

Partnering For Success

from...

TRUSTED
PARTNER

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What is our mission today?

- Understand the critical issues around partnerships
- Discuss various kinds of partnerships
- Discuss why partnering is used
- Discuss common problems associated with partnerships
- Provide a framework for success
- Provide concrete examples of where partnering worked



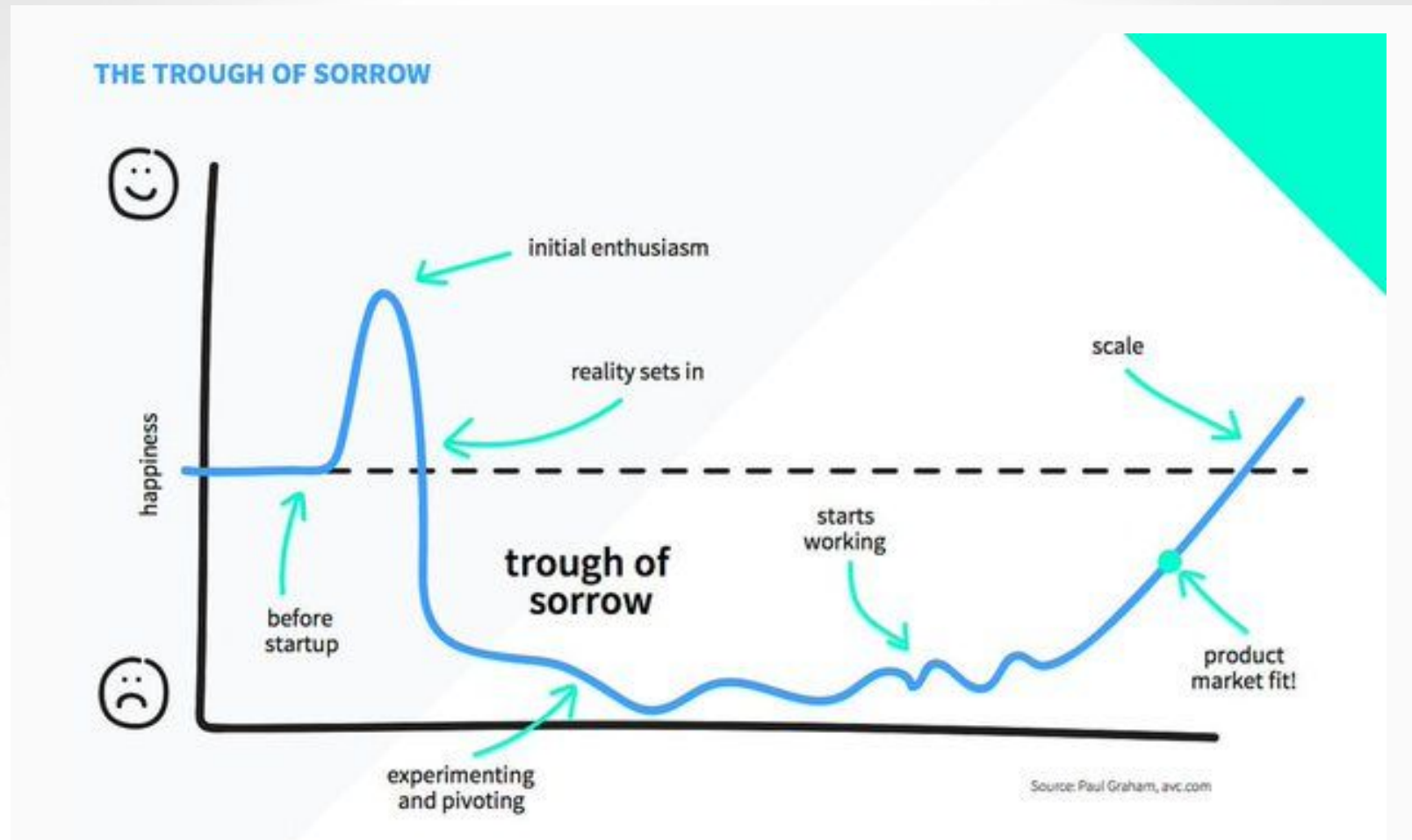
The Course Should Be a Discussion



So, Why Are You Here?



