



4 Things to Know When Building a Channel Incentive Program



The 4 things you need to know when building a channel incentive program

When building a channel incentive program, knowledge is power. And the more you know about the factors that make for a successful program at the start of the process, the more powerful your program will be.

Here are the top 4 things you should know and quantify that will help you maximize your program's effectiveness:

1. Know Your Goals

Too often, companies seeking to build an incentive program do so without quantifying and clearly articulating or communicating their goals. Abstractions are not good enough.

In order for your program to succeed, you need to think beyond generalities such as "we want to increase revenue" and "we want partners to join." It is important to drill down to the actual objectives that will make a difference for your business. Questions such as: "How much growth?", "In what markets?", "What products?", "Is competitor win/loss or rip-and-replace important?", and "Do we want to focus on net new logos vs. customer footprint expansion?" will help you establish what your program should look like, what steps you need to take to execute it, and provide indicators that can help you track performance.

Goals can also be either responsive or aspirational.

Responsive goals are those "in response to" problems: Is your channel revenue growth stagnating? Are you experiencing inventory oversupply? Is your channel marketing engine not producing according to expectations? Is customer satisfaction waning?

Aspirational goals can mirror responsive goals, but are identified as "proactive": Do you want to implement a channel marketing engine where none exists today? Do you want to gain

market share points in or enter specific markets? Do you want to protect or boost your customer experience (CX) score lead?

Whether responsive, aspirational, or a combination of both, your goals are the benchmarks you'll use to operationalize your program. With set, definite goals, you can measure and monitor your program's ROI, as well as implement in-field optimization to ensure you are meeting your objectives.

2. Know Your Competitors' Channel Program

Competitive research is key. What do other programs look like? And what can you learn from what other companies are doing? After all, a competitor with a program that provides a superior partner experience (PX) and a thoughtful approach to incentives can cause you to lose partners' mind share, wallet share, and loyalty.

Familiarizing yourself with other programs can help you not only to understand how your competitors are connecting with partners – what's working and what's not – but also use that knowledge to help you select the features and functionality that you want to implement in your own program. A well designed and well targeted incentive program can be one of your most effective competitive weapons.

3. Know Your Channel

You probably already know your channel partners from a "gross" perspective, e.g., their revenue contribution, their geographical scope, and perhaps their certifications. But the devil's in the details. What verticals do they cover? What skillsets and resources do they have? What other products do they carry in their portfolio? What is your wallet share? What are their strengths, and more importantly, their weaknesses?

The more nuanced your knowledge of your channel is, the more you'll be able to create programs targeted at specific partner segments and specific partner behaviors, and the more effective and successful your incentive program will be.

4. Know How to Incentivize Your Channel Partners

Incentivization has two dimensions: (a) the things you want your channel partners to do (behaviors), and (b) the reward mechanisms for those partners that do the things you want.

Again, it's important to set your goals. Are you interested in incentivizing just results and- leads or also opportunities, revenue – or "root" behaviors such as training, , MDF utilization,

partner portal logins/downloads, and social sharing? Oftentimes, incentivizing the behaviors behind the desired outcomes, in addition to or instead of the outcomes themselves, results in a superior outcome ... and helps cement the driving behaviors for continued performance improvement.

Once you have the behaviors set, a good way to start the process is by allocating points as reward. Those points however will eventually need to translate into something more tangible. You can use points as “currency” that translates into:

- Recognition/certification badging
- Catalog/individual-oriented rewards: gift cards, debit cards, trips, merchandise, etc.
- Business-oriented rewards: premium support, software subscription discounts, insurance deals, hosting, educational credits, freelance project work, etc.
- Cash/spiffs
- Rebates
- Market development funds

Alternately, you can move beyond the point system and just set direct rewards. Whatever you decide, you just want to ensure that your rewards resonate with your partners.

Summary

So that's it. Four things. Your goals, your competitors, your channel, your program strategy. Know them, articulate them, and communicate them in advance, and you will have taken a huge step towards having a very successful channel incentive program.

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.

To learn more, contact us at marketingfielocom or visit www.fielo.com.