

Seven Tips for Building Mutual Trust with Channel Partners

by Bob Segal

For manufacturers that go-to-market through indirect sales channels, generating high partner “mindshare” is critical to reaching revenue goals. However, establishing high mindshare requires a significant degree of mutual trust between a supplier and its channel partners. The manufacturer needs to trust that its partners will undertake the sales, marketing, and other functions that drive revenue. Conversely, channel partners are unlikely to undertake those functions unless they trust that the supplier will build sufficient demand, provide adequate support and manage channel conflict.

As channel strategy consultants, we sometimes help our clients engender trust, by helping suppliers and resellers maintain trust – or rebuild trust that has eroded over time. Over many decades of channel consulting and observation, we have developed seven tips for building mutual trust.

1. Define What You and Your Partners Mean by “Trust”

Most people agree that trust means “reliability,” the belief that someone will follow-through on their commitments. Problems arise, however, when the commitments are unshared, inexplicit, or just misunderstood.

A survey of internal stakeholders and channel partners will likely generate a list of 20, 30, 40 or more desired commitments on both sides. To begin building mutual trust these items need to be identified.

2. Prioritize Commitments

With such a long list of potential commitments (see Exhibit One), suppliers and partners need to reach an understanding regarding prioritization. In working with clients, we use a ranking/rating process to not only identify areas of high importance, but to detect areas of disagreement. Through small group discussions, we are usually able to clarify areas of misunderstanding that, in turn, usually lead to a consensus on the top areas for commitment and a mutual agreement on the nature of those commitments.

This does not imply that suppliers or partners should ignore lower rated items. As discussed below, higher priority commitments and lower priority commitments should be managed in different ways.

Exhibit One: Selected Supplier/Partner Commitments*

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| <ul style="list-style-type: none"> • Supplier-Desired Commitments <ul style="list-style-type: none"> • Provide high mind-share • Find new accounts • Find new markets • Lead with supplier brand • Employ qualified sales and technical staff • Hold adequate inventory • Invest in modern IT systems • Aggressively sell and market • Pay invoices on time • Develop annual plans • Provide access to executives, salespeople • Provide customer feedback • Do not sell below reasonable price levels • Provide POS data | <ul style="list-style-type: none"> • Partner-Desired Commitments <ul style="list-style-type: none"> • Provide competitive prices and “reasonable” partner compensation • Do not sell directly (or beyond agreed-upon limits) • Do not over-distribute, manage channel conflict • Provide leads • Provide marketing funds • Share research findings • Provide product roadmap • Assign account manager • Meet on reasonably frequent basis • Conduct joint sales calls, as needed • Help train partner staff, on and off-site |
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* Not in any particular order

3. Be Realistic

Perhaps the biggest commitment issue for a channel partner is an assurance that their supplier will not sell directly. Conversely, the biggest issue for a supplier is an assurance that the channel partner will focus their sales and marketing effort on the supplier’s brand. Realistically, neither company can make those assurances unconditionally or in perpetuity. Exceptions arise. Conditions change.

What works best here is to espouse a philosophy that puts the end-customer first. A supplier can tell its partners that based on its understanding of end-customers, channel partners are a critical element in delivering satisfaction. However, there may arise circumstances in which (some) customers prefer to deal directly with the supplier. The supplier can commit to educating customers about the value of the channel, but the supplier cannot agree to lose substantial market share if those customers insist on buying directly, e.g., from a competing supplier. Yet, what’s true for the supplier is true for the channel partner. Partners too may encounter circumstances in which customers insist on buying competing brands.

4. Be Transparent

In situations when circumstances require a change in go-to-market philosophy, suppliers and (partners) can continue to build trust by being up-front, by sharing information. Suppliers often fear that telling partners about any potential negative news will dampen the partner’s selling efforts while the issue is considered. In our experience, the exchange of information and a debate on the issue will actually build a stronger, longer-term relationship. Even if the supplier and partner(s) eventually part ways, the manner in which a company handles such situations has a lasting, positive cultural legacy on its employees, end-customers, and other participants in the broader market ecosystem.

Most news is not catastrophic. Much of it – research findings, end-customer feedback, product developments, etc. is simply just that, news. To build mutual trust during more typical day-to-day, month-to-month conditions, suppliers should encourage a frequent, two-way flow of information. Face-to-face sharing of news between a supplier’s channel manager and the channel partner is clearly a preferred method, especially if the supplier has initiated a formal partner planning process. Of course, as shown in Exhibit Two, many other avenues of information sharing exist.

Exhibit Two: Information-Sharing Venues

	Partner Councils
	Annual Partner Conferences
	Partner Portals
	E-mail announcements
	Annual (Individual) Partner Planning Sessions
	On/Off-Site Training
	Monthly/Regular Meetings with Partners

Some suppliers are reticent about sharing too much information with partners for fear that it will fall into the hands of competitors. In our experience, under-sharing is a bigger problem than over-sharing.

5. Spread the Word

Suppliers need to make sure that (all) partners understand what mutual commitments have been made and with what caveats. The most important commitments should be voiced by the CEO and other key executives at both the supplier and partner level. High priority commitments are often part of contracts, addenda, and other policy-related materials. Lower priority commitments are often best made and communicated in partner-specific program documents and in jointly-developed annual plans with individual partners.

Suppliers have multiple “touch points” with their channel partners. C-suite meetings, announcements or speeches. Partner meetings with the supplier’s Sales VP or Director. Ongoing discussions between the partner and the channel account manager. Calls with the supplier’s inside salespeople or customer support representatives. Each of these individuals need to understand what commitments have been made to/by channel partners. Any one of these individuals can break a commitment, usually without knowing it, because they never knew a specific commitment was made. Often the best approach is to create a short PowerPoint or video describing the company’s channel strategy and commitments and share this throughout the organization.

Part of spreading the word is making sure that employees and partners understand how to address issues of trust and commitment. Hopefully, most such issues can be resolved at the local level, in an informal manner. Larger companies, however, may institute more formal processes for addressing and escalating complaints before they can spiral into issues of actual mistrust.

6. Show Empathy

One way to build trust is to demonstrate that you understand the channel's problems. In some cases, this just means training your channel managers how to actively listen. Another step is finding ways to build in continuity when channel managers leave, such as keeping good notes in a CRM system or promoting an inside sales rep who has familiarity with channel partners in that region. For somewhat larger issues, suppliers can build trust by undertaking a variety of initiatives, such as counseling partners on a course of action or helping the partner(s) build a solution to the problem.

7. Wait

Making a commitment is one thing. Keeping a promise is another. However, building actual trust means keeping multiple promises over an extended period of time throughout both parties. New relationships don't become trusting relationships until promises are kept and information is shared over a period of time. Mending broken supplier/partner relationships takes even longer.

Trust between a supplier and its partners is an extremely valuable asset. It is tightly linked with high partner mindshare and achievement of revenue and other corporate goals. Yet trust is an elusive goal. As noted, writer Ernest Hemingway once said, "the best way to find out if you can trust somebody is to trust them."

If you would like to discuss this article or any other tips for building mutual trust with channel partners, we would like to talk with you.

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