### **OPTIMIZING CHANNEL ALIGNMENT**

A program to develop collaborative advantage

8-Week Program (Jul 13 – Aug 31, 2023)							
Jul	Jul	Jul	Aug	Aug	Aug	Aug	Aug
13	20	27	03	10	17	24	31









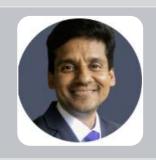
### Program Introduction – ISA

- Remarks by ISA
  - ELCC Program Overview
  - ACTvantage partnership



### Introduction - ACTvantage





Senthil is passionate about driving profitable growth through analytics. An engineer at heart, he brings a quantitative approach to business challenges, leading to unbiased solutions to optimize value.

Pradip is passionate about using an approach that combines data and coaching to help companies drive profitable growth. He is recognized in the industry as a thought leader, with 15 plus years of experience assisting hundreds of companies directly.



## ISA Channel 2.0 Framework

ISA recognized ongoing industry dynamics and evolving needs in the channel.

Together with all stakeholders, ISA created Channel 2.0, a new standard of expectations, helping all stakeholders (Distributors, Manufacturers, and IMRs) create better strategic value for each other while satisfying the End User's evolving needs.



# ISA Channel 2.0 Framework: A new standard of expectations



States 'WHAT' critical activities to focus on for each channel player

Acts as a **checklist** to manage the forces of change



### Channel Challenge



With the ongoing supply chain challenges, manufacturers face new roadblocks, distributors alter their capabilities, and customers change their requirements; **the path forward keeps shifting**.



Channel partners are busy responding to forces of change from their organizational perspective; are they also looking at these changes from their channel perspective?

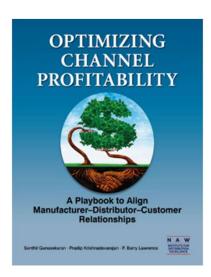


How do we align our interests in the channel? How do we force all parties to recognize and respond with mutually beneficial actions? How do we <u>align</u>
<u>our interests</u> in
today's age of
disruption and a
customer
experience-driven
economy?



### Research and Outcome

- These questions were the driving force behind our groundbreaking research study. The solution does not come from distributors alone or manufacturers alone, but rather from collaborative research.
- This first-of-its-kind study is based on a consortium made up of multiple distributors (15 distribution firms from six lines of trade) and manufacturers (5 manufacturing firms from four lines of trade) who came together to research and develop solutions.
- The consortium answered questions both quantitatively and realistically using real-world channel data.





### CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer

Suppliers Financial Goals

Critical Channel Goals Channel Success Factors

Channel Compensation

Channel Capability

Customer Value Proposition

Distributor Cost Drivers Distributor Financial Goals



Customer Retention Operational Excellence

Product Access & Incentives Distributor's ability to

 Stock at multiple locations Larger footprint and product availability

Inventory
Investment
& Fixed
Assets

Cash Flow & Asset Efficiency



#### CHANNEL ALIGNMENT FRAMEWORK Supplier • Distributor • Customer SUPPLIER FINANCIAL CRETICAL CHANNEL CHANNEL CHANNEL COMPENSATION CHANNEL **CUSTOMER VALUE** (VALUE DRIVERS) GOALS SUCCESS FACTORS CAPABILITIES PROPOSITION COST DRIVERS DISTRIBUTOR'S ABILITY TO: Develop comprehensive product & service basket Product/service (Product) selection & quality Innovation capital Cash conversion cycle 0 Market access Manage supply & demand variability (risk) Product/service Process avallability (improvement) capital Inventory 000 MARKET MARKET Acquire: Customer acquisition SHARE Mindshare SHARE Market presence Stock at multiple locations Inventory (access) capital (footprint) 0 Fored assets Value proposition Provide customer support (pre-& post-sale) Customer support \$ competitiveness \$ Technology (deployment) capital responsiveness Customer service 0 PROFITABILITY PROFITABILITY (payroll) expenses Nurture: Market focus Market product and Order accuracy & Customer Share services effectively efficiency nformation of Wallet Warehouse (sharing) capital 0 operations expenses 0 0 Shelf space 1. Build Develop and deliver competitive value proposition Brand awareness 1.1 Volume Knowledge (sharing) capital 1.2 Margin Sales & Marketing 0 expenses **CASH FLOW** Product line loyalty CASH FLOW Train and develop talent bench 2. Penetrate Time-to-market 2.1 Secure 2.2 Seize 0 Human capital Overall operating Salesforce effectiveness expenses Delivery (on-time & 0/ $\mathbf{o}$ Prioritize, promote and sell 0 Financial capital Delivery expenses Operational excellence Technical support **EFFICIENCY EFFICIENCY** Protect: (Salesforce knowledge) Customer retention 0 Salesforce expenses Relationship capital Customer Manage customer payments (risk) Technical support experience (Salesforce willingness) 47 expenses Develop: > Market focus capita Provide optimal market coverage > Mindshare Credit terms GROWTH New markets GROWTH > Growth mindset through new-to-the-> Risk-seeking Accounts 0 world products Organizational & > Business agility receivables Brand capital Commit resources for Overall customer channel performance experience © 2010 Doing Ropely Crain Laboratory



