Channel Sales: Five Data Pillars

Channel sales leaders must have visibility into five types of information to measure internal and external channel sales performance

Actionable data is necessary for suppliers' annual planning cadence and strategic decisions concerning the channel management process

Channel sales leaders must work with channel operations to prioritize data needs and complete the analysis necessary to manage the business and participate in corporate planning cycles

Before taking a long road trip, responsible drivers inspect and prepare their vehicles to ensure they can handle the adventure. They may bring in the car in for an oil change, optimize the tires' air pressure, check that the gas tank is filled and ensure that emergency supplies are available to increase the odds of a safe and successful journey.

Proper b-to-b channel sales management and reporting requires careful preparation, including the analysis of several critical types of data, but suppliers' channel management cadence is often limited to revenue reporting and budget management. Channel sales leaders who aren't armed with key intelligence on what the channel has delivered and what it can achieve are not well positioned to execute on their channel plans. In this brief, we review the five data pillars necessary to support channel sales management.

One: Performance

Looking to the past to define the future is a common approach to channel sales planning and management. Understanding what has happened can be helpful for understanding what is – and is not – working in the field and with partners. While executive leadership is most interested in top-line results, channel sales leaders can improve the dialogue by ensuring that other performance indicators are also part of the conversation:

- **Data.** Start with the amount of channel revenue and/or renewals achieved. Understanding the pipeline is also important to provide indicators for the next month or quarter, and channel sales leaders must understand and discuss the quarter-over-quarter and/or year-over-year growth to understand seasonality and expansion. Finally, measuring the percentage of pipeline to quota supports future forecasting efforts.

- **Analysis.** Top-line channel results are important, but channel sales leaders can achieve greater value through granular performance analysis to gain insights into revenue sources. Additional lenses include sales territory, specific business units or offers, market segments (e.g. enterprise or small-and-medium-size business) or partner tier levels. Linearity analysis is important to understand when revenue moves through the pipeline and forecast process.

Channel Data Pillars

	Performance	Profitability	Partner Account Managers	Partners	Programs
Data	• $ revenue • $ renewals • $ pipeline • % growth • % pipeline to quota	• % channel gross margin contribution • Average sales price per offer category	• # business plans completed • # QBRs completed • Partner account manager $ quota attainment • Partner account manager % quota attainment	• # count • # active (selling) • Partner profile (org structure, headcount, competitive lines, etc.)	• Partner program levels and performance • $ paid vs. budget on program incentives • # enabled/certified • Deal registrations • Demand creation
Analysis	• Linearity • Market and partner segment analysis	• Partner gross margins • Channel and partner profitability • Channel cost per sale (net margin)	• Partner account manager $ yield per headcount • Partner account manager/partner ratio	• Coverage • Capability • % wallet share • Capacity analysis	• ROI of incentives to revenue
Usage	• Growth model • Forecasting	• Define discount strategy and financial incentives • Investment model	• Productivity targets	• Recruitment strategy • Development strategy	• Program enhancements

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• **Usage.** Channel sales performance provides the foundation of forecast reports and growth modeling, as well as insights into which partners are producing the most revenue and which are growing (which may not be the same partners).

Two: Profitability
Examination of profitability is usually limited to the supplier's gross margins realized from the channel business. However, it is also important to understand the impact of the overall channel on the supplier's business to support ongoing conversations about the channel's value and investments in it.

• **Data.** Channel gross margins provide a high-level view of profitability. In addition, capture the supplier's average sales price to the channel to represent the partner discount structure (including nonstandard discount requests).

• **Analysis.** Calculating the cost of sale or net margin of the channel is important, as it may validate the financial impact of the channel model on the supplier's bottom line. Determining this cost may require calculating other

expenses that must be applied to the gross margin data. Additionally, determine the margins the supplier is delivering to the channel to build or maintain a profitable business proposition.

• **Usage.** Profitability analysis should support or adjust the channel discount models and financial incentives, and serve as a component of the investment portion of the annual channel sales plan.

Three: Partner Account Managers
While performance data can provide a macro-level view of channel sales impact, data specific to partner account manager performance is important for providing more detail (see the brief "Partner Account Manager Performance Indicators" for a complete overview of key metrics). Activity and performance data help channel sales leaders understand the effectiveness and efficiency of the field organization.

