

# OPTIMIZING CHANNEL ALIGNMENT

A program to develop collaborative advantage

8-Week Program (Jul 13 – Aug 31, 2023)

Jul 13	Jul 20	Jul 27	Aug 03	Aug 10	Aug 17	Aug 24	Aug 31
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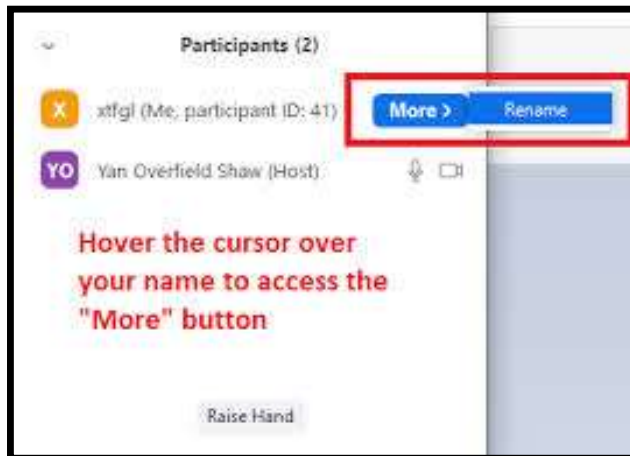


Leading the  
Channel Forward®

**ACT**vantage

# Zoom Platform Instructions

- Please Add Team # to your name, by clicking 'Rename' option
- **Example**
  - J Doe [Team 1]



First Name	Last Name	Team #	Company
Katie	Bloom	Team 1	US Tool Group
Kayla	McLaughlin	Team 1	Surplless Dunn
Jared	Beach	Team 1	Jergens Inc
Richard	Geary	Team 1	INSIZE USA
Erik	Olson	Team 1	SBD
Mike	Weber	Team 2	Weber Group of Companies
Maria	Payne	Team 2	Jergens Inc
Jillian	Johnson	Team 2	SBD
Brandon	Verzal	Team 2	SBD
Bill	McElhaney	Team 2	Cutler Industrial Sales
Taylor	Music	Team 3	Pack-n-Tape
Juan	Santiago	Team 3	Jergens Inc.
David	Sachs	Team 3	SBD
Frankie	Rodriguez	Team 3	Kennametal
Lisa	Higginbotham	Team 4	Pack-n-Tape
Josh	Ashley	Team 4	Norton Saint-Gobain
Ryan	Bankert	Team 4	SBD
Raphael	Silva	Team 4	Kennametal
Jen	Huber	Team 5	Stellar
Shane	McCarville	Team 5	WD-40
Allison	D'Onofrio	Team 5	SBD
Austin	Drake	Team 5	Norton Saint-Gobain



# Optimizing Channel Alignment Certification in 8 Weeks

## Channel Growth (Part 1)

Supplier Perspective

Assess your current channel goal-setting process

Translate firm-level 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

*8 Weeks, 60 Minutes Each Week.*



# OPTIMIZING CHANNEL PROFITABILITY



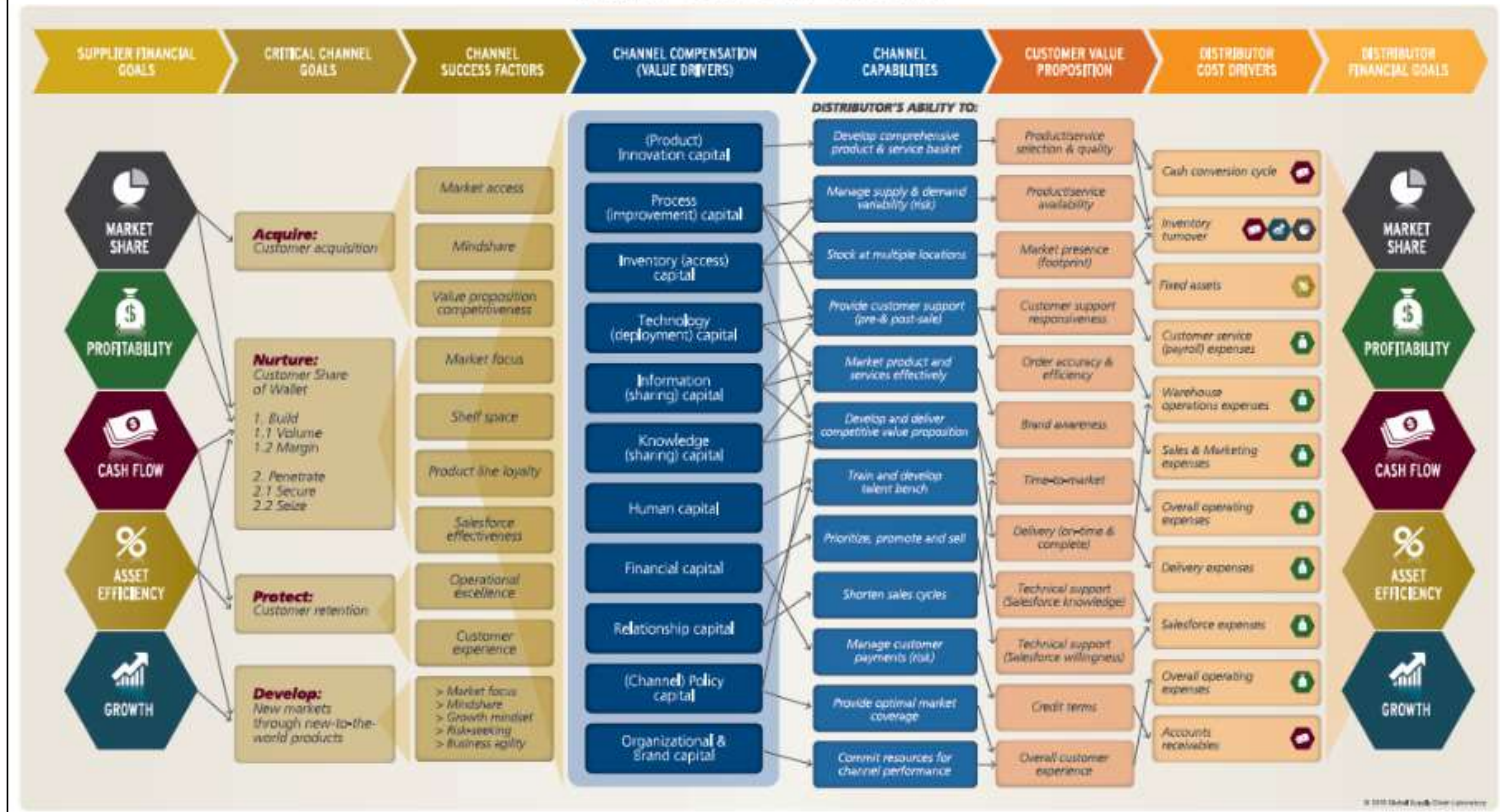
**A Playbook to Align Manufacturer-Distributor-Customer Relationships**

