

An abstract graphic consisting of several overlapping, wavy bands of blue in various shades, ranging from a light sky blue to a deep navy blue. The bands flow from the left side of the page towards the right, creating a sense of movement and depth.

The Opportunities and
Obstacles of Channel Incentive
Programs:
10 Questions Asked & Answered



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What B2B sales and marketing leaders need to know about the opportunities and obstacles of channel incentive programs

If you are reading this insight guide, then chances are channels partners and channel partner engagement are critical to your business success. Whether resellers, retailers, distributors, or wholesalers, your ability to drive performance and engender loyalty from your partner network can have a tremendous impact on your bottom line.

Companies that build effective incentive programs can boost performance by as much as 44%. This means a potential 20% increase in engagement and up to a 25% increase in revenue.

But where do you start? Building and running a strong channel incentive program can be a daunting project. Whether you are considering launching a new program, or are wanting to scale an existing one, these ten commonly asked questions and answers will give you the insights you need to create a successful and effective program:

1. What is the scope of a channel incentive program?

Channel incentives are designed to guide and motivate channel partners to achieve certain specified goals, and reward them for their accomplishments. They are used as a means of driving desired behaviors and improving/optimizing the performance of indirect sales and fulfillment teams, and as a way to give partners another reason to do more business with your company.

A Channel Incentive Program (CIP) incentivizes partners so that they have increased focus on your company's products - and represent and sell more of them - in order to reap rewards.

CIPs often leverage technology solutions as a way to automate and scale channel incentives across a broad set of partners. They also provide the company running the channel incentive program with a way to track usage and performance, identify trends, and make ongoing optimizations to make sure your stated goals and KPIs are being met.

2. What are the most common reasons why companies implement a channel incentive program?

According to research published by the Incentive Federation, the #1 reason manufacturers implement a channel program is to make their selling partners more productive. The next most commonly cited reason is increasing sales of a specific product.

It's not surprising that increasing partner productivity is the leading reason for implementation. On average, channel partners represent 7-12 different suppliers. Incentives and an incentive program can help manufacturers stand out from competitors.

You can also optimize your CIP in the way you incentivize the sales of a new product. By aligning your rewards and goals, it's possible to influence behavior so that there's increased awareness, and therefore a higher interest in selling a new product, service, or offerings.

Incentive programs are a great way to amp up your reach and your influence – whether it's generating interest in a particular product, driving penetration into a new vertical market, or meeting sales goals.

3. What are the benefits of a robust channel incentive program?

Benefits include::

- **Increased ROI**

Incentive programs are an ideal way to engage channel partners and motivate them to focus on your products over those offered by your competitors. And with Salesforce-native channel incentive platforms from providers like Fielo, companies can easily and affordably drive the behaviors that can lead to more channel sales reps closing more deals.

- **Brand Power**

Companies that work with a wide range of channel partners – such as value-added resellers (VARs), contractors, distributors and their marketers, who have direct contact and influence with key customers – have far more opportunities to reach and influence

customers. Leading incentive management programs don't only serve as a rewards tool for partners. You can also leverage your partner incentive program portal to house content and campaigns that are ready and available for partners to use and distribute to their contacts and costumers. Common content types include newsletters, blog posts, emails, and social media posts- all which help to raise your brand awareness and recognition. And with the right technology solution, you can reward them for that content consumption and distribution.

- **Improved Customer Loyalty**

Successful companies are built on meaningful relationships – internal, with their partners, and with their customers. Programs that reward partners for activities such as product training and skills-building help them better serve customers. This, in turn, helps to increase customer loyalty and satisfaction.

Additional benefits include easier partner onboarding, bigger market share, and the ability to influence behaviors faster.

4. What makes for a successful and effective channel incentive program?

Many CIPs fail. Successful ones are the exception, not the norm. But the ones that are set up, managed, and optimized successfully can wield great ROI results and advantageous engagement with partners.

To succeed, CIPs must be engaging, spur productivity, and prove profitability.

- **Be engaging.** Incentive programs don't even get out of the gate if they fail to garner channel partners' interest and participation. And woefully, less than half of channel partners participate in their manufacturers' incentive programs.

Incentive programs that succeed in engaging channel partners not only drive up participation, but they carry a "hangover" loyalty effect as well – channel partners tend to skew their strategic investments and their business towards those manufacturers with which they are more highly engaged.

- **Spur productivity.** The goal of incentive programs is to get somebody to do something – or more of something. This "something" can take the form of a desired result (e.g., higher revenue production) or the contributing behaviors that drive the result (e.g., more marketing activities). And oftentimes that "something" needs to be aligned with corporate objectives (e.g., developing a new market).

Assessing your engagement strategy and adjusting as necessary, such as aligning specific, unique rewards to a product or adding new incentives that are tied to a new product or behavior, can help increase both interest and productivity.

- **Prove profitability.** To be effective, incentive programs warrant a significant investment, and channel /marketing professionals are going to be asked to prove/provide a return on that investment. If you're not maximizing the potential of you CIP, you ROI will reflect that.

5. What are the latest trends in channel incentive program?

Today's channel marketers are building sophisticated incentive programs that employ qualifying conditions, tiered performance rewards, and various ways of gauging program participation performance.

These types of modern incentive programs are crafted with modern incentive program management technology, and can be designed with speed and insights and managed at scale. Fielo's Incentive Automation solution, for example, gives professionals the ability to design a powerful program by breaking down the incentive program components into their core constructs and automating the underlying program design process.

