

white paper

Business model
transition . . .
*what needs
to happen?*

CHANNELCORP

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Founded in 1989 by Bruce and Marg Stuart, ChannelCorp (www.channelcorp.com) is the IT world's leading channel economics, partner finance and channel growth consulting and executive education firm. Bruce R. Stuart, CMC is the President of ChannelCorp Management Consultants Inc., a global management consulting firm where he specializes in increasing the value of solution providers and the productivity of vendors' channel strategies. ChannelCorp provides management consulting, executive education, and products. The clients of ChannelCorp sell in excess of \$700 Billion worth of computer and telecommunications hardware, software, peripherals and services annually.

Mr. Stuart is a Certified Management Consultant (CMC) with experience in the computer markets of over forty countries. He has authored in excess of 300 published articles on the topics of channel partner profitability, channel development, channel management, and strategic partnerships and alliances. His articles have appeared in more than a dozen major publications including *VARBUSINESS*, *Computer & Software News*, *Reseller Management*, *Canadian Computer Reseller*, *Computer Dealer News*, and *Computing Channels*. Bruce Stuart CMC is the author of the ***Reseller Management Handbook*** (editions 1–8), and the ***Channels Handbook*** (editions 1–3) and the ***Ecosystems and Alliances Handbook*** (1st edition).

Mr. Stuart has completed successful Management Consulting and Executive Education assignments in North America, South America, Latin America, Europe, Australia/New Zealand, Southeast Asia and Japan. Thousands of managers of partners, vendors and distributors throughout the world are alumni of executive education programs he has led.

In the last 20 years, Mr. Stuart has conducted more than three hundred executive education programs for channel member and vendor executives around the world. He is acknowledged as an international expert in the area of channel partner profitability improvement in the global computer industry. Bruce Stuart CMC is a much sought after consultant and speaker at vendor and partner conferences.

Mr. Stuart holds a Bachelor of Commerce (Finance and Marketing) from the University of British Columbia and an MBA from Queen's University.

The purpose of this white paper is to provide readers with guidance and strategic focus to direct 2009/2010 survival, sustainability, growth and profitability in partner organizations. The material is presented in the form of nine partner growth conversations:

Conversation 1 – The fundamentals

Conversation 2 – Implications

Conversation 3 – The operating cash cycle (OCC)

Conversation 4 – Attach products and services in 2009

Conversation 5 – Making \$ with service

Conversation 6 – SMB strategy

Conversation 7 – Mine the base for new profit

Conversation 8 – Is 2009 the year to go vertical?

Conversation 9 – Provide confident leadership

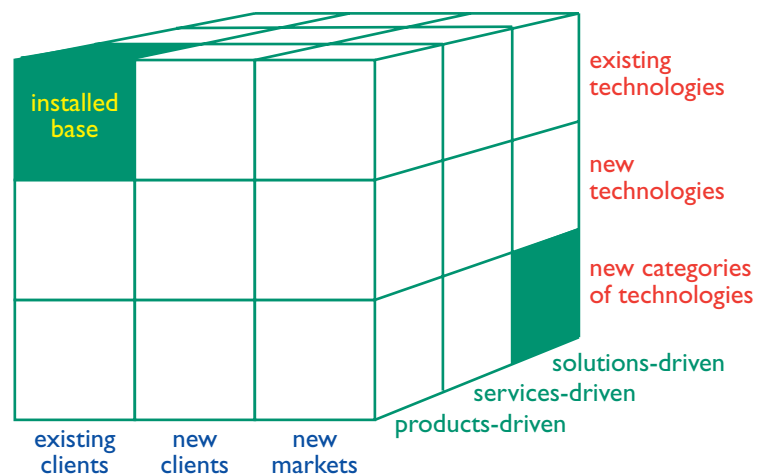
Conversation 1 — the fundamentals

For 2009 ChannelCorp is delivering five fundamental messages to business partners. All five are related to cash flow management:

- 1 transitions on three dimensions
- 2 cash flow/profit impact of growth
- 3 business model shift
- 4 cash is king
- 5 plan to grow profitably

Vendors and distributors over the last few years have driven their partners to **transition on three dimensions**, often without thought for the impact on partner investment and management. Figure 1 is a diagram of the situation.

figure 1 — transitions on three dimensions



source: ChannelCorp

Transitions from existing clients to new clients, and existing technologies to new technologies, were driven by the pursuit of “net new”. Transitions from a product-driven business model to a solutions-driven business model were painful. In all cases the investment led the return and the expenses led the revenues requiring excess available cash. In many cases the transition caused revenue gaps and/or cash flow problems. These cash flow problems are now showing up and becoming painful for business partners.

The **cash flow and profit impact of transitions and growth** is a serious driver of sources and uses of cash in partner businesses.

