



# The Ultimate Guide for **Starting and Scaling** a Channel

A post-pandemic growth e-book for  
SMBs and emerging companies  
eager to grow with partners



# The Ultimate Guide for Starting and Scaling a Channel

No matter your business, few things provide the leverage that partners do. Here's a proven plan to help get the most from working with them.

The economy that is emerging from the pandemic era is different from its former self. It's more mobile, virtual, global and digital, just to name a few things. It's also moving faster and with a new purpose and intensity not seen since the end of World War II.

For small and emerging businesses, this is a remarkable time of opportunity. But new challenges have arisen, especially the "last mile" challenge of reaching new and existing customers in an era of Covid-19 and other impediments.

Amid uncertainty, one thing is clear: the tactics and actions that previously created success for SMBs and emerging companies no longer produce the same results they once did. In the post-pandemic era taking shape, new capabilities and strategies are required to achieve growth and scale. Increasingly, these leverage business partners that contribute value in many forms, be it geographic reach, technological or market-specific expertise, superior customer experiences or advanced logistical support, just to name a few things.

Whether you're new to working with partners or trying to take partnering to a whole new level, this guide will help you achieve your objectives.

**"We are in a unique, fast-changing time period in history. After being locked down for so long, there's a hunger and lust for something new, exciting and adventurous."**

**Jack Kelly**  
CEO of WeCruitr  
Forbes July 2021

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## Develop your channel value proposition

So, you've decided to build a channel. Chances are you're gearing up to begin recruiting partners. Before you take another step, ask yourself why would anyone want to partner with you?

Your partner value proposition is the *raison d'être* of your entire program. It is the sum total of why partners will want to align with your company. It includes the economics of partnership, the skills required to sell your ideas to end customers, the level of support you provide, how you stack up against the competition and much, much more. If you're uncertain about any of these areas, then don't take another step until you determine how partners will make money working with you. At the very least, you should be able to tell them how they can make money, how long it will take to generate profits and how much investment they will have to put into your program.

When you have these basics covered, you're ready to move forward.

## Identify appropriate partner types for your company

Thinking about new customers that partners can introduce you to? It's one of the perks for leveraging partners, after all. Before going nuts on recruitment, however, first map your needs to partner capabilities. Start by thinking of your partner community as an ecosystem that can seed your market with the abilities that different customer types will likely need.

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## Hone your value proposition

You have a partner program and some partners. Now what? To scale, you will want to make sure that you are getting the most out of existing relationships with channel partners. Calculate the share of wallet per partner that you enjoy. Could you be getting more? If not, determine what is holding you back. This will lead to an exercise that every company that does business through partners should do: determine your maximum total addressable market. This includes all of the ancillary services and ad-on sales that can be derived from the original sale of your ideas and innovations.

After, map those opportunities back to individual partner types. If you enumerate the opportunities and put some structure to them, partners can more easily pursue them on your behalf. Show them the light, in other words. These engagements can be defined or codified by working closely with some of your best partners, including those that you ask to participate on a channel advisory council. This work will add shape to go-to-market sales activities, product and service deliverables, and engagement terms and conditions. These efforts are vital to help partners better understand and then implement your value proposition.

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## Expand your trading zone

Commercial real estate offices, mid-sized cities, west of the Rocky Mountains. Can your channel cover customers that fall into this category? What about small manufacturers in Eastern Europe? Or healthcare providers in sunny Mexico?

Once you've developed a channel in your primary trading zone, you'll likely want to expand geographically. One proven way is to enlist the help of distributors. With access to local partners, distributors can help you identify, qualify and

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At a minimum, you are going to want the partners in your ecosystem to be able to fulfill the following roles for your organization:

- Lead generation and qualification
- Sales and deal closing
- Delivery and logistics
- Installation and integration
- After-sales support

Once you have determined the roles and abilities your ideas require in your given market, then you can better map the type, number and capabilities of partners to your needs. This approach takes more effort, but avoids partner conflict, margin erosion and other problems that develop when a company recruits indiscriminately.

