SALES & SALESFORCE MANAGEMENT

Formprint – Channel Conflict

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What's your decision?

- Projected breakeven between ISR and Direct
- Feasibility of success of either approach
- Is the ISR option viable?

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The Facts of the Case

- 3D modeling industry
- Additive vs subtractive manufacturing
- Why does it matter?
- New Ortho500
- Competitive market
- Distribution options

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Ortho500

- Why does marketing want ISRs?
- Why go after the non hospital market?
- How much different is the sales cycle?

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ISRs

- What are benefits
- What's the cost of sale?

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Run the numbers

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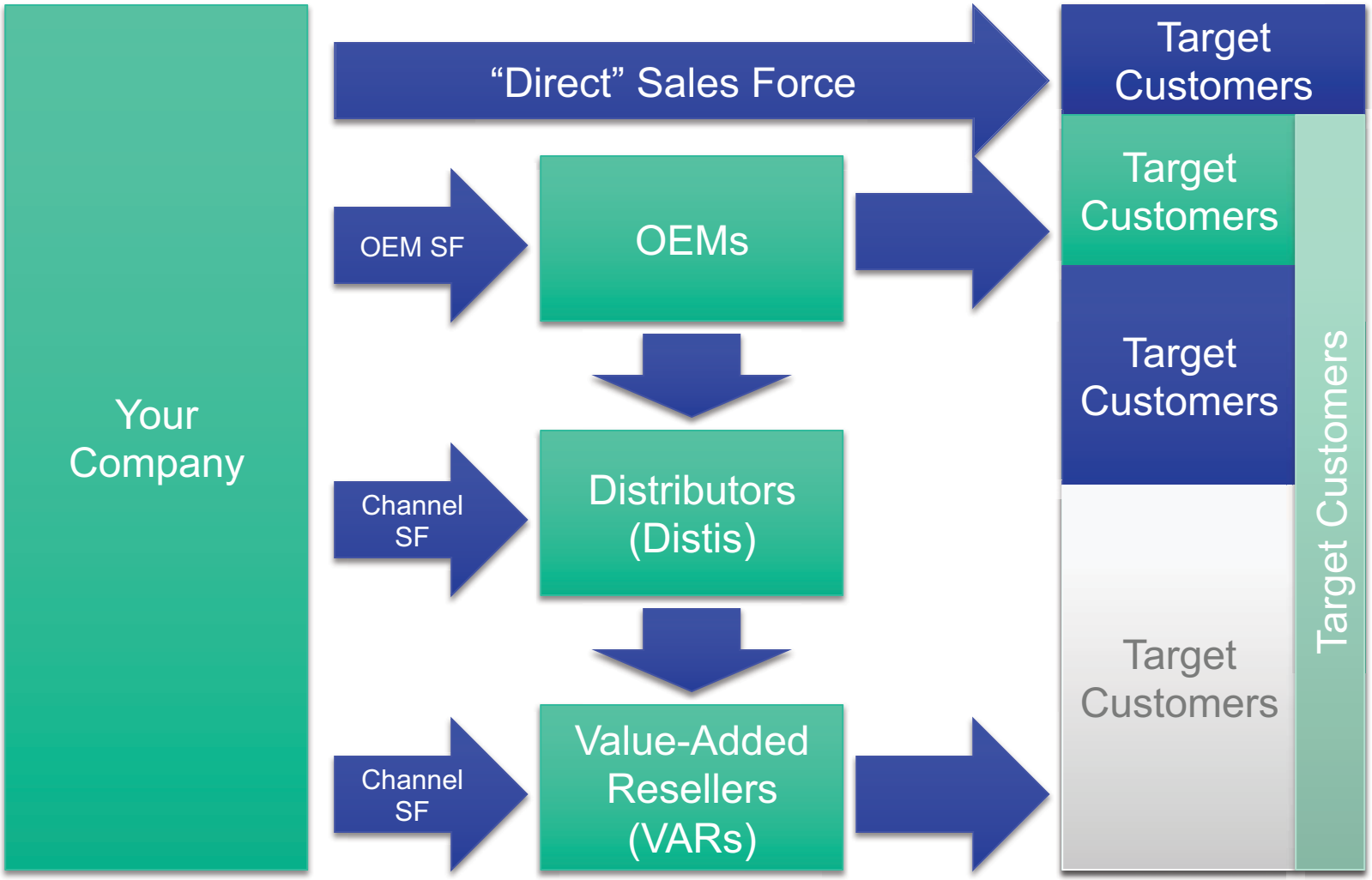
Sales Channels



