



Bridging the Gap Between Vendors and Resellers

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The gap between vendors and resellers is large and persistent. The result is the loss of billions of dollars in sales every year. Increasingly, manufacturers, OEMs, VARs, solution providers, and other vendors and resellers are finding that their partners are not delivering the results that they and their customers need. The conspicuous rift in the sales channel often goes unaddressed, or simply accepted as the way things are. But it does not need to be this way.

There is a way to bridge this gap, to bring the vendor and reseller together to achieve their goals, and to bring meaning to the term “partners”. The following example illustrates a potential disparity between a manufacturer and a reseller. This paper discusses the steps required to uncover the gaps, understand their causes, and determine what can be done about it.

Vendor	Reseller
<p>Problem: “They don’t sell enough of our product.”</p> <p>Impact:</p> <ol style="list-style-type: none"> 1. Missed sales targets 2. Not meeting compensation goals 3. Increasing cost of sales <p>The Reseller’s Deficiencies (vendor view):</p> <ol style="list-style-type: none"> 1. Not enough attention to our products 2. Lack infrastructure 3. Inadequate resources <p>Explanation:</p> <p>“The VARs won’t get with the program. They need to invest more in people, marketing, and other resources.”</p> <p>“They should focus on selling our products. We know they could sell a lot more if they gave it the proper attention.”</p> <p>“They keep complaining that we don’t send them enough leads. Why can’t they generate more of their own leads? What are we paying them for?”</p>	<p>Problem: “They don’t give us the support that we need.”</p> <p>Impact:</p> <ol style="list-style-type: none"> 1. Unhappy customers 2. Frustrated employees 3. Lower margins <p>The Vendor’s Deficiencies (reseller view):</p> <ol style="list-style-type: none"> 1. Note enough leads 2. The vendor steals deals 3. Insufficient respect for us <p>Explanation:</p> <p>“Of course we would like to sell more, but we can’t afford to hire more employees, not in this economy. It could put us out of business.”</p> <p>“We’re out here doing the hard work every day. They treat us like worker bees. They don’t give us the respect that we deserve.”</p> <p>“They won’t send us enough leads. We don’t have the millions of marketing dollars that they have. If they can’t generate prospects with all their money, how are we supposed to do it with our small budget?”</p>



THE CENTER OF THE UNIVERSE

How are the partners different? How are they the same?

The first thing to acknowledge is the difference between the perspectives of the two partners. How does each see the world? How are they motivated? What are their needs?

The Vendors View

From the vendor's point of view, how important is a reseller?

A Vendor may treat a reseller as one of many: interchangeable and expendable. The Vendor's behavior seems to say, "I want to sell as much as I can, any way I can". This can create a conflict between the various sales channels and among resellers. Rather than instilling a spirit of cooperation, this frequently creates a destructive "I'm going to get what I can for me" attitude.



Does a vendor's success depend on the success of its resellers?

In a simplistic, vendor-centric view of the world, the vendor creates products or services and launches them into the world via every channel possible. It is not be critical to consider the needs of individual resellers since there are many of them, and they have all agreed to the terms of the partnership agreement. After all, the success of the vendor is not dependent on any one reseller.

However, the success of a vendor may be critically dependent on the success of their resellers *collectively*. In other words, a vendor's success is dependent on their resellers' success.

This should lead the vendor to ask the following question:

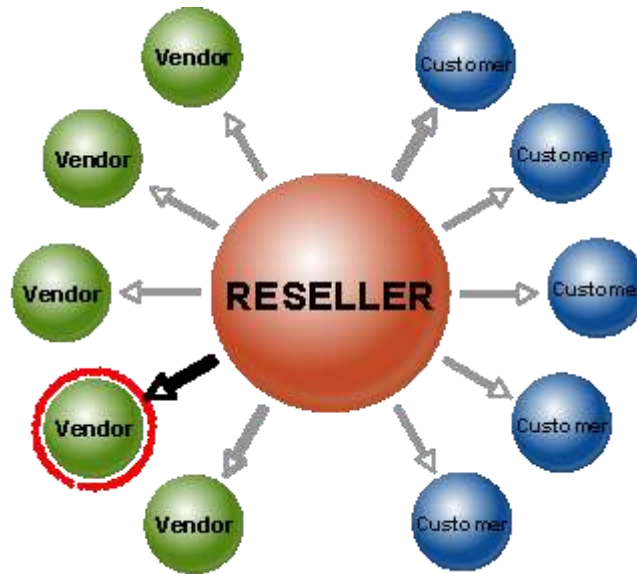
What can I do to help insure the success of my resellers?



The Reseller's View

Resellers see the world through a different lens

Meanwhile, the Reseller may represent many vendors. Their focus is not on pushing any particular product as much as it is satisfying their customer's needs. They have the most direct contact with the customer. Due to their focus on their customers, some resellers do not give enough attention to the needs of their vendors.



Just as a reseller may represent a wide variety of vendor's products, they must also acknowledge that each vendor has many resellers. In a very real way, resellers are competing for the vendor's attention and resources. The vendor has limited funds, technical support, so marketing assistance is rationed out to its various resellers. Factually, these valuable resources are not allocated evenly.

There are many ways that a reselling partner can gain additional assistance from a vendor. The best way for a reseller to maximize assistance is to ask, but in the proper way. Start from the understanding that the vendor is trying to maximize sales, not maximize their assistance to resellers. With this in mind, discover what you can do to help your vendor that will cause them to *volunteer* additional assistance?

An important question for a reseller is:

What can we do differently to gain more support from our vendor?



BRIDGING THE GAP

The key to a meeting of the minds is remaining open to your partner's point of view

Is it really possible to bring two groups together to achieve a common goal when they each want what's best for themselves and not necessarily what's best for the other party? The honest answer is: *sometimes*.

