CHAPTER 2

The Channel Manager's Rights

What leverage are you giving away because you don't understand your rights?

When we ask our clients, "What are your rights as a channel manager?," we usually get a blank face; then confusion; and then a puzzled "Huh! Rights? What do you mean?" But you could be giving away significant leverage if you don't understand your rights as a channel manager.

Unless you realise you have rights, the chances are high that you will be playing the game at a distinct disadvantage. You'll be abdicating responsibility and giving away your power without even realising it.

When working with your partners in dealing with end users, you may well fall foul of the broken and misguided beliefs that:

- The customer is king.
- The buyer is always right.
- The un-Golden Rule: The one with the gold makes the rules.

Customers aren't kings. They are people with problems to solve. Unless you and your partners understand that, you will never be your customers' equals. You will probably put them on a pedestal and find yourself always capitulating to their demands—even when they are unreasonable.

Many salespeople don't push back on their customers' demands for fear of upsetting them. Of course, customers can choose to buy from someone else, and occasionally asserting your right to be treated with respect—your right to parity—might result in a bully buying from a competitor. But is this ever the real problem?

No.

If you have a full pipeline of genuine, qualified prospects who have problems you can fix today and they want your help, if one of them dropped out, would it be the end of the world?

Of course not.

It only becomes a problem if you or your partners have allowed your prospecting to slip so you have a weak or empty pipeline and you need every opportunity. This suggests you have not set aside the time to help your partners prospect a little every day. After all, it is also your right to do your job well.

That means you have the right to set time aside for all your key activities. Chief among these activities is keeping your funnel full, driving opportunities through it at the right velocity, and ensuring that you have enough qualified prospects at every stage so no single prospect can prevent you from hitting or exceeding your target.

Frankly (and you can tell your partners this), if you have a full pipeline and a prospect is mistreating or bullying you, do you really want them as a customer? This is often a clear indication of what they will be like as a client. That kind of customer often pays the least, pays inconsistently, demands the most, and squeezes you down to reduce your profit. This takes you away from higher-value activities and better customers or prospects.

Off the record, we suggest you refer these people to your competition (That which does my enemy harm does me good!). Let the competition jump through every hoop, take the flak, and live with the constant stress and distraction so you don't have to.

Instead tell your partners to spend their time with high-value, high-margin prospects with whom it is easy to do business. You and your partners have the right to make decent profits, and you also have the right to walk away from bad business and bad prospects.

However, you will only walk away from bullies and bad business with confidence if you have a choice, and you only attain choice by keeping that sales pipeline filled to the brim with genuine, qualified prospects. Nothing is more important than filling your pipeline consistently. Prospecting is not only your right, but is the #1 priority of any salesperson. You prospect in order to have choice.

It's also worth remembering that the buyer is not always right.

Absolutely, treat them with respect and be courteous. You have a responsibility to be fair and kind with them, but that doesn't mean you have to roll over and beg. In fact, quite the opposite.

It's your job to help your partners' customers get to the root cause of their problems through effective pain diagnosis and insightful questioning. After all, they're the ones with the problems. If you forget that, you will squander your leverage.

Telling customers the kind truth means asking them the tough questions that help them gain insight into their real problems and not just stay stuck in an intellectual position at the symptom level. Being kind to your partners means you train them to solve their customers' problems by diagnosing their case with insightful questions to uncover the real reasons that are holding the customers back or costing them time, money, or reputation damage. You don't do that by presenting assumed solutions via "death by PowerPoint" or a features-and-benefits dog-and-pony show.

Train your partners to do the following:

- If a question is worth asking, it's worth getting the answer. When you've asked an important question, never let prospects answer a question they'd prefer to answer or avoid answering altogether. You have the right to plant your feet, to challenge, and to have your customers operate within your diagnostic and selling system. After all, who is the expert on your solution? You or them?
- Grow a spine and ask the tough questions. Accept that sometimes the answers they give you won't be the ones you were hoping for, which means that you have to tell them

you can't help them. You have the right to give and get a clean, qualified *no*. These outcomes are a win-win-win for all sides as you won't waste any more of their time, your partners' time, or your own.

- For that un-Golden Rule ("the one with the gold makes the rules"): What's really happening is the one with the gold has a problem. You have the solution. That is valuable. They have money, which, no doubt, you want them to give to you in return for helping them solve their problem. Given that is the case, who is the one with the commodity and who has the valuable asset?

It does help to think of money as a commodity. It's everywhere. Even when the economy is tough, there's lots of money floating around the global and local economies. MarketWatch recently estimated that there is US$90.4 trillion in circulation worldwide. That definitely makes it a commodity. Solutions to problems are much scarcer and are valuable. You therefore have the right to sell on value not cost. You have the right to get paid for the value you deliver.

WHAT ARE YOUR RIGHTS WHEN DEALING WITH YOUR PARTNERS?

Partnerships must work for both sides or they aren't partnerships. Relationships that serve one side but not the other are exploitative and will eventually result in resentment. Resentment leads to getting even, scoring points, or cutting corners, and that can only be bad for business and your respective reputations.

