

HOW TO SUPPORT YOUR CHANNEL PARTNERS FOR THE MUTUAL BENEFIT



The COVID-19 outbreak has significantly slowed down channel-driven markets. Many complex and innovative projects companies (operating in the B2B field) had in their pipeline were either canceled or put off indefinitely.

This has pushed vendors into uncharted territory where preserving the channel ecosystem and maintaining good partner relationships are top priorities. The market share and financial success of vendors in the post-crisis period will largely depend on how successful vendors are now in achieving these two goals.

... it's important to internalize that the industry will get through this crisis, just as it has before. Therefore, keeping a long-term perspective is important to avoid making decisions that could be of short-term benefit to your company, but in the long-term might not be the correct decisions to take.

- [Joergen Jakobsen, Managing Director at DaneAsia Consulting](#)

It is important to understand the difficulties certain types of channel partners face to prioritize supportive measures across the existing partner ecosystem. This will help your company establish an emergency plan for further economic turbulence episodes that are (unfortunately) inevitable.



Key Challenges Channel Organizations are Facing During the Pandemic

Naturally, problem severity will vary from company to company, depending on its size and overall business maturity. However, vendors need to understand what issues prevail in specific groups and map out a course of action following this division.

Financial issues

Financial challenges include cash flow issues, revenue retention due to decreased transaction volume, and reduction in the EBITDA margin caused by unplanned expenses and losses. The lack of flexibility in the compensation scheme, MDF cuts, or vendors' attempts to lower partner sales margins will further compound this problem, to the point of bankruptcy.

Human dimension

The shift from in-office to remote work, changes in urban infrastructure related to the pandemic, plus the enormous stress associated with fear of disease and job loss, had a visible impact on staff productivity in the vast majority of businesses. This resulted in decreased staff morale, lower engagement, and performance levels. Some of your channel partners might need help in setting up all processes and equipment to maintain remote work productivity and avoid diminishing quality of service for final customers.



Data security

The swift transition to remote work mode has posed the employees of channel partner companies to numerous cybersecurity risks. Employees are not necessarily aware of them, and company management might not have enough resources to ensure that the remote working environment is safe from data losses and leaks. Partners would definitely appreciate any help in organization and education in the field of cybersecurity.

Marketing and new business

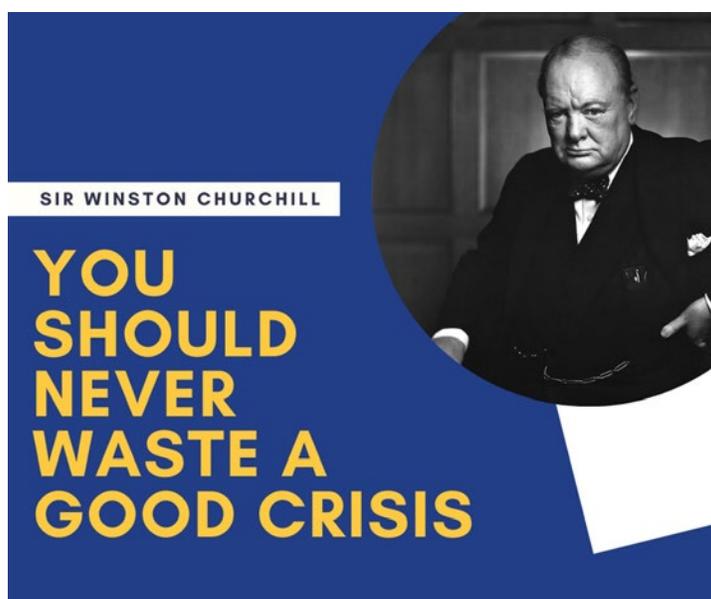
Companies operating as channel partners typically don't have significant marketing budgets and staff needed to advance their positions on the market. Some vendors might be tempted to cut channel marketing budgets for "better times." But in reality, this would only lead to the weakening of the channel ecosystem that a vendor invested in before the pandemic.

5 ways to support your channel partners in the pandemic turbulence

Even businesses that are not channel-first might lose more than they save by pulling the funding needed for supporting their partner ecosystem. In the short term, leaving your channel partners unsupported might lead to missing new business opportunities and declined customer loyalty.

