

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
-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

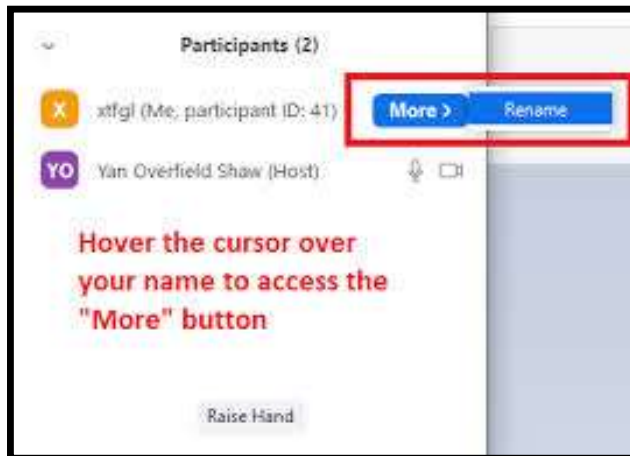


Leading the Channel Forward®

ACTvantage

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	Surpless 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
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

Program Overview

ISA Channel 2.0 Framework

Channel Alignment Framework – Research

Program Overview & Course Approach

Channel Goals

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

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 Compensation

Understand the trade-offs in channel compensation focus.

Learn about channel compensation comprehensively using 11 forms of capital

Measure the effectiveness of channel compensation elements.

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.

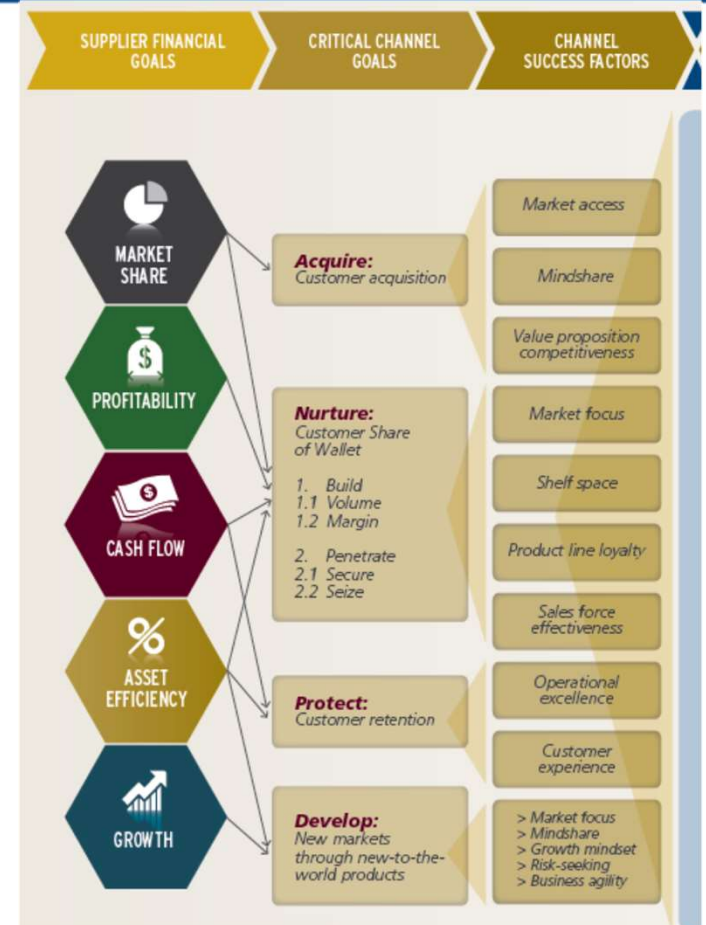
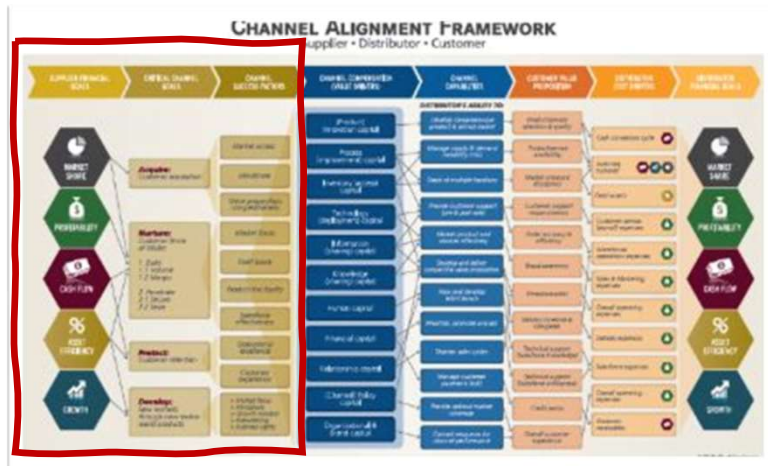
Comprehend the five principles of channel advantage.