Senthil Ganasekaran · Pradip Krishnadevarajan · F. Barry Lawlorico

**N A W**  
INSTITUTE FOR  
DISTRIBUTION  
EXCELLENCE

## CHANNEL ALIGNMENT FRAMEWORK

Supplier · Distributor · Customer





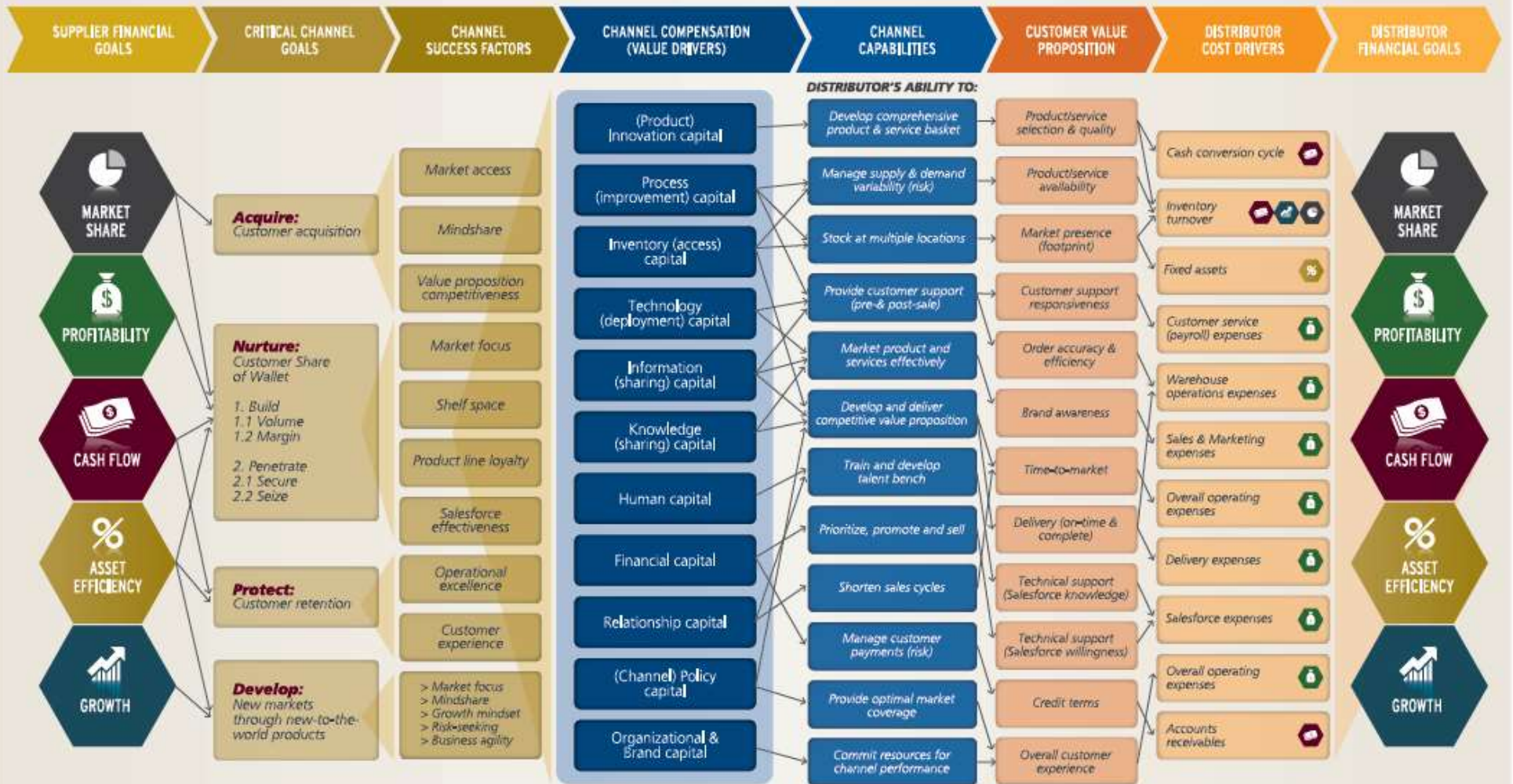
## Learning Objectives

### Channel Growth [Manufacturer/ Supplier/IMR Perspective]

- Assess your current channel goal-setting process
- Translate firm-level financial goals to channel goals
- Identify channel-level critical success factors (CSFs) for achieving channel goals

