

Improve Partner and Channel Strategy by Addressing 3 Blind Spots for Tech CEOs

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Initiatives: Customer Acquisition for Tech CEOs

Tech CEO success is often influenced by activities that appear as lower priority. We identify these activities as blind spots – high-impact activities that tech CEOs are not prioritizing but will improve partner and channel strategy success.

Overview

Key Findings

- Business model and ecosystems is a major blind spot for tech CEOs. Tech CEOs need absolute clarity of their short-term and midterm business model and ecosystem to ensure the right type of channel partners are selected and the business model is aligned to drive the right investments by the partners.
- Segmentation and positioning is a blind spot for many tech CEOs because inaccurate segmentation and positioning causes partners to waste resources trying to sell your products to customers where your differentiation is less significant and the competition is stronger.
- Messaging and storytelling is a blind spot for tech CEOs. Many fail to understand the challenge to get their message effectively into the hands of the channel partner sales team, which is dealing with continuous marketing “noise” from a large portfolio of providers.

Data Insights

Tech CEO activities are interrelated and complementary. Specifically, the business model and ecosystem has a major impact on improving partner and channel strategy. In addition, Gartner research has identified that partner and channel strategy is impacted by pricing and packaging and market expansion.

Based on the High Tech CEO Score maturity assessments, we know which activities are of higher and lower priority for tech CEOs to address.

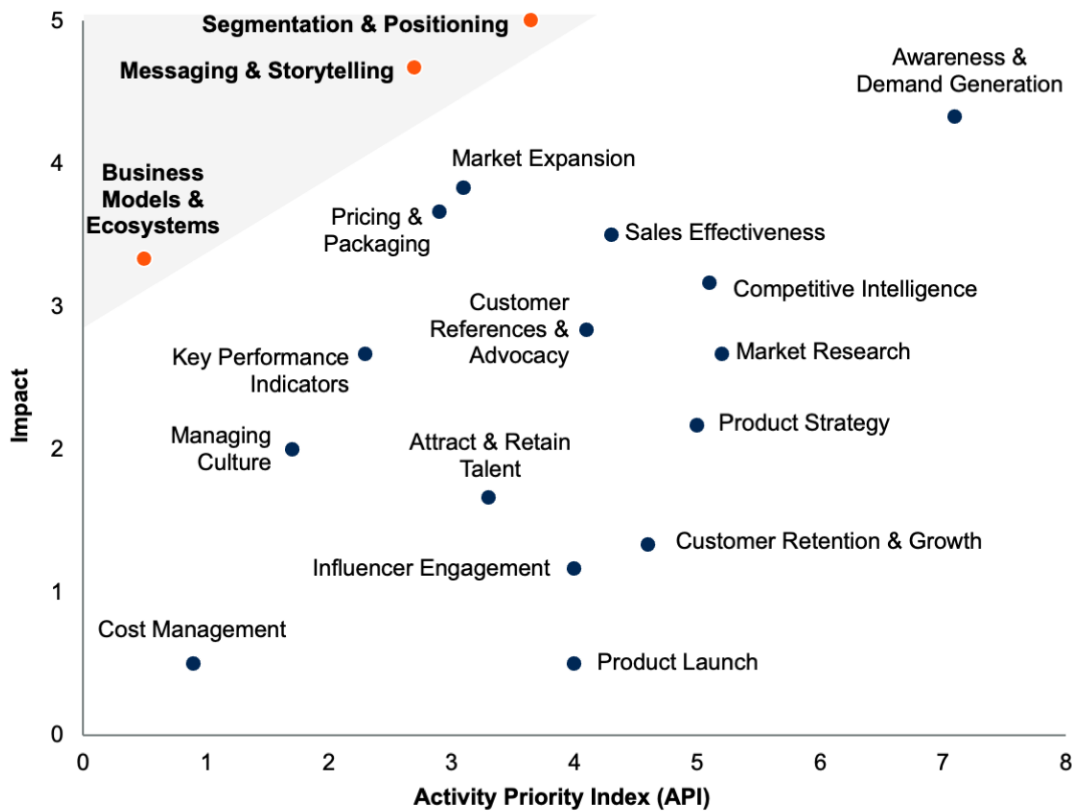
The Gartner Activity Priority Index (API) shown on the horizontal axis in Figure 1 is calculated from the gap in maturity in relation to tech CEO importance. Activities with lower maturity and higher importance result in a higher API or “priority for improvement.” However, these tech CEO priority activities are unlikely to be a blind spot and positioned on the right hand side of Figure 1. For more on Gartner High Tech CEO Score and API, refer to [How Should High Tech CEO Score Gaps in Maturity Versus Importance Inform My Plans?](#)

