

Software Company Overhauls Partner Incentives and Doubles New Business

The Situation



A software company had an ineffective channel incentive program. The program as it was initially designed did not support the company's strategic growth objectives and as such, didn't scale in a financially viable manner. Specifically, the company's "one size fits all" partner-incentive model paid partners in perpetuity from the initial sale with no visibility into whether or not those partners continued to grow sales to the customer. As a result, commissions paid to partners were growing faster than revenue driven by the partner, while at the same time the partner channel was not meeting growth objectives.

The Challenge

The Company needed to overhaul its channel partner incentive program to ensure alignment between the company's goals and objectives and partner behavior. Pay for performance was critical, and sales leaders wanted the ability to drive performance through the partner incentive program. Lastly, the program had to be scalable and adaptable to future business opportunities.

The Solution

Given the level of change anticipated, Alexander Group conducted a comprehensive assessment of the Client's existing partner incentive program. We not only evaluated market trends and gathered management input, but also interviewed partners and customers to understand the role the partner should play across the different phases of the buying process. Engaging partners in this initiative also helped to create buy-in for eventual changes.

Once the assessment was complete, we designed a new commission model that eliminated the payments in perpetuity and aligned partner incentives with a focus on acquiring new accounts and expanding footprint within existing accounts.

To ensure a successful implementation, we prepared a detailed transition strategy for current partners as well as the communication materials and plan. This was important as several key existing partners needed time to adapt their go-to-market model in order to be successful with the new program.

The Benefit

As expected, the implementation was initially disruptive; however, most partners understood the reasons driving the changes, as well as how they could ultimately benefit. After one year the amount of new business generated by partners doubled. Each partner's contribution has become more visible and is reflected in their payouts. Meanwhile sales leadership within the company is increasingly satisfied that the partner program is paying for performance. The new program serves as a strong foundation on which the company can continue to evolve into a world-class partner program.