“Determining the right type of partners that make the most sense for your business is a core step in building the ideal partner program,” says Donagh Kiernan, founder and CEO of Tenego Academy, a training and support company that helps tech vendors build effective channel programs.

## Build your program structure

Once you decide to do business with partners, it's important to build the foundation for your partner program. One thing you will find quickly is that different partner types need different levels of support, rewards and more. To help distribute rewards and benefits more efficiently, many companies tier their programs. This allows them to allocate rewards and support in a systematic fashion. While “top” partners continue to receive most benefits, the definition of what constitutes value is evolving. No longer is value defined solely by sales volume alone in many fields. Value can be superior know-how, unrivaled logistical capabilities or even uncompromising customer service.

Another thing to note: Not all partners participate in sales. Some may develop intellectual property on top of your own. Others merely refer business your way. Still more partners provide value in other

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then engage partners in new geographies. Before engaging, you will need to define a business proposition specifically for them. You will also need a detailed plan that defines the capabilities you need new partners to provide for you in new markets. Note: they will likely be greater than what you need from domestic partners with whom you have greater familiarity.

Another thing to note: distributors and local market experts generally do not help drive sales of your goods and services. While they can help you find new partners, they cannot persuade them to sell on your behalf. Similarly, third parties can provide guidance for localizing your ideas and innovations — think pricing, language support, terms and more — but they generally do not perform that work for you.

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## Explore new business models

In addition to new geographies, partners can help you expand into market adjacencies including new vertical markets, customer segments and other niches. If your products and services lend themselves to new areas, then specialized partners can absolutely help you expand your horizons. But there's a catch.

In many market adjacencies, business models are different than what you may be accustomed to. Customers may prefer to buy in different ways, from different sources and for different terms than what you normally trade in. If your ideas and innovations lend themselves, you may want to develop new business models to accommodate new partners.

Doing so requires a great deal of analysis. What is your route to profit? What about your partners? Scaling your channel through partners that serve adjacent markets is particularly helpful in markets in which new buyers are coming to fore. Take

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ways. A robust program can accommodate many different types, including:

- Sales partners (resellers, agents, etc.)
- Influencers (researchers, media and market consultants)
- Service providers (training and education companies, outsourced service providers, etc.)
- Advisory firms (market researchers, accounting firms, business consultants, etc.)
- Online marketplaces

## Begin onboarding and enabling partners

If you work in the tech industry, partners expect to be able to enroll in your program in less than a few days. They also demand that training materials, marketing brochures and sales sheets be available at the time of program admission. If you're not able to provide these things, then brace yourself for a poor reception.

No matter your industry, partners expect a simple, if not automated, enrollment process, a logical and fair onboarding experience, and, at a bare minimum, support materials and assistance at-the-ready. These are table stakes. If your ideas require additional training or certified expertise, make sure there is a logical path for partners to follow. There should be no gaps or omissions when it comes to enablement.

Remember: while profit potential is the primary reason why partners will align with your organization, other factors come into play. In fact, studies show that partners will leave an otherwise profitable relationship if they deem a vendor too difficult to work with. Complexity may be prized in fine watchmaking, but it is no advantage when it comes to partner sales.

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technology. Traditionally, tech goods and services flowed through resellers and systems integrators to customer IT departments. In recent years, more tech goods have flowed to line-of-business buyers who work outside of IT. Think heads of marketing, sales, finance, human resources (HR), etc. This put a premium on partners that consult with these customers, including accounting firms, HR brokers and digital marketing agencies. Tech providers that could pivot to work with these companies have found lucrative new revenue streams. Your company can, too, if your business models entice new partner types.

## Optimize your Partner Experiences (PX)

Studies show that partners are gravitating to vendors that provide superior experiences. Consider the 2021 State of the Channel study produced by the tech trade organization, CompTIA. In the study of more than 800 tech professionals, CompTIA found that one quarter of tech partners believe an advanced partner experience is "critical" when it comes to choosing to work with a vendor. Another 61 percent said PX is very important.