The Dreaded “Trough of Sorrow”



The Goal of Partner Program

- Expand your sales and marketing footprint
- Lower your sales and marketing costs
- Get more customers quickly
- Increase revenues more effectively
- Help the customer to take the risk out of doing business with you

Common Misconceptions

- Partners will sell my product even though I could not
- The partner will know how to sell my product in their industry. They have the right experience
- The partner customers will automatically flock to my product



Types of Partnerships

Type

- Reseller
- Referral
- Implementation

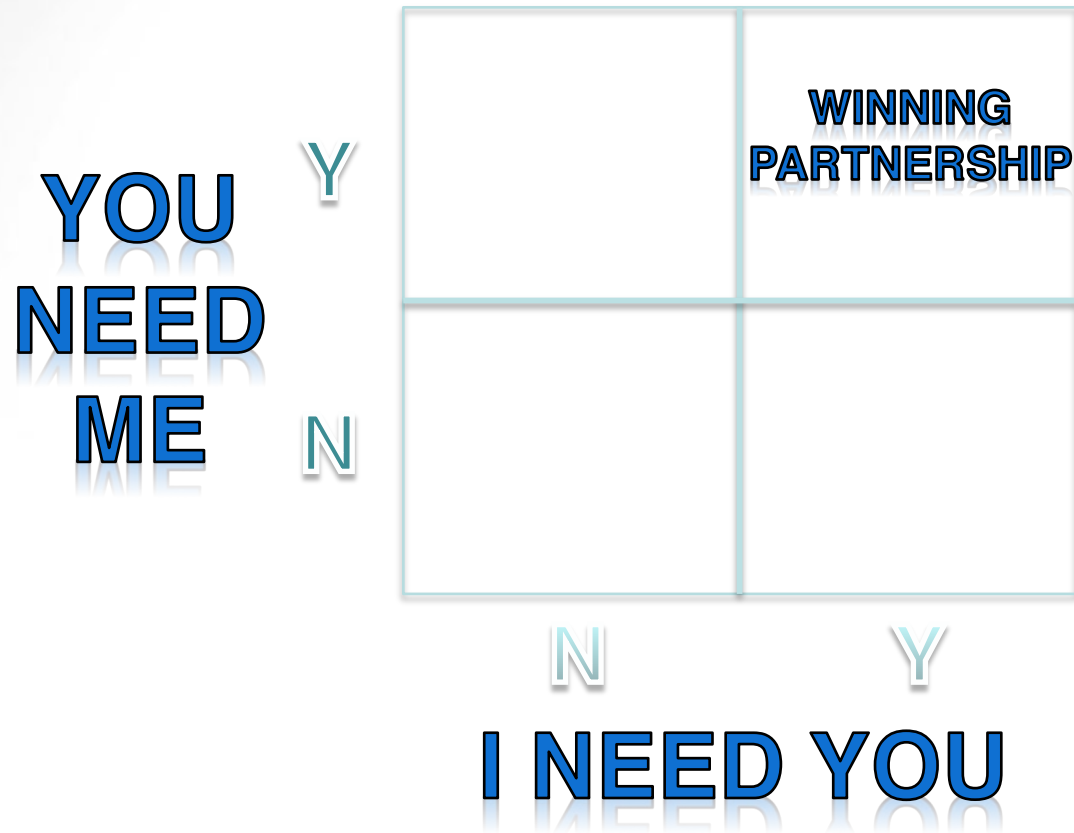
Focus

- Industry Complimentary
- Geography
- Red Ocean Competitive

Want

- Software Revenue
- Services Revenue
- Competitive differentiation

The Real Test



When To Have Partners

- When prospects want your product but are worried about your size
- When you want to scale but do not have the funding for scale
- When you realize that the customer wants to buy an integrated solution and you only have a piece of the solution
- When the customer needs implementation services that you can't afford
- When you are competing against bigger firms and you need to look bigger than you are
- When you offer something that other vendors want and need, but don't have

What a Partner Can Offer

- Sales resources
- Marketing muscle
- Complimentary products
- Customer base
- Market presence
- Industry expertise
- Customer implementation and services resources

Why Do You Want a Partner?