Figure 2 is a diagram of the impact of new revenue on accounting profit and cash flow.

figure 2 — cash flow/profit impact of growth

	existing accounts	new accounts	new markets
existing products	+ve A/P +ve CF	+ve A/P Ø CF	-ve A/P -ve CF
new products	+ve A/P Ø CF	-ve A/P -ve CF	-ve A/P -ve CF
new technologies	-ve A/P -ve CF	-ve A/P -ve CF	-ve A/P -ve CF

A/P = accounting profit
 CF = cash flow
 +ve = positive value
 -ve = negative value

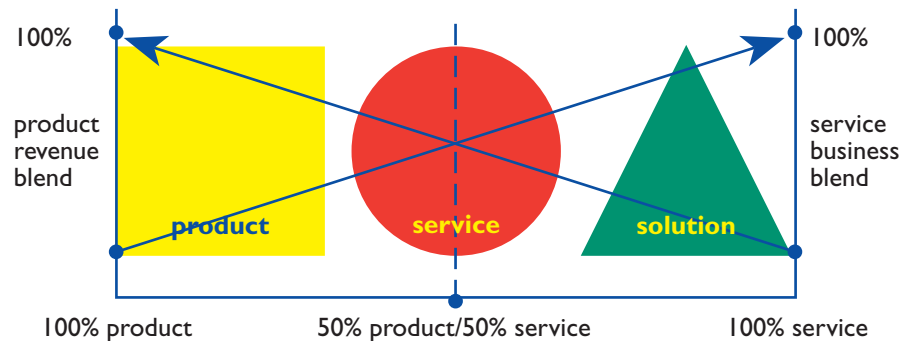
source: ChannelCorp

Existing products sold into existing accounts generate a positive cash flow and accounting profits. New products/existing accounts and/or existing products/new accounts generate zero or slightly positive cash flow and accounting profits during the first year. All other scenarios generate negative cash flow and accounting losses in the first year; after the first year everything that was new becomes part of the installed base ... if you stayed the course. Business partners with cash flow problems will need to pursue opportunities with their vendors

and distributors that will generate cash and deliver accounting profits in 2009. Money supply will be the business partners' key impediment to growth.

Business model shifts from a product, to a service, to a solutions focus have challenged business partners for several years. Figure 3 provides an outline of the challenge.

figure 3 — business model shift



source: ChannelCorp

Everything changes when a partner transforms a product-driven business into a solution-driven business.

Cash is king — Cash flow is everything. The cash messages for business partners are:

calculate your cash metrics

- cash cycle
- cash required/revenue dollar
- cash generated/revenue dollar

calculate the cash impacts of growth (see figure 2)

set targets for cash generation

- cash generated per quarter
- cash generated per person
- cash generated per transaction

set strategies for cash generation

execute the strategies and measure progress against targets

We will not lose business partners because they are not profitable; we will lose them because they run out of cash!

ChannelCorp's big warning to partners in 2008 was to make sure that they did not bleed themselves to death by letting sales get way ahead of collections. 2009 will be about serious cash flow management, through receivables management, inventory management, payables management and making fixed costs variable.

For many, 2009 and 2010 will be about **learning how to grow profitably again**.

ChannelCorp is talking to partners about:

– *building a plan to grow return on invested capital*

– *building a plan to grow marketing productivity*

– *building a plan to grow sales productivity*

– *building a plan to grow transaction productivity*

We are encouraging partners to get their vendor and distributor account managers involved in their survival, sustainability and growth plans and to focus once again on profitable growth.

We are all in a challenging time. It will take all of us pulling together to get ourselves out.

Conversation 2 – Implications

Much of the business transition work that partners started in 2007 and earlier was not finished by the end of 2008.

The transitions on three dimensions that were set in motion in 2007 take two-to-three-year projects to complete. Transitions to new markets, new technologies and the solutions business model are expensive and time-consuming for business partners to execute . . . and now markets have cooled and credit is tight. Tough decisions will need to be made.

Underlying business growth, and the new “transition-related” investments are, at the best of times, difficult to finance out of internally-generated cash – essentially 2008/2009 earnings.

Given the current liquidity challenges, reasonably priced externally-generated cash, in the form of debt and/or equity, if available at all, comes with a heavy financial cost and often the reduction of flexibility for the business owner. Debt financing may be hard to come by in 2009. Some investments may need to be delayed in order to survive

Tactical plans around why, what and how to grow are difficult to execute. Should you grow revenue, shrink expenses, or both? Should you grow return on invested capital (ROIC) . . . what investment base should you use? Should you grow marketing productivity – how do you increase it? Should you grow sales productivity – how do you increase it? Should you grow transaction productivity – how do you increase it? What needs to happen to grow cash flow?

The 2009 messages is very clear – be very careful that you have enough cash to finish what you start.

Conversation 3 – The operating cash cycle (OCC)

As we all move into challenging economic environments, we need to understand business partners' operating cash cycles (OCC). You need to understand this whether you are a channel partner or a vendor or a distributor ...and it does not matter what your job is. Fear in this environment will paralyze you. Master the reduction of operating cash cycles and duration. Understand how to do more with less cash, or more with the same amount of cash.

Businesses require cash as fuel to survive, sustain and grow. Business partners will not fail because they run out of sales or have too many expenses. Business partners will fail because they run out of cash. In order to expand or grow a business partner, more cash has to be provided as fuel. In order to survive a business must continue to generate sufficient amounts of cash. Sources of cash must be equal to or greater than uses of cash.

There are three sources of cash in a business partner's company:

debt – borrowed cash

equity – cash from stock sales

internally generated cash from profits, lower expenses or the unlocking of non-cash assets to generate cash

Vendor and distributor programs that reduce partners' investments in inventory, shorten collection periods and/or extend partners' payment terms for product are sources of cash. These important programs allow a business partner to unlock the cash traditionally invested in these assets. For example, an account receivable is essentially a loan to an end user to purchase products and services. End user leasing serves to reduce the amount of cash "invested" in accounts receivables therefore unlocking cash that can be put to other "investment" uses within the business. It is crucial that all involved in the industry know how to use vendor and distributor channel programs to assist channel partners reduce the cash required to generate a gross margin dollar.

