An Overview of a Channel Assessment Study

(A Study your Company's Sales, Marketing and Service Vehicles)

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Introduction

A *Channel Assessment Study* (Assessment) is a one (1) to six (6) week project where a small team of business and “channel” specialists briefly study your companies existing marketing, sales and service operations to identify potential improvements for your company. The assessment attempts to answer the following types of questions:

- What is “success” for your company? Do all key players share that same view?
- How well are you serving your existing customers and target market? Do you know how well your competition is doing?
- How successful are you in using your existing sales, marketing and service programs and channels? Are your products “channel ready?”
- Are there new programs or channels that could increase your revenue?
- Are there new channels that will enable you to decrease your SG&A expense?
- Are you aware of all the possible channels that are available to you?
- Do you know the channels that your competitors are using and with what success?
- Are your existing products and services being sold and serviced through all the appropriate channels?

Typically, this type of study precedes any other type of Consulting work performed.

In a standard single-site assessment an Assessment Team visits your company's primary site for one week. Through individual and group interview sessions, the Team first identifies your company's business strategy and objectives. It then collects pertinent company business, operations, facility and technology information. This information is collected, reviewed and analyzed by the Team each day. Each day’s analysis results further refine the Team's activities for the subsequent on-site days. At the end of the week, the Team assembles a set of key observations with short- and long-term recommendations on potential improvements for your company’s business and operations. These recommendations may involve additions to or modifications of the existing organization, operations, processes, personnel, facility or technology.

This confidential assessment provides a "snap-shot" of your company and its operation at a single point in time. The assessment uses several different process and operational analysis methodologies to collect and analyze the critical company information and to formulate the final recommendations. Your company can then either independently or with further consulting assistance from us implement the short- and long-term recommendations. Upon implementation completion, another assessment could be conducted to assess the success of that implementation.

Purpose & Benefits

An assessment helps your company identify areas for improvement. It also identifies potential methods to achieve these improvements. Through these improvements, your company could:

- Increase revenue;
- Decrease costs;
- Improve customer satisfaction;
- Improve personnel and infrastructure productivity; and/or
- Increase and/or improve the product/services offered.

In a well run company that is effectively serving its market, an assessment would confirm that no further action was necessary. It should be noted that to date, we have never found a company that couldn't be substantially improved.

The assessment will also help identify "Real-Time Marketing" opportunities for your company. A real-time marketing channel is a highly efficient, quality product and services delivery path between a company and its installed and potential customer base that operates in "real time". A real-time marketing channel enables a company to maximize its sales potential, while providing high quality and efficient customer service. Real-time marketing methods will *quickly* help identify new, significant market and revenue opportunities for your company. These methods will also help your company adjust its service offerings and delivery methods to match changing market and customer conditions in a cost effective fashion.

There are two (2) classes of channels: bi-directional through which a company communicates with a customer and customer can respond directly back; and uni-directional where a company passes information on to customers and the market in general, but the channel does not provide any direct means for response. Examples of bi-directional channels include: direct sales (field sales), field service, business partners, value added resellers (VAR), distributors, dealers (retailers), TeleSales, TeleMarketing, inside sales (direct sales on the telephone), TeleService, electronic (FAX, email), direct mail, Internet/e-Commerce, trade shows, ... Examples of uni-directional channels include: TV, radio, magazine advertising, newspaper advertising, promotional articles, ...

The assessment also enables us to understand your:

- Business, Market and Channel needs and objectives;
- Business, Market and Channel environment, including your personnel and facilities;
- Channel programs and applications; and
- Channel operations.

By obtaining a better understanding, we can provide better service to you and your company at a more predictable price. The assessment minimizes the risks to both you and us if any additional work is required. At the conclusion of an assessment, each us understands what is required to further improve and develop the your business.

Process

In the assessment, our Assessment Team will:

- visit your site for a brief period, typically one week;
- interview the appropriate personnel, individually or in group settings;
- observe your operations;
- identify potential problem areas;
- collect and review your written material;
- correlate observations of your operations, facilities, and personnel;
- formulate short and long term recommendations;
- present the findings to you;
- optionally generate a written summary report and send it to you for your review;
- obtain your review of our summary report, noting any requested changes; and
- make the appropriate requested changes and submit the final report to you.

The assessment initially concentrates on developing a complete overview of your business, channels, facility, personnel and operations. As potential problem areas are identified, the appropriate Team members collect more detailed information that describes that area.

Figure 1 summarizes our general approach to information gathering and identifies the relative sequence in which the different types of information is acquired.