The Roadmap: How to apply this at your company

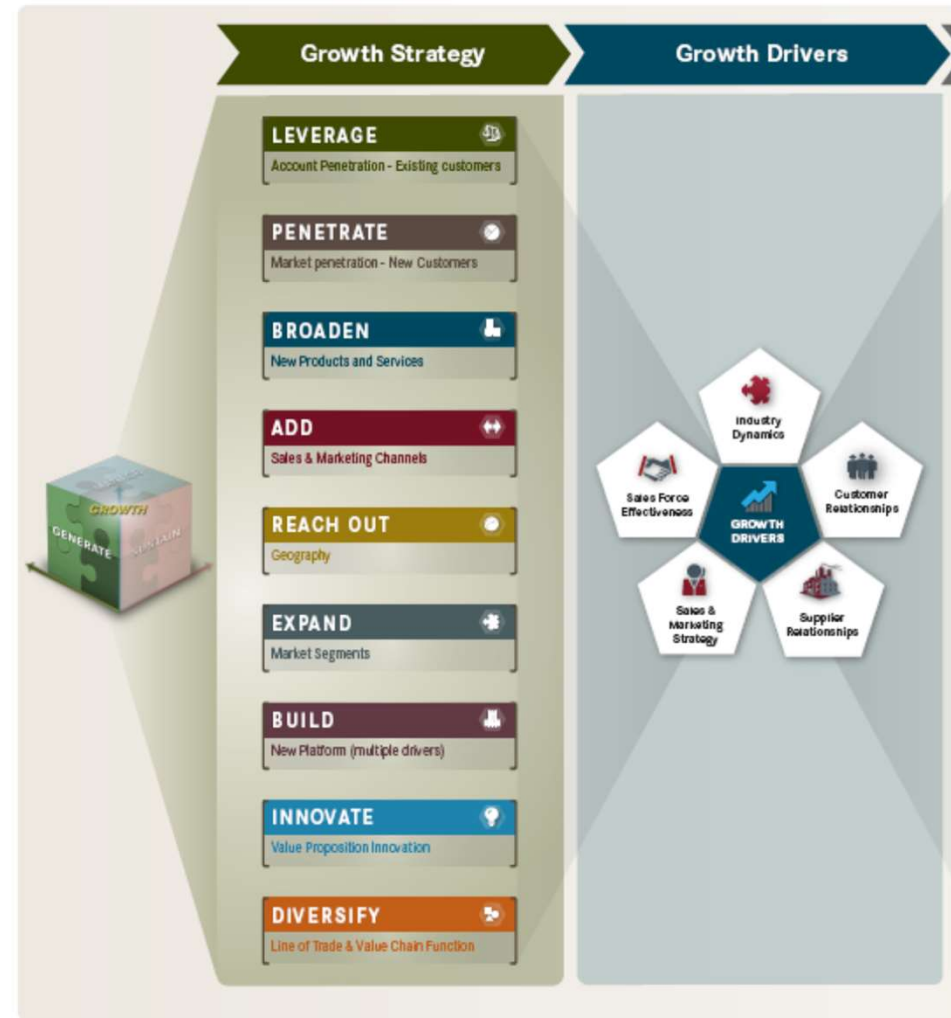
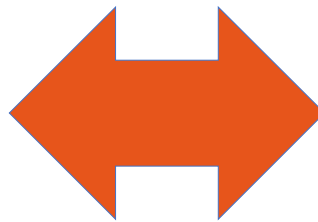
8 Weeks, 75 Minutes Each Week.



Connecting Financial and Channel Goals to Channel Success Factors



CHANNEL GROWTH: ALIGNING SUPPLIER AND DISTRIBUTOR PERSPECTIVES





Channel Partner Performance Assessment: Good to Great

Anecdotal

- Subjective
- Selective memory
- Recent incident



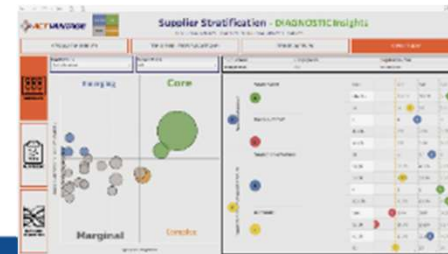
Partner Scorecard

- Pros:
Quantitative & Descriptive [WHAT]
- Cons: **Lacks**
 1. comparative assessment
 2. prescriptive guidance (goals)
 3. follow-through