The operating cash cycle (OCC) (figure 4) is the clearest way to focus on the potential impact that vendor and distributor financial programs can have on the cash position of a business partner. A business partner's OCC represents the amount of time that a company's money is tied up in inventory, accounts receivables and any other current assets before the company is paid for the products or services sold. The shorter a business partner's OCC, the faster the company can redeploy its capital to grow. In addition, reductions in OCC can result in lower cash requirements per revenue dollar, higher amounts of growth financeable with the same amount of cash invested and higher levels of return on invested capital (ROIC). It is safe to say that anything that can be done to reduce a business partner OCC should be examined by the business partner senior management in concert with their vendor or distributor account manager, channel manager, or partner manager.

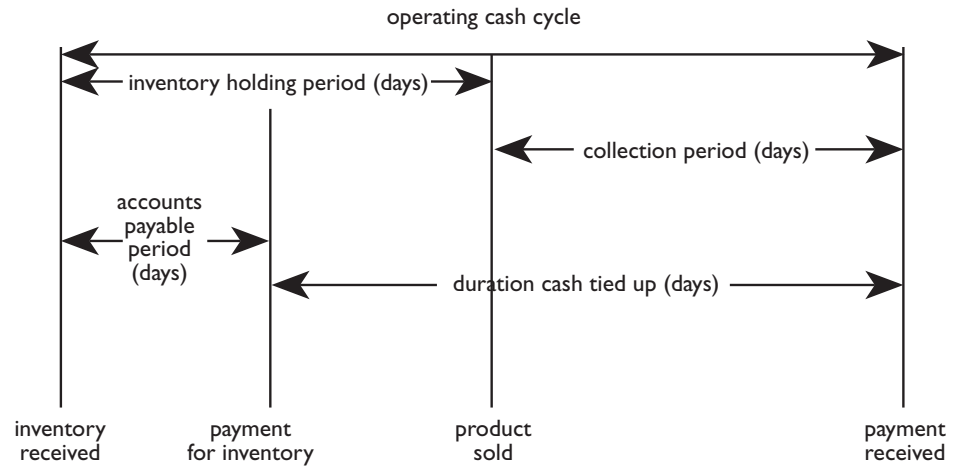
The business partner's OCC and the duration that the company's cash is tied up is driven by a number of factors:

accounts payable period – how long vendors or distributors give business partners to pay their bills (or how long business partners take)

inventory holding period – how long business partners hold inventory (if at all)

collection period – how long it takes business partners to get paid for goods and services sold and delivered

figure 4 — the operating cash cycle (OCC)



source: ChannelCorp

Figure 4 combines the three factors to provide the OCC and duration. The table below (figure 5) will illuminate the impact that these factors have on the OCC of business partners and the duration for which cash is tied up. The formula is:

$$\text{inventory holding period} + \text{collection period} - \text{accounts payable period}$$

figure 5 — typical vs. excellent OCC and duration

	inventory holding period	collection period	A/P period	OCC	duration
typical business partner	20 days	50 days	30 days	70 days	40 days
excellent business partner	5 days	30 days	40 days	35 days	(5 days)

source: ChannelCorp

As can be seen in figure 5, there is a tremendous difference between the OCC and the duration between typical business partners and excellent business partners. Further analysis of figure 5 points to the collection period, and its reduction, as a major driver in values of the OCC and the duration that cash is tied up. The OCC of the excellent business partner is less than 50% of that of the typical business partner. **What this means is that the excellent business partner requires less than 50% as much cash to support a dollar of revenue as the typical business partner.** In fact, the excellent business partner, with a

duration of negative 5 days, has a theoretical internally financeable rate of growth of infinity and no requirement for outside cash.

What is clear in figure 5 is the impact on OCC and duration made by the reduction in inventory holding period and collection period, and increases in accounts payable period.

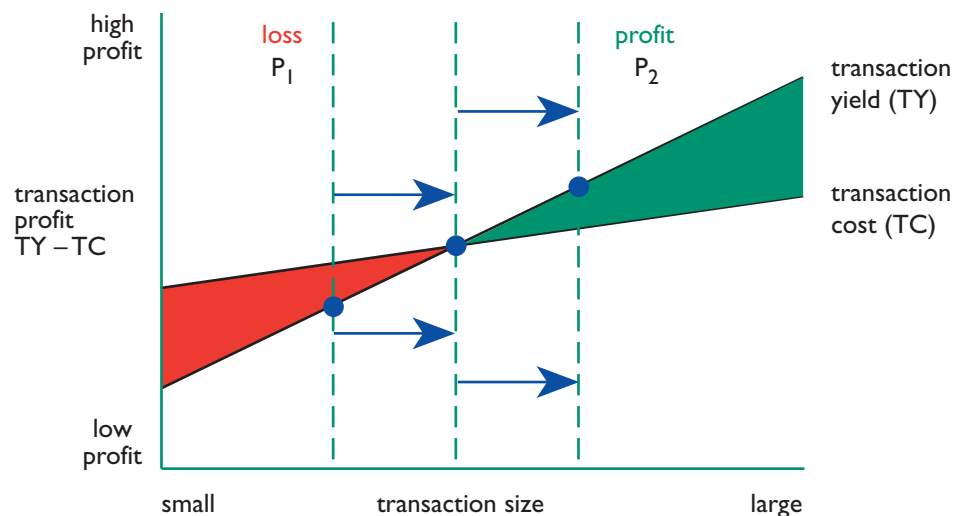
Conversation 4 – *Attach* products and services

In a downturn, capital expenditures disappear before operating expenses are reduced. Services are notoriously stickier to pull out of a business's operating costs than tangible products. **Those businesses that attach products and services will always generate more cash and will be more profitable than those who don't.**

In 2009 partners will need to consider implementation of an “attach only” strategy. The fundamental questions for partner businesses is how to make *attach* happen. Products must have other products connected – storage, output devices, software. Clusters of attached products require service, support, training and consulting to be attached. Leases need to be sold. Cross-selling needs to happen. Why?

