

# Five (Often) Overlooked Truths about Channel Recruitment



by Brian Berlin

**T**here are five simple truths about recruiting channel partners that haven't changed in over 25 years. Some might argue there are way more than five, but these are the ones I've seen pass the test of time, despite repeated attempts to circumnavigate or ignore. New vendors exploring the channel can save themselves a lot of time, money and frustration by observing these truths. Vendors who have been in the channel for some time might want to consider revisiting these rules to continually calibrate their programs and recruitment profiles.

**The Channel Doesn't Sell.** Channel partners are very close to their customers and do listen for opportunities, but they don't make the market for a vendor product. That's the vendor's job.

**The Channel is Not the Customer.** Vendors should not focus all their marketing efforts on the channel. A big portion of marketing budget should be allocated to cultivating end user customers as early adopters. Case studies from successful implementations can create opportunities for the channel.

**Margin matters -- a lot.** Unless the vendor is Cisco or Microsoft, it needs to create a compelling business proposition to a potential channel partner.

**Vendor and Partner Must Both Have Skin in the Game.** Vendors must enable their channel partners to sell as if they were employees of the firm. Channel partners must make the investment in time, money and resource if they're to be credible with the vendor's product.

**Product over Program.** Sure, a vendor's program will set the rules for engagement, but if the product does not fill a need, or does not work upon implementation, or there's no support, the best program in the world can't save the relationship.

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***Channel partners are trained to listen for opportunities, not push vendor solutions.***

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To vet out these truths, I collaborated with Pat Taylor, founder and principal of Atypical Business, a firm dedicated to helping vendors and channel partners achieve real-world objectives.

Pat is a well-known channel advocate, having served on the Intel® Board of Advisors since 2004 and as president during the last 3 years. Pat has what I consider to be one of the best 360-degree views of the channel ecosystem, both vendor and reseller. He's known for his homespun style and straightforward talk on channel challenges.

Our discussion demonstrates that in the IT channel, the more things seem to change, the more they stay the same.

*BB: It seems that vendors still expect their channel partners to make the market. What's your take on that?*

*PT: We hear that a lot and it's reflected in the vendors' programs. It's what you might call a misunderstanding, or maybe miscommunication. If a vendor does their homework when they're*

recruiting VARs, they need to take a good long look at the sales map. You know, is the candidate horizontally inclined or vertically focused? What kind of history do these guys have in developing new business? Are their sales barely growing or have they got a good thing going on? Then vendors can set their expectations appropriately.

Another thing worth remembering is that most of these VARs don't have marketing funds or the sales staff to go out and develop new business. Lead gen is a huge thing to these guys. I mean, "ya' got to give to get", right? So when a vendor turns to the channel and says, "Okay, boys; bring us the business", they need be ready to respond when the channel stands palms up and says "No problem, partner; bring us the leads".

*BB: How much weight is given to a vendor that promises leads?*

PT: Most of us know which vendors deliver on that promise. It's not a long list. And when someone new comes in with the same ol' story... mostly, we just smile and say "Thanks, that's great". We hope for something useful, but we're probably not going to sit around waiting for a bag of leads.

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***The channel is every customer's trusted advisor***

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*BB: What is the reseller definition of a lead?*

PT: It's a scrubbed contact. It's somebody that poked around a vendors' website and asked for information, and the vendor called back for confirmation. That's a lead. We just want to know that this person is not some college kid who dialed in looking for a six-pack of disk drives. We need to know that this person wants to buy something, that they want to learn more about that something and that their contact information is correct. We certainly don't have time to chase that [info].

*BB: Would you advise vendors to build their business ahead of developing a channel?*

PT: The channel is every customer's trusted advisor. And we're not going to jeopardize that integrity with a partner we can't trust with our business. It is the vendor's obligation to establish credibility – with case studies, sales and service metrics, and some roundtables with prospective VARs. Once he's established, he can begin to court the channel.

*BB: How does a reseller with a current stable of vendors decide on which new vendors should be added?*

PT: It's usually a reaction. There's a hole or two in my product portfolio and I keep an eye out to fill it. And that's generally the first thing that catches my attention with a vendor. They show up with a product that I need to plug a hole in my solution set.

*BB: What's your process for adding vendors?*

PT: The process is like this: I identify a portfolio problem, you know, [or] our customer identifies it for me. Then I look around for some products that meet the specs. In today's world I'm going to network; probably call my friends to see if they've heard of this product or something they like better. I'm going to get their experience with it. And that's really going to influence me. Social networking is a big part of the purchasing process nowadays.