Combining high impact and lower priority infers activities as potential blind spots; Figure 1 illustrates this with blind spots highlighted in the top left area.

This research examines three activities that are of lower priority for tech CEOs but have high impact on partner and channel strategy.

Figure 1. Three Blindspots for Tech CEOs Trying to Improve Partner and Channel Strategy

Blind Spot Activities for Improving Partner and Channel Strategy



Source: Gartner
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Business models and ecosystems has a very low API compared with other activities and this creates a blind spot for tech CEOs. The main issue in this area is the potential for misalignment between business model and ecosystem choices, resulting in negative impacts on partner investment and performance.

Similarly, *segmentation and positioning* and *message and storytelling* have a high impact on partner and channel strategy, but combined with their lower API, makes these two activities blind spots as well.

Awareness and demand generation also has a very high impact on partner and channel strategy because partners expect to see providers generate demand that flows through to partners. But awareness and lead generation is almost always an improvement priority for tech CEOs, so awareness and demand generation is unlikely to be a blind spot for tech CEOs.

Blindspot No 1: Business Model and Ecosystem

Discover and Amplify Business Model Differentiations

The major issue here is the potential for real or perceived conflict or misalignment between business model choices and channel strategy.

To address market penetration and velocity, you may have a direct sales organization that has the freedom to define their own territories. However, you may also have partners that find your sales teams are targeting customers that already have a relationship with a partner.

For example, as a provider, you may have developed your own professional services business for customer satisfaction, implementation speed and cash flow reasons. Yet, your channel strategy assumes you will recruit partners that will also provide services, creating possible conflict between you and your partners.

This type of misalignment ultimately causes partners to disinvest in their relationship with you, to the clear detriment of your channel strategy.

Tech CEOs should, instead:

- Clearly define your business model as it relates to routes to market and other aspects, such as your services business, which may impact partners.
- Communicate your model, as to where you will focus your direct activities and where you will not.
- Assess your business model and changes to it, in terms of the potential impact of your channel partners.

Blindspot No. 2: Segmentation and Positioning

Leverage Segmentation to Better Align to Your Target Audience

Good segmentation and positioning is about targeting customers for whom your differentiated value is most significant. Momentum in the channel is critical, otherwise partners lose interest if your product is seen to be too hard to sell.

It's even more important for channel partners to be directed to the right segments. A partner will generally have a much broader portfolio of products to sell than your direct sales teams. To gain traction in channel partners, you need them to be as successful in selling your products as easily and quickly as possible. So if channels are important to you, direct partners to segments with the highest potential, based not only on the size of the segment but also the degree of difference that you have from competitors.

Segmentation also allows you to have a more nuanced market coverage plan. This is particularly true if you are also using a direct sales channel and generally in terms of coverage and minimizing channel conflict, either between your direct sales and your channel partners, or among partners.

If you've identified that a target segment has 100,000 organizations, and you have current partners that have 1,000 of their own customers in that segment, then you have a clear partner recruitment opportunity.

