



The Keys to An Effective Channel Incentive Program

What an effective channel
incentive program looks like—
and 8 tactics to get you there

Table of Contents

What Are The Goals for an Effective Channel Incentive Program?	4
To Be Engaging.....	4
To Inspire Productivity	6
To Generate Profit.....	5
8 Keys to An Effective Channel Incentive Program.....	6
4 Tactics to Create Engagement	7
Keep Track of What’s Worked (And What Hasn’t).....	7
Think Creatively	7
Optimize the Partner Experience	8
Keep Things Fresh.....	8
4 Tips for Inspiring Productivity	9
Pick the Right “Something” for Each Partner	9
Meet Partners in the Middle.....	10
Communicate Regularly	11
Make the Incentives Personal	12
How to Measure the Profit You’ve (Hopefully) Generated	13
Are You Ready to Create an Effective Channel Incentive Program—Without the Hassle?	14
Sources.....	15

Way too many channel incentive programs fail.

In fact, the failure rate of B2C loyalty programs is an astounding 77 percent *in just the first two years*.

While the failure rate of B2B programs isn't quite as dismal, effective channel incentive programs are unfortunately still the exception—not the norm.

At Fielo, we *know* it doesn't have to be that way.

Some creative thinking, incorporated into well-crafted and well-managed incentive projects, will go a long way to ensure that your channel incentive program is a resounding success.

In this ebook, we'll define what an effective incentive program looks like, and then dive into eight creative tactics you can put into place to achieve your program goals.



What Are The Goals for an Effective Channel Incentive Program?

Many channel and marketing professionals tasked with incentivizing their partners would say that an effective program does three things: engages participants, inspires productivity, and—of course—generates profit.

To Be Engaging

It's going to be difficult to even get an incentive program off the ground if it can't garner channel partners' attention and participation.

Woefully, fewer than half of channel partners participate in incentive programs offered by their manufacturing partners. But it's important to and field incentive programs that succeed in engaging channel partners.

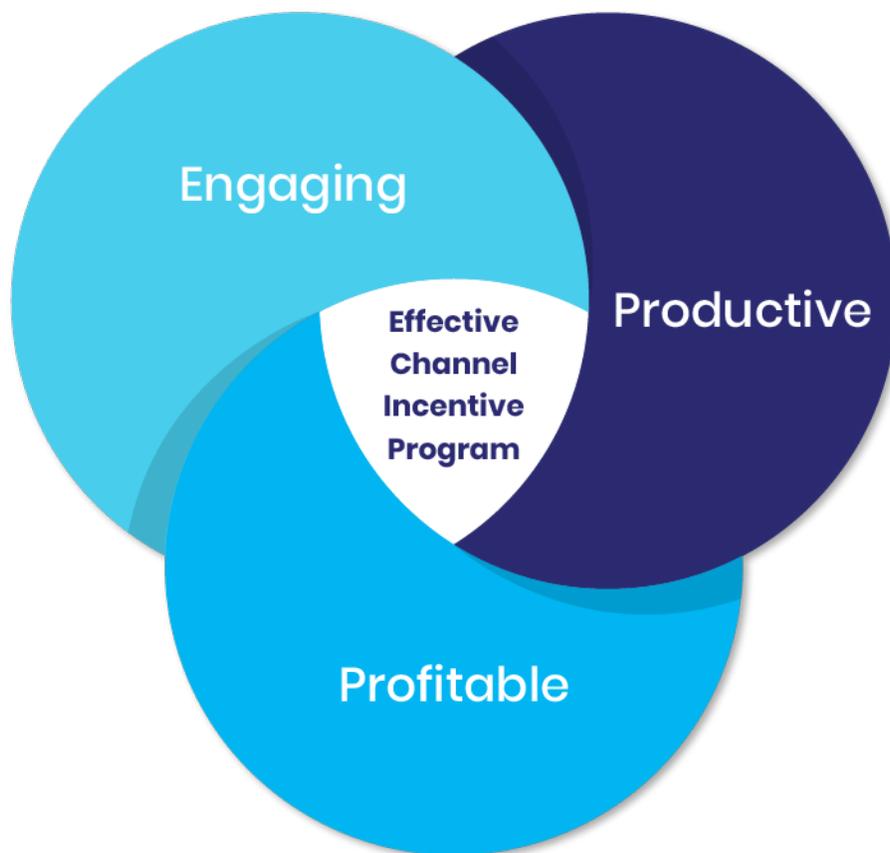
Why? Because engagement increases loyalty.