Partners To Avoid

- Have no track record of partnering success
- Partner with everyone
- No financial commitment
- No person in charge of partner program
- Reluctant to put you in front of their sales force
- Reluctant to commit to customer webinar
- Outside of your industry
- Bad financial shape
- Not many employees
- Low cost vendor

Are You Really Ready for Partnerships?



Where Are We Partnering?

- Within a geographic region
- Within an industry or market

Does our partner relate to that expansion opportunity?



But You Need To Be Aware of the Partner Flow

1. You sell to management of partner organization
2. Management sells to their sales force
3. The sales force sells to the customer



What could go wrong?

Be Aware

Lack of properly supporting a partner will *always* lead to poor performance and disappointment



Resource You Need

- Person to run partnership program
- Fully developed partner strategy
- Fully developed partner tactical plan
- Sales, marketing and customer support materials that are clear, well-organized and easily accessible by the partner organizations
- Discipline to engage and manage the partner



Your Partner Manager

- Signs new partners
- Responsible for training new partners
- Helps with conflict resolution
- Answers questions from partner sales organization
- Handles partner lead registration
- Works with your sales organization



Proactive

- Set goals for partners, communicate the goals and measure them
- Don't wait for partners to report problems
- Be engaged and look for issues
- Anticipate problems
- Anticipate politics
- Help them manage the journey
- Anticipate sales change resistance



Partner Weekly Discussions

- Are we on plan (Why not?)
- What is going well?
What is not going well?
- What is the pipeline?
- Are they getting deals done or are deals stalled or lost?
- Are they quality deals?
- What are the risks?
- Is the partner team being responsive?
- What is our plan for the quarter/year?
- What do you need from the team to help?

Vendor Partner Manager Questions

- What partnerships have you signed that have worked?
- Can I speak to references?
- How are you paid (number of partners or revenue)?
- Why do you want to do this deal?
- How will we get access to your sales force?
- How will we get access to your customers?
- Is product integration required for success? Who is doing that?



For Each Partner

- Understand the goals (revenue, differentiation)
- Ask:
 - How much are you going to sell?
 - By when?
 - How will we train sales people?
 - How will we handle the first 3 sales?
 - How will we handle Implementations and support?
 - How will we educate current customers?
 - What is the promotional plan?
 - How will we get our first co-case study
 - What is the product integration plan?
 - What is the PR plan?
 - What is the trade show/conference plan?

Revenue Splits

Depend on:

- Financial commitment
- How much sales and service support the partner needs
- Whose contract will be used with the customer and who handles the contract process
- Whether the products will be bundled or sold separately
- Who does the customer implementation
- What the marketing commitment is from the partner
- How the partner customer base will be developed
- Exclusivity
- How renewals are handled

Are You Going To Compete With Partners?



Two Approaches



Defined Partner Levels



Highest discount but highest commitment by reseller. High level of partner support



Medium discount but modest commitment by reseller. Medium partner support



Lowest discount but least commitment by reseller. Little partner support

Defined Partner Levels

- Puts you in the driver's seat
- Shows that you know what you are doing
- Gives the partner ideas on where they may want to play
- Gives you an indication of the seriousness of the partner
- It is a better starting point for the negotiation that follows
- Takes some of the risk and unknowns out of the equation



Referral Partner

- A Referral Partner provides you with a qualified lead
- You sell the account
- It is on your contract
- You do the implementation
- You handle the renewal
- Partner gets 5% to 10% of first year sale