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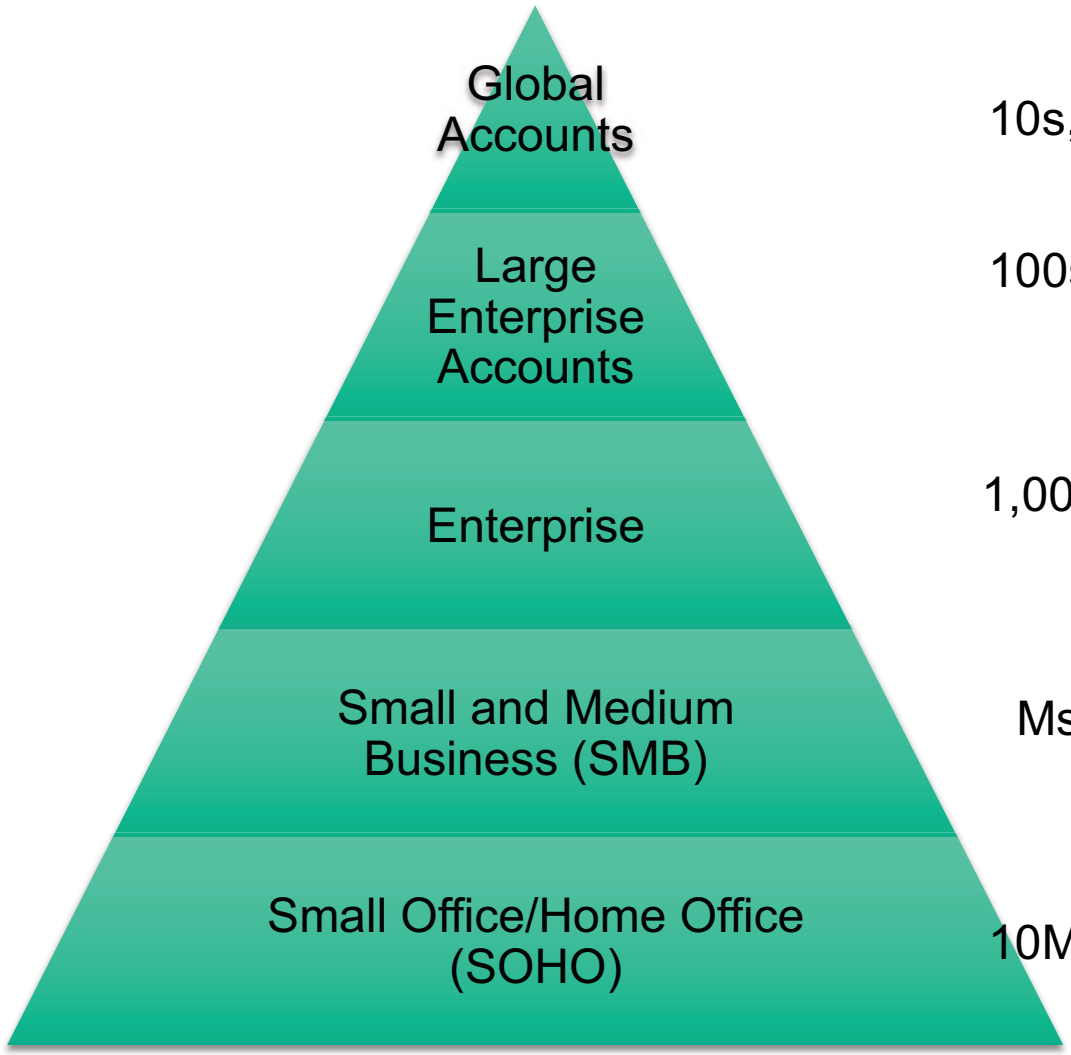
Coverage vs. Cost to Serve