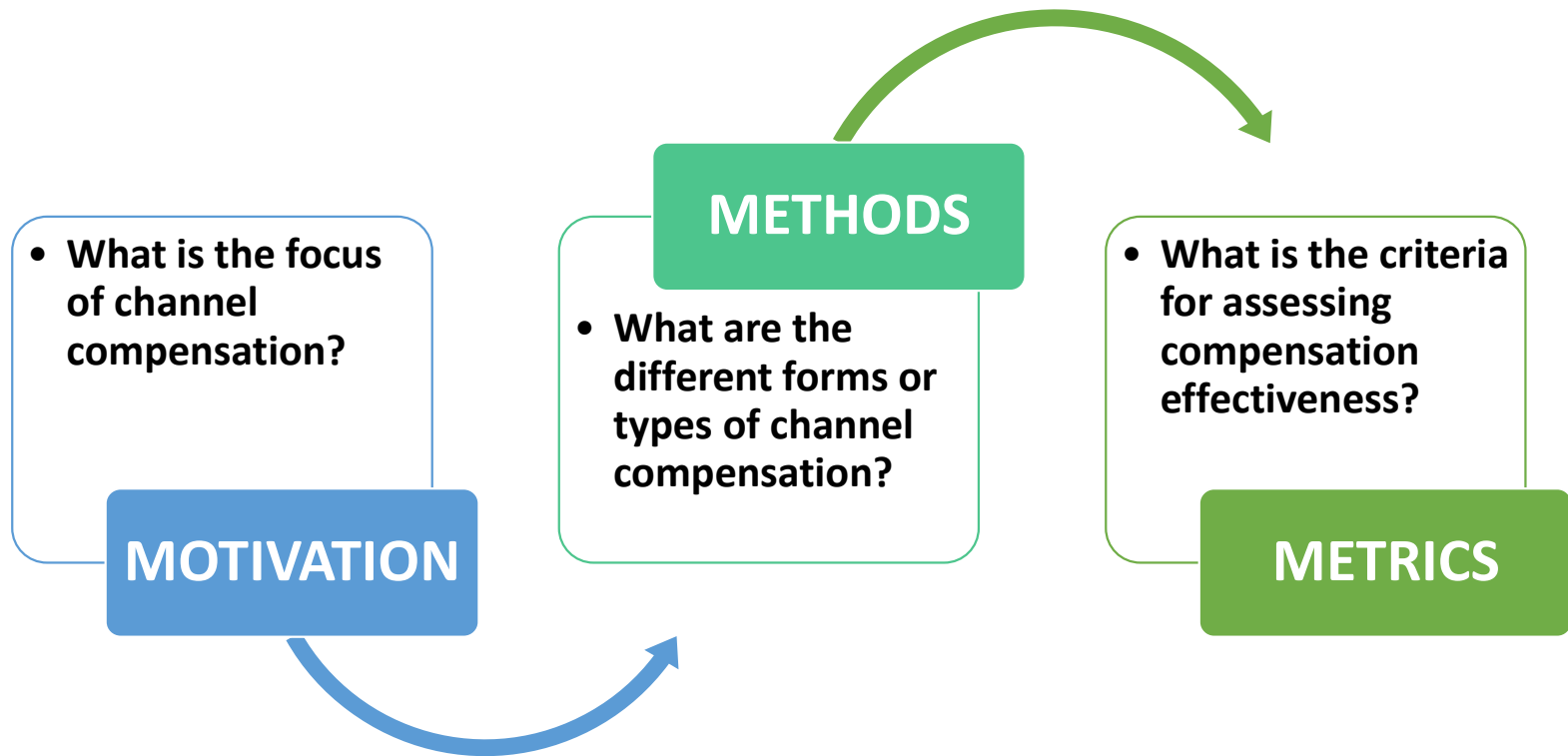
Supplier or Distributor Stratification

- Comprehensive
 - 4 Dimensions
- Diagnostic [WHY]
- Provides benchmark
- Comparative ranking
- Tracks performance over time