REFERRAL
MARKETING



Referral Partner Package

EXAMPLE

- Sales Training Manual/Portal
- Sales Collateral
- Sales Deck
- Joint Press release announcing partnership
- Link on web site
- Referral Partner gets a 5% -10% referral fee on first year revenue
- You do the sales, support, contract process, renewal

REFERRAL
MARKETING



Basic Distribution Partner Package

EXAMPLE

- Sales Training Manual/Portal
- Sales collateral
- Sales deck
- Joint press release announcing partnership
- Link on web site



Bronze Partner Package



EXAMPLE

- No Revenue commitment
- Products sold separately
- 20% discount off retail rates
- Basic Package plus
- Training and support 8 hours per year
- No exclusivity
- Will compete in market with existing customers as well as new customers
- No opportunity to present to our sales force
- No assigned account representative

Silver Partner Package



EXAMPLE

- Medium revenue commitment and product bundled in all distributor sales
- 35% discount off retail rates
- Basic Package plus
- 20 hours of sales training per year
- 20 hours of sales support per year
- Private labeling for vendor but not customer
- 20 hours of client services support per year
- No exclusivity
- Non-compete on sales to partner's customers but will compete for new business
- No opportunity to present to our sales force
- Assigned account representative

Gold Partner Package



EXAMPLE

- Big revenue commitment and/or products bundled into partners product offering
- 50% discount of retail rates
- Basic Package plus
- 40 hours of sales training per year
- 40 hours of sales support per year
- 40 hours of client services support PY
- Private labeling for vendor and customer
- Possible exclusivity in sub-market
- Non-compete on sales with partner existing customers and new customers if they are registered
- Opportunity to present to our sales force
- Assigned account representative
- Will sponsor and participate in one webinar per year

Critical Issues

- This only works if you have a good product, with a proven need and customer references
- If your product is strong enough
- You have a strong and understandable value proposition
- Your product is not overly complex to understand
- The partner sales force needs your product and wants to sell it and it is lucrative for them
- This works better for a must-have product, not nice to have product

Describe Your Value Proposition



Training and On-Boarding

You have to train and on-board your partner's sales people to the exact same degree as you do your own sales people...or fail



Supporting Partners

Sales, Marketing and Customer Support

- Partner portal
- Quarterly webinars
- Sales kickoffs
- Contact person



What Does the Sales Person Think?

- Do I want to sell this product?
- Am I going to make money?
- Is the price too high or too low?
- What problem does this solve for the customer? What are the main features and benefits? What are the key objections? What are the FAQs?
- Is the product too complex for me?
- Do I want to take the time to learn this?
- Does this product risk my current customer relationships?
- What is the competition to this product and am I going up against a market leader?
- Am I going to be saddled with services questions?

Partner Support Portal



Why The Partner Portal

- Your product does not sell itself
- The key to your partnership success lies with proper training and support of the partner sales force
- These sales people also need to be sold on why you
- The Best way to mass-communicate and to keep your information fresh is through an educational portal
- It is simple to maintain
- It is cheap to do
- **BUT NO ONE HAS THE DISCIPLINE TO ACTUALLY DO IT!!!!!!**

The Partner Portal

Statement from partner organization as to why the partnership was established and goals

- Sales Deck
- Pain points you address
- Demo video
- Features and benefits
- Differentiation
- Case studies
- Sales Person FAQ
- Customer FAQ
- Technical data sheet
- Price list
- Ideal customer profile
- Competitive analysis
- Sample SOW and implementation plan
- Promotional plan
- Outcomes
- Science behind the product
- Branding guidelines
- Past webinars
- Lead registration process and form

What Does It Cost?

