

**Managing distribution partners effectively matters if you want to succeed - enter PRM the new dimension !!**

*By ; Max Franchitto*

You may well ask what is PRM or indeed if you already know, then is it just another acronym for your marketing kitbag ?

We hear a lot about the importance of relationships with suppliers , relationships with customers, relationships with resellers relationships with regulators. But why is it so ? How critical is it for each of our organisations to manage these relationships ? Should they be managed at an hierarchical or partner level ?

So what is a partner in that context, is it someone we work with or is it a means for us to reach markets and positioning that we could not otherwise reach on our own, are they just a tool ?

It is true that whenever a company relies on others to help sell or add value to a market of end users through product or service , it has entered in to a partnership.

These partners come in the form of indirect sales channels, value added resellers, distributors or strategic business alliances. The essence of these relationships is that these organisations come together to form a united front, they are working to enhance the satisfaction and loyalty of the customer they are jointly targeting.

The key words in such relationships are “united front”. Unfortunately this is a challenge that has not been well met.

The conflict here arises from the partner being treated as part of the company while being separate. This is resolved by extending the walls of the enterprise to include the partner on an equal basis, giving the opportunity to benefit

from the internal operational experience while bringing a separate set of expert skills to the organisation. This strategy of empowering partners by giving access to data that internal employees have , is the main concept behind Partner Relationship Management (PRM).

In fact Partner Relationship Management (PRM) is the new dimension to dealing in business to business alliances.

Bob Thompson of FrontLine Solutions (USA) says that “ PRM is all about optimizing channel relationships to increase partner loyalty and sales productivity, while streamlining operations and reducing cost. The end game is increased sales for the vendor through its channel partners”

If an organisation is highly dependent on channels composed of intermediaries such as distributors, resellers, integrators or agents, then it is in the PRM dimension not just CRM.

An efficient and effective PRM methodology allows you to streamline your communication and relationship with all channel partners, in ways that lead to effective teamwork on marketing initiatives.

PRM systems makes information available to all resellers at a level that is usually only experienced by internal partners of the organisation. This improved dataflow as a result of effective PRM can only translate into increased revenues for both the vendor and the retailer.

Just as we make certain that our CRM systems are up to carrying the data we require on our customers, the need is there to ensure that the PRM solution we implement will be as effective. By using a PRM strategy to distribute sales tools and standardise business operations Vendors can reduce costs and focus on channel management and partner sales strategies rather than administrative activities.

Managing the distribution partners of your organisation effectively is going to require setting up systems that both gather and distribute information about the marketplace. This allows your distribution partner to focus on the actual sales and ROI activity, which translates back to partner profitability to your bottom line.

What are a few of the “must haves” of a PRM system?

**Profile Management** - ability to profile at all levels of the distribution chain, with company and user roll up reporting functions.

**Partner Lifecycle Management** - with automated recruitment and contact management capability as well as joint task tracking.

**Lead Management** - ability to consolidate leads, qualify them and integrate them into a system that assigns them based on set sales parameters.

**Sales Tools** - ability to download sales training, generate all sales related materials and related research to assist in the sales process.

If the automated PRM solution that you choose as at least these basic features it will assist in a better management of the indirect channel relationship.

One of the key claims for having a PRM solution within any organisation, mentioned earlier, is that makes all the sales channels more effective whether they are tied or independent to the vendor.

The most obvious of this comes in the form of “channel productivity”, where by increasing the efficiency of the partners business, productivity rises and the total costs of sales activity drops to benefit both partners and customers.

Similarly the “channel value” is critically changed in that by increasing the value that business partners can bring to the end user, they

reduce the amount of exposure the user has to a direct sales or help team. This actually reduces the incoming calls to customer service centres.

There could be an argument for the opposite case where industry is said to be moving toward the more “direct” approach to customers. We have heard the term “disintermediation” being pushed around the marketing strategy talks of many organisations.

However, there are still many products and services that will continue to be driven in the majority by indirect sales channels. These will remain the challenge to organisations who want to maximise profitability of distribution while maintaining channel relationships in tact.

Indirect channels now are able to deliver assistance that was previously the concern of the company only. Value added services through indirect channels will be a key driver to the profitability and growth of the markets chosen by the vendor. In order to maximise these the organisations involved will need to manage the partnership effectively and with open communication and information sharing.

What the marketing strategy has to deliver is a careful and complete solution for a PRM strategy that will give sustainable profitability to “Partner relationships”, such a strategy will yield efficiencies not previously possible.

### **Case Study- Nortel Networks (USA)**

**Company Profile:** *With over \$18 billion yearly revenues, Nortel Networks, Inc. is a leading worldwide provider of internetworking solutions linking people to critical information resources at the desktop, across corporate enterprise networks, and over the public Internet.*

**Number of business partners:** *over 900*

**Leads distributed per week:** *over 1,000*

**Integration requirements:** Scopus system, LDAP login/security system, existing partner database and extranet.

**Problem:** Nortel followed established best practices with partners, but lacked an integrated system to handle large volume of leads and partners. Sought software solution for communicating with partners, simplifying lead assignment, automate lead management, track marketing campaigns, generate reports and collect partner feedback.

**Solution:** ChannelWave's PRM system. 100% web-based. Scalable, robust lead management capabilities. rapid deployment.

Today's market, where vendors compete for reseller mindshare, guarantees resellers won't waste time waiting for one manufacturer when another one is ready to roll. With ChannelWave's fast, web-base PRM solution, Nortel's business partners receive leads faster and with more detailed information than ever before. This PRM solution proves that leads are not only getting to the business partners, they are getting the attention they deserve. Finally, Nortel Networks had the resources to track the efficacy of various marketing programs. They claim that the PRM strategy was able to give them the revolutionary lead management capabilities while seamlessly integrating their existing technologies. They ended up with a web-based system that establishes a flexible, real time, easy to maintain communication link between Nortel and their business partners. No lead slips through the cracks as a result. ChanelWave integrates with Nortel's existing technologies and offers an easy to learn interface, business partners and internal sales team members alike started using the system immediately to store lead information and close more sales.

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References: FrontLine Solutions (USA) - Bob Thompson and Channel Wave Software Inc. (Cambridge -MA)