Like a marriage between two people, channel partners may be compatible and sometimes they're not. Usually a poor partnership can be repaired; other times it is better to look for a different partner. This is true whether you are a manufacturer, OEM, service firm, VAR, distributor, solution provider, or customer.

What's In It For Me? (WIIFM)

Continually ask the question: What does my partner get from this?

WIIFM has become a part of the jargon of business, and for good reason. While it isn't the only source of motivation, it is one that should not be ignored. Whether they say it aloud or only to themselves, a businessperson is going to ask the question: What's in it for me?

This is especially relevant for channel partners, each reporting to their own bosses, and each attending to their own bottom line. If your partner is not meeting your needs, there is a good chance that they don't clearly see why that would be their best course of action.

Make the Implicit, Explicit

Be willing to put the honest truth on the table. Find out what your partner is looking for, and decide whether this is something you can deliver. Tell your partner what you are looking for and determine whether or not they can deliver. Don't listen for what you want to hear, listen for what is true.

During the initial stages of a partnership both parties can imagine that they will be getting everything that they wanted. Unfortunately, reality frequently disappoints. Make things extremely clear: what you are willing to give, *and* what you expect to get in return.

The Partnership is Not the Partnership Agreement

"Everything is spelled out in the partnership agreement." No, not really. *The actual partnership is a relationship among people.* These people have beliefs, ways of making decisions, and processes for getting their work done. These can be in harmony, or not. Paying attention to these aspects of partnership will greatly improve your chances for success.

Remember: the partner relationship is not defined by the contract.



Creating a Better Channel Relationship

There is a straightforward process for improving a channel partnership. It requires some time and effort, but the payback can be enormous. The process is not a hostile negotiation where there is a winner and a loser. That won't help the long run. The process provides a way of getting more of what you want, and simultaneously for your partner to get more of what they want.

Step 1: Clear the air

Be willing to listen

Find out what is not working on both sides. This is not a finger-pointing exercise, it is the first step in setting things right. If there are unacceptable requirements on either side, now is the time to find out. Don't be afraid to find out what is true. If the head-in-the-sand approach was effective, ostriches would rule the world.

Step 2: Determine what can, and should, be changed

Be open to change

Work with your partner to find ways to satisfy the other's unmet needs. You don't have to throw everything out, many things are fine the way they are. The important thing is for both parties to understand the reasons why something should be changed, how it will be implemented, how it will be measured, who will make the changes and on what schedule. Transparency is the key.

Step 3: Make the change

Follow through

Follow through on your commitment to change, follow up on your partner's commitment to change. Schedule a time to meet and discuss the progress, unexpected obstacles, and to provide feedback on the results. If needed you may need to modify the plan and make mid-course corrections on your way to the goal.

Step 4: Repeat

After you have successfully completed some improvements, take another look at how the partnership is operating. Can it be even better? Now that the main issues have been addressed, consider other important improvements that can be made. An ongoing dialogue will help the partnership to adjust to new technologies, a changing competitive environment, new government regulations, shifting customer expectations, as well as the unexpected.



Is It Really Possible To Achieve Honesty and Trust?

You may need a neutral third party

Is it really possible to achieve honesty and trust when the relationship has grown increasingly hostile and contentious? This can be a serious obstacle to improvement. Frequently the Vendor is a huge, multi-national corporation and the Reseller is a small local business. Sometimes it is the other way around.

Either way, the politics can be somewhat like a medieval king dealing with a feudal lord. Will the king continue to put up with the troublesome lord or simply do away with him? Even if it isn't literally true, reseller's frequently complain that they feel as though they are dealing with a tyrant.

Consequently, it can be useful to bring in a neutral third party to facilitate the process of improving the partnership. The facilitator can keep the interactions civil, and prevent powerful personalities from steering the outcomes towards their personal agendas. This can provide the environment needed for an open and honest dialogue that leads to increased partner effectiveness.

We recommend an outside provider.

What to Look for in an Outside Provider

If you decide to use an outside provider, ask questions

Using an outside provider can provide many benefits to the process of improving channel relationships. They can bring the expertise and neutrality that you need. Ask a few key questions:

- **How do you assure honest input into this process?** Do they have a way to obtain anonymous information? This is the best way to get to the honest truth.
- **What is their experience dealing with channel partnership?** Are they general-purpose consultants or do they specialize in the issues facing indirect sales? Indirect selling has its own, unique set of challenges. Don't waste valuable time educating your consultant.
- **What sort of tools will be used to develop the plans for change?** Do they have a mechanism to assure that both partners will buy-in to the change plan? Without buy-in the change will not stick.



The R360G Advantage

R360G specializes in optimizing channel relationships

If you are dealing with channel partner issues, or if you are trying to optimize your channel relationships, R360G has developed a set of tools that are specifically designed to assist you. Our experience spans IT, defense, financial services, Internet, and education.

- **Channel Partner *Relationship Management*.** We specialize in helping clients improve their relationship with their channel partners.
- **Methodology Expertise.** Our methodology uses the building blocks of partnership—in *any language*.
- **Assessment Expertise.** Our online, private questionnaire is private, anonymous, and helps raters give the facts. All individual data is private to r360g, but answers are grouped and shared with clients in a variety of reports.
- **Partnership Think Tank Expertise.** We are experienced at facilitating partnership optimization. Much of our work has been national and global and has involved very large reselling networks.
- **Extensive Experience.** We and our partners have worked with Advent, HP, IBM, Oracle, Microsoft, Raytheon, Eaton Arrowsmith Schools, CNET (China), and a host of other organizations including the American Management Association.

Optimizing channel performance.

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