The answer is simple . . . there is a linear relationship between transaction size and transaction profit (figure 6).

figure 6 — increase transaction size

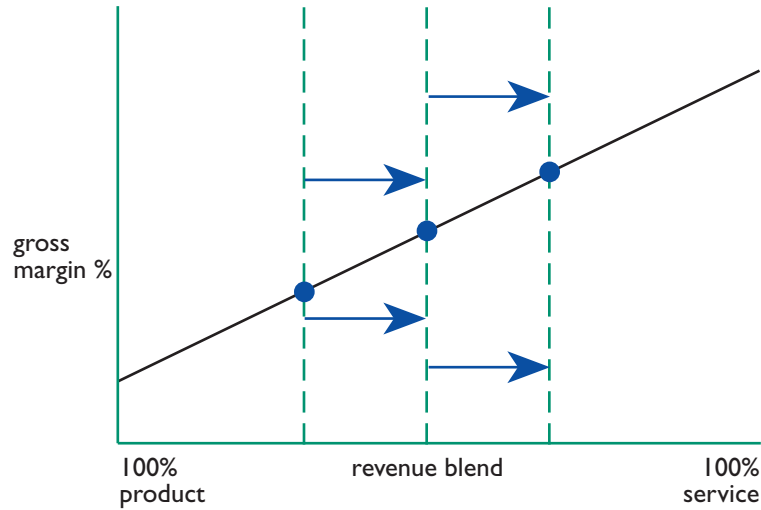


source: ChannelCorp

Transactions have a virtually fixed cost through a very wide range of transaction sizes (TC on figure 6). When you increase the number of gross margin dollars generated by a transaction through a focus on increasing transaction size via *attach*, you increase profit without necessarily increasing the cost of the transaction (or increase the transaction yield faster than transaction cost (P_1 to P_2 on figure 6)). More gross margin dollars from fewer transactions increases transaction yield (TY on figure 6), profits and return on assets.

Services need to be attached; products need to be attached. Understand the “attach” related programs that your vendors and distributors are offering.

figure 7 — increase transaction yield



source: ChannelCorp

By attaching services and software with higher gross margin levels than the underlying products in the solution, the weighted average transaction yield increases. Increasing the gross margin dollar yield of the overall transaction increases the gross margin dollars generated by a specific revenue size of deal (figure 7).

When you combine the impact of transaction size increases (figure 6) and the impact of transaction yield increases (figure 7) you have a recipe for profit increase even in a challenging market. Figure 8 shows the **percent increase in actual gross margin dollars** generated by a transaction when the transactions get larger and yield a higher weighed average gross margin rate.

figure 8 — increase gross margin per transaction

	transaction size increase (% increase over base revenue amount of transaction) (revenue \$)						
	5%	10%	15%	20%	30%	40%	50%
transaction yield increase 5%	110%	115%	121%	126%	136%	147%	157%
transaction yield increase 10%	115%	121%	126%	132%	143%	154%	165%
transaction yield increase 15%	121%	126%	132%	138%	149%	161%	172%
transaction yield increase 20%	126%	132%	138%	144%	156%	168%	180%
transaction yield increase 30%	136%	143%	149%	156%	169%	182%	195%
transaction yield increase 40%	147%	154%	161%	168%	182%	196%	210%
transaction yield increase 50%	157%	165%	172%	180%	195%	210%	225%

source: ChannelCorp

For example, a transaction that is 20% larger and yields a gross margin rate that is 20% higher generates 144% of the gross margin dollars of the base transaction.

Every way you analyze it, any partner profits in 2009 will require **attach** as a key profit strategy component. Partners should make sure that all proposals are being “fully clothed”. Make the client take attach out. Compensate partner sales people for selling larger, attached transactions. Position partners as a Solution Providers so that clients expect fully clothed solutions to be proposed by partner sales people. Coach partner sales people on what to **attach**, when to attach, and how to **attach**.

Conversation 5 – Making \$ with service

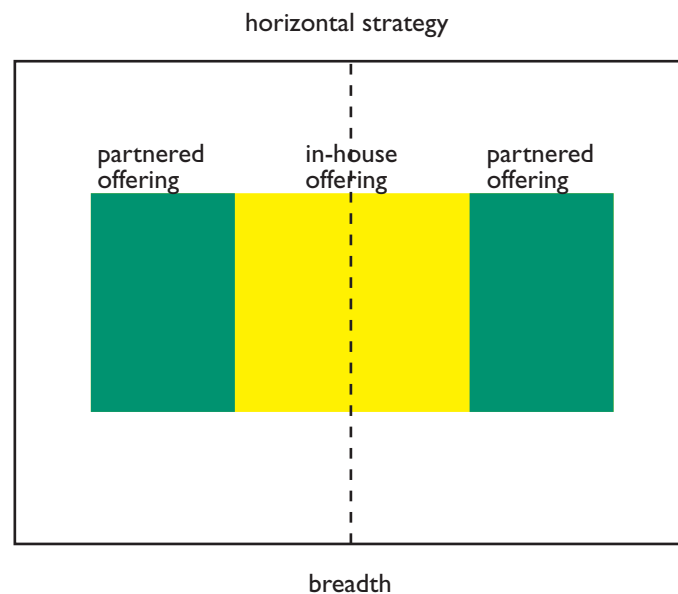
Service is “sticky”. Once an organization begins to buy service from you, it is difficult for them to stop. An interdependency builds up that may strengthen in the face of layoffs in the customer.

