

Partner programs

A COMMERCIAL TOOL WE LOVE –
MAYBE YOU WOULD, TOO?

OPX | PARTNERS

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Many of OPX Partners' clients are global B2B companies and, for almost all of them, **indirect sales through partners** – often in the form of distributors, dealers, or re-sellers – constitute an important route to market.

A few questions almost invariably crop up, then, whenever we discuss commercial strategy:

- **Which customers** should we **target directly**? Perhaps most importantly: **Why**?
- Why are **some** of our **partners successful**, while others fade away?
- Which **behaviors** among our successful partners drive profitable growth, both for us and for them?
- Should we invest more in **a few partners**, or go for **scale** and coverage?

Typically, the **reality is messy**: Complex setups built up over many years, with each stakeholder having a unique answer to the key questions.

It doesn't need to be this way.

Formalizing a partner program, derived and designed in a fact-based way to institutionalize the best and discard the worst behaviors, can be a powerful tool to structure and steer the partner relationships. Most (if not all!) companies with significant indirect sales can benefit from such a program.

But what about the aforementioned messy reality? Yes, **each partner program is unique**, and each one needs to be designed for its specific context. But

what we have found is that **there are only six key dimensions** – get these right, and you will end up with a partner program that works.

Briefly, but please see the **checklist on the next page** for input and inspiration

- Are we driving the **right partner behavior(s)**?
- Are we **avoiding the wrong partner behavior(s)**?
- Have we **tiered our partners** appropriately?
- Have we **tiered our benefits** appropriately?
- Does our Commercial organization have the right **level of flexibility** within the program?
- Do our internal **processes** support all this?



Properly set up, you should immediately start noticing **win-win situations**. To name but one banal example: We accompanied a salesperson to a meeting he was dreading, where he needed to tell the distributor that they were introducing tiering, that the distributor was in the middle, and that they would lose some kick-backs. They were instead delighted to learn that they would receive even more in kick-backs, on the sole condition that sales went up 10%. They thought this eminently doable, and that clarity gave them focus (and gave our client more margin).

The **momentum** from these sorts of win-win situations will typically build and accelerate the roll-out. Once you have taken the new program through one full cycle (that is to say, through one re-tiering), you are well on your way to capturing the full value from your new – and provably sustainable – partner program.

Partner programs – checklist



Are we clear on which **partner behaviors we want to reinforce**, beyond profitable growth?

Typically, one or a few of the following:

- Replacing competitor's products with ours
- Pricing differently
- Educating sales reps more/better
- Expanding geographically
- Taking on broader assortment from us
- Taking on more stock
- Customizing their sales process catering to our strengths



Do we offer **benefits connected to each tier** in an effective way?

- Balanced and deliberate mix of financial and non-financial benefits
- Valuable enough to attract partners to higher tiers
- Not too valuable, risking competitiveness of partners on lower tiers
- Structured in steps to create pull towards higher tiers
- Emphasizing benefits of high customer value and low internal cost
- Focused on limited number of benefits relevant for majority of partners – avoiding long list of "nice to have" benefits only relevant for few partners



Are we clear on which **partner behaviors we want to avoid**? Typically, one or a few of the following:

- Competing with each other on price
- Trying to grow aggressively into areas served by our other partners
- Offering other brands first
- Comparing our products with competitors in unfavorable ways
- Using our brand as door opener to sell other brands



Have we built in the right level of **flexibility within the program**?

- Quantitative levels set as exact figures vs. intervals, in line with needed flexibility
- Flexibility within program guidelines and additional tools available to negotiate and strike deals in line with sales reps' maturity and business acumen
- Program "rules" balancing negotiation power of acting as a harmonized group with need to adapt to local market conditions
- Need of individual exceptions from program identified and sized, with related escalation process and decision mandates defined



Do we slot partners into **tiers** effectively?

- Harmonized levels across organization (e.g. across sales territories, across KAMs)
- Logical tiers acceptable for partners
- Strict enough and sufficiently defined to allow for a recurring re-tiering process



Do we have the **processes** in place to support the daily **execution** and **follow-up** of the program?

- Data needed to track partner performance and fulfillment of tier criteria is captured and updated
- Data is available for the people responsible for running the partner program
- Data is formatted and displayed based on the partner program structure
- Sales reps involved and educated enough to sell the program to partners
- Sales reps' interactions with partners to execute the program are defined, with clear purpose, content and frequency
- Partner contracts are updated to mirror the partner program

About OPX Partners

OPX Partners is a Nordic management consulting firm. We support our clients in solving complex strategic and operational problems, from diagnosis to implementation – across a range of business topics.

Our approach has been shaped through working extensively with PE-owned companies across a variety of industries. Our approach is characterized by 3 factors:

Smart: By bringing experienced teams that know, and have first-hand experience of the problem at hand, but also have top-tier management consulting experience, we can hit the ground running, quickly understand and design the solution, and then move into implementation mode.

Pragmatic: Our extensive line experience and senior teams ensure that solutions are pragmatic, implementable and tailored to the client's specific environment.

Collaborative: We take a partnership approach with our clients and are normally present on the ground for the duration of the project, and especially during implementation to help ensure successful change. We work together to build our clients' capabilities and ensure ownership at all levels and functions of the organization.