

Moderator's Note

Channel Management Strategies: Digital Partnering

by
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Introduction and Context

The advent of the Internet in the 1990s brought with it sweeping hypotheses about changes in distribution channels and customer management. While EDI, ERP and new inventory approaches had made significant strides in improving supply chain efficiencies, the opportunity for broad-scale direct interaction with end customers, lower distribution cost and standardized transactions, and wide-spread data capture opportunities, broadened the potential impact. Accordingly, much of the discussion over the last four years has revolved around new and “big” concepts about *revolutionizing* distribution channels, addressing issues such as disintermediation, virtual supply chains, new intermediary roles, new geographic channels coverage models and fundamentally new premises about who owns the customer relationship.

What has become clear, however, is that fundamental change in channel relationships is an *evolutionary* as opposed to revolutionary process. Furthermore, the most successful companies have realized that competitive success lies in the *competitiveness of their whole supply chain*, as opposed to that of discrete companies. Consequently, the focus of effective digital strategies has shifted from disintermediation and revolutionary models to effective new collaborative models.

In this forum, we will explore the current state of partnering with the channel, discuss best-in-class practices as well as obstacles and how different companies have overcome them. We will examine how manufacturing/producer firms and retailers/channel partners are reinventing their relationships by exploiting technologies that enhance collaboration, coordination and rapid two-way exchange of mission critical information. Throughout the day, we will examine important questions like: Why should a manufacturer connect its reseller partners as an extension of its own enterprise? Why is this beneficial for and important to resellers/distributors? How does this differ from what is happening today and what are the barriers or critical success factors? We will consider both consumer and commercial channels, with special attention to the changing roles of resellers and their suppliers/manufacturing partners. We will discuss best practices on partnering, business processes and information sharing aspects of relationships between manufacturers and the resellers of their products.

The day will be broken into four focused sessions moving from tactical implications of partnering to evolving opportunities of new strategic relationships. Below we have highlighted some of the conversation topics we will cover. Forum participants will be encouraged to share experiences, best practices and challenges (as well as any specific tactics you wish to demonstrate using the internet connection in the room).

Discussion Guide

Topic 1: Introduction/Using Technology to Enhance the Producer/Channel Relationship

- a. How are you best using technology to enhance channel/producer relationships?
 - Training?
 - Distributing content?
 - Inventory management/forecasting/replenishment?
 - Performance measurement/scorecards?
 - Other?

- b. What are some of the most effective techniques that have strengthened relationships/created win-wins? What are your best success stories?

- c. What are the state of development and opportunities for collaborative planning, forecasting and replenishment?
 - Who manages the inventory in the supply chain?
 - Is it supplier driven?
 - Collaborative?
 - What visibility do you have to the inventory position within the supply chain?
 - How are you using POS data?
 - What is the state of forecast sharing?
 - What has been the success of pilots in this area and what are the impediments to broader rollout?

- d. To what extent are you collaborating on core marketing activities?
 - Promotions?
 - Managing and sharing leads?
 - Information on segment needs?
 - Marketing tools?
 - Customer relationship management – data and processes on co-managed relationships?
 - Optimizing geographic coverage?

Topic 2. Capturing, Sharing and Using Customer Data across the Supply Chain

- a. To what extent are you sharing data? What customer data are you currently sharing?
- b. What are the barriers to sharing more data?
 - Standards?
 - Incentives?
 - Other?
- c. What is the state of standards for data sharing and what needs to happen for enhancement?
- d. How is customer needs information being used to drive product design, service levels and other dimensions of the offering?
- e. How are you dealing with ownership of end customer data?
 - Who handles fulfillment and who handles the relationship?
- f. How are you using technology to capture more customer information?
 - Product configurators?
 - Collaborative design spaces?
 - Wireless data capture?
 - Sales force tools?
- g. How are you using this data to drive change back into the supply chain?

Topic 3. Incenting, Developing and Growing Deep Channel Partner Relationships

- a. How do you create the right incentives, behaviors and processes to drive mutual adoption?
- b. How do you accelerate adoption of new approaches?
 - Pilot approach vs. “big bang”?
- c. To what extent is relative technology adoption rate (e.g. XML, B2B collaborative tools, etc.) a barrier to developing synergistic relationships?
- d. What have you done to create a collaborative attitude between producer and channel?

Topic 4. Developing Innovative Business Models

- a. How do you manage the trade-off between market coverage and profitability? How do you manage customer ownership and market coverage?
- b. Where do you see channel roles migrating? Are resellers moving to a more value added service and sales intensive model? What are the implications for new business opportunities?
- c. What fundamental changes in channel roles have you seen emerging over the last 2 years? What does this imply for new business models?
- d. What are the barriers to creating these opportunities?
- e. Where do you see the most innovative opportunities? What business model innovation opportunities do you see?
 - Sales agent reseller models?
 - Forming new intermediaries (exchanges, etc.)?
 - Developing new service based business models?
 - Unbundling activities from the value chain and developing them?
- f. How are you managing new channel business opportunities in an “immediate payback ROI environment”?
- g. How do you approach developing new businesses while remaining focused on core activities?
- h. How do you jointly develop new businesses and share the costs, risks and benefits?