

Welcome to IF Consulting's weekly e-mail newsletter

September 3, 2004

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

IBM's "Atkin's Plan" revealed

Editors of CRN, a leading business and technology magazine, recently spoke with the newly appointed general manager of IBM Global Business Partners, Donn Atkins, about his plans for IBM's marketing channels. What follows are some excerpts from the interview, the transcript is available via the link following this summary.

On his plans for the first 100 days in the job:

"We have to simplify our business--make it easier to do business with IBM, look for ways to address the issues the partners are facing. The first 100 days I want to go to partners and people who know partners and ask if we are on the right agenda. This is not about a new agenda. This is about executing the play that we called. It's about continuing to deliver the PartnerWorld vision."

On IBM's integrated marketing channel strategy:

"This is about looking at your market, determining your best route to market, and [then] plumbing the thing and putting a management system around it. Part of it has to do with the reality of where the market opportunity is."

On the type of partners IBM is seeking to recruit:

"What we have is a committed technology plan that has not changed. We have a solutions strategy. Inside the Software Group, for example, we identified 61 solution segments that were finite inside of a major industry. Inside that space we know there are partners and solution providers that have capabilities that are complementary to our efforts."

On IBM management's support for the marketing channel strategy:

"Our management system has three dimensions: It has geographic dimension. It has brand dimensions. And it has customer-set dimensions. I don't care what side or shape you are looking into, there is a question on how you are using partners."

http://www.crn.com/sections/news/top_news.jhtml?articleId=29116622

IF Comment

Today, most companies refer to their routes to market as marketing channels.

Technology spawned the modern concept of "marketing channels" with the term originating in the computer industry. Prior to the introduction of PCs, computers were sold by employees of companies such as IBM, and never through resellers. Broad acceptance of the term "marketing channel channels" coincided with the emergence of the personal computer. Those



Marketing Channel
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through creating the best route
to market

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old enough to remember, can attest to the difficulty of doing business with old style computer companies.

After product quality, virtually nothing is more critical to a company's success than its routes to market. It is surprising and disappointing that many companies which work hard to establish efficient routes to market, make dealing with their partners much more difficult – in contrast to Mr. Atkins comments above about IBM's goals of making it easier for its channel partners to deal with it.

An excellent example of how a good channel strategy was almost destroyed by poor execution occurred with a company that used channel partners to convert householders to its phone service. Householders were converted, only to find that their first and often second phone bill was wrong. Obviously, this phone company's channel partners found it very difficult to do business with it, and the marketing arrangement was abandoned.

Companies such as IBM make it easy for its channel partners to do business with it by pointing its channel partners to the right market segments. Many distribution channels are aimed at wrong market segments. Mr. Atkins very precisely identifies 61 solution segments where IBM products can be sold through different types of channel partners.

Interestingly, while almost all computer hardware and software companies have executives in charge of global business partners and alliances, there are many companies, including Telcos, which operate different channel structures in different divisions because there have no overall channel partner management. In our view, the best tool to make it easy for channel partners to do business with their suppliers is to have a dedicated executive in charge of all channel planning in an organization.

Snippets

Kahala Corp., an Arizona-based operator of seven quick service restaurant concepts with around 1000 locations, announced this week that it has entered into a development agreement with an Australian restaurateur and financier. The new venture expects to see 250 restaurants open throughout Australia over the next 10 years.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20040907006090&newsLang=en

Japanese auto giant Toyota is setting up a fully-fledged bank in the US for its customers. Previously content to let dealers choose their own banks when it comes to car loans, the carmaker has made a big effort over the last five years to link the showrooms up with Toyota Financial Services. Now the company's taking the next step and plans to leverage its industry-leading credit ratings into a wider range of financial products.

http://www.businessweek.com/magazine/content/04_37/b3899068.htm

Navigant International Inc, the second largest provider of corporate travel management services in the US, and American Express, the world's leading corporate card issuer, have teamed up to distribute American Express Commercial Cards to the travel company's US clients. The alliance aims to help companies better manage their travel and entertainment expenses, while identifying opportunities for cost savings.



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<http://www.datamonitor.com/~3a57383c3b6043179ea53f7a50e3ed19~/industries/news/article/?pid=93140874-69AA-428E-BC2C-C5D959435BF5&type=NewsWire>

(Because of the length of this URL you may need to cut and paste it into the address bar of your browser)

Share the Knowledge

If you have colleagues who would be interested in receiving our weekly email please forward this e-mail to them.

IF Consulting publishes "Our View", a quarterly review of topical marketing channel issues. Samples are available on our website. To receive "Our View", please return this email with your address details.

To unsubscribe, please reply with "unsubscribe" AND a copy of the email address to be removed.

IF Consulting is a leading international marketing channel strategy consulting firm with over 30 years experience in a vast number of industry sectors. See our website for further information.

<http://www.i-f.com>