



What should you look for in a channel partner?

The source of channel partnerships is extremely varied. Sometimes it can be as a result of a partner contacting you and simply "asking" to represent your products. In the age of the internet and e-mail it is very common to receive such unsolicited enquiries from reps or distributors.

It may also come about due to a chance meeting with a sales agent at a tradeshow and in addition I have also experienced many situations where a referral from another existing wholesaler was the green-light for initiating a partnership in a different territory. Now there is nothing wrong with such methods, in fact sometimes these are great ways of finding new channel partners.

The issue, in my opinion is not about how you find possible channel partners but more so whether they are going to be a good fit for your business model or not?

Before you hire a new channel partner therefore the single most important question to ask is "What do I expect from this partner?" And, if you think about it channel partners can fulfill many roles.

These can include:

- New customer acquisition (and if so in which target market?)
- Management and support of existing customers in their territory
- Customer Service
- Logistical support
- Marketing support
- Debt collection
- Value-add packaging or selling
- Co-operating with other channel partners in the same territory

The best time to establish and agree these expectations with a channel partner is at the beginning of a relationship. It can be extremely difficult and sometimes counter-productive to introduce new expectations to channel partners once the partnership is up and running for a period of time.

I would encourage therefore sharing your business and channel strategy with prospective partners at an early stage of discussions. Information of who you target, how you sell, your competitive advantages and how they can fit into this model is always welcome by professional distributors. The good ones will always want to learn as much about you as you do about them!



Starting out therefore I always encourage companies to define their "channel partner profile."

This is normally a 1-page document which sets out the characteristics of your ideal channel partner.

For example you may want to include requirements for:

- **Access to target customer base:** This is probably the most feature to look for in a new channel partner.
- **Territory Coverage:** What type of sales force is needed and how many?
- **Synergistic Product Line:** What product lines compliment yours? Will you allow them sell competitive products or should they work exclusively with your product?
- **Technical Know-how:** If you product is technical this may be a necessary requirement?
- **Support Services:** How important is marketing, customer service and logistical capabilities?
- **Strategic Alignment:** What type of business do they target, how does this compare with your strategy?
- **Experience:** What is the minimum time they should be in business for?
- **Financial Stability:** A credit rating and references should be required before formalising any agreement
- **Interpersonal Rapport:** Is this a person/team that you can work with? Do you believe they will be a flexible partner?
- **Languages:** If you are UK based company and dealing in a mainland European market how important is it that your partner and their team is fluent in English.
- **Professional Impression:** Do they present themselves in a professional way?

These are just 12 examples of criteria you may choose to have when selecting a channel partner. The list contains both hard/tangible characteristics of a potential partner's company along with softer/intangible elements (eg. interpersonal rapport) which are just as important to a business relationship. Obviously, your list will define the "ideal" characteristics of your channel partner and in practice you will never find such an ideal partner.

For each company the requirements will be different but the discipline of putting in writing what you expect is something I would always recommend. I have worked with companies where a comparison between 2 or more possible candidates against such a list of criteria was very helpful in deciding who was the best candidate to work with.



Often companies involved in the early stages of exporting say to me "but we don't know the type of partner we need?"

In such situations I always offer two pieces of advice

(1) If you have customers, or even target customers, already go and talk to them. Ultimately channel partners are the link between you and your customers and they will tell you what support they need and the type of partner that will best provide this (sometimes they can even recommend someone) and

(2) Check-out what your competition is doing: what type of companies do they use?

Deciding the type of partner you need is one of the most important and initial steps to channel development. Take the time necessary to outline what you need and expect from your channel partners.

About Industrial Marketing Solutions :

We are a sales, marketing and channel development agency specializing in the electronics, engineering and industrial markets. Located in Ireland and the UK we support companies seeking to develop their domestic markets further as well as export-led companies looking to develop European markets.

We work in a hands-on and implementation focused way with our clients providing experienced and professional outsourced support for both one-off and ongoing market development programs. Whatever your budget, we can assist you in maximising your resources through practical, measurable and return-on-investment focused plans and activities.

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