• **Data.** Where appropriate, activity data should include account management details (e.g. completion of partner business plans and partner-facing quarterly business
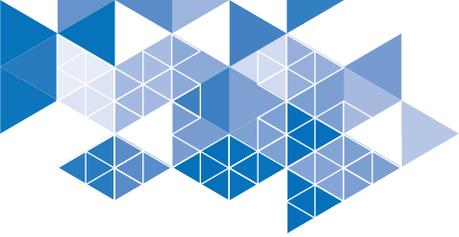
reviews). Performance-specific data should include revenue achievement and quota attainment percentage.

- **Analysis.** The overall average revenue yield carried per partner account manager is a key component of productivity analysis. Mapping the number of partners managed or supported by a named or territory partner account manager is also important to ensure balanced field coverage.

- **Usage.** Use partner account manager data to optimize productivity targets (e.g. setting quota expectations to increase yield per rep, resetting coverage ratios when necessary to increase or decrease account loads).

Four: Partner Portfolio

An understanding of channel coverage and capacity should direct decisions on partner development and recruitment. Key elements include partner profile data and information on the customers and locations they serve, the number of sales reps they have and their commitment to the supplier.

- **Data.** Qualify basic data on partner numbers by examining how many partners are actively selling and how often. Revenue and growth data are two key measures of commitment and success. Revenue ramp-up of new partners is important, as is partner profile data. Attributes should include the partner's organizational makeup, competitive and other offers carried, and any program medals and specializations (for all suppliers).

- **Analysis.** Developing a map that defines geographic, vertical and/or technical coverage by the channel is key to understanding if the supplier is over- or under-distributed, and whether there are enough channel sales reps ready and enabled to sell the supplier's offerings to meet demand. In addition, a capacity analysis measuring the number of ready and willing sales reps within the channel compared to the average sales process of specific offers can determine if the supplier needs to scale up the channel. Wallet share also should be analyzed for possible opportunities to expand the supplier's footprint within the existing channel.

- **Usage.** Partner portfolio analysis is key to building out a relevant channel development and recruitment strategy. It can pinpoint key areas that need additional partner footprint and prioritize high-performing partners to direct further investments.

Five: Programs

The channel operations and program teams should complete deep dives into specific program metrics to measure adoption, impact and success (see the brief "Channel Data: Tracking Partner Program Performance"). At a broad level, the channel sales leader needs to know how the partner program is performing and affecting sales performance.

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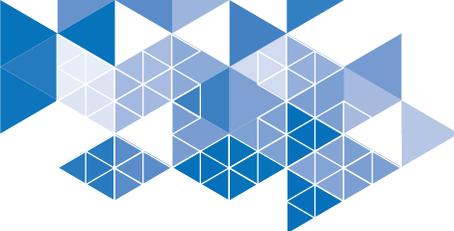
- **Data.** Required information includes partners broken out by program tier, and revenue and growth performance for each. Budget data is critical to understand how program investments are performing; metrics that represent leading revenue indicators (e.g. demand creation activity, deal registrations, enablement, certification, credential or specialization information) also should be prioritized.

- **Analysis.** Focus on how program elements support growth through the channel, leading to a return on investment (ROI) analysis to determine how to spend future program budget. Leading indicators that connect to other key data pillars can improve confidence in the analysis. For example, measure whether increased demand creation activity corresponds with increased deal registration activity; this analysis can provide further visibility into pipeline and forecasts.

- **Usage.** While program teams need insight into the success of specific program elements, the channel sales leadership team should look for directional insights to prioritize those areas that require deeper inspection to define changes or enhancements to programs, incentives or enablement.

The Sirius Decision

Although sales and operations teams are surrounded by metrics, they are often limited in their ability to use the information effectively. Building a channel data strategy that connects data to decisions can close the loop to improve the value of data. After committing to the five data pillars, the channel team should identify how the required data will be sourced – and preferably automated. Defining a cadence that includes the time and resources to look at the information and deeply analyze it is the foundation of each pillar, allowing channel sales leaders to better execute on their plans each year.

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