
Case Study: Channel Strategy Development

Frank Lynn & Associates (FL&A) was approached by a mid-sized manufacturer of products used in commercial, retail, and industrial applications. The company had a traditional two-step distribution program with partner pricing based primarily on sales volume. Due to a variety of on-going industry changes – channel consolidation, intensifying competition, new technologies, new types of partners, online sales, etc. – the company knew it needed to develop a much more sophisticated channel strategy and structure.

The firm hired FL&A to conduct research with end-customers, influencers, channel partners, and wholesalers. Based on that research, we identified numerous strategic threats, but also an opportunity to leverage the dramatic channel shifts into a market leadership position. We worked with the client to define different classes of partners and develop programs around each partner type and their needs and capabilities. We realigned the partner compensation structure to include key functional requirements beyond the simple sales volume calculation.

We also designed channel programs that reduced intra-brand discounting among the company's channels and established policies to limit discounting due to aggressive pricing by online resellers.

The newly-designed channel program helped the firm smoothly roll-out multiple generations of new products into markets that its traditional resellers could not cover. The company just received a "Best Channel Vendor" award from the industry trade magazine . . . for the fifth consecutive year. More importantly the company doubled its sales in the five years after our work by becoming the dominant supplier within the channel.