Attach (conversation 4) and conversation 5 are clearly linked. Conversation 5 is about making money with services. Two key questions underlie the partner service strategy:

- 1 what service line breadth and depth will partners be able to offer their clients?
- 2 what “service manufacturing” strategy will partners pursue – make vs. buy vs. mixed hybrid strategy?

What partners sell, or the nature of the service line that partners offer clients, will be partially determined by whether partners are running a horizontal or vertical strategy in the market.

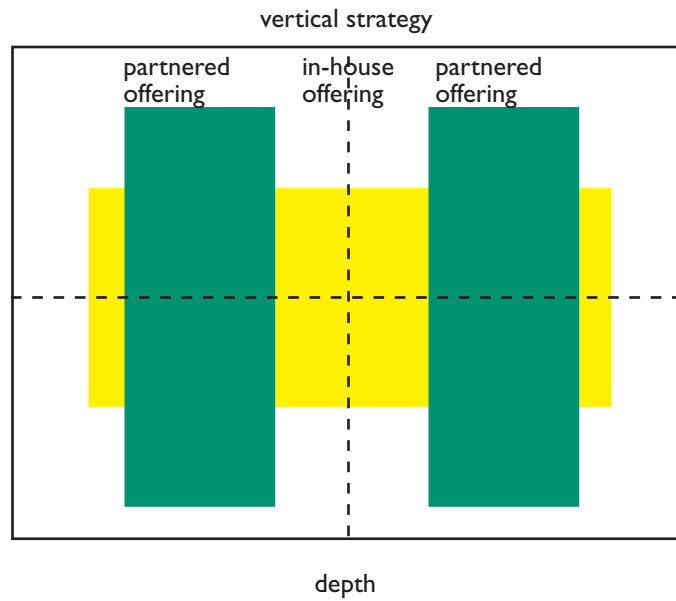
figure 9 — horizontal strategy and breadth



source: ChannelCorp

Running a horizontal strategy (figure 9) requires a service offering that has breadth – lots of potential offerings at some standard level of technical excellence dictated by regional competition. Line breadth will be achieved by a combination of in-house offerings and partnered offerings from the partner’s ecosystem. Without adequate line breadth, partner sales people will not have anything to attach to product sales.

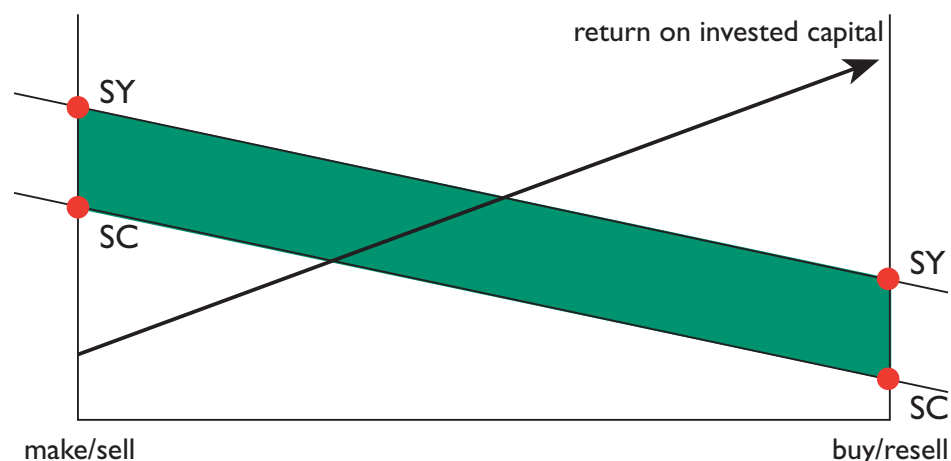
figure 10 — vertical strategy and depth



source: ChannelCorp

Running a vertical strategy (figure 10) requires a service offering that has sufficient technical/industry depth to define the partner organization as a source of knowledge and expertise that can be trusted. Line depth will be achieved by a combination of in-house offerings and partnered offerings from the partner’s ecosystem. Without a service offering with adequate depth, the partner organization will not be taken seriously as a provider of vertical solutions. Needless to say, without a service offering that has sufficient depth, it is very difficult for partner sales people to make the vertical sale, let alone make sure they attach around it.

figure 11 — service manufacturing strategy



source: ChannelCorp

At one end of the service manufacturing strategies spectrum (figure 11) partners can “make” all the service that they sell with their own people. This strategy provides higher margins, but requires higher levels of fixed costs as a percentage of total cost. This cost structure results in higher levels of financial risk.

On the other hand, most of the major vendors in the IT industry have rolled out very intelligent and profitable service reselling programs whereby partners can resell services manufactured by others for an agency fee. The agency fees are lower than the margins if partners create the service themselves, but the investment and risk is lower. **In fact, return on invested capital may be higher for services that partners resell than for services that they manufacture in-house.**

2009 Service Action Plan

- Step 1 *Do a Customer Audit to find out what partner clients want to buy and who they want to buy it from. **Look for open source software installs at the same time!***
- Step 2 *Rework the portfolio of services that you offer based on Step 1.*
- Step 3 *Decide upon which services you will create in-house – start with those required by the base that will give you high utilization.*
- Step 4 *Fill out the portfolio of services with those available from key vendors and third party service providers.*

Conversation 6 – SMB strategy

It just so happens, even in a downturn, that the SMB (Small, Medium Business) sector is still the fastest growing sector of most economies around the world. Second, SMB is a sector of the economy that is notoriously difficult to make money in, even in a hot economy. Transaction costs in SMB approach transaction costs in the Enterprise sector. Transaction Yield in SMB are

substantially smaller. As a result, SMB transactions are rarely possible to make money with if you don't attach something.