It's been shown that channel partners tend to do more business and make more strategic investments with manufacturers with which they are more highly engaged.

To Inspire Productivity

At their core, channel incentive programs are meant to inspire productivity—to get *somebody* (or some business) to do *something* (or more of something).

This “something” that a channel incentive program is trying to achieve may be a desired result like higher revenue production. It could also be contributing behaviors that *drive* the desired result, such as diversifying marketing activities (to eventually drive higher revenue). Ideally, this “something” is also aligned with your corporate business objectives.



To Generate Profit

To be effective, incentive programs warrant a significant investment. Therefore, channel and marketing professionals are going to need to be able to prove that the business is seeing a return on that investment.

8 Keys to An Effective Channel Incentive Program

Designing channel incentive programs that are engaging, productive, profitable, and overall *effective* is both an art and a science. Try one or all of these eight tactics to create a powerful program that's worth the investment.

4 Tactics to Create Engagement

Trying to get your partners to take notice and take *action* during your channel incentive program? These four best practices will enable you to build the kind of programs that channel partners actually *want* to participate in as well as empower you to keep making them better time after time.

Keep Track of What's Worked (And What Hasn't)

You should keep track of what kinds of channel incentive programs you've tried and how each has performed. One major reason for doing this is so that you have a track record of what has worked in the past—and what has fallen flat.

To create and increase engagement among partners, analyze these program metrics to understand what spurred participation and the desired results or behaviors. Feed this analysis back into the program design loop to create ever-more effective programs.

Think Creatively

Doing what's worked in the past is not the only factor for designing new programs. Part of the reason so many channel incentive programs fail to generate demonstrable ROI is that they're repetitive and, frankly, boring.

If your programs' effectiveness begins to stagnate, differentiation is the answer to revitalizing your programs—differentiation from other manufacturers and differentiation from your own past initiatives.

Think beyond the tired “sell more, get more” structure and try some of these incentivizing tactics:

- Tie increasingly valuable rewards to increasingly demanding performance tiers
- Employ time-based goals to factor speed of execution/achievement into your program
- Reward teams instead of individuals to inspire collaboration
- Create a “qualifying” program similar to the one that's commonly employed in sports to generate some healthy early-stage competition and interest

Once your creative juices are flowing, you'll realize that the opportunities for incentivizing your channel partners are practically endless.

Optimize the Partner Experience

Understand each of your partners' expectations to optimize their experience while they participate in your channel incentive program.

It bears noting that, just like everyone else, channel partners have come to expect a personalized, intuitive online experience. Find ways to mirror this in your communications with them about your incentive programs. A digital portal where they can track their own performance and goal achievements in real-time is a great solution that takes less manual management on your part.



Keep Things Fresh

Timing matters when it comes to channel incentive programs.

Programs that are too short don't give channel partners enough time to get up to speed and engaged. Too long and it starts to feel pointless and stale.

We recommend programs that last between 90 and 180 days to maximize excitement and productivity. If your program must go longer, you'll need to communicate consistently as well as structure it in a way that allows it to stay top of mind (here's where those creativity tips will come in handy!).



4 Tips for Inspiring Productivity

A channel incentive program that *actually* inspires productivity is the result of careful planning and purposeful execution. These four best practices will teach you how to get your partners participating and looking forward to next time.