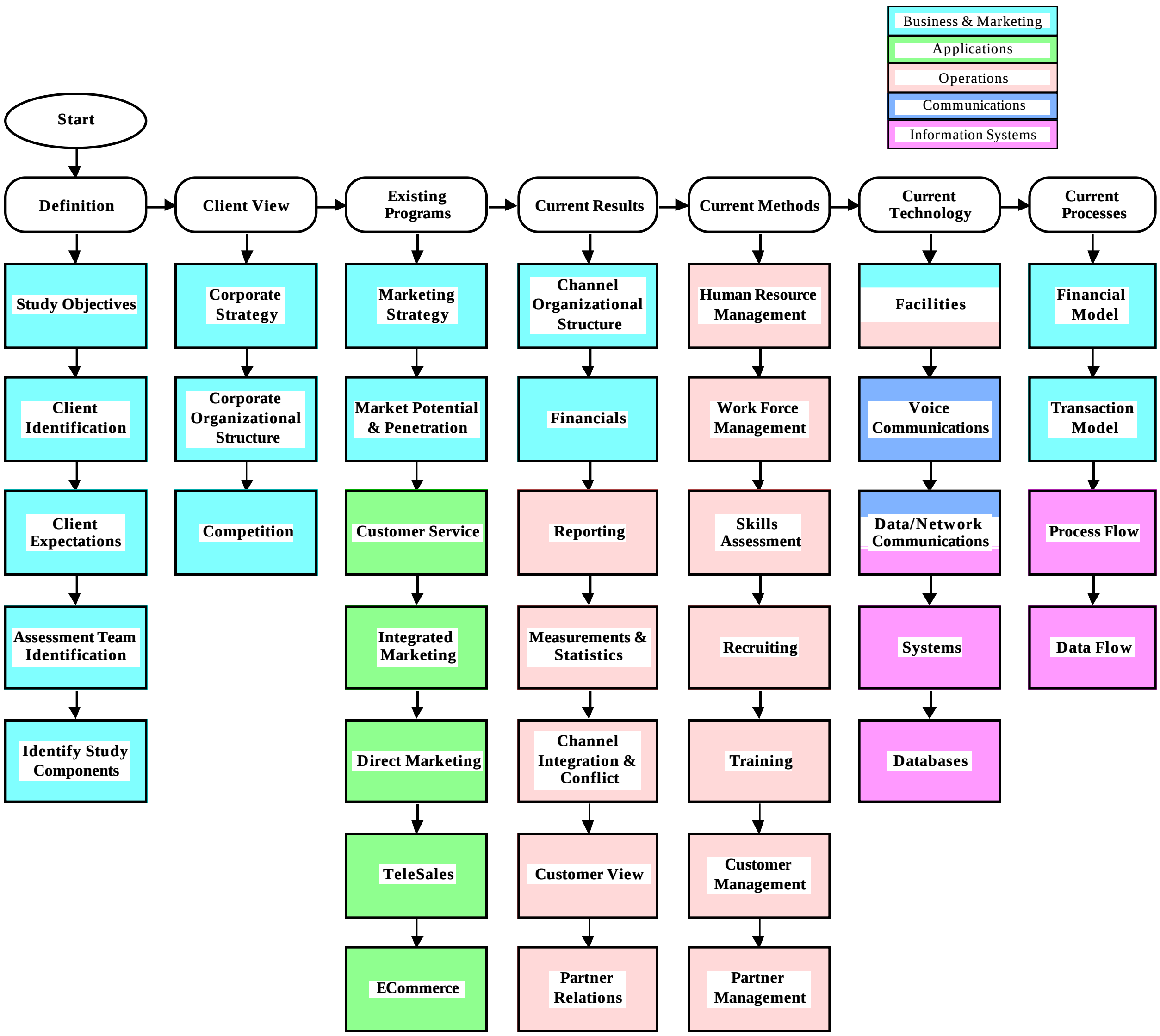

Figure 1 - Information Gathering

Duration

The duration of an assessment varies depending on the size your company, location of the key divisions and the number of marketing, sales and service channels to be assessed. A mini-assessment is typcially completed in a week, while a standard assessment requires three (3) to six (6) weeks.

A single-site company with all divisions located within a 10 mile radius and one (1) to three (3) sales/service channels will require one week onsite, with one to three (3) weeks of follow-up interviews, analysis and then final presentation preparation.

Assessments typically begin on a Monday. To be successful, the appropriate staff must be available during the period that the Team is on-site. Furthermore, your staff must also be available by telephone after the initial interview(s) to further clarify and/or provide additional information.

An expanded assessment will require from three (3) to four (4) weeks of onsite interviews and observations at your various company facilities.. The next two (2) to three (3) weeks is spent evaluating the collected information and creating a final assessment presentation. This presentation summarizes all the assessment activities and observations, and describes in detail each of the recommendations with the appropriate method for implementation.