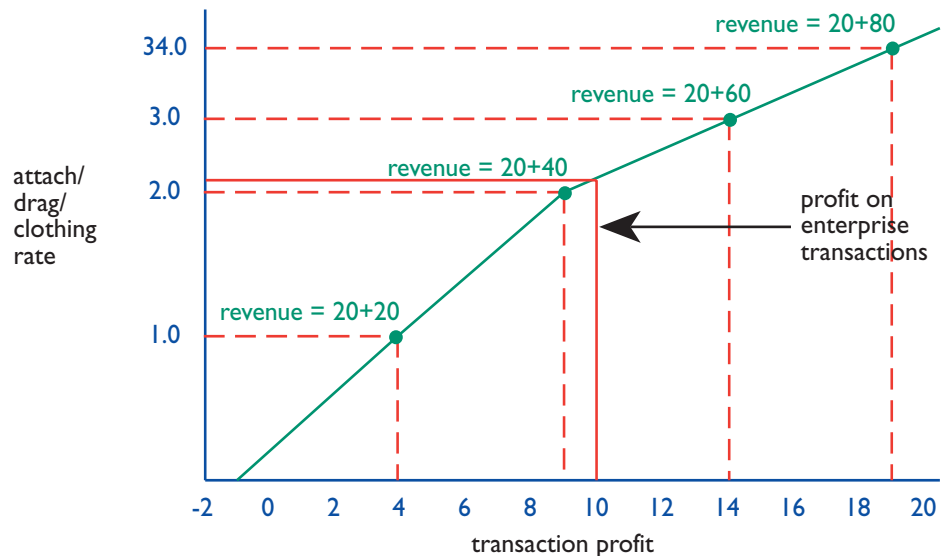
figure 12 — cracking the code in SMB

	enterprise	SMB(a)	SMB(b)
transaction revenue	100,000	20,000	20,000 + 6,000
COGS	70,000	16,000	16,000 + 3,000
gross margin \$	30,000	4,000	7,000
SG&A	20,000	5,000	5,000
profit	10,000	(1,000) * 5 (5,000)	2,000 * 5 10,000

source: ChannelCorp

Figure 12 shows the problem. In order to generate \$100,000 in SMB revenue, a partner may have to engage in five or more SMB transactions to generate the same amount of revenue as one Enterprise transaction (Enterprise vs. SMB(a)). Figure 12 also shows that in order for the SMB transactions to generate the same amount of gross margin dollars as an Enterprise transaction, there has to be service attach happening (Enterprise vs. SMB(b)). Figure 13 shows the mechanism, albeit difficult, by which a “naked” \$20,000 transaction changes economics as it drags \$20,000, \$40,000, \$60,000 and finally \$80,000 in incremental products/services at 25% margin. At an attach/drag/clothing rate of little more than two, the profit on the SMB transaction begins to look like the profit on the Enterprise transaction shown in figure 12.

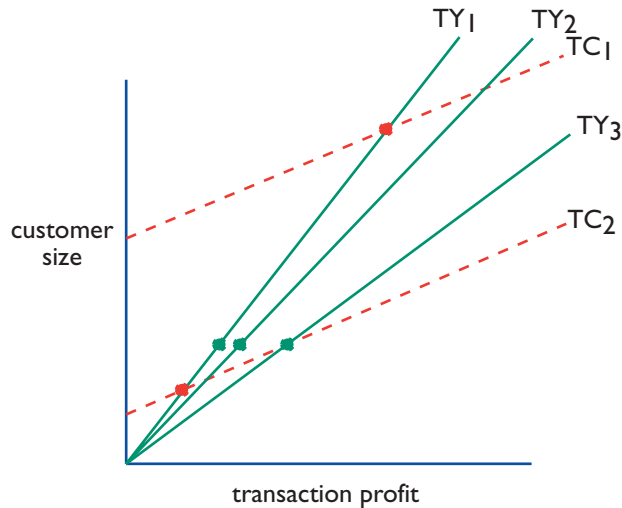
figure 13 — attach/drag/clothing vs. profit



source: ChannelCorp

The message in Conversation 6 is very clear. Cracking the Code in SMB requires an attach strategy for all hardware and software, plus a robust service, support, training, consulting and financing offering. **Strategically, partners need to think about their SMB business from the perspective of transaction yields and transaction costs.**

figure 14 — TC vs. TY



TY = transaction yield; TC = transaction costs

source: ChannelCorp

Looking closely at figure 14, what will your transaction yield ($TY_1 - TY_3$) increase strategy be? What will your transaction cost ($TC_1 - TC_2$) reduction strategy be? Most partners are pretty close to the lowest Cost Per Order Dollar that they can be, therefore the yield increase strategy is crucial to SMB profitability. Figure 14 shows how transaction cost reductions can make smaller transactions profitable, and how transaction yield increases can increase the profit of the transaction.

What would happen to profit in your business this year if you increased the transaction size and yield expressed in figure 8 and reduced your transaction cost from TC_1 to TC_2 as expressed in figure 14?