Pick the Right “Something” for Each Partner

Remember when we talked about channel incentive programs getting *somebody* to do *something*?

Here’s your chance to apply it in context.

One channel partner may already be a strong marketer, so maybe you should focus on something other than increasing marketing strength when it comes to incentivizing program productivity. Or, perhaps you know a specific channel partner is *struggling* with marketing. You’ve identified their “something!”

Tracking partner analytics, the sister of the program analytics we described above, will help you determine which partners need which kinds of incentive programs to improve their capability and boost their productivity.

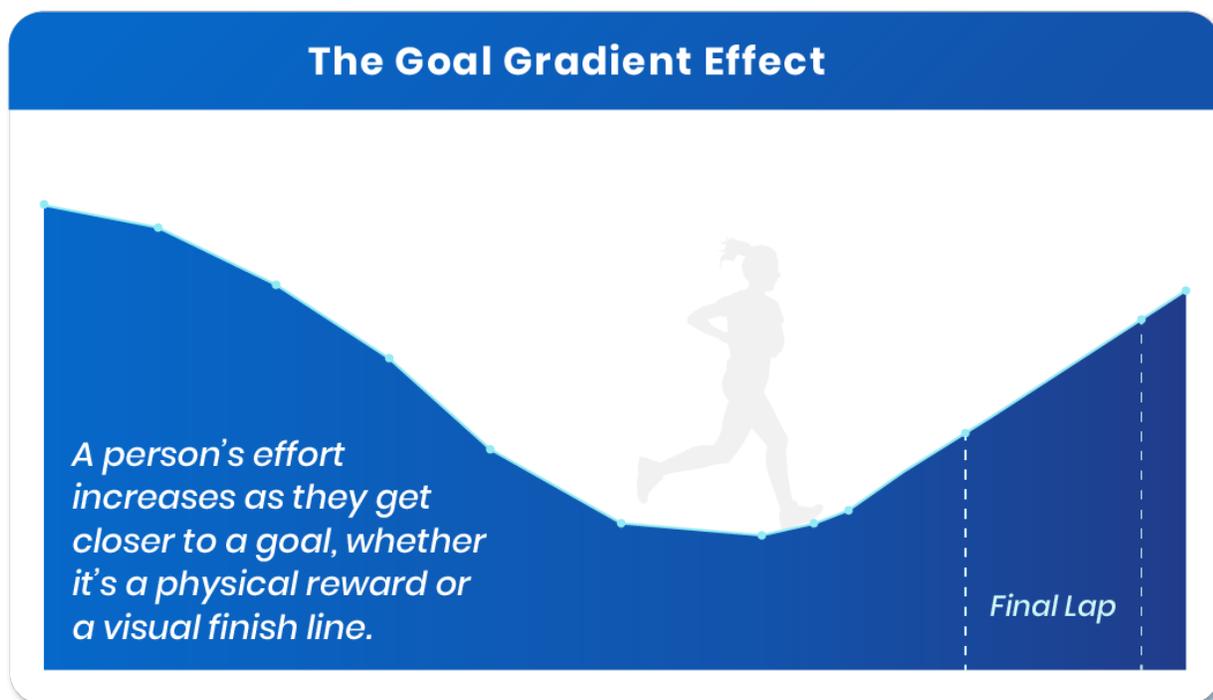
Meet Partners in the Middle

The Goal Gradient Effect teaches us that energy and interest decrease after an initial excitement period.

This effect is especially applicable for sales teams with lengthy closing periods. Let's say your sales team takes an average of four months to close an opportunity. In that case, there will be a gradual decrease in stamina as the opportunity progresses through the stages. However, as the illustration below shows, most teams will regain momentum as they see signs that the opportunity is closing. That's when productivity will increase to near starting levels.

What does this tell us? That you should be paying extra attention to keep participation and productivity high right in the middle of your channel incentive program.