Which raises a question for you: what kind of PX does your company provide? Is onboarding, training, tiering and marketing efficient for your partners? Or would they describe their experiences as being something other than "frictionless"?

The question is important, CompTIA says, because "the power equation has morphed from one in which vendors held all the cards to one in which partners have more leverage." Multiple factors explain why. For example, partners are demanding the same level of automation and simplicity that they get from B2C companies they engage. Also, younger workers more accustomed to switching brands that prioritize experience are entering the workforce and taking charge of partnering engagements in many instances.

For practitioners like you, the takeaway is clear: all your plans to scale your channel will struggle unless you offer partners experiences that rival what they get from the best shopping or travel websites or apps.

## Communicate broadly and efficiently

While organizations love the reach and scope that partners provide, they often lament the loss of control that working with them imposes. This is especially true when it comes to marketing.

With few exceptions, stewarding your brand is much harder when working with partners. This is because partners don't always get your messaging, defend your market positioning properly or promote your organization in the manner, time and place you desire.

One way to reduce off-brand messaging and activities is to provide partners with tools and materials they need to represent you properly in the market. While you might be tempted to provide partners with spec sheets and sales materials that you give to end customers, you must think in terms of creating materials designed specifically for partners.

Your materials should reflect prevailing market conditions, the competitive landscape, your shortcomings and any other information that will help partners overcome rejection. If you're not sure what is considered cutting edge in partner communications support, then make sure you immerse yourself in the latest to-partner and through-channel marketing automation.

## Apply best practices

Once you get your channel program off the ground, it will become abundantly clear what partners think of it. They will ask — make that demand — that you make improvements quickly. This is normal.

Running a successful partner program requires constant oversight. It also requires continuous and consistent refinement. To that end, you're going to want to be able to apply best practices to almost every facet of your partner program. This includes sales enablement (lead management, channel intelligence, program compliance, business planning, etc.), marketing (to- and-through-channel marketing, co-branded materials, market

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## Revise and modernize your channel incentives

In many fields, traditional routes to market have been upended. Blame the global pandemic, disruptive innovation and changing buying habits. If you oversee a partner program, then you know all too well that incentives devised for one era are not likely optimized for another.

To keep partners engaged, thus, you will likely need to revisit your incentives and rewards. If more of your transactions now flow through a new set of partners as a result of work you have done to digitize or virtualize your products and services, how will you reward partners whose influence you still depend on but whose sales productivity may have slipped? Your scalability may depend on forming a proper response.

Smart companies are beginning to take note. In addition to devising ways to reward influence, they are also creating incentives that recognize other forms of value delivery, be it superior end customer satisfaction, technical adroitness, target account penetration and more.

While changing incentives can help you make the most of market transitions, demonstrating intransigence can cost you plenty. Again, take CompTIA's State of the Channel Study. In 2021, it found that one in four tech partners shifted vendors while they searched for better terms and conditions.

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## Tap partners to expand communications

Partners provide a bevy of benefits to vendors. They provide reach in far-flung geographies, expertise in vertical markets and instant access to desired customers. While not generally known for their marketing skills, partners can help companies like yours expand their marketing influence — with proper help, anyway. The more help and assistance you provide, the more likely that partners are to share messaging that is brand compliant.

Before diving in, you will need to develop a library of brand assets and a system for managing these assets. This is especially true when you consider that many partners do not employ full-time

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development funds, social selling, etc.) and other capabilities such as CRM integration.

Inevitably, questions and challenges will arise. Your direct sales force may find itself in competition with your partners, for example. Your documentation may not cover specific languages or your rewards may fall short of expectations for one reason or another. Things happen. But your commitment to apply industry best practices where possible will go a long way to helping you become a partner favorite. Just make sure you invest in the tools required to base your decisions on data and science, not intuition and anecdotes.

