

Welcome to IF Consulting's e-Newsletter

August 5, 2006

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

This week, we're doing things a little differently. Below is a short summary of an article written by Gino Morelli, IF International's Northern Hemisphere CEO. The article appeared in *Conspetus* – a journal published specifically for the IT industry. The full article is available at: http://www.conspetus.com/2006/june/downloads/PartnerManagement_June06.pdf (free registration required)

Using channels to beat your competitors

A company's approach to its marketing channels is one of the few really powerful potential differentiators that are still readily available. After all, your competitors are, by definition, trading in the same marketplace and under the same conditions as you. Yet even if your competition has access to the same potential marketing channels as you, in practice how you wield your marketing channels, and the quality of your understanding of them, will be uniquely yours.

Ultimately, marketing channel performance is governed by two key variables:
The effectiveness of your choice of marketing channel system(s) in relation to the needs of your business.
The quality of your choice of channel partners.

Choice of systems

IT plays an important role in developing and managing an effective marketing channel strategy. In particular, there are two key roles that IT can and should play:

1. Collecting and allocating performance data (sales and cost data) on a channel-by-channel basis.
2. Exchanging data and information with channel partners or indirect channels.

Many organizations already provide access to their intranets or have built dedicated extranets for their channel partners. The next step is to expand the functionality of these systems to facilitate the collection of data about, for example, the success of specific marketing or promotion campaigns or the impact of a revised pricing plan.

Partner choice

The challenge of selecting a particular partner for a channel is also a complex task, but here are six key guidelines:

1. Start off by maximising the size of the channel partner prospect pool.

Your channel partners should be recruited from the widest possible candidate pool - don't just recycle candidates who have proved reasonably useful in the past; explore the capabilities of new ones. Remember, too, that your channel partners will, from your customers' perspective, most likely be the front line of your organization and will consequently often be the main factor in how your organization is judged.



IF International

Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best route
to market

IF International

ACN 004 783 519

email channels@i-f.com

www.i-f.com

USA

Europe

Australia

2. Appoint a selection team that reflects all the disciplines that are important to your organization.

It is vital that the team you use to select your channel partners represents every key aspect of your organization. It should at the very least include people involved with:

Your marketing channel partner management.

Your overall marketing.

Your operations.

The technical side of your activities.

Your sales operation.

3. Remember that in your channel partner selection activity you are seeking to win an unfair advantage!

Your overall objective is to seek to obtain an unfair share of the overall talent pool, thereby forcing competitors to settle for second-best channel partners. Both short-term performance improvement and long-term competitive advantage are achievable by selecting and keeping the best channel partners in a particular industry – don't treat selection as an afterthought – use those who are best qualified to make these crucial evaluation and selection decisions.

4. Take realistic steps to predict the performance of your channel partners.

By employing a range of assessment forums, communications media and assessment criteria, a partner's future performance becomes more predictable and developmental needs are highlighted. Past performance is the best predictor of future performance.

5. Aim to adopt a 'selection by rejection' approach.

Positive skills and experiences are usually easy to find, but a truly reliable and robust programme for recruiting candidates should aim to uncover positive and negative traits.

6. Remember that the selection process gives you insights into the likely nature of the relationship.

The way the partner responds to queries, presents itself and generally conducts itself during the selection process is clearly going to reflect what the partner would be like to work with if selected.

In summary, channel partner recruitment is not rocket science, but it does require a professional and robust selection process. This same professionalism also needs to be applied to extracting the maximum competitive edge from focusing on marketing channels – not as an adjunct to how your organization operates, but as an absolutely fundamental part of what makes your organization special.

http://www.conspectus.com/2006/june/downloads/PartnerManagement_June06.pdf

Snippets

After flying the Best Western flag for around thirty years, the Holderied family has decided to go independent later this year. Although it's an unusual move, with less than 2% of the chain's hotels ending their contracts each year, consultants say that the Internet has diminished the value of hotel chains' central reservations system.

http://www.businessweek.com/smallbiz/content/jul2006/sb20060727_480939.htm?chan=small_biz_smallbiz+index+page_today's+top+stories

Krispy Kreme Doughnuts has settled litigation with its largest franchisee in Southern California, Great Circle Family Foods. Under the settlement, Crispy Kreme subsidiary Southern Doughnuts will buy three Crispy Kreme franchises from Great Circle for US\$2.9



million, leaving Great Circle with 17 franchises.
<http://www.dfw.com/mld/dfw/business/15147070.htm>

Fast-food giant McDonald's is about to embark on a new strategy to build its brand across India. The chain will be rolling out its home delivery format "McDelivery" across the country within the next few months. Although it was soft-launched in 2004, the company has maintained a low profile on the home delivery channel in order to achieve a uniform model for all its stores.
<http://www.agencyfaqs.com/news/stories/2006/07/29/15623.html>

Share the Knowledge

If you or your colleagues are interested in receiving our e-Newsletter please visit: <http://www.i-f.com/E-comForm.htm>

IF Consulting publishes "Our View", a review of topical marketing channel issues. Samples are available on our website.

IF Consulting is a leading international marketing channel strategy consulting firm with over 35 years' experience in a vast number of industry sectors. See our website for further information.

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