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Change the channel blueprint or risk all

The channel needs clearer definition - or the end could be nigh for many companies, says Peter Titmus

Peter Titmus, CRN 06 Jul 2009

While the channel is far from doomed, companies need to start pushing for change to help it work more efficiently and prevent stagnation.

The current model has changed very little in the last 20 years. It is simply too out of date and no longer provides any real margin for many parties.

Originally, roles within the channel were clearly defined: manufacturers sold their products through the food chain from distributors on to resellers and then value-added services were included before being sold to the end user.

Today, there are so many organisations offering so many solutions and services that it has become very difficult for end users to understand what is available and make an informed decision that will best meet their business objectives.

Roles need to be redrawn up to avoid the overlap and confusion.

For example, network services are not just the provision of specialist network providers – PC companies, software companies, telephony companies and even retailers all now offer their own version of 'network solutions'.

What this means is that more companies need to look at how to add real value with both their product and service solutions.

Organisations offering low-end products with no value-add simply won't make enough margin to survive.

And it means that many companies are becoming generalists and the specialists are disappearing. This could spell disaster for many end-user companies.

Although it's still all about profitability, especially in the current climate, it also needs to be about service.

Making roles more defined makes it easier to refocus on profitable business. However, remember that the key objective is to keep asking what the end user really wants.

This question too often gets lost in the array of different parties and interests.

As distributors and VARs grapple with their identity and emerging technologies, it is time for increased clarity.

Manufacturers need to start more clearly defining their accreditation

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programmes. Too many organisations hand out Gold, Silver or Platinum certificates – which only serve to dilute their accreditations' significance and meaning.

Many vendor accreditation schemes would benefit from being revised and relaunched as a set standard that cannot be compromised.

Second, there needs to be a definition of services and how they are provided. A lot of companies use marketing propaganda to suggest they can manage or run a solution for an end user.

However, it's only when that service fails that it becomes apparent that they don't have the expertise, knowledge or experienced people with the understanding required to run the service effectively.

This often leads to costly issues for all parties. Companies need to provide exact details on every service they offer, become more transparent and push the right skill sets at the end user.

Too many companies grab the money and then disappoint on the service – 100 per cent expertise needs to back up and manage the solution sets being installed.

This could be further supported by a list of recommended suppliers or installers which have the appropriate accreditations from the manufacturers and act as a seamless extension to the manufacturer.

A team of companies with their own areas of expertise can offer the customer best overall solution and service.

The car industry is a classic example of this sort of model of working.

For example, most dealers are accredited by a manufacturer, whether it is BMW or Toyota.

Every customer using those garages feels that they are dealing with the manufacturer via a trusted associate and are therefore guaranteed the highest level of service.

It's time the channel did the same, set out some standards and stopped confusing end users.

Peter Titmus is managing director at Networks First

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