Every relationship and every deal needs both sides to work toward a win-win or no deal. In the real world there may be some give and take—today I take a hit, and in return you give me some of the fat in the next deal. That is the nature of a collaboration. It sometimes requires a constructive compromise.

The underlying principle is that both sides are transparent. Both sides are honest. Both sides are working for the good of one another and not playing a selfish game. Knowing your respective rights and mutual objectives can prevent many problems down the line.

THE RIGHT TO AN UP-FRONT AGREEMENT

"Wisdom consists of the anticipation of consequences." **—Norman Cousins**

Because mutual respect is essential, you and your partners have the right to agree in the beginning what is acceptable and what isn't. This is called an Up-Front Contract.*

What should your up-front contract with your partners look like? These are some of the questions it makes sense to get answers to up front so that both sides are protected and there is no ambiguity about what each can expect from the other side.

Expectations

- What do you want to happen?
- What do you not want to happen?

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* From the Sandler Selling System.

- What expectations does each side have for this partnership and what it will deliver?
- What time frames are you working toward?
- What is acceptable behaviour?
- What is unacceptable behaviour?

Communication

- What does clear communication mean?
- How frequently do you communicate?
- With whom do you regularly communicate?
- To whom do you escalate unresolved problems?
- How frequently do you meet with partner salespeople?
- How frequently do you meet with management?
- What accountability process will you employ?

Working with salespeople

- How will you select salespeople?
- What are your deal registration criteria?
- What shared PRM/CRM systems will you use?
- How will you train salespeople, technical specialists, and consultants?
- What sales methodology will your partner salespeople need to adopt in selling your solutions?
- What onboarding process will you employ?

Targets

- What investments will each side make? (Time, money, resources, training, systems, collaboration, equipment, product, expertise, management, etc.)

- What are the first 120 days' behavioural, learning, and commercial targets?
- How will you make sure the reseller makes money in the first 90 days and stays interested?
- What territory and account planning approach will be executed and tracked?
- What competitor intelligence analysis will you undertake?
- How will you designate accounts?
- What will happen at review milestones?

Pipeline

- What pipeline development tools will you use?
- When will you take your partner through CAPS (characteristics, alternatives, pain, symptoms)? (See Chapters 3 and 5.)
- What prospecting targets will each side carry?
- How do you manage the velocity of the pipeline?
- What are your disqualification criteria to ensure you have an early out on non-opportunities?

Payment

- How will you compensate your partners?
- What are your payment terms?
- How will your partners create more revenue from the territory?
- What performance levels do you see the partners hitting over time?
- How will their partner status affect their discounts and other value-adds such as leads, marketing development funds, etc.?

Account management

- Who will own the account?
- What criteria will you each use for forecasting?
- How will you each report?
- How will you agree on client access?
- Who owns maintenance and support?
- In the event of a breakdown in the relationship, how will you separate?

This list of questions is by no means exhaustive, and it requires you to sit down with your partners to agree in detail how you will handle likely situations or eventualities. The rule is, "If you are going to fight, fight up front." This way both sides know what to expect and there are no surprises.

OPERATING AS EQUALS

"Always tell the truth. That way you don't have to remember anything." **—Mark Twain**

You and your partners each have the right to give and get the truth. That means both sides need to be transparent, open, and honest. A partnership built on trust will last; a partnership built on lies is doomed. That means you need to establish the ground rules for constructive conflict.

You don't have to agree all the time; that's unlikely and near impossible. But you do have to agree that you can tell each other how you feel, tell each other what's going on, and, even though it may be tough and uncomfortable, enter into constructive conflict—and always respect one another, keep it civil, and never make it personal. Remember you are intentionally working toward common purpose. Keep it constructive.

This is another example of telling the kind truth. Pandering to low standards or avoiding confronting problems in the relationship will only lead to the wound festering and becoming infected.

Mistakes are a normal, universal, and frequently unavoidable (at least, the first time) part of the human condition. No one is perfect. That said, you each have the right to learn. Commit to learn more about one another, and you can each learn from your respective mistakes.

Unless you make learning an integral part of your channel culture, you are doomed to repeat the mistakes you make and the mistakes your partners make will be compounded. Making mistakes is your right. Repeating them is not.

Don't make your motto, "None of us is as dumb as all of us." Take what you learn in one relationship and make sure you adapt your approach to all your partners and share your lessons with everyone.

Right to Engage the End User

You have the right to engage directly with the customer, when appropriate. You do not have the right to overstep reasonable boundaries, nor do you have the right to harass either the end user nor the partner's salesperson who is managing the opportunity or account. What will be considered appropriate contact should be worked out in advance and tied closely to how you will hold one another accountable, how your partner will report on progress in the account, and how you forecast. These factors must be clearly worked out and agreed in your up-front contract.

You cannot take it personally when they tell you to stop jeopardising the deal because you're under pressure to hit your numbers and your boss is giving you a hard time. Before you start putting them under pressure, take a long hard look in the mirror and ask, "If I had enough prospects in my pipeline, would I feel the need to give this partner grief over this opportunity?" In nine out of ten cases, the answer is usually "no."