and $/Acct
10s, $100M+
100s, $10M+
1,000s, $1M+
Ms, $10k+
10Ms, $100+

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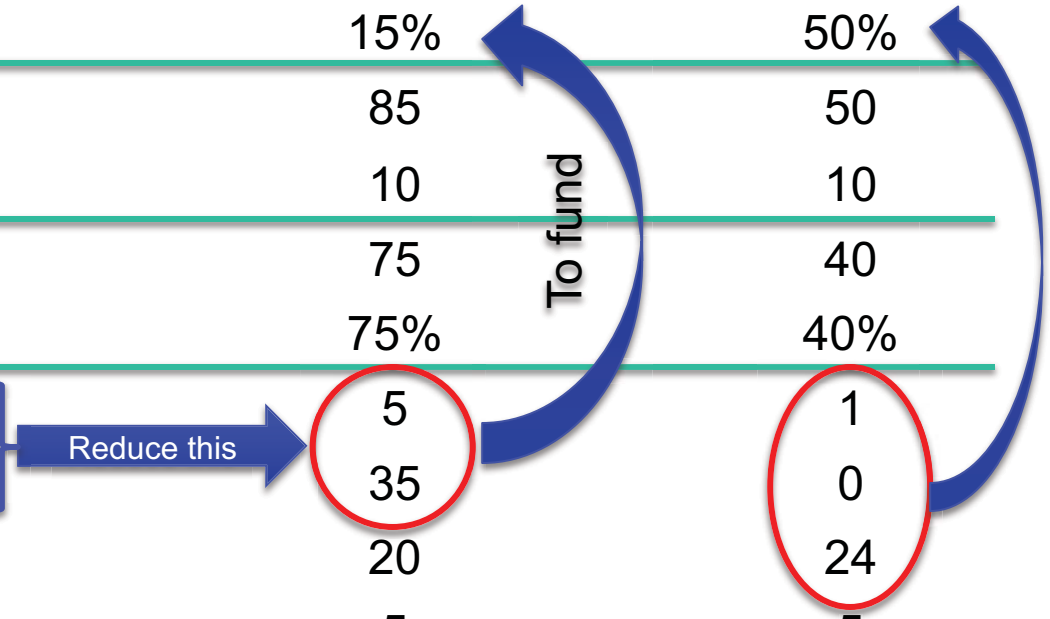
Different Financial Models

	Direct Sales	Channel Sales	OEM Sales
Gross Sales	100	100	100
Discount %	0%	15%	50%
Net Sales	100	85	50
COGS	10	10	10
GM	90	75	40
GM%	90%	75%	40%
Sales Expense	30	5	1
Marketing	20	35	0
R&D	20	20	24
G&A	5	5	5
Net Profit	15	10	10



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Is channel conflict good?

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Strengths of the Channel

- They often already know the customers
- They are selling products that complement yours
- They only get paid when they make a sale
- They may or may not have inventory
- They are a form of leverage

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What are the downsides of Channel?

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Downsides of the Channel

- They usually ONLY call on existing accounts
- They are very protective of those accounts
- They may switch suppliers at any time.
- They cover certain industries and certain geographies… but not necessarily where you need them
- Their attention is split between multiple suppliers

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What else?

- They sometimes get purchased
- They have little true loyalty
- They are a barrier between you and the customer
- They are less profitable than direct … or are they?