#### **Channel 2.0**

- States 'WHAT' critical activities to focus on for each channel player
- Acts as a <u>checklist</u> to manage the forces of change



### **Optimizing Channel Alignment Certification**

- Explains 'HOW' to perform those critical activities
- Provides a detailed CHANNEL ALIGNMENT FRAMEWORK that
  - aligns goals, resulting needs/capabilities and resources of channel players
  - leverages data for channel alignment

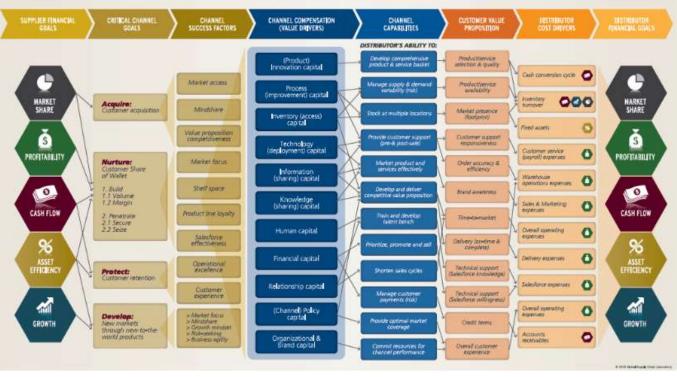




#### CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer







### Optimizing Channel Alignment Certification in 8 Weeks

### Channel Growth (Part 1)

Supplier Perspective

Assess your current channel goal-setting process

Translate firmlevel financial goals to channel goals

**Identify** critical success factors for achieving channel goals

#### Channel Growth (Part 2)

Distributor Perspective

Learn to diagnose distributor growth challenges

Comprehend the key elements of the generating growth framework

Learn about nine growth strategies used by distributors

#### Channel **Focus**

Learn to identify the right channel partners.

**Assess existing** channel partner performance.

Leverage purchase order data for channel relationship.

#### Channel Value **Proposition** (Part 1)

**Understand the** trade-off of channel value proposition.

Discover the critical elements of channel value creation.

Learn about channel compensation comprehensively using 11 forms of capital

#### Channel Value **Proposition** (Part 2)

Measure the effectiveness of channel compensation elements.

Assess current channel compensation elements.

Harness the power of channel data.

### Channel **Alignment**

Assess your current channel alignment process.

Connect channel stakeholders' interest to create channel alignment.

Apply the channel alignment framework as a channel relationship tool.

**Understand how** to quantitatively measure channel alignment.

#### Channel **Evolution**

**Understand the** implementation factors for channel management processes.

Learn four phases of implementing channel performance analytics.

> Real-World Example.

#### **Roadmap:** A Plan of Action

Learn to adapt to channel forces.

Comprehend the five principles of channel advantage.

The Roadmap: How to apply this at your company

"The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn."

Alvin Toffler



Learn



Unlearn

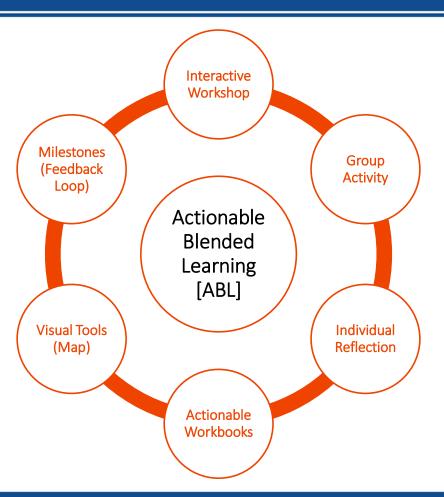


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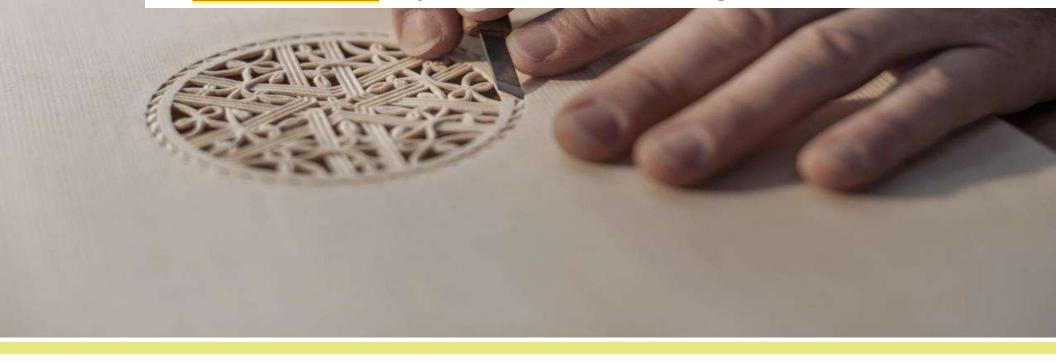
## Course Approach







- What are the channel-level
- TOP TWO Challenges in your brand / channel / org.?
- TOP TWO Goals in your brand / channel / org. ?





# Program Follow-up Instructions – ISA

- ELCC Portal
- Remarks by ISA

### **Contact Information**



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