Areas of Concentration

There are six (6) areas of concentration in a Channel Assessment Study:

General Business: What are your overall business goals, objectives and strategies? What is your basic business organization? How are your decisions made? How are your problems resolved? What are your current problems? How are they being resolved? Organizationally, where do your different channels fit into your business? What are the company, division and channels' objectives? Does your business view each channel as successful? If so, why or why not?

Finance: What are your company, division and channel financials and how do they relate to each channel's business objectives? Has any transaction analysis been done? If so, by channel, type of activity and/or product? Has any financial modeling been done? If so, for which activity? What are your company standards for financial plans? What are the key metrics for measuring success? How are they created and reported?

Marketing: What are your target markets? How big are they? What is your company's market share? How accurate are the market size and share information? What are your customer profiles for each market segment? Who is your competition? What is their market share? What are your company marketing strategies and programs and how are they being applied within each channel? Which programs are successful and which need improvement? Why? What is the competition's current strategies and programs? Which of their strategies and programs are successful? Which of them are not? Why not?

Product Marketing: What are your company's current products and services? What percentage of your company business does each represent? Where is each product and product family in terms of its product life cycle? What are each products' key features and capabilities? Why are they key? What are each products' current limitation and liabilities? Why are they limitations? Do these limitations create barriers to sale, service or follow-on sales? Through which channels are each of your products being sold? Why? How successful is each product in each channel? Which are the strategic products? Why?

Information Systems/Telecommunications: What is your company's IT strategy, objectives and standards? How is IT organized? Which types of skills are maintained within the Company? Which types of skills are routinely acquired from third parties? What is the process by which IT satisfies business unit requests? What are its current projects and programs? What are the recently completed projects and programs? How have those projects and programs been received? What kind of technology is being deployed? Who are the major vendors? What is the current network topology? Where and what are the major company databases? How are they made available to the different business units? Who is responsible for maintaining the information content? How often is that information content refreshed and how accurate is it? What is the telecommunications strategy? What kind of telecommunications equipment is being used? Where is it located? Who supports the equipment? What are the current problems? How are those problems being resolved?

Channel Sales, Marketing and Service: Each channel has different question sets. For direct sales (field sales), some of the questions include: How is your sales organized (geographically, market, customer groups, etc.)? How many sales personnel in each area? How many accounts are they servicing? What is the typical sales cycle? What kind of support do they need for each step of the sales cycle? Are they involved with post sales support? How are new prospects found? What is done with a prospect? How are they tracked? What is the average "book" for a sales person? What is your company's sales person profile? and more... For Call Centers, some of the questions include: Where is each Call Center located? What are the management styles and philosophies? What are the past and present call volumes? What are the expected call volumes? How accurate have the estimated call volumes been?

How are the Call Centers organized? What type of work is being performed within each Call Center? What are the inbound and outbound functions? Are there Operations and Training Manuals? Are they being maintained? What kind of reference materials are used? There are additional questions for your web based channel.

The value of an Assessment is not just in the information collected in each area, but in the understanding of how each area interacts with one another. The success of real-time marketing is dependent on successfully integrating together each of the disciplines and related business units into a cohesive working unit.

Team Composition

An Assessment Team is composed of three (3) to six (6) members depending on the scope and size of the Assessment. The team members operating individually, or as a group, cover all of the relevant assessment areas. If additional advice or expertise is required, they automatically draw upon other company personnel, or from other experts within the appropriate industries. A Team is usually composed of the following members:

- **Business Analyst**: This individual has had significant management and business experience through a variety of companies. This analyst will primarily be responsible for gathering the business type information previously described. Depending on the size and complexity of the Assessment, this individual will also help out in other areas.

- **Financial Analyst**: This individual has had significant financial and business experience through a variety of companies. This analyst will primarily be responsible for gathering the financial information previously described.

- **Market Analyst**: This individual has had significant marketing and business experience through a variety of companies. This analyst will primarily responsible for gathering the strategic and corporate marketing information.

- **Product Marketing Analyst**: This individual has had significant product development and product marketing experience. This analyst will be responsible for gathering all the information that describes what the company products and services are and how they benefit the company and the customer.

- **Information Technology Analyst**: This individual has had many years of experience working with both centralized, host based systems as well as distributed, client/server systems. They will have experienced the successful application of technology throughout a variety of sales, marketing and service channels. This analyst will be responsible for gathering the information systems and telecommunications information previously described.

- **Channel Specialist**(s): The size and number of channels deployed by a business will determine the number of channel specialists that will be involved in the assessment. Each major channel will be assessed by a channel specialist who will have had significant experience in that type of channel. The channel specialists will be responsible for gathering each channel's operations data, personnel and process information.