In order to quadruple your chance of success



What You Get

- Structured format for how best to properly educate partners
- Customized and secure partner page for each partner
- Hosting services
- Hotline support
- Access to training materials and content



Value

- Tells your partner you know what you are doing
- Increases the odds of partnership success
- **Is a valuable sales tool**



Do You Have Sufficient Materials for Portal



Your Partnership Strategy



Make A Plan

- Know what you want and expect from your partner program
- Know what you want from each individual partner
- Think through your pricing and split model
- Think through how you will support a partner
- Consider the lead generation and promotional plan
- How will you handle channel conflict with you and the partner and the partner and other partners?
- Is exclusivity involved?
- Who will implement and support the customer?
- Who owns the customer if the agreement is terminated?
- Is co-branding required?
- Is data integration required?
- Is single-sign-on required?
- Is reporting required? Does this need to be integrated?
- What is the time frame of the partnership?
- What happens if either party is acquired?
- How are price increases handled?
- How are disputes handled?

Partner Program Outline

- Expectations
- Minimums
- Splits
- Customer implementation and support
- Renewals
- Wind-down and exit (who owns the customer?)
- Exclusivity (both ways)
- Sales training and support
- Contracts
- Marketing (lead generation) program/commitment
- Pricing
- Competition

The Basics

- Partner program outline
- Partner Agreement
- Lead registration
- Customer contract
- Partner sales and support portal
- Training webinar
- Customer orientation webinar
- Partner relationship manager



Things to Consider

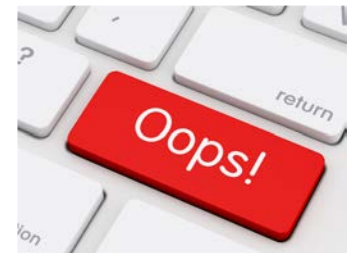
- Will data integration with partner products be required
- Does the partner have the domain and technical expertise to sell the product?
- Does the partner even have contract terms that protects your IP?
- Will the partner want a private labeled solution?
- Does the partner also sell your competitors product?
- How will you support their sales force?
- Will they add you to their web site?
- Is this a bundled sale or add-on sale?
- Do they have any experience and success at selling other products?
- Do they have a partnership program with dedicated resources?
- Why do they need you?
- Do they want a partnership to increase revenue, add differentiation, sell to existing or new customers?

Notes

- You need a quarterback to run the partner process
- Communicate what pains or problems you are solving
- Understand your overall **goals, metrics and timeframes**
- Align your team and hold them accountable for supporting the partner
- Have your resources in place
- Know and articulate your value proposition
- Communicate your ideal customer
- Know and document the outcomes that you expect to produce
- Understand the obstacles you and your partner are going to face
- Have a defensible price
- Have discipline to execute
- Each partner will require its' own Land and Expand

Common Mistakes

- Not having a defined and proactive partner program
- Not understanding your own sales and marketing costs
- Not training the partner sales organization
- Not understanding the the success of the partner program will be at the partner sales organization level
- Not thinking through channel conflict, second year splits, wind-down customer contract, renewal and other issues
- Not having a partner relationship manager
- Not handling the first 2-3 sales yourself
- Not having a webinar with the partner customers
- Letting the partner position your product for you



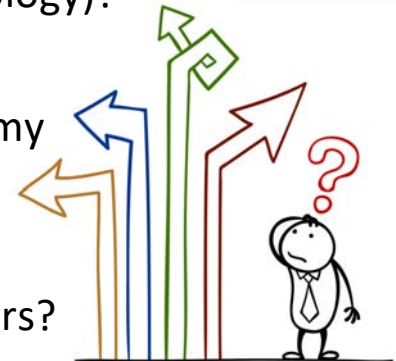
Partner Issues

- They mis-represent you in the market
 - Oversell
 - Undersell
 - Poor positioning
 - Sell you for an unintended use
- They drop you when the customer complains about price
- It takes a long time to get paid