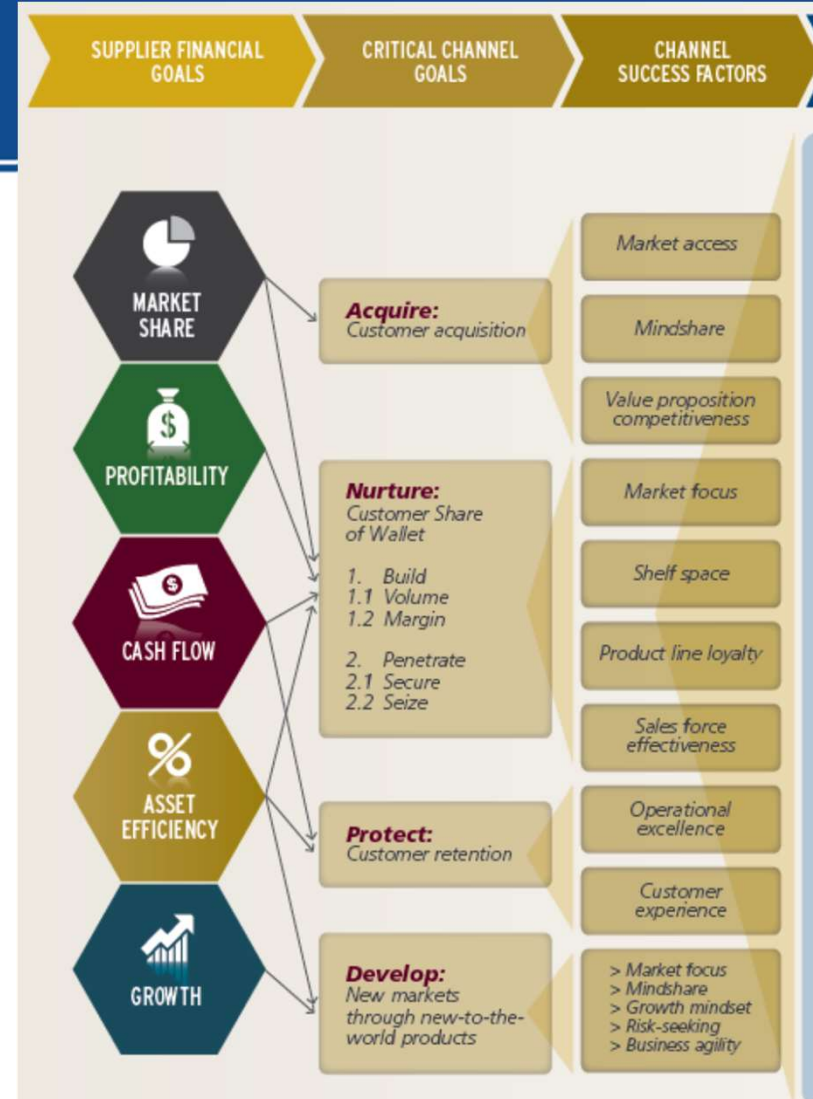
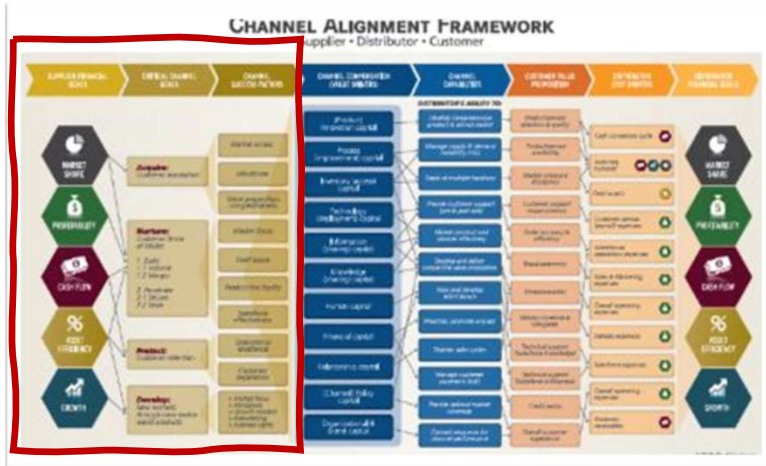
# CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer



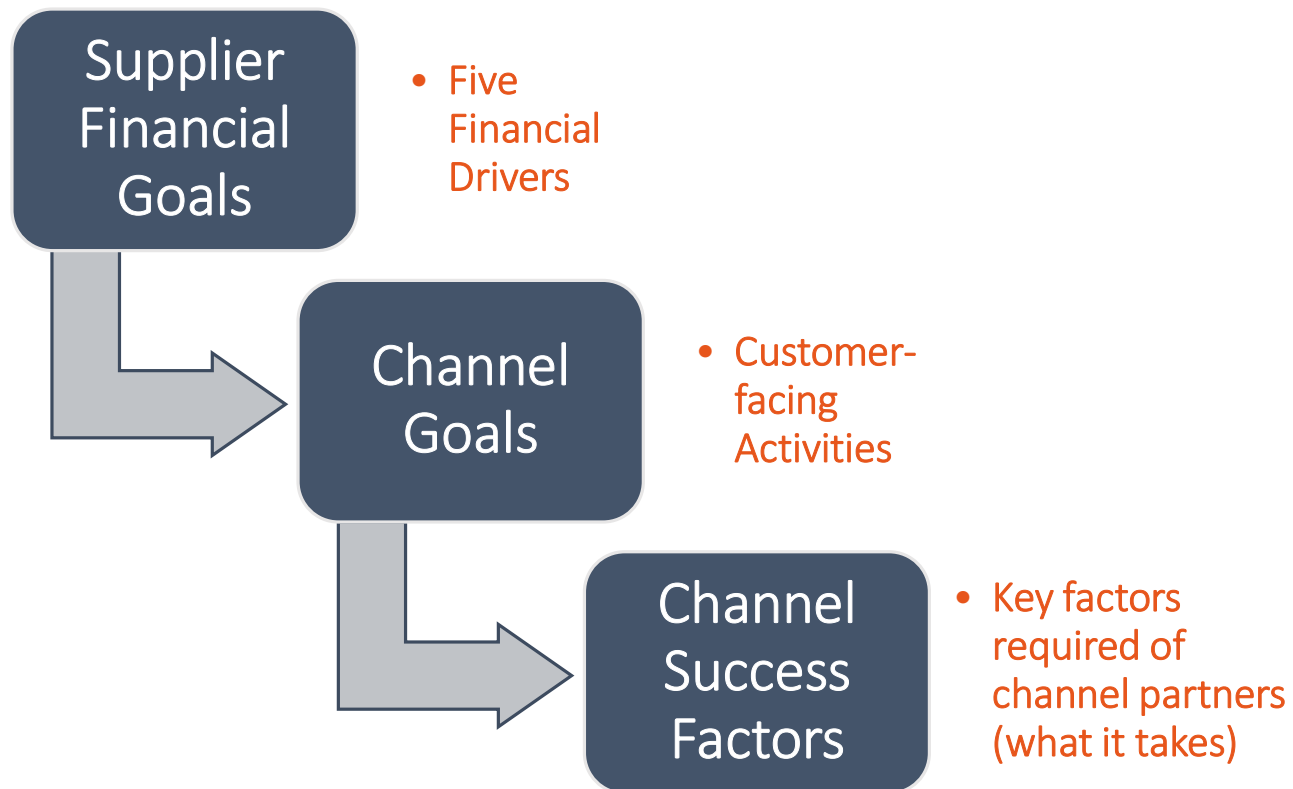


# Connecting Financial and Channel Goals to Channel Success Factors





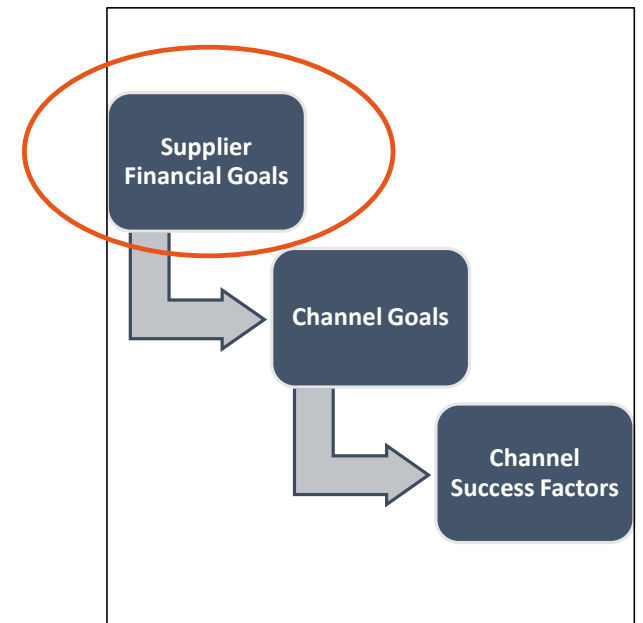
# Determine Channel Goals





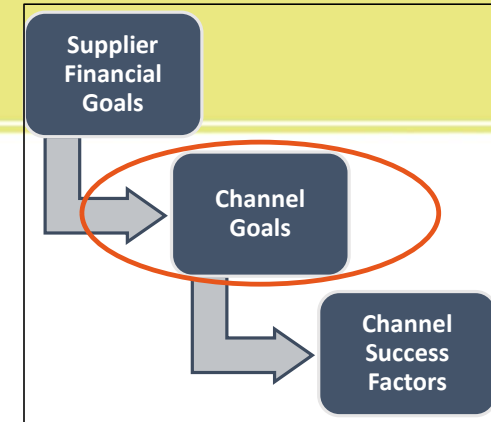
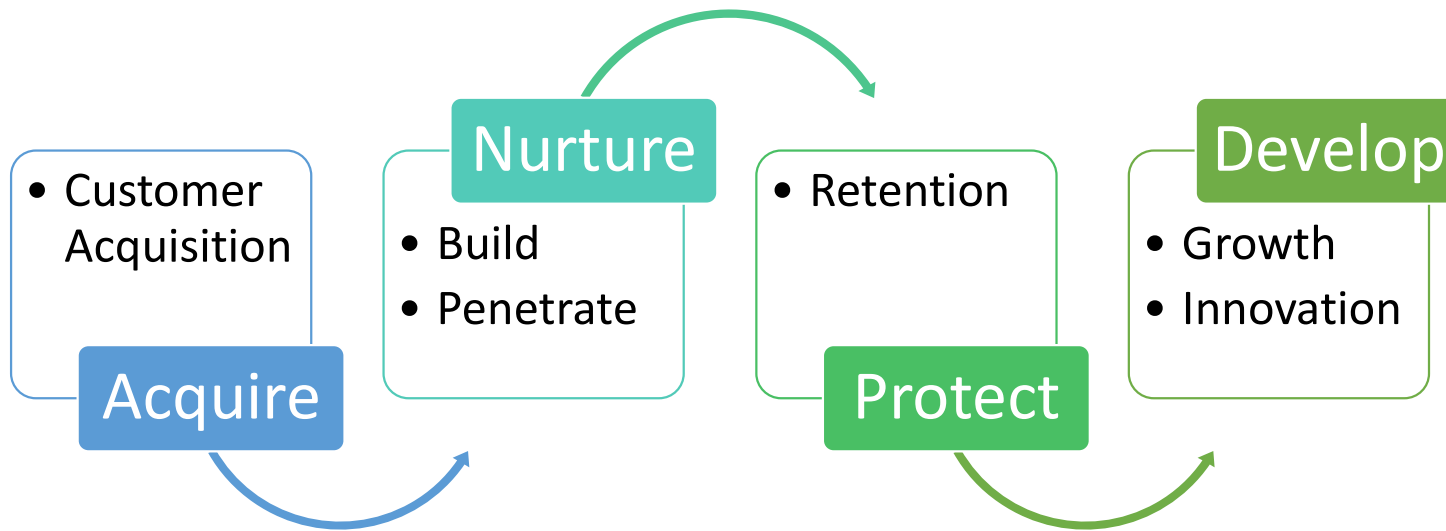