To mitigate the Goal Gradient Effect in the sales cycle, you could run an incentive program that rewards the time it takes to get from one opportunity stage to the next.





Communicate Regularly

Incentive programs are no Field of Dreams. You have to do more than just build it to get participants to come.

The answer to this is to communicate.

Communicate to your channel partners before the program starts. When you're one month out, give them a heads up of what's coming down the line. Give them time to digest, understand, and ask questions.

Communicate again when it's time to kick off the program—and especially over the duration of the program. Reminders, progress reports, and “warnings” when the program is almost up are all opportunities to increase how productive the project will be.

Communicate once the program has ended to share interesting performance timelines and stats and congratulate the winner if the program was a contest.

Err on the side of over-communicating so that channel incentive program participants aren't just encouraged to be active but to *engage* with you during—and hopefully *after*—the program's duration.

Make the Programs Personal

Encourage channel partners to share their specific business plans with you so that you can craft your incentive program in a way that also moves them closer to their goals.

This one-to-one approach to incentivization is especially powerful given the increasing desire for personalization that we identified earlier.

In order to help your channel partners achieve these goals, try the Objectives and Key Results (OKR) framework—using their key results as incentive program goals.

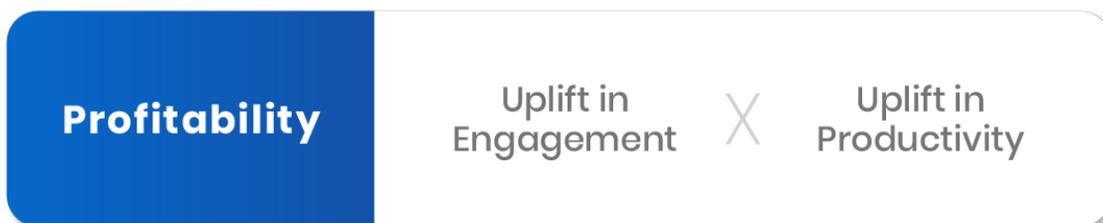
Objectives and Key Results Framework	
<i>"I will (Objective) as measured by (these Key Results)."</i>	
<i>Create an amazing partner experience</i>	<i>Improving our Net Promoter Score from 6 to 8</i>

Your Turn! ←

How to Measure the Profit You've (Hopefully) Generated

If you follow the previous eight tactics, chances are good that you're going to see some uplift in your bottom line.

That's because profitability is the result of multiplying increased engagement times increased productivity, or:



> One last bonus tip:

Goal Alignment

Once you've found the combination of tactics that help you generate the best ratio of profit to work, you want to make sure you're mapping your channel incentive programs to corporate objectives.

For example, if your company's goals include growing cloud infrastructure revenue by 25 percent and application software revenue by 5 percent, you want to make sure more of your incentivization budget is directed toward programs with a cloud infrastructure theme versus those with an application software theme.

Are You Ready to Create an Effective Channel Incentive Program—Without the Hassle?

The incentive market is booming.

In fact, in the U.S. alone, businesses spend more than \$90B USD on non-cash incentives every single year.

Why? Because incentive programs *work*.

Businesses that build effective incentive programs can boost performance by as much as 44 percent. What does this mean for *your* business? **There is potential to grow your engagement by 20 percent and boost your revenue as much as 25 percent.**

Yet, a staggering 98 percent of companies are *still not happy* with their incentive programs and results. And we understand why. Incentive programs are costly to run, time-consuming to set up correctly, and complex to manage.

But not with Fielo.

At Fielo, our Incentive Automation Platform does just that—automates incentive programs. Instead of organizing, managing, and *paying* an entire team to plan and execute a program; our platform empowers organizations to quickly design, simply manage, and effortlessly scale incentive and loyalty programs. Plus, Fielo's Salesforce-native solution not only incentivizes desired outcomes, but it also helps inspire behaviors that drive results.

Visit our learning center, check out success stories from our partners around the globe, or request a free demo a fielo.com.

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Sources

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