These programs get to the root cause of desired results because they know that incentivizing the underlying behaviors that drive the outcome: (1) can oftentimes result in an even better outcome than incentivizing just the outcome itself, and (2) can change those underlying behaviors permanently, boosting performance growth long-term.

6. What tools can you use to manage a channel incentive program?

Many channel marketers opt to launch their program using spreadsheets, and most find themselves quickly becoming overwhelmed by the huge amount of data entry. Just imagine attempting to manage anywhere from tens of thousands to millions of dollars of what is, in essence, variable compensation, for anywhere from hundreds to tens of thousands of partners. And what's even more problematic than the enormous time commitment is the huge opportunity for error in such a laborious and manual process.

It's also possible to work with an agency or to hire a dedicated incentives professional to manage your CIP. However, these also come with inherent issues and complications such as cost, manageability, and time.

Fortunately, there are proven technology solutions that are ideally suited for launching a new program or taking an existing one to the next level. Cloud-based incentive program management (IPM) platforms are a smart choice for managing programs in far less time and with far less risk than using spreadsheets.

7. What are the key challenges companies face when managing a channel incentive program?

Lead and opportunity management

Companies that don't have a clear process in place for resellers to generate, log, and manage their leads from first touch to final sale can quickly find themselves blindsided and off-target.

Incentive program technology platforms help optimize lead and opportunity management in a couple of key ways. First, they leverage an intelligent rules engine to incentivize channel partners to register their leads and opportunities, and advance them through the development stages. Second, they capture, collect, and analyze data on lead and opportunity registration, helping to streamline the process and shine a light on bigger-picture trends and opportunities.

Incentive Calculations

Companies that calculate incentives using a mix of ad-hoc technology and in-house spreadsheets – an all-too-common practice – typically struggle with inaccuracies that can compromise partner relationships. When the data that's needed to calculate incentive rewards (sales orders or performance results, for example) is stored in multiple databases or sources, problems tend to follow.

Incentive automation tools enable organizations to organize all data needed to calculate rewards or commission in one place. Additionally, incentive calculations can be done instantly and more accurately than having someone manually create a formula in a spreadsheet.

Partner Training/Enablement

Channel partners are also under tight time constraints, which means it can be difficult for them to find the time to learn the ins and outs of a company's product offerings.

To help partners gain the skills and capacity to sell products well, companies need to provide them with product, sales and marketing training – and reward them incrementally as they demonstrate improved understanding. Companies can also target behaviors that improve marketing prowess, such as skills endorsements and written recommendations on

LinkedIn, as well as creating blog and sponsor articles referencing a channel partner's work.

8. When is the right time to outsource program management to an agency?

When channel incentive programs become, or appear to become, too big or complex for internal resources to manage – and this happens often when managing a CIP with spreadsheets – outsourcing to a third party can seem like a savvy strategy. However, many channel marketers find that doing so is not only cost-prohibitive, but that it also adds additional steps and processes making more time and complexity necessary to make program changes and updates.

As a result, forward-thinking channel marketing managers are opting for easy-to-manage, cloud-based technology portals over agencies.

9. What are some ways to drive partner activity in a channel incentive program?

Programs that incentivize partners to use a PRM portal by them for doing so – and giving them the ability to track their progress toward goals – are another proven way to drive engagement. Best-in-class programs reward partners for a broad array of activities, such as downloading content, taking online courses, entering opportunity information, submitting forecasts, applying for market development funds, or even for accessing every available app in the portal.

Savvy vendors/manufacturers are thinking 'outside the portal' and offering rewards for attending annual partner conferences, participating in collaborative business planning, and, yes, even actively participating in their incentive program. The key takeaway here is that partner engagement and PRM adoption are closely linked, so get creative and test different strategies to see what your partner community finds most compelling.

10. Why is a Salesforce-native incentive platform the best choice?

Used by the majority of Fortune 100 companies, Salesforce is the biggest cloud Enterprise CRM vendor in the world. And it's advantageous for companies that use Salesforce for their CRM to choose a Salesforce-native incentive automation platform. Why? Because instead of simply integrating with Salesforce from the outside, native solutions operate within the Salesforce environment.

The result is a powerful platform that provides:

- **Data accuracy**: A platform that is native to Salesforce directly populates customer and commerce data into a company's Salesforce database, eliminating any data disparities that might arise when gathering information from separate systems.
- **Robust reporting**: The unobstructed and instant flow of data into common objects across Salesforce applications enables real-time insights and reporting.
- **Access to the latest technologies**: With a native Salesforce solution, you can also leverage the full suite of tools as soon as they become available to CRM customers. It's simple to build a modular platform that addresses all business needs.
- **Low maintenance costs**: The seamless integration, uniformity, and data security inherent in scalable Salesforce-native solutions provides priceless peace of mind and lower maintenance costs.

About Fielo

Fielo Incentive Automation Platform allows organizations to easily design, manage and scale incentive and loyalty programs. Fielo's Salesforce-native solution not only incentivizes desired outcomes, but also the behaviors that drive those results.

Learn more at fielo.com.

To learn more about employing a business services rewards catalog using Fielo's B2B Rewards Catalog Platform and Business Services Rewards Cloud, contact us at marketing@fielo.com, or visit www.fielo.com.