# Supplier Financial Goals

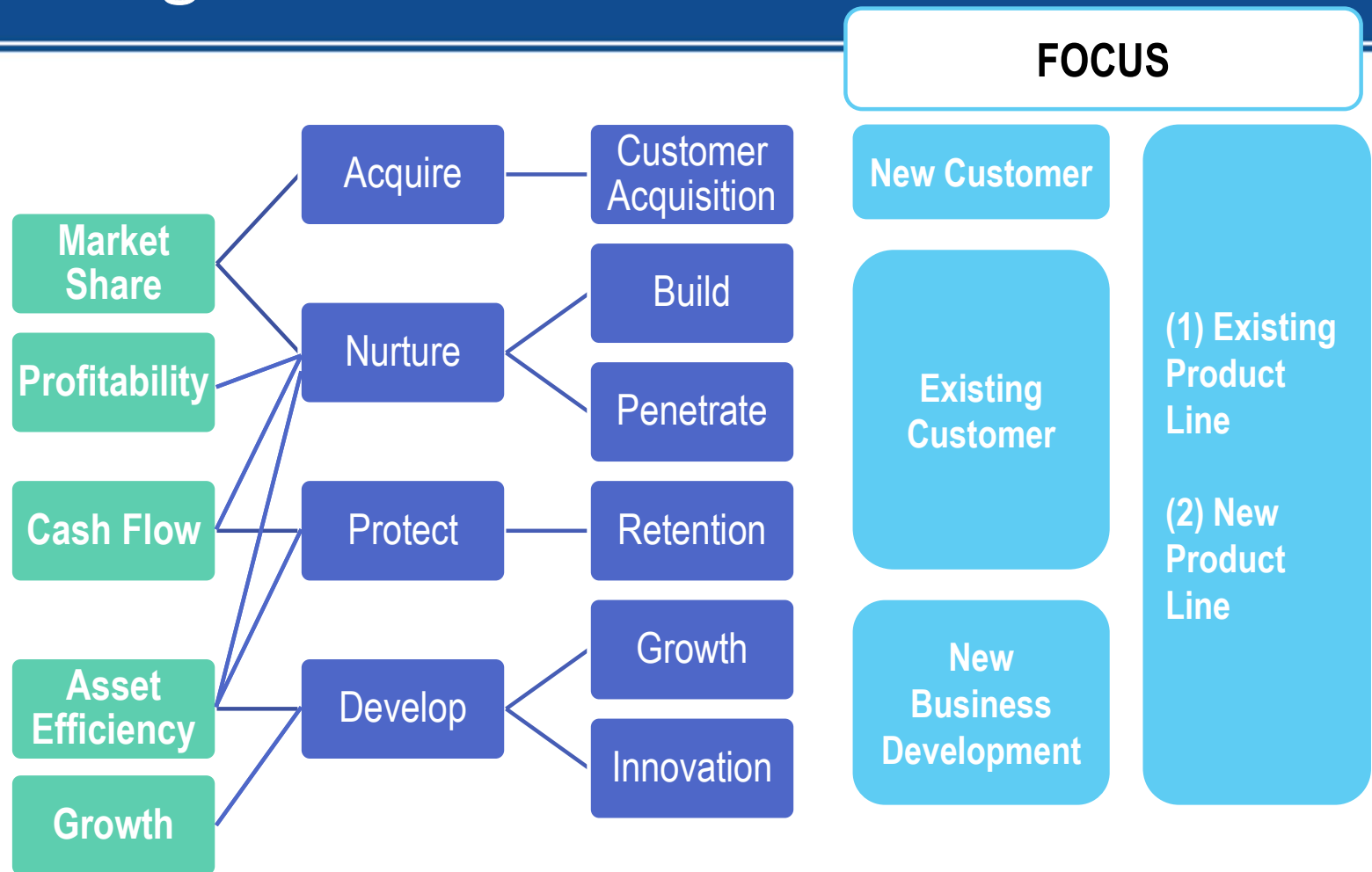




# Channel Goals

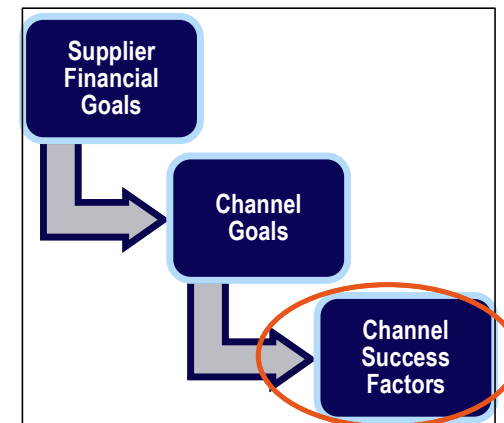
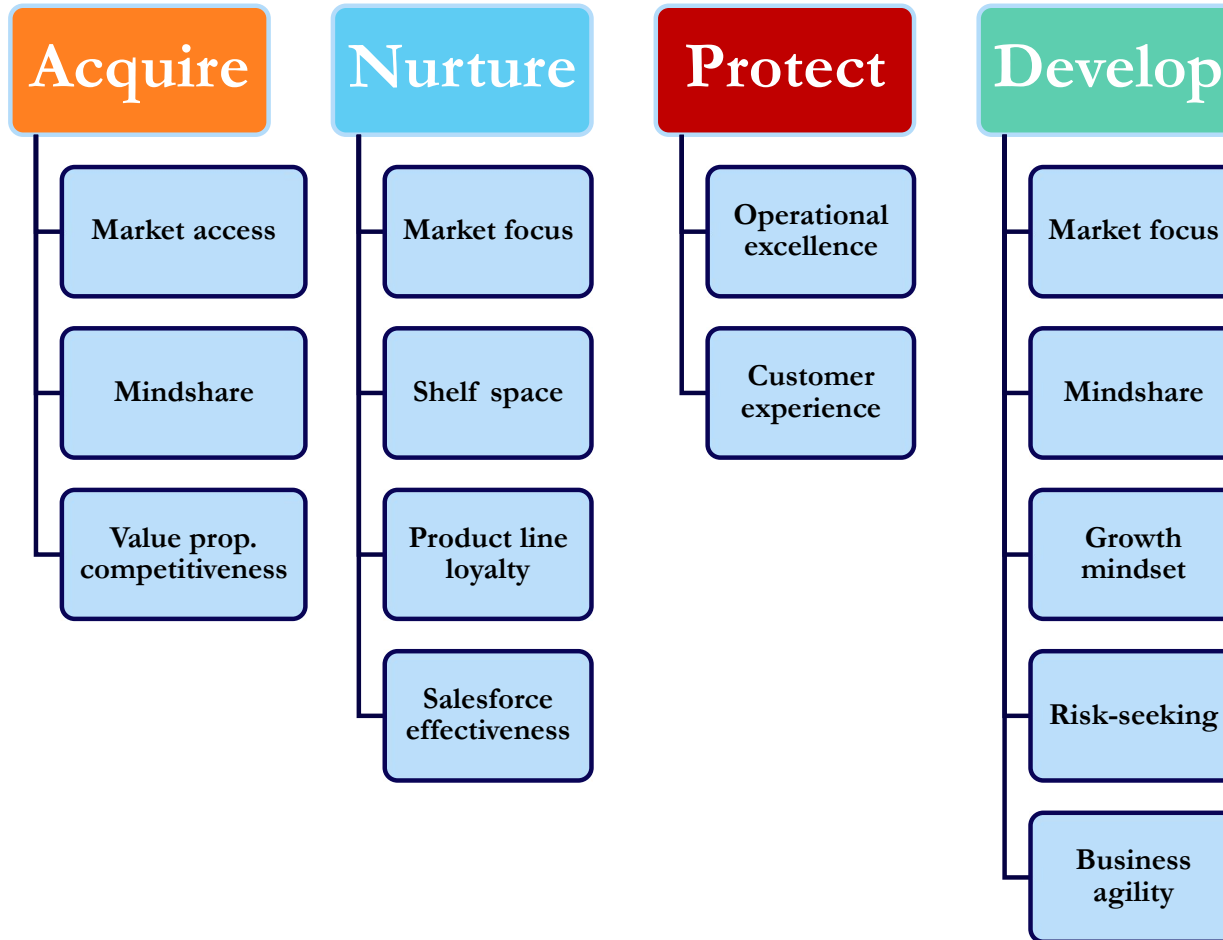


# Connecting Financial and Channel Goals



# Channel Success Factors

The list of critical factors required to achieve a channel goal



## Channel Success Factors: The list of critical factors required to achieve the channel goal of **Acquire (new customers)**

### Market Access

- Refers to the channel partner's (distributor's) presence in a target market.
- The presence in terms of local stocking locations, # field salespersons, # supporting inside sales force, overall reputation and market position.

### Mindshare

- Refers to the degree of priority or attention given by the distribution sales and marketing teams to a supplier's product lines.
- Can be assessed in terms of # sales calls per customer per period, amount of time spent by the field sales force and inside sales per period, # technical personnel deployed to support the line, representation in web / social media marketing, and other factors.

### Value Proposition Competitiveness

- The customer value proposition has two dimensions: value creation and value capture.
- The customer might perceive the offering primarily from a pricing (value capture) standpoint. The sales force may have to divert attention to value creation by demonstrating the strategic as well as financial benefits of the overall value proposition.