Conversation 7 – Mine the base for new profit

From a financial perspective, the client a partner should sell to is very clear. The partners' installed base, providing it has not been "tapped out" (or gone out of business), provides the revenue in the shortest time frames, at the lowest cost per revenue dollar. Figure 15 explains the situation very clearly. For 2009, partners sales management should prioritize sales targeting in the following order:

priority	target	investment/rev \$
1	Sell to your installed base	less than 15¢
2	Sell to someone new in your installed base/ make the account a market	15¢
3	Sell something new to your installed base	30¢
4	Sell to new clients	30¢
5	Sell something new (to you) to new clients	60¢

Seen another way, in 2009 partners will need to be very specific regarding what zone they invest marketing and sales effort in.

figure 15 – getting selling zone priorities straight



source: ChannelCorp

Focus on Zone 1 is logical and rational. Zone 2 requires partners to rethink their key accounts as markets with segments. Have partners fully penetrated all of the various markets that exist within accounts that are familiar with the partner and therefore trust the partner? Zones 1 and 2 should be fully exploited prior to investment in Zones 3/4/5 because they will be the key source of internally-generated cash.

Zone 3 is generally less expensive and faster for partners to generate cash in than Zone 4. The simple fact is that most partners master new products/services in existing clients better than they attract new clients. Partners should finish Zone 3 before they begin to pour money into Zone 4.

Nothing will happen in Zone 5 in 2009 other than high cost new revenue that will result in negative cash flow, and accounting losses – face it. If a partner can not afford to be in Zone 5, they should stay out of it.

2009 plan for sales and marketing action: finish off Zones 1/2/3. Extend reach, (subject to a partner's cash flow situation), into Zones 4/5.

Conversation 8 – Is 2009 the year to go vertical?

Is 2009 the year to go vertical or to accelerate the transition of the partner business to a more vertical focus? The answer to this depends upon the partner's cash flow situation.

All partners have a vertical business; check the installed base and you will find clusters of clients from similar businesses or industries. Even without a vertical focus, many partners tend to successfully gravitate to solving problems that

they know how to solve, thus creating a vertical installed base that actually “crumbled into place”.

Current pressure to verticalize is coming from clients and vendors. Risk is everywhere. Clients want solutions providers that will provide them with a competitive advantage in the industry that they are in. Technology risk aversion is pushing clients towards those who can provide evidence that they have done it before successfully. From a marketing perspective, all else being equal, vertical beats horizontal. Many vendors’ product/market strategies call for partners that have a vertical capability. Hardware, software and telecommunications vendors are all calling for and rewarding those partners that can provide evidence of vertical expertise. The twin pressures of the market and the key vendors are difficult for partners to resist . . . but the required resources will be difficult to finance.

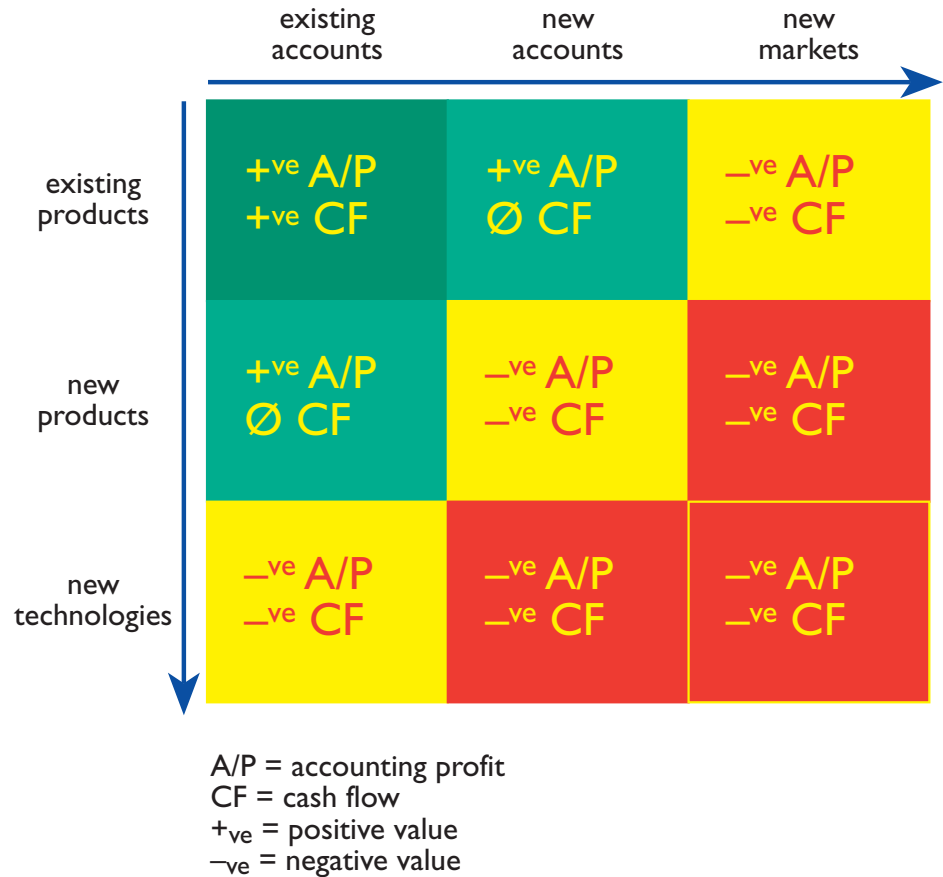
figure 16 — twin pressures to verticalize



source: ChannelCorp

In order to develop a successful vertical business, what do partners have to think about in 2009?

