Relayware

THE STATE OF CHANNEL MANAGEMENT TODAY

Channel management is an incredibly complex, yet increasingly important, discipline. The ability to support one channel manager, who oversees 50 partner salespeople, rather than having to support salespeople internally enables rapid scalability and opens the door to new revenue streams.

Despite the sheer range of responsibilities fulfilled by channel managers, there is no consistent division of responsibilities within the discipline.

74% of channel managers are responsible for measuring partner revenue, engagement, profitability or other metrics.

25% of channel managers track both portfolio depth and the number of leads brought in by partners.

69% of channel managers don't track both revenue and partner activities, meaning that only 31% track which activities lead to increased revenue.

20 MIN It takes most channel managers at least **20 minutes to calculate** the revenue of just their largest partner from the past six months – assuming they can determine it at all.

47% believe they spend a lot of time on tasks that may not make their channel partner(s) more productive.

Together, these results imply that channel managers haven't been equipped with the right tools and practices to measure their impact and make smart decisions.

CHANNEL
MANAGEMENT TODAY

Channel management has always been a complex task. Channel managers are responsible for everything from finding new partners to growing relationships that have existed for years. We asked channel managers – defined as professionals whose jobs involve channel marketing, sales, operations and/or support – about their job responsibilities.

ACTIVITIES CONDUCTED BY CHANNEL MANAGERS

74% Measuring channel partner engagement, productivity, revenue, etc.

69% Identifying and securing opportunities to upsell and grow existing relationships with channel partners

67% Maintaining or improving channel partner retention

62% Identifying, recruiting and securing new channel partners

67% Collaborating, providing support and/or producing enablement materials for existing channel partner(s)

66% Setting individual channel partner business/sales objectives, strategy and milestones

60% Monitoring channel partner compliance

54% Conducting periodic training for existing channel partner(s)

51% Onboarding new channel partners

47% Overseeing other channel partner managers at my company

Looking at the range of activities that are typical of channel management, several strategies for dividing responsibilities would be logical. Responsibilities could be divided based on personal skills, with some channel managers focusing on sales (upselling, recruiting channel partners) and others focusing on support (measuring productivity and revenue, monitoring compliance and conducting training).

The set of criteria that are used to evaluate channel managers also isn't consistent across organizations:

CRITERIA THAT CHANNEL MANAGERS ARE EVALUATED ON

66% Meeting targets for internal strategic objectives

64% The revenue generated by my channel partner(s)

58% Channel partner retention, churn and duration

54% Amount of up-selling / organic growth achieved

53% Brought in by my channel partners

53% The profitability of my channel partner(s)

53% The number of leads brought by my channel partner(s)

48% The number of new channel partners I secure

46% The engagement of my channel partner(s)

45% Channel partner satisfaction surveys

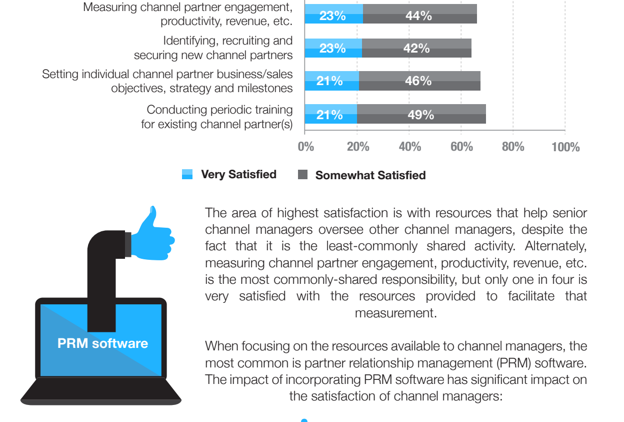
There are no consistent divisions of responsibilities within companies, just as there are no consistent criteria used to evaluate the success of channel managers. Despite that diversity of approach, the ultimate goal of channel revenue is still used to evaluate most channel managers.

What is causing these diversities?

WEAK SATISFACTION
WITH RESOURCES

The channel is important because it empowers companies of all sizes to operate far beyond the constraints of their own sales force. Any small improvement to a channel managers' efforts can have a significant impact on the revenue of the entire business. But when asked about their satisfaction with the resources provided to them to facilitate the tasks they conduct, channel managers' responses are only moderately positive.

SATISFACTION WITH RESOURCES PROVIDED FOR SPECIFIC ACTIVITIES

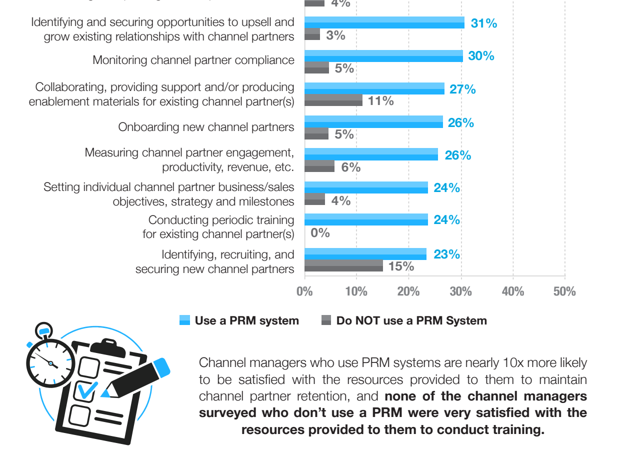


The area of highest satisfaction is with resources that help senior channel managers oversee other channel managers, despite the fact that it is the least-commonly shared activity. Alternately, measuring channel partner engagement, productivity, revenue, etc. is the most commonly-shared responsibility, but only one in four is very satisfied with the resources provided to facilitate that measurement.