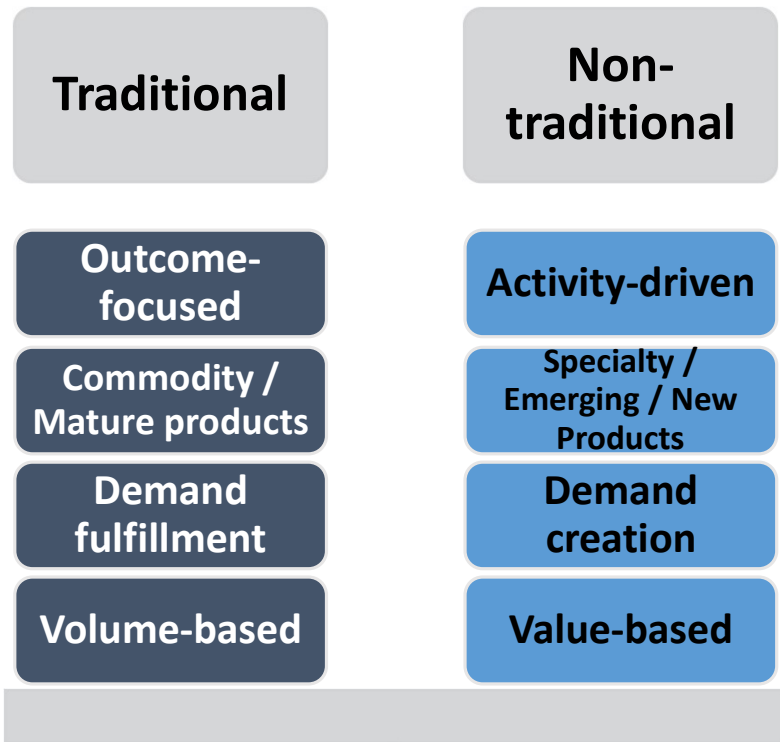


Channel Compensation: 3 Steps

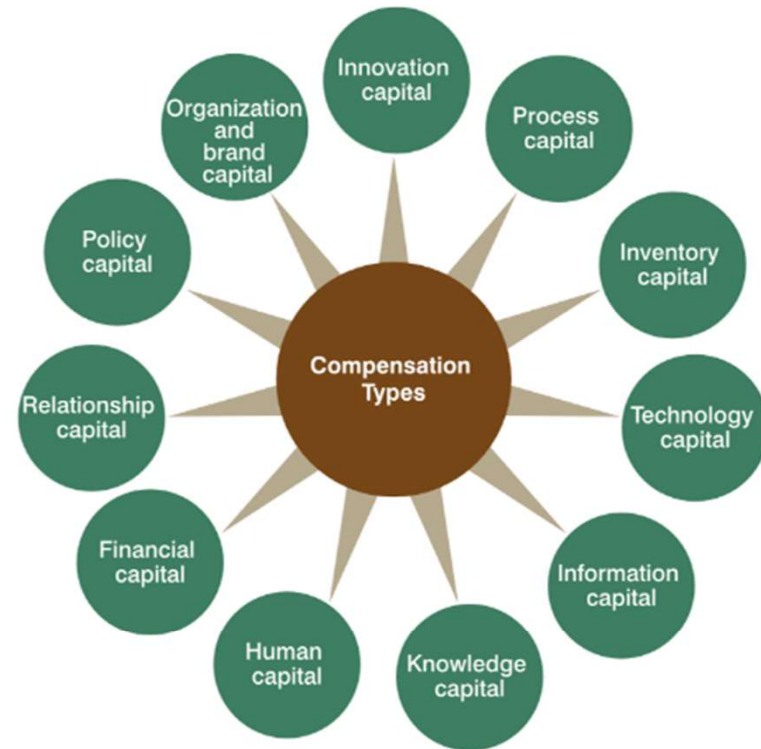




Key Takeaways



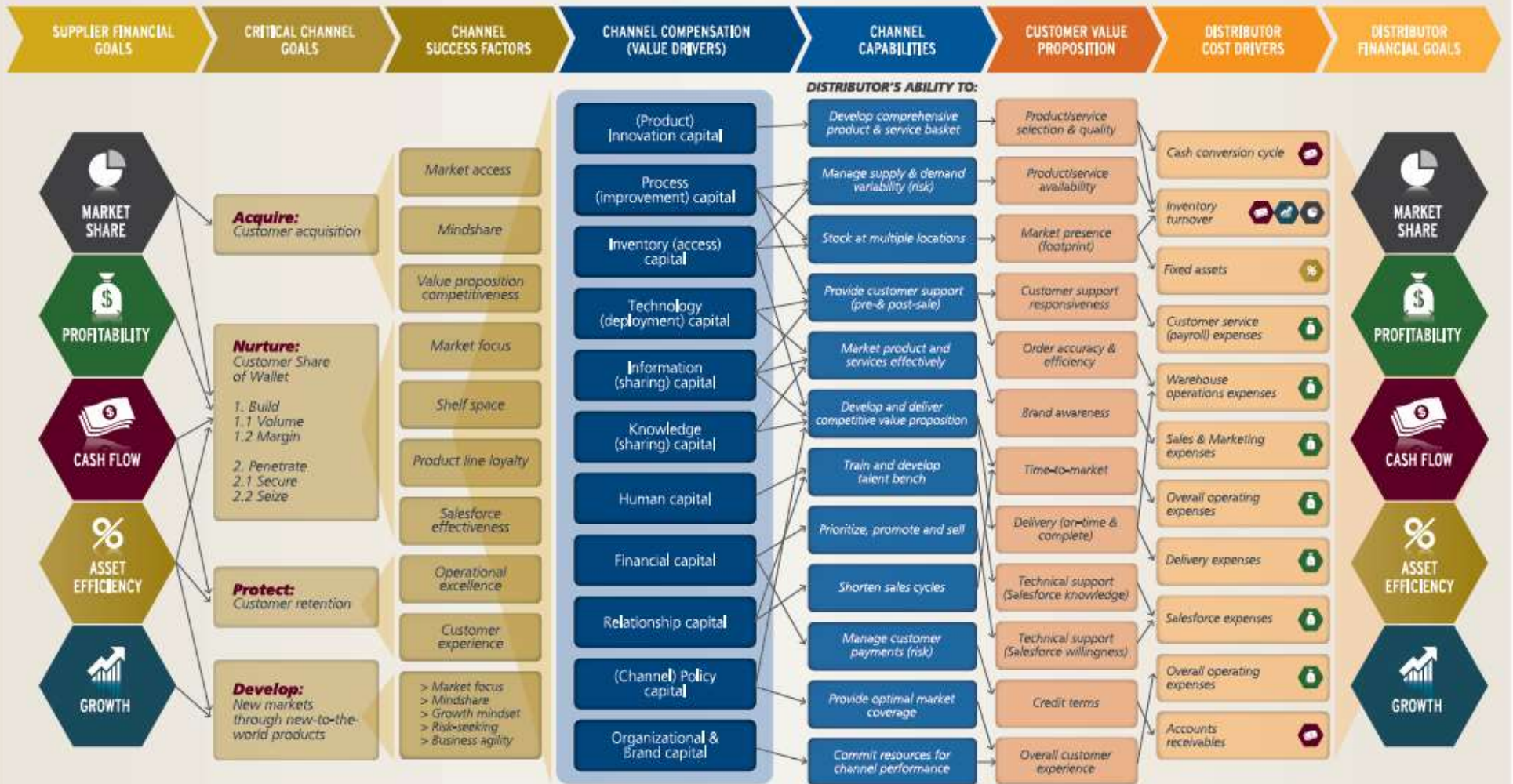
STEP 1: What is the FOCUS of your existing channel compensation



STEP 2: Are you BALANCING channel comp across 11 capitals or overusing a few? Are you customizing channel comp based on channel partner performance?

CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer





Channel Management – Processes and Implementation Factors

Channel Management Processes	Human Capital	Process Capital	Data Capital	Organization Capital
Determine Channel Goals	<ul style="list-style-type: none">• Resources• Roles and responsibilities• Accountability	<ul style="list-style-type: none">• Framework• Process• Methodology• Process owner• Collaboration	<ul style="list-style-type: none">• Data requirements• Definitions and assumptions• Analytics	<ul style="list-style-type: none">• Top management commitment• Change management• Learning and development• Culture
Decide Channel Focus				
Design Channel Compensation				
Manage Channel Alignment				

Discussion: Group activity – 10 minutes

Having learned about FOUR implementation components and its applications,

1) Share the channel-related best practice project and its outcome to your team. Link the contributing factors to four capitals.

