

Welcome to IF Consulting's weekly e-mail newsletter

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

Channel Partners demand a consistent approach

In an attempt to improve channel partner profitability, IBM has instigated a new approach to its marketing channel strategy. Although positive about the changes, channel partner consensus is that the company still needs to work harder at getting all teams to adopt a consistent approach. Partners feel that IBM's channel strategy and program are not uniformly applied across the board, thereby creating confusion and conflict, which ultimately impacts on sales and profits.

Rick Kearney, president and CEO of Mainline Information Systems, an IBM channel partner said, "We're delighted that IBM is moving forward with the channel, but we'd like to see better consistency. Sometimes the brands aren't on the same page relative to partner strategy and account coverage."

The recent move by IBM to rectify some of its seemingly disparate brand channel strategies is a welcome sign to many channel partners, who have long advocated protecting the investments of those generating demand for IBM.

<http://www.crn.com/sections/coverstory/coverstory.jhtml;jsessionid=ETHCHDANWTNYSQSNDBCCKH0CJUMKJVN?articleId=60403643>

IF Comment

IBM's objective of designing a channel program to enhance partner profitability is worthwhile. Naturally, if both the channel principal and channel partner cannot realise sufficient margin on a sale, incentive is lost and a break in the distribution value chain results. However, the larger and more varied a business is, the more difficult it is to design and manage a channel program that functions smoothly and can meet both parties' goals. IBM operates in one of the most complex businesses, with many thousands of business partners and many thousands of products.

Comments from IBM channel partners reported in the article indicate satisfaction with the strategy but confusion with the execution. Some hardware products are included in the revamped channel program and other products are excluded. Many end users require solutions integrating both hardware and software applications to solve their business problems, but software is not covered in the channel program at all yet.

There may be legitimate reasons for taking this approach but such an implementation without previous communication to the channel partners can damage the business relationship. A piecemeal approach raises administrative requirements and runs the risk of increasing channel partners' frustration while reducing their commitment to the partnership. As part of the channel program development work, a communication plan should be designed to prepare the channel for coming changes.



Marketing Channel
Strategy Consultants
Maximizing shareholder value
through creating the best route
to market

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Snippets

The Australian-based Macquarie Bank has partnered with Morgan Stanley and Scotland's Walter Scott in a new managed funds distribution offering. The new "Macquarie Professional Series" of fund offerings is designed to provide advisers with access to alternative boutique-style fund managers. The concept was developed in response to demand from advisers and financial planners for access to specialist investment managers, as well as to meet a growing level of interest among offshore investment managers in gaining clients in the Australian market

<http://theage.com.au/articles/2005/03/03/1109700587662.html?oneclick=true>

Russia's natural gas giant Gazprom and German multi-utility RWE have recently held discussions about possible joint projects in the generation and marketing of electricity. This approach could represent a reinvigorated effort by major oil and gas producers to add a utility dimension to their business strategies.

<http://www.datamonitor.com/~388bf81d25694318bac399ad4af89702~/industries/news/article/?pid=58327B59-B394-42FA-B055-3C72D6E10FDF&type=ExpertView> (Because of the length of this URL, you may need to cut and paste it into the address bar of your browser)

Answering e-mail messages may have replaced the house call in the United States. In an effort to improve efficiency and control costs, health plans and medical groups around the US are beginning to pay doctors to reply by e-mail. Although many computer-savvy doctors have been using e-mail to communicate informally with patients for years, most have never been paid for that service.

<http://www.iht.com/articles/2005/03/02/business/doctors.html>

Share the Knowledge

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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>