

Better together

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Valorization Addendum

This dissertation focuses on channel partner programs and the complexities of ensuring their effectiveness. In today's globalized marketplace, companies no longer operate as isolated entities. Instead, they increasingly rely on actors outside the firm to contribute to their service and sales processes (Prahalad and Ramaswamy 2004). Building and nurturing channel partnerships is an important growth strategy as successful partnerships can decrease time to market and provide access to a wider range of global customers (Cazalot 2013). In the information technology sector, for instance, 67% of sales for the largest suppliers in 2007 were achieved through channel partnerships (Lamkin 2013).

However, managing relationships with a global network of partners is highly complex and challenging. Firms such as Microsoft, Dell, Intel, and others, increasingly turn to channel partner programs that incentivize selling and learning to manage and enhance these relationships. This dissertation highlights the fact that unlocking the benefits of such programs is not always easy and while channel partner programs offer significant potential for positive return-on-investment, there are potential risks as well. In this section, I discuss the relevance of the research presented in this dissertation to companies and program managers.

CHAPTER 2: I OWE YOU ONE ... BUT THANKS ANYWAY! DISENTANGLING INDEBTEDNESS FROM GRATITUDE IN RESPONSES TO B2B CHANNEL PARTNER PROGRAMS

According to recent market surveys, only a third of senior sales and marketing executives are satisfied with their programs' performance (Fiorletta 2011; SAS & Loyalty 360 2012). It appears that despite the partners showing appreciation for these programs (Bateman 2009), they remain somewhat suspicious of the manufacturer's true intentions and sense an obligation to repay in some way. Chapter two of this dissertation focuses on these issues and highlights the fact that indebtedness has negative effects on the partner's commitment to the supplier, as well as their sales effort. At the same time, gratitude acts as a buffer against indebtedness' negative effects. In conjunction with our findings about the causes and consequences of indebtedness and gratitude, several important implications thus arise:

First, managers need to understand that the channel partners' evaluation of the program, as well as their concurrent emotional responses, have important implications for the program's effectiveness. For instance, our study of worldwide channel partner salespeople affirms that gratitude appears culturally neutral, with robust effects the resellers commitment to the supplier, as well as their sales effort. Program managers should make use of this knowledge and confidently invest in these programs. In particular, features that invoke partner gratitude, such as more valuable training, should be prioritized. Other investments that do not trigger gratitude to a comparable extent, or which do not contribute to gratitude additionally such as simply increasing rewards, should be under-emphasized. In addition, program managers should emphasize the fact

that their primary motives for providing these programs are to help the partners succeed, thereby promoting gratitude.

Second, managers must realize that indebtedness—a state of obligation to repay someone for received benefits (Greenberg 1980)—is another central element of channel partner programs and has negative effects on the partner’s commitment to the supplier as well as their sales effort. Thus, channel partner programs need to be managed in a way that is conducive to gratitude but unlikely to make program participants feel indebted. Managers should therefore avoid any communication regarding the expectation of repayment by the partner. In addition, managers need to avoid giving the impression of ulterior motives behind providing the program as these promote indebtedness. Communications with channel partners, for instance, might be modified to include explicit statements such as “There is absolutely no obligation,” to frame the situation appropriately and positively.

Third, channel program managers need to recognize the diversity of their target audience and act accordingly. High-performing and self-confident salespeople (Davis 2012), for instance, hold widely varying expectations of their suppliers. These partners can act like prima donnas (Davis 2013) and have a strong sense of entitlement, which decreases long-term returns on the program. Managers should therefore identify their most entitled partners as well as their overly inflated expectations; Exclusive resellers feel more entitled than multivendor partners and surveys could be used to identify other resellers who exhibit similar tendencies. In dialogue with entitled partners, managers should encourage them to share expectations while at the same time highlighting the relational and long-term character of the relationship.

Another initiative companies can implement is the explicit recognition of top performers’ achievements. Instead of simply praising top performers for achieved performance though, managers should explicitly highlight the partners’ invested effort (such as training module completion, sales, etc.) to achieve the earned rewards or a particular status in the program. This is also the foundation for gamification programs where participants earn badges or points, often are ranked in a leaderboard which further fuels engagement, and ultimately get rewarded for their performed actions. Air Canada’s Earn Your Wings program is one example in which participants earn points for taking flights with Air Canada and other actions. Those who are ranked highest on the leaderboard qualify to win additional prizes (Tierney 2015). By reducing the emphasis on credentials, status, and hierarchy, such programs put a stronger focus on effort or performed actions, which should in turn reduce the sense of entitlement.

CHAPTER 3: WHEN THEY'VE LOST THAT LEARNING FEELING... BALANCING CUSTOMER AND SALES ORIENTATIONS TO PREVENT DISENGAGEMENT IN CHANNEL PARTNER PROGRAMS

Chapter three of this dissertation addresses a key issue many manufacturers face: disengagement from sales training in channel partner programs. Training has become a top priority for manufacturers in an effort to help salespeople to cope in today's complex and dynamic marketplace (Sager et al. 2014; Sarin et al. 2010). Despite growing investments in training and incentive programs however, industry surveys report mixed results with only short-term performance increases (Sharir 2014) as partners disengage quickly. This manuscript offers guidance for managers on how to address these issues:

First, managers should institute periodical surveys and other methods for tracking their channel partners' engagement in the training closely. Some successful companies, including Toyota, even utilize daily employee feedback to measure engagement continuously (Bersin 2014). In tracking engagement, disengagement should be operationalized as a reduction in levels of engagement over time. Disengagement needs to be tracked closely as it functions as an early indicator of deteriorating relationship health and has a negative impact on the resellers perceived sales ability. For instance, brief engagement surveys distributed frequently could warn management of declining engagement levels and downstream performance issues.

Second, managers should work to foster a strong customer orientation among their resellers' sales force as it helps to prevent disengagement whereas a strong selling orientation promotes it. Managers could achieve a stronger customer orientation through training modules by emphasizing the importance of working with the customer and focusing on fulfilling their needs (Pettijohn 2009). Companies who have successfully implemented this include commercial real estate provider Jones Lang LaSalle and Best Buy (Gulati 2007). Such training should still support *making the sale* while at the same time emphasizing the importance of doing so in a way that meets the customer's wants and needs. In addition, manufacturers should work directly with reseller management on this issue, as local-level leadership plays a critical role in ensuring a continual focus on customer orientation (Kennedy et al. 2003).

Third, manufacturers also need to institute programs and work with their resellers to make them less focused on singular, bottom-line outcomes. As a strong bottom-line mentality at the level of the reseller firm (Greenbaum et al. 2012) exaggerates the negative impact of disengagement on the reseller's satisfaction with the relationship, avoiding such a mentality should be a priority. Trainings with local management, the collaborative development of non-monetary long-term goals, as well as revised incentive structures are important ingredients to ensure success for the channel partner program as well as the channel relationship in the long run.

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