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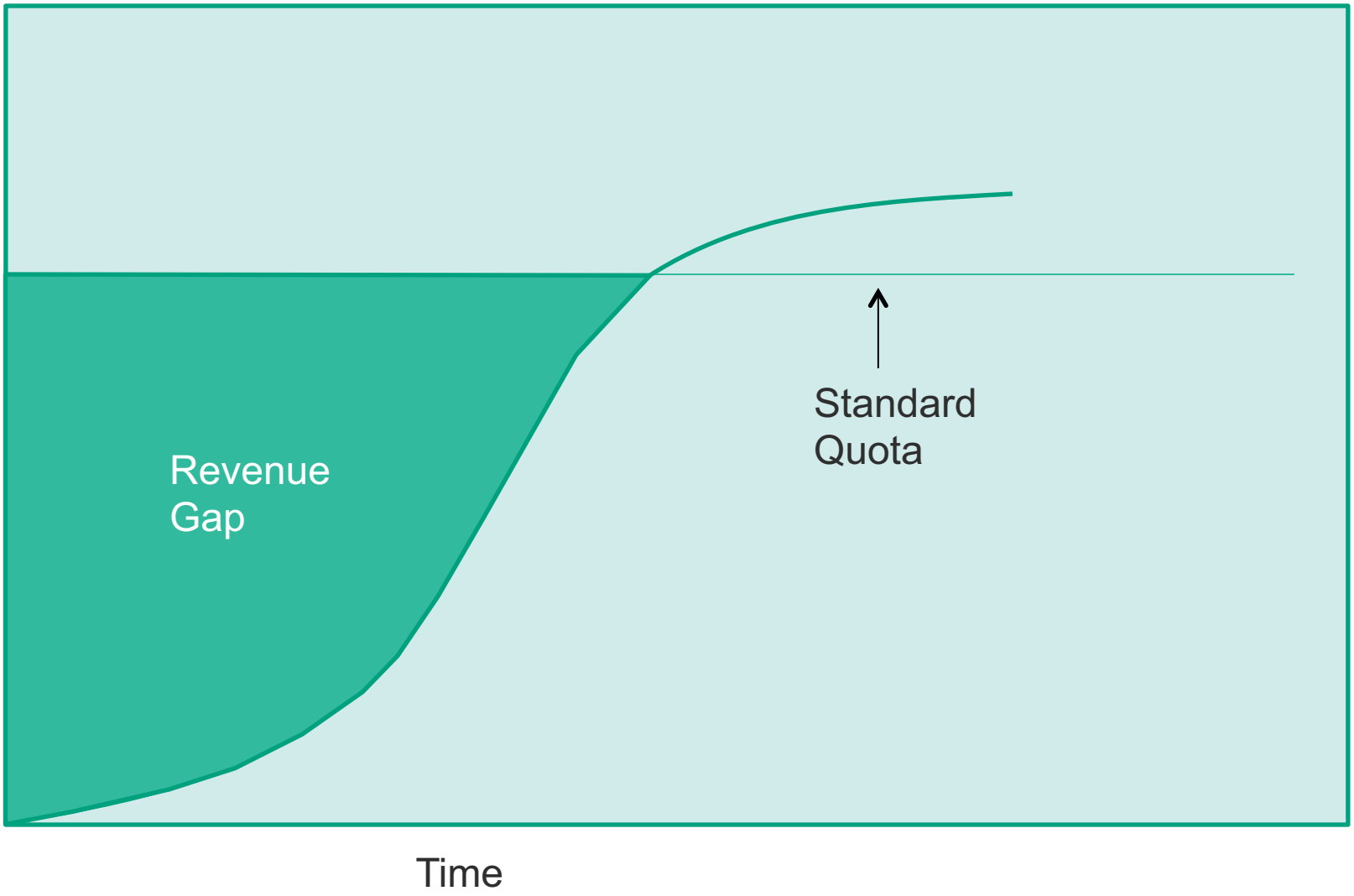
Sales Learning Curve