2) What improvements will you recommend to your firm's existing practice of channel project implementation approach?

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



TEAM 1

1. A recent channel related project was the reorganizing of international sales customer alignment. It tied into the four components as such:
 - **Human Capital** - one person was retiring. New person new objectives and new vision.
 - New markets that required additional human capital
 - **Process Capital** – Process was redefined as the company wanted to improve upon this alignment.
 - **Data Capital** – Data was used for updated customer stratification and as a tool to help allocate resources for this new alignment.
 - **Organization Capital** – Had commitment from the top management to invest the resources in this new alignment. Took the time to train and develop new people or existing people on new responsibilities.
 - The overall impact was a needed update to the company's alignment with international customers. This helped provide insight into a better allocation of resources/channel compensation based on our customer stratification that will ultimately help drive our channel growth strategy.
2. As far as changes to existing process, we would gather more feedback and input from all levels and responsibilities aligned with a specific channel, not just top level management.
 - Also would recommend more communication between the channel partners to identify optimal execution process instead of assuming best process. That way every stakeholder is “bought in” to the process if they have input on how a change will be structured.



TEAM 2

1. Channel Alignment Rebate Harmonization across Distributors

- a. **Human Capital:** Include **Financial & Sales Teams**. Delegate tasks and assign a process owner
- b. **Process Capital:** Include Accts payable and steps to implementation. The decision to change and the change implementation are **different processes that need to be defined**.
- c. **Data Capital:** Include IT and establish KPIs & timing. Need to **consolidate vendor numbers, metrics** and develop data to showcase how things will improve post-implementation.
- d. **Org. Capital:** Getting leadership **buy in** from both supplier and distributor. **MFG** – Create favorable terms; **Dist.** – Leverage terms for future MFG investments.

2. Improvements:

- a. Develop and define a **DAC (Distributor Advisory Council)** to ensure we're **brining the voice of all channel and top segmented channel partners** to the change process and implementation.



TEAM 3

- **Example Story: Manufacturer**
- We created **different levels of channel partners**, which determined when and how much **volume** they would receive from us. It also determined their **timing for new product availability** and the amount of **people resources** allocated to them within our organization. This represented a significant investment in people, relationship, brand, organization, innovation, and financial capital. It drove excellent results for many years.
- **Problems began to emerge** in later years as the landscaped shifted. **One of the critical errors was a lack of process investment.** Clear criteria for the various levels was never established, they were based on a point in time, the strength of relationships, and their volume. Without clear requirements/expectations, it has been **incredibly difficult and tense to attempt to change these entitlements.**
- **For a checklist, we'd recommend:**
 - Make sure you have **clear requirements defined for your channel partner levels** and that they are communicated up front.
 - Have a **clear method/plan for handling downgrading channel partners** if their performance degrades
 - Have a clearly stated goal/strategy for the **overall program that drives policy and action over time rather than as a single event**
 - Build a **true program around shared goals/end user** rather than appeasing channel partners



TEAM 4

Having learned about FOUR implementation components and its applications,

- 1) Share the channel-related best practice project and its outcome to your team. Link the contributing factors to four capitals.
- 2) What improvements will you recommend to your firm's existing practice of channel project implementation approach?
 - Two of our manufacturer members shared a similar experience where they are **harnessing their own human capital and loaning out their product experts to different job sites or sales calls** to help their distributors close the sale. They want to make selling their line seamless and achieve equal mind share between manufacturer and distributor.
 - Another manufacturer member held a **networking event** for their distributors at Top Golf, they not only made it a social outing, but it gave **direct access** to one another for developing relationships and opened doors for asking questions and open conversation.
 - Our distributor member's company used **technology capital to develop a new quoting system**. It allowed their company to streamline a previously tedious and messy procedure to a clean and easy to use functional system.
 - We all agreed that overall, **we need to better organized with our data and how it relates to all of these projects** to see if our efforts are worth it in the long run. Which take more human and technology capital, and time!



TEAM 5

1. Share the channel-related best practice project and its outcome to your team.
 - At my company we implemented a process to improve promotional **communication** between different retailers, distributors, and ecommerce partners **to give visibility to each other's promotion** to ensure market fairness.
 - This provided **accountability to the marketers to reduce market disruption**, established a process for communication, allowed us to **gauge promotional success by customer type**, and created an environment where people from different channels worked together.

2. What improvements will you recommend to your firm's existing practice of channel project implementation approach?
 - a. **Shifting timelines to plan more in the future** to anticipate different variables such as supply chain concerns and **give more time to react** to those changes.