In the long term, organizations deprioritizing channel support will most likely lose existing partner loyalty and be forced to replace companies that left their ecosystem. However, such a scenario is completely unnecessary. Vendors can use the forced downtime period to strengthen partner relationships, lead their network out of this current crisis for stronger market positions, and increase sales volumes.

In this part, you can find several courses of action that might help your channel partners to overcome the turbulence and equip them for success in the near future.



1. Establish regular communication

It is essential to stay on the same page with most of your channel partners to avoid misinformation. The need for vendor assistance might change in the light of the evolving circumstances, and it's always better to be prepared a bit in advance.

To maintain the regular and productive conversation, vendors need to assign communicators for this particular task and control their work outcomes by establishing activity-driven KPIs. Besides regular updates, communicators need to ensure channel partners understand the tools and resources available and know where and how to access them.

Video conferencing is an awesome tool for conducting real-time one-on-one and group meetings, which is both safe and fosters a sense of personal contact.

2. Go beyond education on your product range

While the downtime caused by the pandemic is definitely a perfect time to help your channel partners close knowledge gaps on your products, going beyond product training will help strengthen your channel partner ecosystem.

We also rolled out free skills trainings to ensure our partners have all the intelligence they need to sell LogicMonitor's platform.

- [Michael Tarbet, VP, Sales](#)

Companies that made a choice to engage seriously in enhancing the effectiveness of their channel partners, typically provided free training in areas such as:

- Cybersecurity, safe remote working
- Marketing strategy, digital marketing
- Essential selling skills

More interesting details shared by channel chiefs could be found [here](#).

3. Assist partners to handle financial challenges

Financial concessions are one of the key directions of support, vendors can provide to struggling channel ecosystem partners. To better protect your ecosystem assets, it's essential to adopt an individual approach to as many channel partners as possible. For example, faster payment cycles, higher rebates, and extended payment terms could help partners accelerate liquidity and focus on retaining their own customer base.

Vendors could also help their partners with revenue retention. For example, Joergen Jakobsen, business advisor in the global technology industry, recommends vendors who follow a hybrid go-to-market strategy to "prioritize indirect sales versus direct sales where possible."

4. Reconsider your approach to co-marketing and MDF

The ability to make good use of marketing development funds during current circumstances will significantly impact the future financial success of any supplier. As reported by Forrester Research, ["high performers allocate 17% of their total marketing budget to channel marketing."](#)

Investing in digital marketing instruments like content marketing, PPC, and webinars instead of participating in exhibitions and other offline events will actually help companies reach more representatives of their target audience.

Each channel partner is different in terms of digital marketing fluency, so it's important to offer different support and education levels. Typical options include:

- Fundamental marketing training
- Coaching on marketing digitalization
- Plug-and-play advertising campaigns



Many vendors also support partial or even full funding for digital campaigns currently conducted by their channel partners.

Marketing platform “[My Digital Marketing](#)”, launched by IBM, might set an excellent example of a complex approach to helping channel partners succeed despite the economic turbulence.

5. Take a more personal approach to your engagement program

Incentives are a powerful tool that helps maintain a high-level of partner engagement and positively influenced relationships. As the number of transaction-based incentives decline, vendors need to adjust partner incentive schemes.

Given the current circumstances, vendors need to simplify incentives, making an assessment as predictable and straightforward as possible.

Vendors might successfully reallocate budgets previously planned for things like incentive travel in favor of certifications and training. Rewarding successful training completion will be beneficial both for vendor and partner, plus ensure greater loyalty and customer service. We recommend evaluating which aspects of performance aside from sales you want to reinforce, and considering incentivizing it under your COVID-19 relief program.

“Stay-in-touch” gifts for birthdays or upon achieving a shared objective is also an excellent way to reinforce personal relationships with your channel partners. Such gifts could include branded merchandise, a wide variety of gift cards, or tasty treats.

Conclusions

Preserving your channel partner ecosystem in the context of COVID-19 pandemic requires a lot of efforts and creativity. However, it will pay off in the near future.

With most channel partners' employees switching to remote work and digital communications, your channel incentive program must follow the trend.

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Dallas
Corporate

2435 North Central Expressway
Suite 1180
Richardson, TX 75080

888-826-0783

Cincinnati
Operations

201 East Fourth Street
Suite 1850
Cincinnati, OH 45202

888-826-0783