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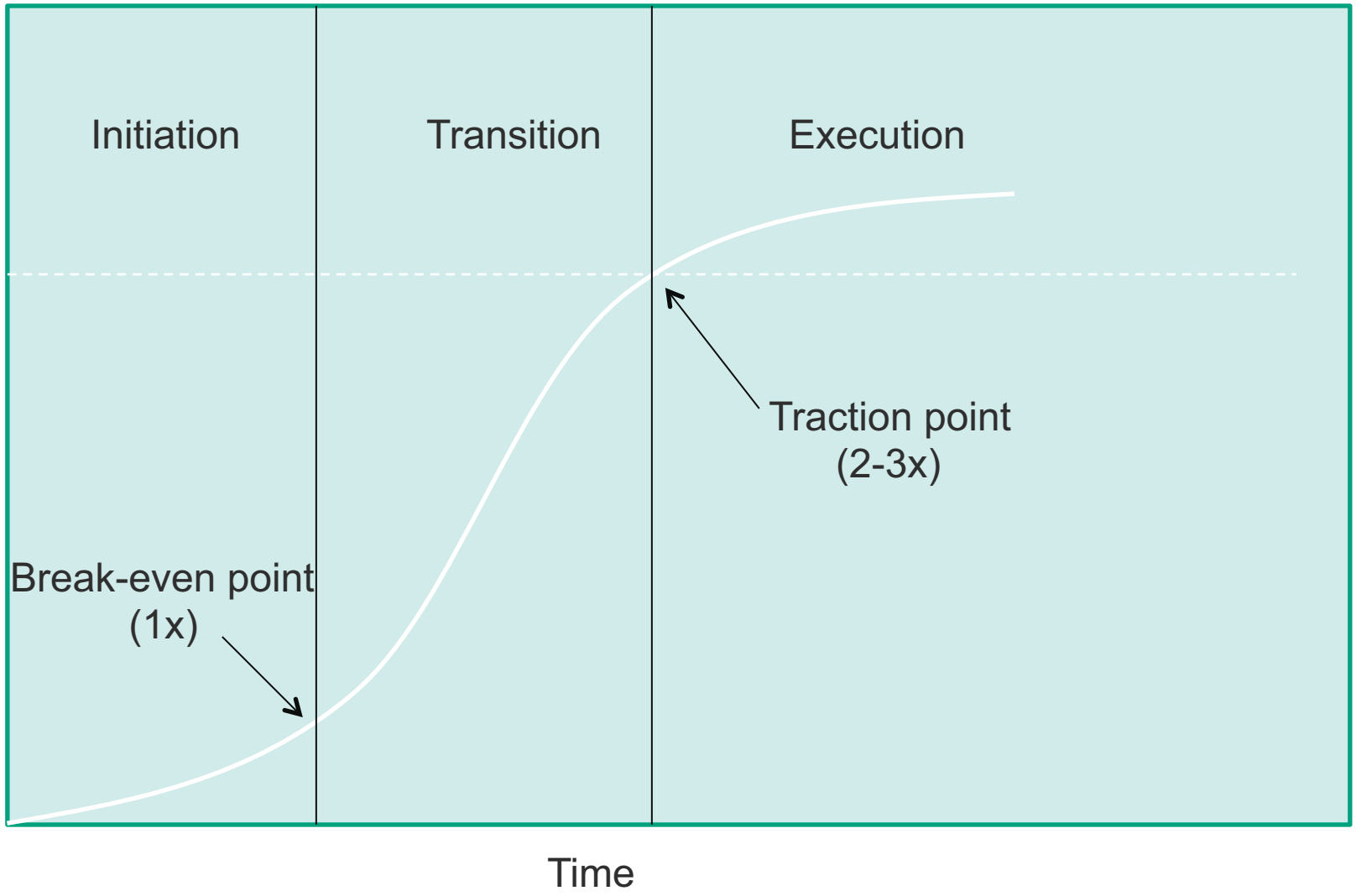
Ramping up the learning curve



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Characteristics of each phase

- Initiation
  - renaissance rep
  - Passionate about technology
  - Comfortable with ambiguity
  - Resourceful – creates own sales tools
  - Catalyst for communication between customers and company – product marketing
- Transition
  - Begin structure/territories
  - Quota bearing
- Execution
  - Hustle, pace
  - Structured, organized
  - Wants clarity of product value prop, target market, sales cycle, etc.
  - Just wants to sell!