Where you also have a direct sales team, it is important to manage which segments that team targets and communicate this to your partners. You can and should manage where your direct sales team plays. You cannot effectively manage where your partners focus. However, if you are clear where your direct teams are focusing, then partners are on notice that they may end up competing with you if they choose to enter that segment.

To improve channel and partner strategy effectiveness, tech CEOs must identify where to prioritize partner focus and investments toward their target market using Gartner's Segmentation Target Model (see *A Practical Guide to Market Segmentation for Technology and Service Providers*).

At the same time, tech CEOs must carefully justify to partners why a selective pursuit of adjacent opportunities is a worthwhile investment.

Blind Spot No. 3: Messaging and Storytelling

Define the Value Story and Provide Proof

From a channel perspective, the impact of more effective messaging and storytelling is critical to the selling effectiveness of the channel. As noted before, channel sales teams typically have portfolios of products and services from multiple providers as well as their own. So sales enablement of those channel sales teams is a constant and major challenge. A large volume of messaging is directed at those channel teams from their provider portfolio and having your message cut through the noise to the channel is challenging.

Consistent with the observation in Blind Spot No.2, you want to do everything you can to make your partners as successful as possible. This requires clear and focused messaging that has their sales teams tell the right story to the right buyers.

To improve the effectiveness of your messaging and storytelling as it relates to channels, tech CEOs must:

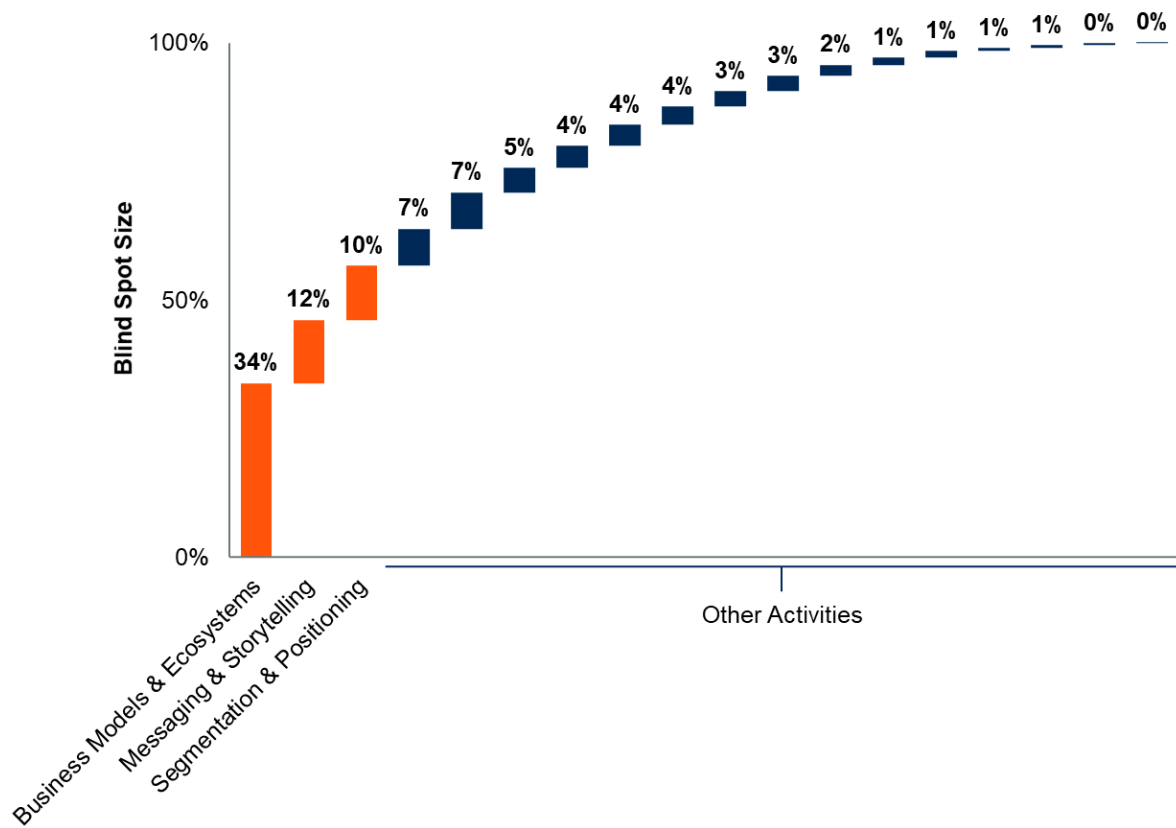
- Define the value of their solution to buyer personas rather than explain product features and benefits.
- Ensure alignment to buyer needs and overall company messaging by leveraging Gartner's positioning statement and messaging framework (see 5 Steps to Differentiated Messaging for Tech CEOs).
- Communicate clearly to partners the ideal customer profile, the business needs of the ideal customer and the multiple likely buyer personas encountered when selling into opportunities.