## Foster a partner culture

One of the biggest stumbling blocks companies starting out in channels encounter is their own culture; it can literally get in the way of building successful partnerships.

If your culture is hyper-competitive, controlling and/or embraces a winner-take-all ideal, for example, then it is unlikely to win you many fans in your industry's channel. To win with partners, you have to share the fruits of your efforts. You will also have to share your best insights, expertise and tools, too. This includes with some companies you barely know.

As unsettling as that may be, it's true. Likewise, you cannot expect to thrive in the channel if your company is punitive or uncollaborative. This is because channel partners typically represent more than one brand in each product category. Occasionally, they will recommend a rival over you.

If you retaliate unfairly, you'll likely develop a reputation for being hostile.

Similarly, if you're overly rigid or difficult to work with, partners will call you out for it or simply disengage. To make friends in the channel, you simply have to be a friend first. Often this requires no more than simply looking at things from a different perspective.

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marketing professionals. (In the tech world, just half of IT channel partners have full-time marketing professionals.) Because of this, partners need help with the timing, organization and execution of marketing campaigns. In particular, they need help providing the right asset to the right prospect at the right time. Without guidance and systems in place, partners run the risk of providing the wrong message at the wrong time. Imagine being asked to honor a price promotion that has long since expired simply because a partner shared an out-of-date asset. It happens more than you think.



## Help partners acquire new skills

Partners in almost any industry are optimistic about the future. And for good reason. Changing norms in the workplace, in education and at home are creating plenty of new business for nimble and innovative companies everywhere. Despite their optimism, however, channel partners of all size and shape worry about ongoing skills development. Will they have the talent required to meet the future needs of customers, many wonder?

Given how quickly business models and workplace demographics are changing, it's an understandable concern. As such, partners look to vendors for help in many areas of skills development. This includes skills that may be unrelated to your products and services. Partners also want help understanding new business trends, emerging technologies relevant to your industry and anything related to ongoing regulatory compliance.

If your ideas or innovations require advanced training and ongoing education, your company can make a significant difference in the channel by providing help with new skills development, be it in the form of actual knowledge transfer or funding to help defray the cost of ongoing talent development.

## Invest in a World-class Tech Stack

As we said, business today is more mobile, virtual and digital than ever before. Thanks to innovation, it's more exacting and competitive than ever, too. Because of these reasons and more, automation has never been more important. It is the one common lever organizations can pull to make themselves more nimble, flexible and scalable. In fact, 81 percent of SMBs say they're more reliant on innovation than ever, according to a 2021 study published by Xerox. According to the study, four out of five SMB business leaders consider automating tasks and processes as critical to their survival. Not surprisingly, three fourths have observed an increase reliance on their workflow solutions, while two thirds have upgraded their automation tools.

Which brings us to your company. If you consider the advice offered herein, each suggestion begs for greater automation. This is true whether you're just implementing a channel or trying to scale one to new heights — and for good reason.

Technology is now the nucleus of every business, big or small, new or old. Consider: SMBs today have increased their tech spending as percent of revenue to levels equal to the great enterprise build-out of the 1990s. In fact, SMBs spend more as a percent of revenue (typically between 5-7 percent of revenue annually) on IT compared to their enterprise counterparts (generally 2-3 percent of revenue annually). Why is obvious: SMBs and emerging companies view information and communications technology (ICT) as a leveler that helps them compete against larger and more established organizations.

Top spending priorities for SMBs in a post-pandemic world include cloud, collaboration, mobility, security and analytics, according to market researcher Techaisle. In aggregate, a new tech stack for a modern era is emerging. It doesn't just automate back-office and front-office functions; it modernizes every facet of business and provides business owners and practitioners alike with the tools to better develop new ideas, satisfy customers, run operations more smoothly, develop talent and handle finances more efficiently.

The goal, of course, is to be able to monitor, measure and manage every aspect of your organization with real-time data and actionable insights.