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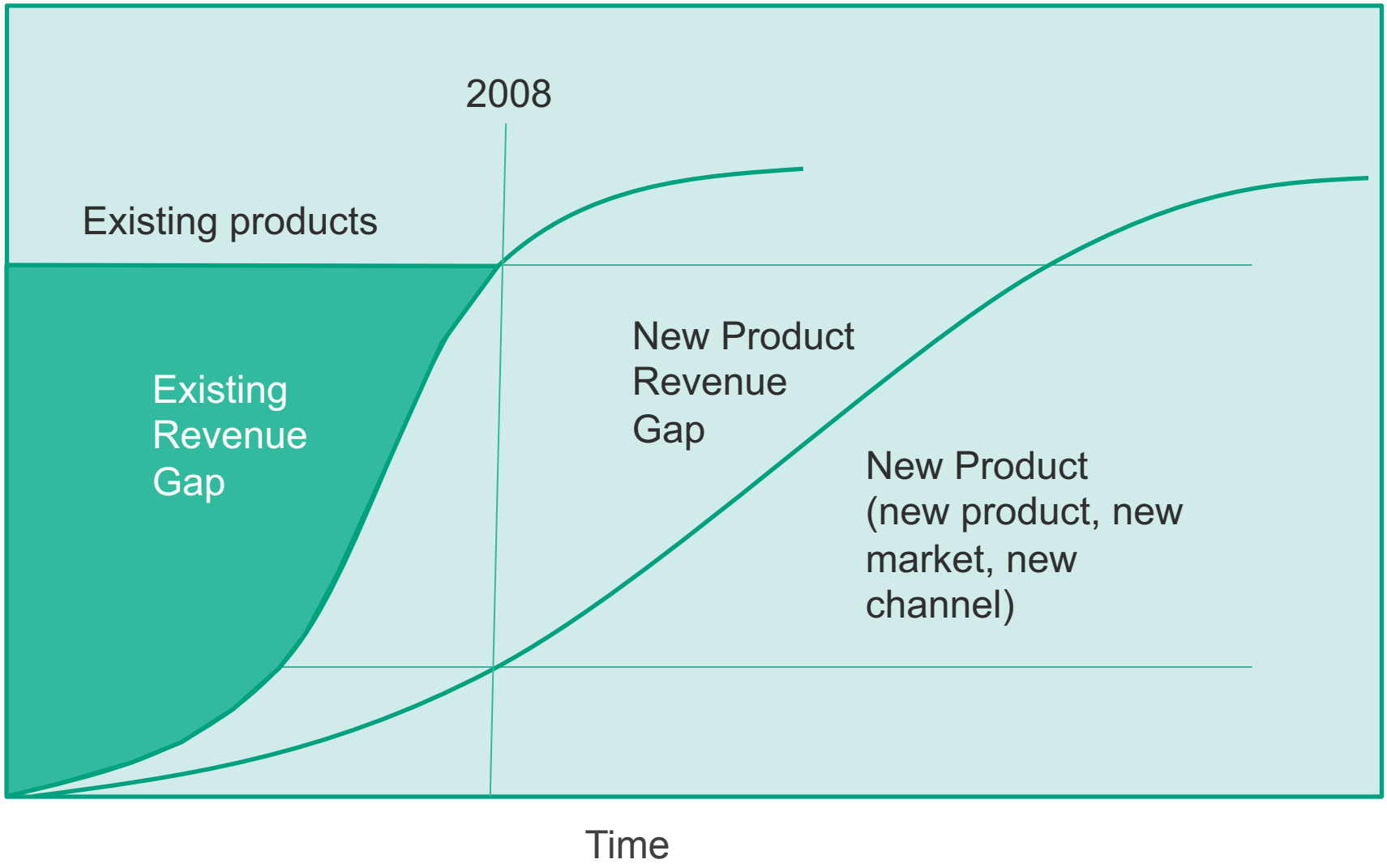
Tale of two products



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Your channel as your customer

- How do you
  - Recruit
  - Train
  - Manage
  - Quota
  - Support
  - terminate

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Sales cultures

- Direct - EMC
- Channel - Citrix
- Systems Integrator - SAP
- OEM - Intel

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How does a channel partner make money

- Economics of:
  - Taking on a new product
  - Training your team
  - Quota
  - Competing with other partners

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Sales Organization

- Who does channel report to:
  - VP Sales
  - GEO leader
- How does the channel get paid

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What else…

- They themselves may have channel issues…
- Their indirect channel may be competing with your direct/indirect channel
- They cannot necessarily police their channel any better than you can yours

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