Learning Objectives – Week 8

Roadmap: A Plan of Action

- **Why Adapt?**
- **5 Principles of Channel Advantage**
- **Action Roadmap**



Guest Speaker:
Andrew Saack

FloWorks

VP, Supply Chain

***Data-driven Manufacturer –
Distributor Partnership***

Manufacturer – Distributor Partnership

• **Benefits of Supplier Stratification:**

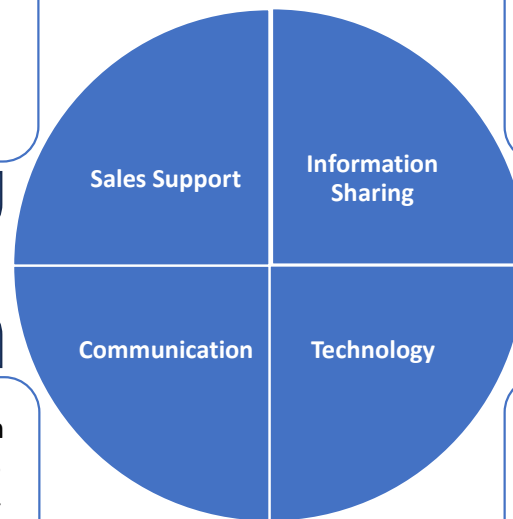
- Structured communication tied to performance metrics for on time performance against communicated lead times, lead time variability, and inventory management (warehouse counts, turns, etc.).
- Helps sales discussions tied to customer growth, and opportunities for business expansion into new territories based on product categories and suppliers.
- Enables strategic conversations to improve customer support through fusion analysis of inventory, customers, and suppliers

- Early Introduction to new product offerings
- Up to date marketing material
- Consistent product training
- Industry Updates – opportunities and projects

• **Results:**

- Both teams ready to support upcoming projects
- More effective sales calls
- Consistent CIP reviews
- Relationship based on trust

- Clear Expectations
- Defined lines of communication by function
- Two way understanding of business models
- Regular cadence of communication for day-to-day activities and business reviews
- Bad news doesn't get better with time!



- **Manufacturers share:** Up to date lead times, regular pricing updates, quality concerns, and priorities
- **Distributors share:** Customer experience, product level trends, service level performance, and distributor performance

• **Results:**

- Accurate customer communication
- Effective customer support
- Efficient operational execution

- EDI purchasing and order update processes
- Standardized and consistent templates to support data analysis and imports
- Product labelling – identification and traceability

Why adapt to channel forces?





The importance of key criteria used when evaluating suppliers by Distributors

	2022	2023
Quality	79%	86%
On-Time Delivery	56%	71%
Service/Support	46%	56%
Price	57%	47%

Source: ID Annual Survey of Distributor Operations



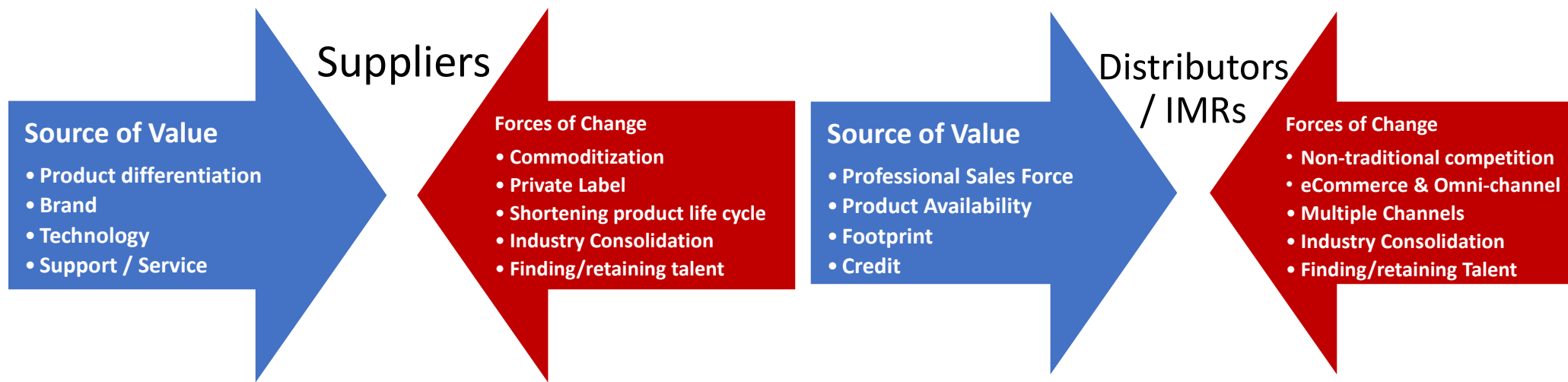
The state of mfr-dist relationship in the industrial channel

The relationships with key suppliers	2021	2022	2023
Gotten worse	38%	22%	14%
Getting better		19%	25%
Stayed the same		59%	62%