# Example: Value Proposition Competitiveness

## Distributor Capabilities

### VALUE POSITIONING

#### SOURCE & STOCK

- Products (Brand)
- Inventory Availability Breadth and Depth (Capital)
- Market Coverage (Exclusivity)
- Price (Supplier Driven)

#### STORE, SHIP & SUPPLY CHAIN PLANNING

- Value-add Services (Capability)
- Delivery (Capability)
- Facilities (Capability)
- Market Coverage (Capability)
- Cost (Cost-to-serve Driven)

### VALUE PROPOSITION

#### SUPPORT SERVICES

- Credit Terms (Capital)
- Customer Service (Order Management)
- Market Presence & Experience (Knowledge & Relationship)
- Value-add Services (Capability)

#### SELL

- Direct Sales Force (Market / Industry Knowledge & Selling Skills)
- Technical Support (Product & Application Knowledge)
- Price (Market Driven)

## Customer Business Outcomes

On Time

Safety

End Customer Satisfaction

On Budget

Job Quality



# 3 Blind Spots of Customer Value Proposition



**Blind spot 1: Lack of focus on customer business.**



**Blind spot 2: Lack of customer-centric sales tools to translate your strengths to customer success.**



**Blind spot 3: Lack of training and development to translate your strengths to customer success.**

# Channel Success Factors: The list of critical factors required to achieve the channel goal of Nurture (existing customers)

## Market Focus

- Refers to the distributor's ability to focus resources on a key customer segment collaboratively identified with the supplier.
- Distributors grow the scope of their offerings by expanding product lines and stocking multiple suppliers.

## Shelf Space

- How much inventory the distributor maintains to meet customer needs.
- Suppliers can measure their distributor's level of commitment through their allocation of working capital to support the supplier's product lines or targeted market segment.

## Product Line Loyalty

- The extent to which the distributor is motivated to stock competing product lines.
- This form of distributor loyalty depends on channel context factors such as distribution intensity and pricing.






## Salesforce Effectiveness






- Sales force effectiveness and loyalty is also critical to increasing share of wallet.
- Sales force effectiveness is a combination of skill development, productivity, and the quality of the value proposition.





# Market / customer Focus – Nurture Example

Core Customer Profile		
	Revenue	\$74,207
	GM\$	\$18,722
	GM%	25.2%
	Days to Pay	33
	Number of Lines	8
	Order Size	\$1,532
	Returns	11%
	Quote Conversion	72%
Inventory		
	A and B Items	79%
	C and D Items	21%

Service Drain Customer Profile		
	Revenue	\$42,389
	GM\$	\$8,194
	GM%	19.3%
	Days to Pay	53
	Number of Lines	4
	Order Size	\$882
	Returns	32%
	Quote Conversion	22%
Inventory		
	A and B Items	56%
	C and D Items	44%



# Checklist for Salesforce Effectiveness – Example

## Intent

- **Mgmt. focus, leadership, goal setting, communication, etc.**

## Incentive

- **General vs. Specific**
- **Activity vs. Outcome**

## Input [training and development]

- **3 elements: knowledge -> ability to do -> reinforcement**
- **3 dimensions: not just product-focused but also customer-focused (value prop), and channel-focused**

## Insights

- **Not just reports and information but actionable insights and coaching**

# Insights and Visibility to Sales Teams



## Sales Force Stratification

Current Year: JUL 2022 - JUN 2023; Previous Year: JUL 2021 - JUN 2022

SALESPERSON PERFORMANCE COMP..

CROSS SELL

CROSS SELL DRILLDOWN

**SALESPERSON CHURN**

CHURN DRILLDOWN

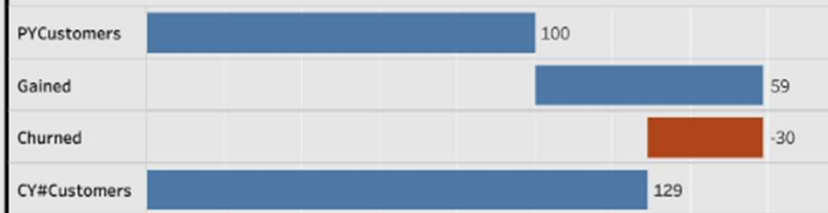
MONEY LEFT ON THE TABLE



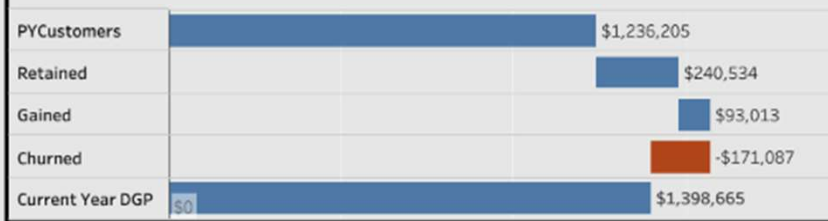
Value or Percent  
Value

SalesPerson Name	PY #Customers	#Customers Net Change	DGP Net Change
	152	-24	-\$133K
	242	12	-\$83K
	83	-25	-\$82K
	<b>100</b>	<b>29</b>	<b>-\$78K</b>
	65	8	-\$46K
	100	-6	-\$39K
	88	0	-\$15K
	150	8	\$4.2K
	82	49	\$10K
	47	10	\$19K
	34	25	\$25K
	19	6	\$28K
	7	14	\$44K
	62	54	\$49K