Prospecting Is Life

Few salespeople genuinely love prospecting. Whether in the channel or direct, 98% of salespeople would rather have root canal surgery than pick up the phone to call a stranger, interrupt their day, and then face rejection.

However, prospecting is the lifeblood of every salesperson's career. If you run one account or 100, you need to have your prospecting antennae up, sniffing about for new opportunities. If you aren't, I guarantee your competition is. Once you let them get a toehold, they will work to displace you.

Develop referral habits, a social selling strategy, and a mix of prospecting approaches so that cold calling is only a part of what you do. Above all, focus on growing your existing accounts—identify ways to sell them more, more often, for more money.

A blinding flash of obvious: It's easier and cheaper to sell to someone who is already buying from you than finding someone new.

Great channel managers know that a full pipeline gives them choice: choice to cherry-pick the best deals; choice to walk away from bad business; choice to plant their feet on price and deliverables; choice to be ready to give or get a *no*; choice about which opportunities to give their scarce and expensive resources.

You prospect for choice.

Always be prospecting, a little and often every day. Make prospecting part of your daily behaviour. Treat it as if it were a meeting with your most important customer.

The Pipeline

Focus on leading indicators—the metrics that help you predict success, not just notice when it has happened. If you are falling short on leading indicators, you will know in advance that you may miss your target and you will have time to adjust your course. The three most important leading indicators we recommend that you focus on are:

- **Daily unique effective conversations.** Unique effective calls mean you have dialled a prospect, made it past the gatekeeper to the decision maker, and have made a verbal up-front contract, securing their permission for you to deliver your 30-second commercial and for them to make the decision whether to end the call or invite you in for a visit.
- **The velocity with which you are moving opportunities through your sales funnel.** Time kills deals. Persistent deal slippage makes forecasting a farce. You are always looking to advance the sale or disqualify it out fast.
- **The number of deals moving from qualified to closable.**

A **prospect** is someone who is in your target market, has a pain you can actually fix today (not in six months to five years for the IT blue-sky champions reading this book), is a decision maker who is willing and able to invest the time, money, and necessary resources to make the problem go away, and is able and willing to make the decision to buy while working toward an acceptable time frame to solve the problem (90–180 days).

A prospect goes into the forecast at 10% probability. Yes, that's harsh. Better forecast conservatively rather than be wearing rose-tinted glasses and happy ears.

A **qualified prospect** meets all the criteria of a prospect and has answered 70% of the questions you need to have answered. Qualified prospects go into the forecast at 30% probability. Absolutely, that is hard.

Weasel warning: 50/50 is a weasel forecast. Forecasting is a tool to help manage the business and adjust your behaviour. Flipping a coin is not a good approach for the considered and deliberate management of your business. Would you navigate a ship on the basis of flipping a coin? Where do you think you might end up if you did?

A **closable prospect** has met all the criteria above and has answered 100% of the questions you need answered satisfactorily. Closable prospects go into the forecast at 100%. If you've done your job correctly, they should not fall out of the system for no apparent reason.

Your partners have the right to tell you to rein in your enthusiasm and stop hassling them. They know their accounts better than you do. If you have trained them properly in the selling system, you and they should both be absolutely clear about where every sale is in its life cycle. If you have an effective selling system, both sides should be in a position to point to the evidence, agree how every opportunity is progressing, and quickly get to the bottom of why one may be stalling or if there are any red flags being raised.

Never contact your partners' clients without telling your partners that you are going to do so. They have spent a long time and lots of money pursuing those relationships. Break that boundary, and you may discover just how primitive the territorial instincts of another human being can be. We understand that sometimes you have to get an obstacle out of the way. That is exactly why you contract up front with your partners' management for a way to escalate any problems to their senior people if you must.

RIGHT TO HONOUR AGREEMENTS

Partners also have the right to expect you to honour your agreements with them. Make sure the contracts you develop as partnership agreements are ratified by your senior management and legally watertight to protect your partners.

Your financial director playing fast and loose with commissions is tantamount to a kick in the nether regions for partners and the fast track to disloyalty. Your financial director giving you grief to cut commissions is not an acceptable reason for partners to have to fight to get paid what is rightfully theirs; you are responsible for protecting them from your internal politics or the foibles of your senior management.

If you've made any attempts to recruit partners, you already know that genuinely good partners are as scarce as hens' teeth; treat them as if they matter as much as your most important customer. They are in fact, more important than your customers because they can bring you 100+ customers and feed you for years. To treat them any other way is just plain shortsighted.

RIGHTS FOR ALL

You are never more than or less than your partner's equal. Never act like you have some sort of extra entitlement.

Like any good manager in direct sales, you are the buffer between your sales force (upon whom you depend to make your mortgage payments) and your senior management if things are happening that disrupt the harmony. You also have to be tough enough to tell the kind truth and enforce your contract if required.

All sides in the channel have rights. Your role is not an easy one. But it is made much easier if you set the ground rules up front with your management, their management, the partner salespeople working on your offering, and the end-user teams.