Narrow Your Focus to Yield a Better Return on Time Invested

The blind spots shown in Figure 1 can be quantified – bigger blind spots have more impact and a lower API; and therefore a greater opportunity for returns on time, money and efforts invested. This quantification implies diminishing returns from a focus on small blind spots. Therefore, the best approach is to focus on the larger blind spots – the largest in this case being business model and ecosystems (see Figure 2).

Figure 2: Blind Spot Priority Activities for Improving Partner and Channel Strategy

Cumulative Total of Blind Spot Activities That Improve Partner and Channel Strategy



Source: Gartner
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The three blindspots highlighted in Figure 2 will have the greatest impact on partner and channel strategy. We have outlined the key steps for tech CEOs to work through specific action plans and next steps on the interactive Gartner Tech CEO Priorities Navigator. This will guide you through a set of steps and related Gartner research.

The next step is to determine where and how to improve business models and ecosystems; this requires the tech CEO to self-assess using the Gartner High Tech CEO Score tool.

Evidence

High Tech CEO Score Methodology

The High Tech CEO Score asks you to provide input on maturity and importance to gain perspective on your highest-priority activities.

Maturity

Measured on a scale ranging from 1 (low) to 5 (high). Maturity measures how advanced an activity is relative to Gartner's best-practice research.

Importance

Measured on a scale ranging from 1 (unimportant) to 5 (critical) based on participants' input. Importance measures how important each activity is to the overall effectiveness of your function in meeting its objectives.

Prioritization

Activity Priority Index (API) identifies the activities that should be prioritized for improving maturity. It is calculated from maturity and importance: $API = (Importance - Maturity) \times Importance$. A higher API indicates a greater priority for improvement.

Blind Spot Methodology

Gartner's activity blind spot data points are calculated from two axes and are visualized in Figure 1. To qualify as a blind spot, an activity must have high impact and low priority for improvement (referred to as the "Activity Priority Index" [API]).

The y-axis — Impact — answers the question, "To what degree does each activity help to improve the priority in question?" The data is calculated from surveying Gartner tech CEO analysts with combined technology industry experience of more than 100 cumulative years.

The x-axis — Activity Priority Index (API) — is derived from the High Tech CEO Score data submitted by Gartner clients between 30 November 2020 and 30 April 2021 (number of respondents = 211). API identifies those activities that tech CEOs rate as important but low maturity. Normally, those activities with a high API are relevant, because they demand attention for improvement. However, in this case, a low API indicates an activity that is considered either more mature or less important; these are potential blind spots.

The size of each blind spot shown in Figure 2 is calculated by multiplying the impact squared by one over API (blind spot size = $impact^2 \times 1/API$). Therefore, a larger blind spot results from having a large value for impact combined with a small value for API. The square function for impact biases the results toward higher impact rather than lower API, thus creating a wider deviation in the percentages.

Recommended by the Author

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Ignition Guide to Conducting Customer Segmentation as a Tech CEO

High Tech CEO Score

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