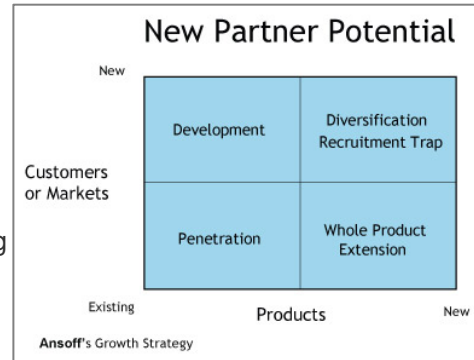
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According to Professor Igor Ansoff, there are four basic ways to grow revenue as described in his Product-Market Growth Matrix. Vendors (direct or through resellers) can:

1. Sell their current products to current customers. The potential for growth is low but so is the risk.
2. Sell their current products to new customers by developing new relationships and sales strategies.
3. Sell new products to current customers by adding services or features to their current products.
4. Sell new products to new customers to diversify their revenue stream.



6. **Build a Value Proposition and sell the reseller on making a commitment.** This is usually the most difficult stage of acquiring new channel sales resources. If vendors do not require commitments to training and sales activities, it's easy for the partner to continue doing what they were doing before, i.e. selling their established products. However, the vendor must describe why the reseller benefits from making the change by delivering relevant value statements.
7. **Ensure immediate success through qualified leads or co-selling.** New resellers must sell something almost immediately in order for them to justify the continued investment in a new product. Therefore, vendors must do whatever it takes to make the new reseller successful quickly if they want to see continued interest by the partner. Recruitment is one area where "the slow way is really the fast way." It takes time and resources to separate the high-potential resellers from those that will likely never sell anything – or to convince current partners to invest more in the relationship. Many vendors, for good reasons, move too quickly in trying to develop their channels. As a result they are constantly retrenching as their partnerships and their channels struggle and churn. This is a frustrating experience for everyone.

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## About LSA Global

Since 1995, LSA has helped leading organizations create and maintain competitive advantages through people. We work with a select group of clients to help them “move the needle” - from simple awareness of best practices through actual adoption of new skills on-the-job to measurable performance that truly impacts the business.

Over 85% of our business comes from repeat clients and our customer satisfaction rating is 97.5%. Our clients tell us that we are different. Our clients tell us that we save them both time and money. Our clients tell us that they appreciate access to certified best-in-class experts across many areas.

## How Far Do You Want



## To Move the Needle?

- Our **Sales** clients confirm that they have grown sales by 40%, increased units sold by 42%, increased average pricing by 12%, and closed over 50% of their pipeline.
- Our **Customer Loyalty** clients confirm that their customer revenue per household increased by 18%, repeat calls decreased by 48.4%, single contact resolution increased by 6.1% and their overall customer satisfaction increased by 10%.
- Our **Leadership and Management** clients report that we decrease their costs by up to 50%, while helping increase speed-to-productivity by 60% and decrease unwanted attrition by up to 40%.
- Our **Project Management** clients inform us that, by regularly completing projects that meet or exceed expectations, they have become an anomaly in the world where most projects disappoint or fail.

Our clients succeed in the marketplace through increased revenue, decreased costs, and higher productivity. They maintain that our rigorous assessment, implementation, and measurement capabilities bring them tangible results. As an organization, we are fiercely devoted to supporting their success.

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