Source: ID Annual Survey of Distributor Operations

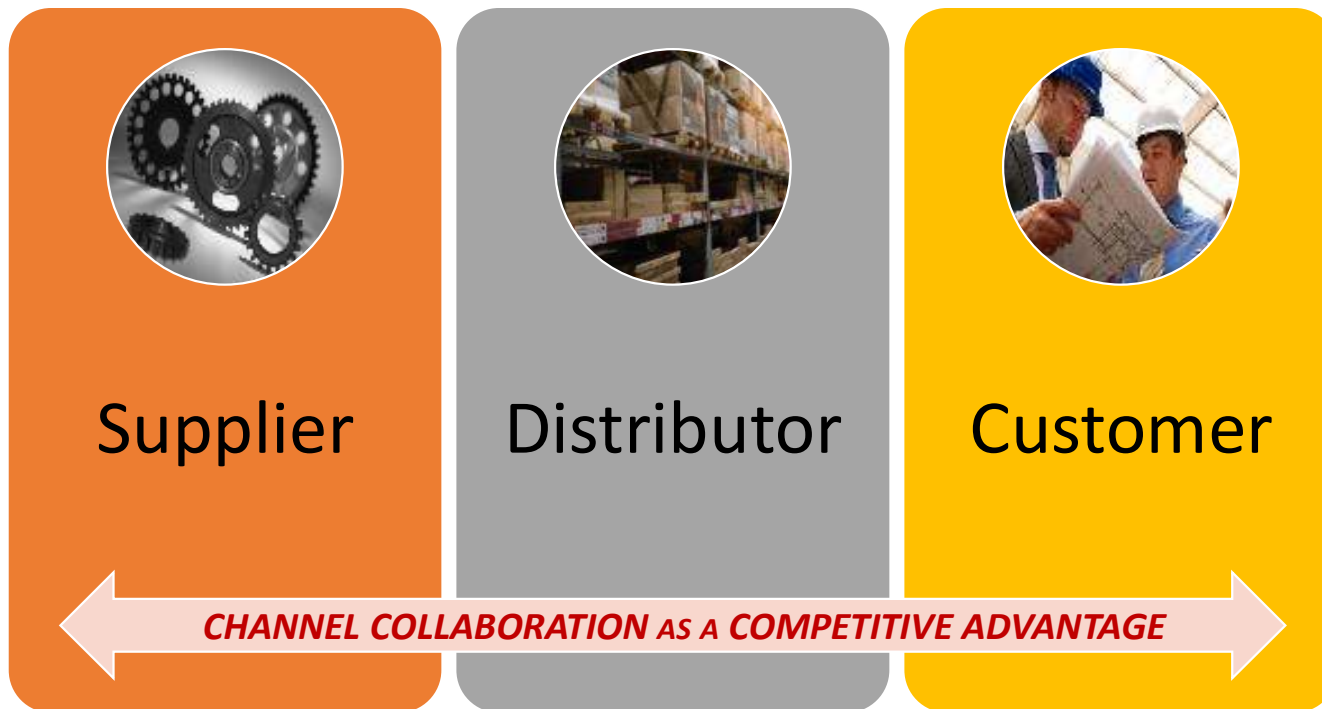


Why Adapt? Eroding Traditional Sources of Value & Competitive Advantages



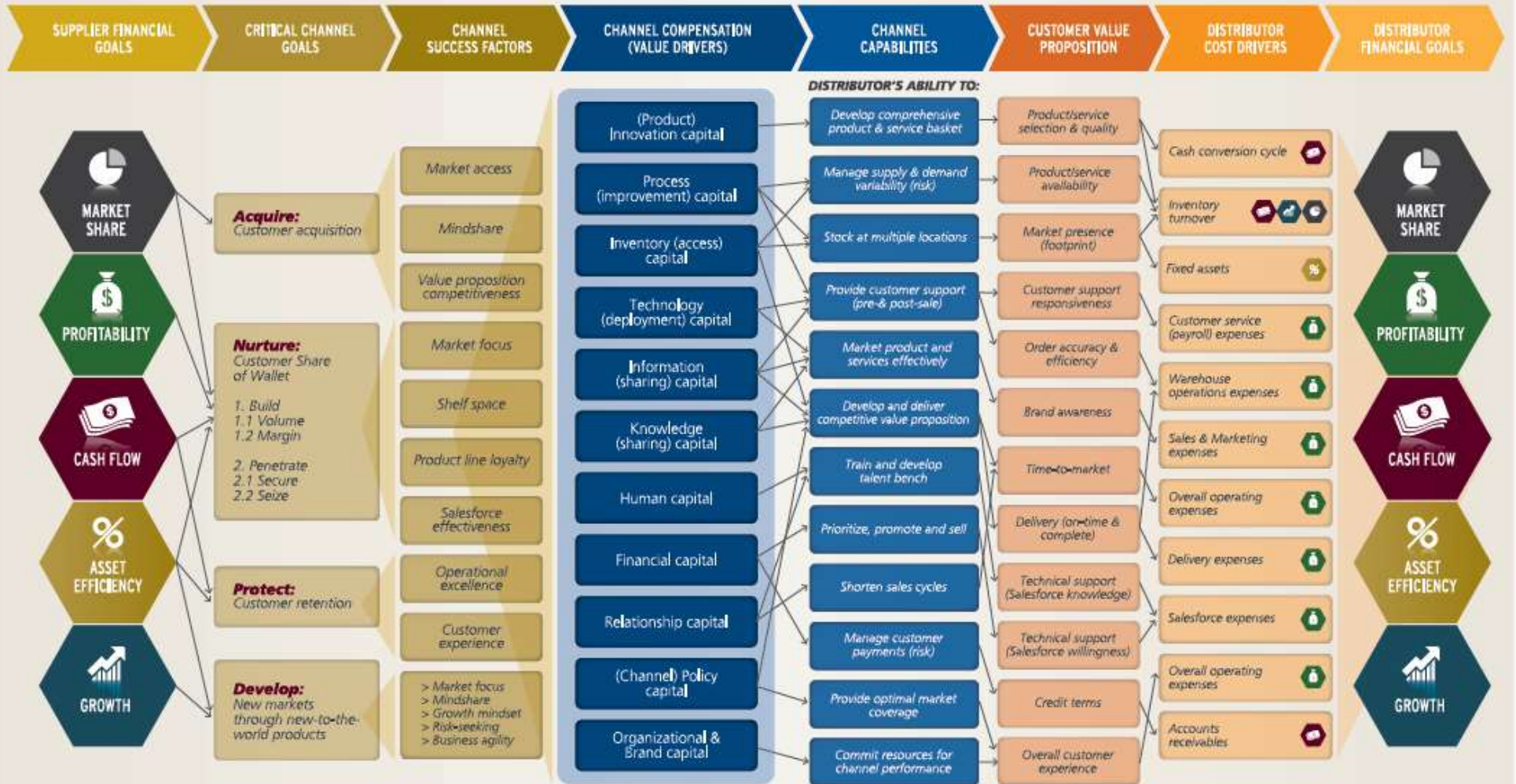
Remaining front of competitive advantage