When it comes to your go-to-market strategy, a growing number of market leaders are building a three-pronged foundation for growth. The key components include a customer relationship management (CRM) platform, a marketing automation platform (MAP) and a partner relationship management (PRM) platform. This foundation enables an organization of any size to effectively manage customers, conduct professional marketing campaigns and coordinate sales activities with partners.

As you build your own tech stack for go-to-market activities, be sure to develop one that is integrated, scalable and optimized around your business, thought leaders advise. Consider an August 2021 report that appeared in McKinsey Digital. It examined the 2020 and 2021 hike in tech spending that occurred after the global pandemic took hold. While the increase in digital transformation investment kept many companies open for business, it left more than a few with a "Frankenstack" of jumbled automation.

"Unless you have a robust tech stack to enable growth, you won't get very far with your digital aspirations," McKinsey authors concluded.

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The challenge for SMBs and emerging companies is sifting through the many tech options before them. In marketing alone, there are more than 3,500 choices — far more than what is needed or manageable. “To say it’s a challenge for customers today to understand the market-facing solutions marketplace is an understatement,” says market researcher Tim Harmon. Make a wrong move and you end up with an integration nightmare.

There is a better way, as McKinsey notes. Its research finds that 74 percent of organizations that chose “business building” as their main strategy grow at rates above the average for their industries.

Which brings us to you and your plans to grow through partners. Is your strategy strategic? Consider your PRM: Impartner’s integrated and modular stack has helped customers grow 32.3 percent, on average, after deployment. It’s also proven to help customers reduce their administrative costs by 29 percent, on average. What is more, 78 percent of those who have invested in Impartner PRM now say they have a competitive advantage in their market.

As you build and scale your channel, put an integrated, scalable and proven PRM at the center of everything you do. Your partners will thank you and so will your business leaders.



## Think Different

When the Pew Research Center asked 915 innovators, developers, business and policy leaders, researchers and activists what they thought they future held after the pandemic, they heard an earful. Mostly, they learned that people crave more connection. “People’s relationship with technology will deepen as larger segments of the population come to rely more on digital connections for work, education, health care, daily commercial transactions and essential social interactions,” researchers found.

So how can you thrive in this new “tele-everything” world? Our advice is to borrow a page from Apple and “think different.” Read new things, hire candidates that you might otherwise pass over, and consider to new voices, among other things.

Doing the above will inform you in new ways and expand your horizons greatly. It will also put you in a frame of mind to put the new growth formula to work, which is critical to your success. But don’t just take our word for it. Again, consider McKinsey Digital in May 2021: “The Covid-19 pandemic has fundamentally changed the pace of business, and the companies with superior technology capabilities are winning the race.” Is that you? It can be if you apply our channel growth formula:

- Leverage a channel to achieve greater scale
- Empower channel partners with the best channel automation technology available
- Recognize that partners have choices and will align with those that provide the best experiences possible

Need advice on scaling and growing your channel and building your world class tech stack?

**Impartner** is here to guide you every step of the way.

**“companies with superior technology capabilities are winning the race.”**



## About the Author

T.C. Doyle is the Channel Growth Evangelist at Impartner. As channel evangelist, Doyle produces podcasts, case studies, e-books and more for Impartner. Previously, Doyle worked for Cisco, where he chronicled the company's push into Eastern Europe, the Middle East, Africa, Asia and South America. He also ghost-wrote two thought leadership books for Cisco that were published by the Financial Times Press. A former editor at Informa, UBM and elsewhere, Doyle is based in Park City, Utah. He can be reached at [tc.doyle@impartner.com](mailto:tc.doyle@impartner.com).

## About Impartner

Impartner is the fastest-growing, most award-winning provider of channel management technologies, including its flagship Partner Relationship Management (PRM) and Through Channel Marketing Automation (TCMA) solutions, which help companies worldwide manage their partner relationships, drive demand through partners and accelerate revenue and profitability through indirect sales channels.

For more information on Impartner, which is based in Utah's tech hotbed, the Silicon Slopes, visit [impartner.com](http://impartner.com).