*BB: Some vendors may not be well known, you can't check their references or socialize among your network. In these cases, are you willing to take a leap of faith?*

PT: Well sir, I reckon channel players take leaps of faith on a regular basis. Representing a little known product that is well-built, well-priced, and absolutely solves a business problem is a lot fun. It can also be very lucrative; there's nothing as tasty as the fat margin that comes with being 'first to market'. We don't have time to do the vendors' testing, but a tested product with a commitment to support (and a motivating margin) might justify a leap of faith.

*BB: How often does your customer help you identify a portfolio gap?*

PT: Often, if I'm doing my job. Good sales people listen. Easiest way to sell a product is to listen to a customer describe what he needs. He tells me, and I ask him a couple more questions. I'm going to get more information and I'm going to get a sale. It all starts when I ask if the stuff he needs is in my toolbox.

The same dynamic exists with the channel and the vendors. If the vendor gets the channel involved in defining and developing the product, he greatly increases his chances for success.

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**Social networking among resellers is a big part of the vendor vetting process now**

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*BB: I've been told by resellers that a lot of new sales opportunities within existing customers come from the SE's that are on site. The SE is familiar with the problems that the client has and how they could be solved. Is that accurate?*

PT: Oh, it's accurate, alright. That's what the channel does: we cultivate trust relationships with our clients. We have conversations...could be simple as a customer saying "you know what would be cool? If I could restore the data from backup in minutes instead of days – I'd find some budget money for that!" And that's where [disk-to-disk] came from. Couldn't happen if we weren't on site; that 'channel touch' is our value and our advantage.

*BB: Which is more important, better margins on an existing category or fabulous margins on a new category?*

PT: Hmm. That's a tough one. I'd have to say fabulous margins on a new one. I think when you come to us with better margins on an existing category there's a certain amount of suspicion. You know, like "what's wrong? Why has this suddenly gotten fat on us?" But fabulous margins on a new category? That can be a big thing for a vendor. He can really establish himself if he shows he appreciates the channel's value and delivers on it. That's the kind of thing that generates enthusiasm.

*BB: Isn't it true that there is no margin until money changes hands?*

PT: That's what I've been told, I've been tryin' for years to get my commission before the sale, but I can't find a boss that'll think outside the box. They tell me that they hold that commission is because there is no margin 'til money changes hands.

*BB: What do you calculate is the burden placed on a reseller when deciding to add a new vendor? In terms of resources, time, money, bandwidth.*

PT: Well certainly from a manpower point-of-view, we're going to need time for some technical training. Probably have to dedicate a man or two; sometimes that's dictated by the vendors. So I'm going to spend some money to send a guy to training and going to lose that guy for a few days. If I'm a small business--you know, one of those 4, 5 man shops, the loss is measurable. To lose a guy for a week is an issue, probably more so than the actual dollars spent. Hard to call it

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***No profit margin exists until  
money changes hands***

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a burden, though; got to remember that the product fills a gap and there are customers waiting to buy it.

*BB: What about channel partners that don't want to send their people off site to vendor training?*

PT: You know, I got something interesting to share with ya'. When I first started selling, my handler taught me about Stalls and Objections. Stalls are what they tell you to hide the real Objections. And ya' gotta get past Stalls to get to the Objections and make the deal stick.

I believe a channel company's resistance to paying for training is a Stall. They know that wrapping their arms around a new product or technology is going to require training. They've got to have some skin in the game. And if that reseller is telling you "I don't pay for training" or "that's a lot of money, this and that", he's really telling you that there's a bigger problem here. And giving him the training free-of-charge fails to address the real objection.

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### **About the Author**

Brian Berlin is founder and President of Straightline Strategies, Inc., a full service outsourced sales, marketing and business development firm specializing in planning, process, prospecting and pre-sales support for technology firms. Mr. Berlin has been recognized by VAR Business Magazine as a Top 100 Channel Executive. Learn more by visiting [www.slssinc.com](http://www.slssinc.com) or write him directly at [brian@slssinc.com](mailto:brian@slssinc.com).



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### **About Pat Taylor**

Pat Taylor is one of the premier thought leaders in the IT channel, known for his ability to lead from the front, drive new ideas and build consensus among the highly-fragmented reseller ecosystem. He has 15 years in the channel building reseller businesses, and has served on the Intel Board of Advisors since 2004, the last 3 years as President. He now brings his considerable experience and knowledge to his new leadership role as founder of Atypical Business ([www.atypicalbusiness.com](http://www.atypicalbusiness.com)). Atypical will provide real world perspective to both vendors and channel partners in order to to deliver new kinds of results. Pat is a well-known industry pundit, article contributor, subject matter expert, panelist and keynote speaker.

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