### #Customers Breakdown



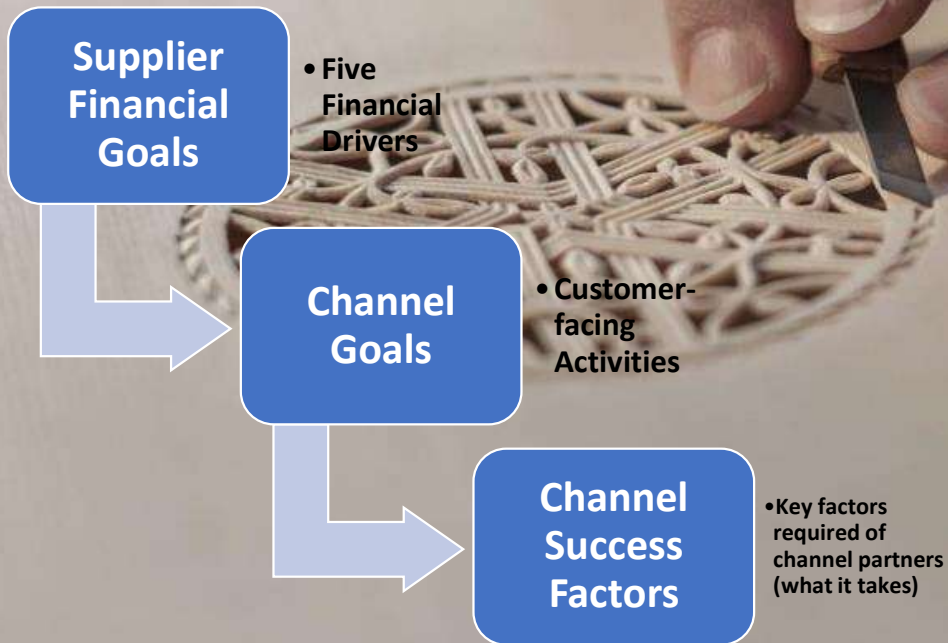
### DGP Breakdown



## Discussion: Group activity – 10 minutes

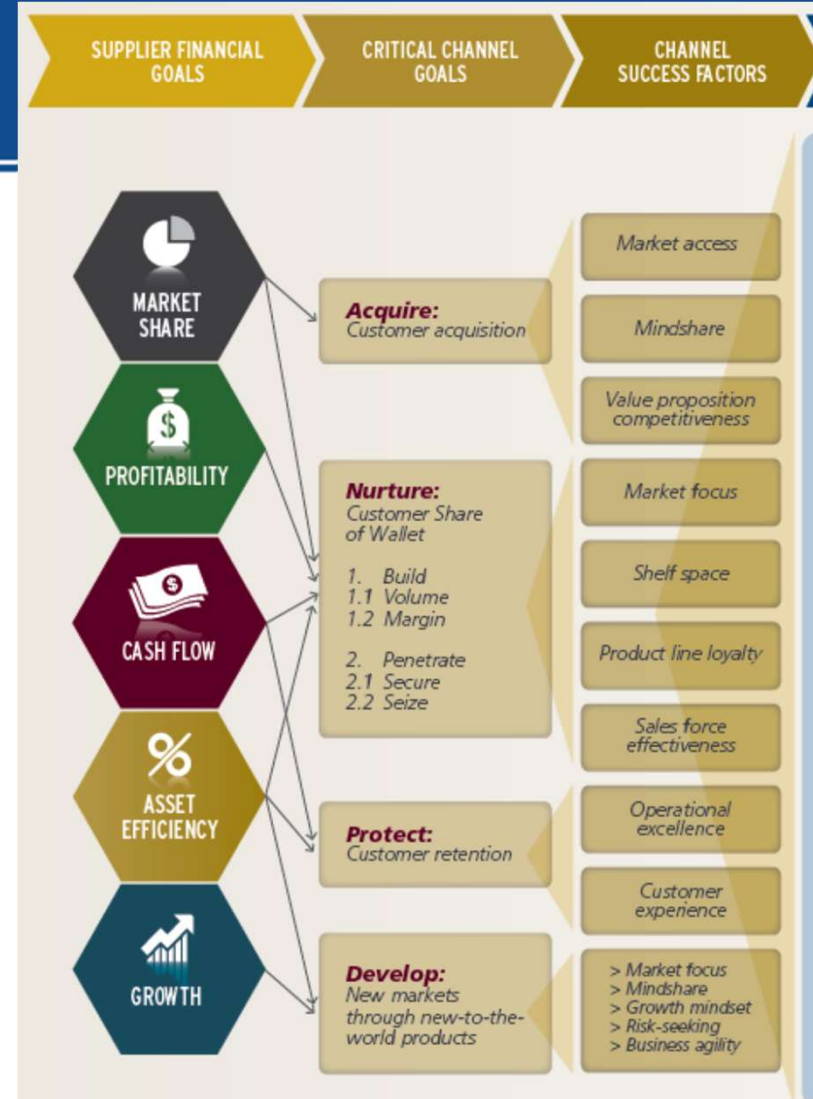
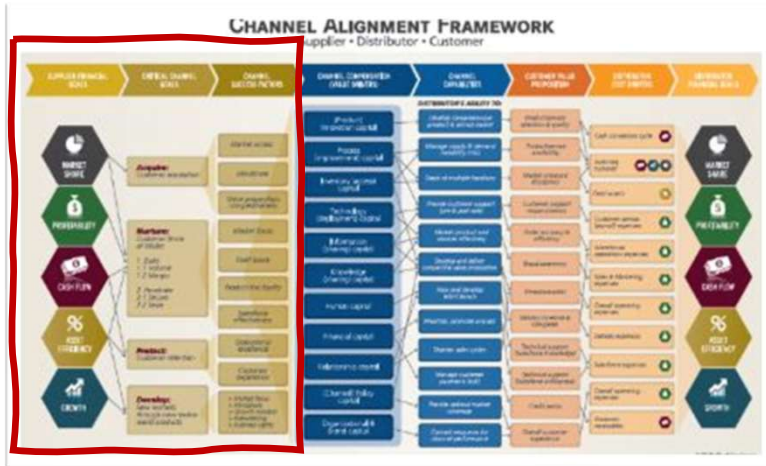
Discuss the current process and identify gaps in setting and achieving channel goals.

Each group is required to summarize the responses when we come back.





# Connecting Financial and Channel Goals to Channel Success Factors



# Contact Information



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