figure 17 – cash flow profit impact of verticalization



source: ChannelCorp

- 1 **Cash flow** – figure 17 tells the whole story. Business partners must be able to finance a vertical focus (see conversation 3).
- 2 **Attach** – vertical and attach are linked strategies. To be successful in vertical markets, transaction sizes must become larger (through attach) and transaction yield must become larger (through service attach) (see conversation 4/figure 8).
- 3 **Service and support** – vertical and service/support are linked strategies. To be successful in vertical markets, a partner has to be demonstrably and usefully different from the competition. The basis of the differentiation is the partner’s ability to sell, service, support, train and consult (see conversation 5).
- 4 **SMB** – vertical and SMB are linked strategies. Cracking the code in SMB requires the lowering of transaction costs and the increasing of transaction sizes and transaction yields. A vertical formula allows a partner to create a sales/solution “set play” which results in lower transaction costs. Through attach and service sales, based on demonstrable and useful capabilities, transaction sizes and yields increase (see conversation 6).
- 5 **Growth** – vertical and growth are linked strategies. In a rather ironic twist, a partner’s installed base will not always be thrilled about moves to verticalize. They like partners the way they are . . . serving them. Their clients worry about whether or not they will leave them behind. Vertical growth will therefore require partners

to move out of zone 1 and maybe zone 2 (see conversation 7). Partner vertical growth may come from zones 3/4/5 with a resultant increase in investment requirements (again, see conversation 7).

- 6 **Differentiation** – vertical and differentiation are linked concepts. You need to be demonstrably and usefully different in the market to succeed. Your differentiation will be based on knowledge, experience and reputation.

Key verticalization issues are related to cash flow and investments in the transition of organizational functionality.

Cash flow – potentially painful

expenses lead revenues – Year 1 will most likely be a negative cash flow year
investments lead returns – Year 1 will require surplus working capital to finance

Transition of functionality – most likely painful

dedicated marketing resources are a must have
marketing and marketing structure changes will be required
sales strategy and perhaps sales force changes may be required
offering strategy needs to be crisp and clear – offering needs to be excellent
management clarity has to be superlative – no sloppy thinking allowed

Conversation 9 – Provide confident leadership

Critical and integral to partner performance in 2009 and 2010 is the ability of the partner's CEO or Managing Director and senior management team to provide confident leadership for their people. **(For a White Paper on the role of the CEO and Managing Director, go to www.channelcorp.com.)** Specifically, what do the employees of partners want to know about management plans for they next two years?

- 1 Will we survive and sustain the business that we have? Will I retain my job?
- 2 Where will we grow?
 - historic/core business
 - new business
 - hybrid of old/new business
- 3 How will we grow?
 - internal/organic growth
 - external growth – merger/acquisition
- 4 What products/services/markets will we focus on?
 - existing clients/existing products and services
 - new markets in existing clients/existing products and services

- existing clients/new products and services
 - new clients/existing products and services
 - new clients/new products and services
- 5 What Technology Strategy will we run? How close to the state-of-the-art will we attempt to go?
- first-to-market
 - second -to-market/fast follower
 - late-to-market/cost minimizer
 - market segmentation/verticalization
- 6 What external growth approaches might be pursued?
- technical alliances/partnerships
 - business alliances/partnerships
 - mergers/acquisitions
- 7 How can we help?
- 8 Will I retain my job?

The provision of confident leadership is the foundation to the execution of all key plans for 2009

figure 18 – 2009 in a nutshell



source: ChannelCorp

Call to action

The purpose of this white paper has been to lay out a roadmap to help senior managers of business partners focus on what really has to happen in their businesses in 2009 and 2010.

Partners – You should be having any/all of the nine conversations with your management team. You should be talking to vendor account managers about the implications. **Action** – Have the conversations with your management team and your account managers. Go to school on your businesses. Build the business you would like to buy. Look into the business-building publications from ChannelCorp.

Business-building publications from ChannelCorp

New—Reseller Management Handbook

eight edition

The first seven editions of this book have sold tens of thousands of copies around the world. The eighth edition *Reseller Management Handbook* has been written to assist people who work in and manage computer hardware, software and telecommunications solution providers around the world. This edition has a financial/cash flow focus in the beginning, the middle and the end. It is all about cash flow. It has also been written for all of the “partner-facing” employees working for the vendors and distributors in the industry. Readers are pushed to think about business building. It is the premier industry guide on how to profitably grow and transform a solution provider or business partner.

New—Ecosystem and Alliance Handbook

first edition

The *Ecosystem and Alliance Handbook* is the definitive instruction manual and operational handbook for those needing to design, develop and execute a successful ecosystem and alliance strategy. The *Ecosystem and Alliance Handbook* is based on ChannelCorp’s ecosystem and alliance consulting work. The book is equally useful to vendors, distributors and customer facing channel partners. It is a unique and valuable document that examines a major structural change in the information technology industry, and its business relationships. The book includes strategic and tactical approaches as well as detailed descriptions of how to use 12 different alliance types to build your business.

New—Channels Handbook

third edition

The third edition of the *Channels Handbook* tells vendors and distributors how to make their products and channel programs financially relevant to their business partners. The *Channels Handbook* is unique in the IT industry. The book is based on more than twenty years providing consulting and executive education to the world’s finest channel executives. The *Channels Handbook* is the premier management and channel strategy guide for all personnel having direct or indirect contact with their organization’s channel partners or the organization’s channel strategy. This handbook will push readers to think about building better channels and better channel strategies.

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