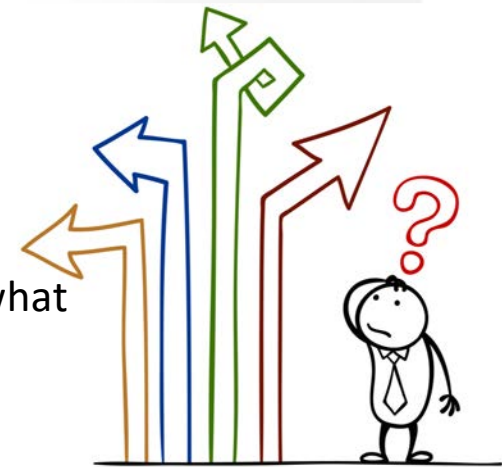
Questions To Ask Yourself

- Why do I want a partnership?
- What can this partner do for me?
- Is the opportunity big enough to support it?
- Is the sales organization going to drop my product the first time the prospect complains about price?
- Is the partner going to compete with me down the road?
- Can the partner sales organization be trained
- Is the partner sufficiently motivated to make this work (management, sales)?
- Will my product work for their target customer (features, size, technology)?
- Will they bundle my product in with theirs or sell it separately?
- Do I have confidence in their sales organization to handle the sale of my product?
- Do I have confidence in their customer service?
- Whose contract will be used for our products for customers of partners?
- How do we manage channel conflict?
- How are disputes handled?
- Who will host the application (SaaS companies)?
- Why might this partnership not work and what can I do to prevent that from happening?



Questions To Ask Potential Partners

- Why do you want a partnership? Are you trying to add revenue? Are you trying to add competitive differentiation against your competitors? Are you using my product to enter new markets?
- Why partner with us?
- What do you think this partnership will do for you?
- Do you have any other partners?
- Are they successful and can you provide me with examples?
- Do you have any unsuccessful partnerships and why were they unsuccessful?
- What would success look like to you? What criteria, what metrics, what time frame?
- Do you have staff dedicated to working with partners?
- Who do we have to train and how will that be accomplished?
- How do you envision us going to market together?
- What marketing resources and approaches are you willing to apply to this partnership?
- Who will be handling sales efforts and who will support customers?
- Whose contracts will we be using for common customers?
- Is product integration required for this partnership and how will that get done?



Characteristics of a Good Partner

1. Have a clearly defined need for your product
2. Have successfully implemented mutually rewarding partner deals before
3. Has a large market presence with potential buyers of your product
4. Has a synergistic product line and a relationship with my buyer
5. Are a market leader in some market segment that you do not have a presence in or can't establish
6. Should be either profitable or high growth or both
7. Has a smart and motivated sales force that can fairly represent your product
8. A good client services department that can make customers happy (you need the renewal and you need the reference)
9. Are not toying with the idea of getting into your product/business
10. You have some mutual customers already that can be used as reference accounts



Modified Lean Canvas

Problem	Solution	Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure		Revenue Stream		
Key Performance Drivers				

Modified Lean Canvas

Cognitive

Motivational

Resource

Political

Feature

Lean Canvas

Problem List your customers top 3 problems	Solution Vision Outline a solution for each problem What resources do we possess?	Value Proposition Why would someone want or need to change? What are your key features and benefits? Why should I replace what I am doing today? Tells the ideal customer why they should buy from you and not something else	Unfair Advantage What is your defensible differentiation? How will we win in our market?	Customer Segments What is your target market? What characteristics make an ideal customer? Who will be your early adapters and how will you get them?
	Key Metrics What are the key metrics that you will measure that drive success? How will you measure these and time frames?		Channels How will you get customers?	
Cost Structure List your fixed and variable costs (Development, marketing, sales, customer support)		Revenue Stream List your sources of customer revenue (subscription, implementation, customization)		
Key Performance Drivers What has to happen for you to be successful?				

Modified Lean Canvas

Cognitive

Does your prospect understand the pain, the product, the benefits?

Motivational

Is this a priority? Do they care?
Does this impact the buyer workflow?

Resource

Do they have the time, the money, the people, the skills?

Political

Is there an internal reason that they can't buy from you?

Feature

Is there some feature or function that they absolutely need that you don't offer?



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