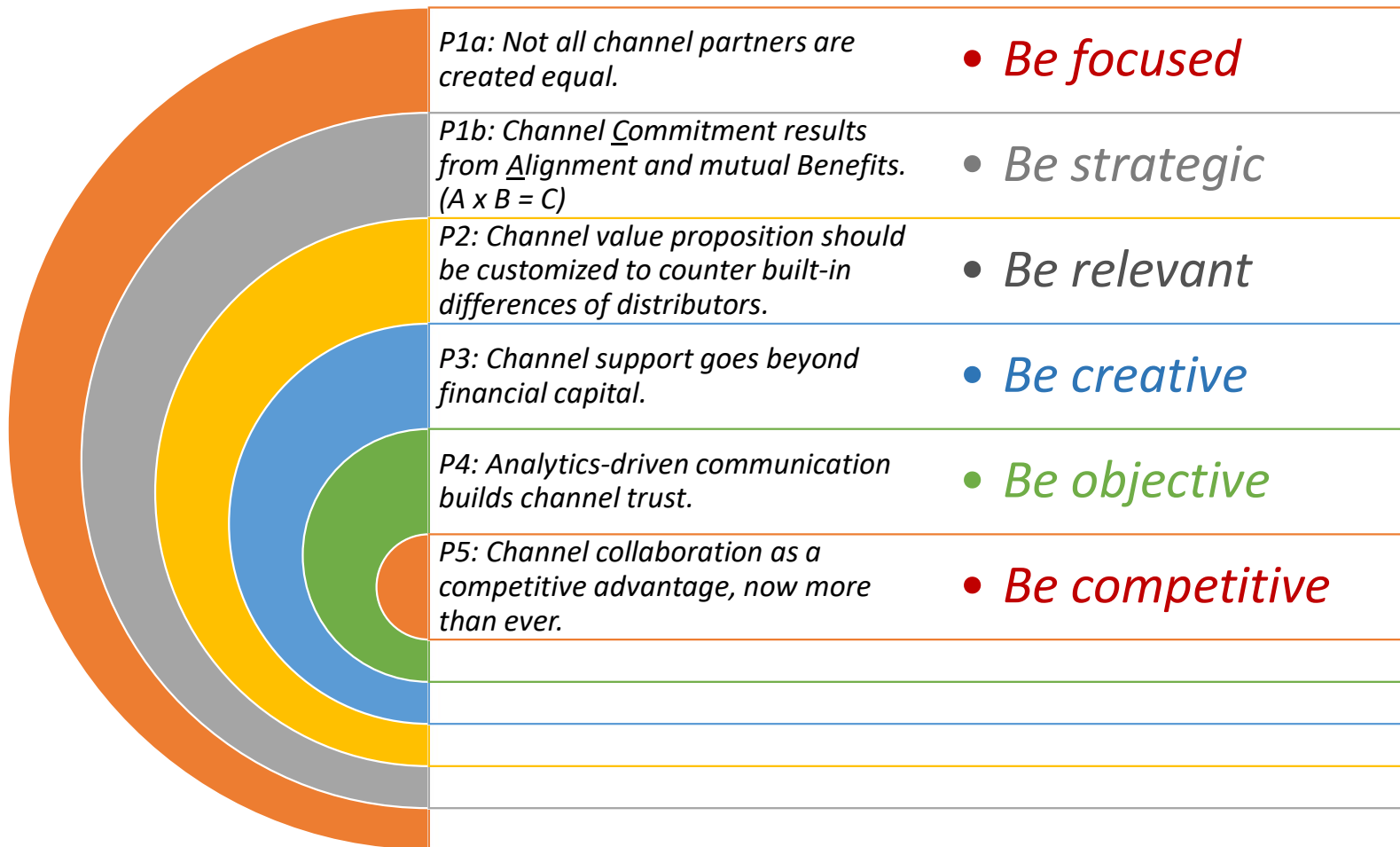
- Channel relationship / collaboration



CHANNEL ALIGNMENT FRAMEWORK

Supplier • Distributor • Customer





5 PRINCIPLES OF CHANNEL MANAGEMENT



Workshop Feedback



Virtual Group Picture

Please switch “ON” your video


The background of the slide features a close-up photograph of a person's hands. One hand is positioned at the top, and another is at the bottom right. In the lower-left foreground, there is a circular, intricately woven basket or mat. The overall scene is softly lit, with a warm, natural color palette.

Discussion: Group activity – 10 minutes

Identify at least TWO best practices/recommendations you plan to implement/provide in the next 3-6 months

based on **Channel Alignment Framework and other best practices (such as supplier/distributor/customer stratification)** discussed in the course.

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



The journey of
a thousand
miles **begins**
with one step

Lao Tzu

Next Step

Contact us to
schedule your
**company-specific
one-on-one meeting**
to discuss your
roadmap and
company-specific
questions.



Contact Information



Dr. Senthil Gunasekaran

senthil@actvantage.com

Dr. Pradip Krishnadevarajan

pradip@actvantage.com