PRM software

When focusing on the resources available to channel managers, the most common is partner relationship management (PRM) software. The impact of incorporating PRM software has significant impact on the satisfaction of channel managers:

SATISFACTION WITH RESOURCES PROVIDED FOR SPECIFIC ACTIVITIES



Channel managers who use PRM systems are nearly 10x more likely to be satisfied with the resources provided to them to maintain channel partner retention, and **none of the channel managers surveyed who don't use a PRM were very satisfied with the resources provided to them to conduct training.**

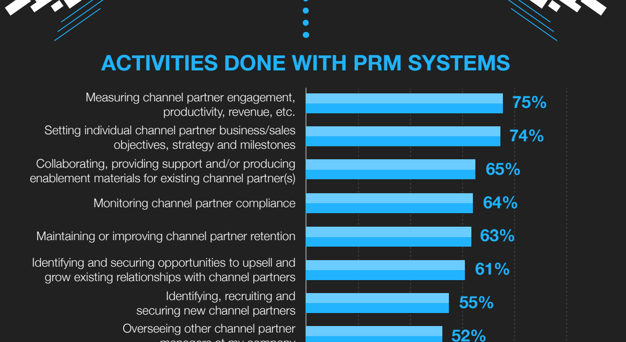
Channel managers who use PRM systems are more than 4x as likely to be very satisfied with the resources they use to measure partner engagement, productivity and revenue.

So why is satisfaction so low?

PRM SYSTEMS
INCREASE SATISFACTION,
BUT AREN'T USED FOR MANY ACTIVITIES

Even if satisfaction with PRM systems was higher, the proof in the pudding is in the eating – **so why are so few eating the pudding?**

ACTIVITIES DONE WITH PRM SYSTEMS



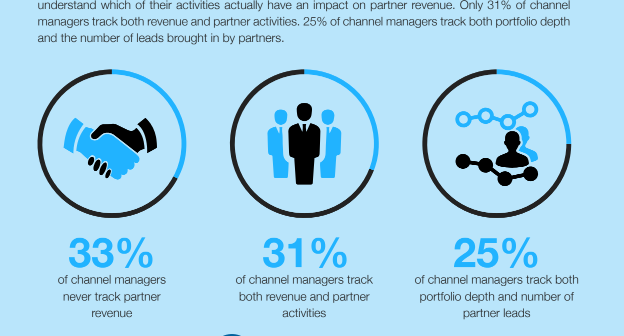
Many channel managers use PRM systems for core activities like measurement and setting objectives, yet one in three channel managers don't use their PRM system to collaborate with their partners and fewer than half use them to conduct periodic trainings.

If the ROI for those activities is going to be calculated, then those channel managers will have to manually record them in their PRM system and attempt to connect the dots with revenue and engagement.

MEASUREMENT PRACTICES DON'T
ENABLE SMART DECISION-MAKING

74% of channel managers measure channel partner engagement, revenue and/or other metrics. To gather more granular information, respondents were asked which metrics they periodically track:

METRICS BEING TRACKED



One in three channel managers never track their partners' revenue at all, neutralizing any opportunity to understand which of their activities actually have an impact on partner revenue. Only 31% of channel managers track both revenue and partner activities. 25% of channel managers track both portfolio depth and the number of leads brought in by partners.

33% of channel managers never track partner revenue

31% of channel managers track both revenue and partner activities

25% of channel managers track both portfolio depth and number of partner leads

And one in four channel managers who are evaluated based on partner revenue don't actually track partner revenue at all!

Why aren't channel managers tracking more metrics, and checking them more frequently? The answer likely lies in the amount of time and effort required to compile them. For half of channel managers, determining revenue alone for just their largest partner from the past six months would require 20 minutes or more. Repeat that process for every metric, for every partner, and for every week, the time spent adds up quickly.

CONCLUSION

Channel management is a diverse discipline, and there appears to be no clear consistency with how tasks are divided, just as there is no clear consistency with how channel managers are evaluated. That fragmentation makes the common responsibility of measurement difficult.

Among channel managers, satisfaction with the resources provided to them is fairly weak. The presence of a PRM system helps significantly, but most channel managers haven't embraced PRM's potential to speed up the measurement process by acting as a central hub for all channel management activities.

The channel is an essential source of revenue for many businesses today. Over the past decade, small companies have exerted market force far beyond what their size would suggest by selling through the channel. That is why making even small improvements can have such a multiplicative effect, and why making decisions based on demonstrated impact can have such a positive impact on business health and channel revenue. There is great potential for channel management growth, but there is still much work to be done.

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