Figure 2 summarizes the areas of concentration by each team member.

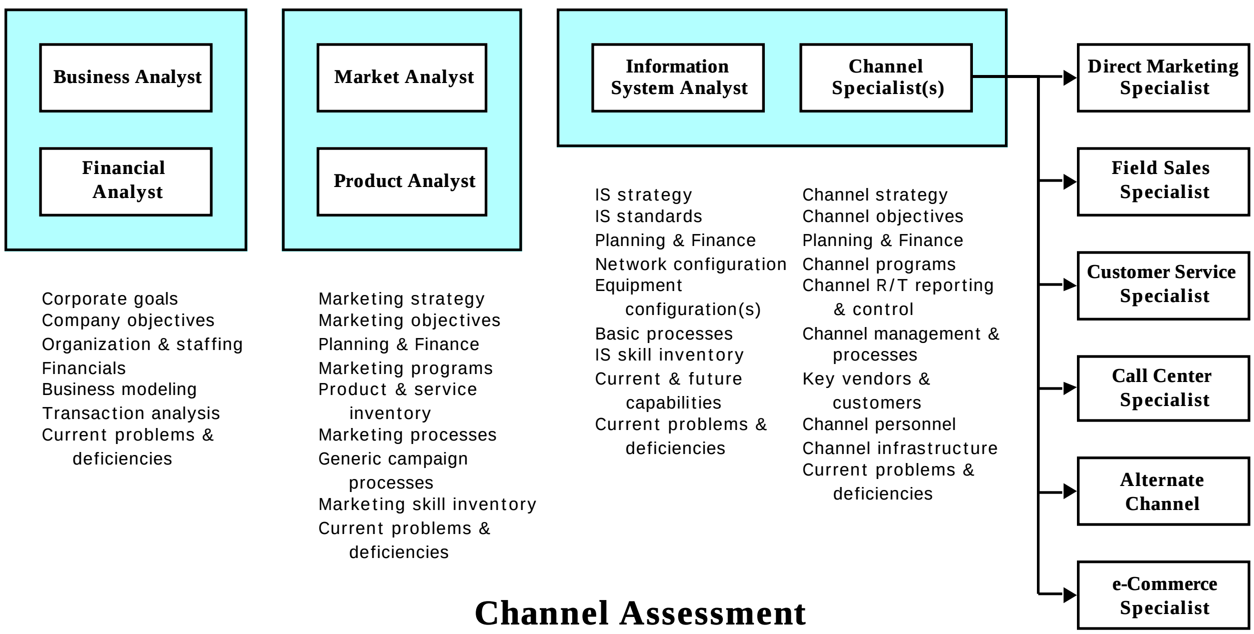

Figure 2 - Assessment Team Composition

A mini-Assessment Team consists of three (3) specialists: business analyst, market analyst and technologist. The business analyst is responsible for the business and finance activities. The market analyst is responsible for the market and product marketing activities. The technologist is responsible for the information and channel activities, but will receive assistance from the other team members in the assessment of each of the sales, marketing and service channels.

Teams will always be comprised of a "technologist" who understands the appropriate application of telecommunications and information systems to sales, marketing and service. Another team member will always have an understanding of how to implement "real-time marketing" programs and to create "real-time marketing" channels. Through the daily sharing of observations and analysis, these specialists will detect areas for improvement that will either improve sales, decrease costs or improve customer satisfaction.

Your Participants

Representative personnel from your company will participate in the assessment. These personnel must be drawn from all levels within the company as follows:

Corporate / Division Management
Marketing, Sales and Service Management & Planners
Channel Management and Planners
Key Channel Personnel
Channel Support Personnel
Telecommunications Personnel
Information Systems Personnel

These individuals will describe how their business operates and how they function in that business. They will identify both the successes and the failures that they have experienced, as well as the problems that they are currently experiencing and / or are working on.

Documentation You Should Provide

Table 2 summarizes the documentation you should supply. The documentation, if it exists, is assembled by you prior to the Assessment Team's arrival. If a document does not exist or is inaccessible, you should identify the document's responsible party and schedule a meeting for the Assessment Team with the document's owner.

Table 2 - Specific Assessment Documentation
(These documents are collected or created as needed by you for the Assessment Team)

- Preliminary Interview Schedule
- List of assessment objectives

Business Related

- Company's Annual Report
- Monthly Status Reports from the major departments (last 3 months)
- Organizational Charts for the Company (Corporate, Marketing, Sales and Service) including any support organizations
- Marketing Plans / Marketing Communication Plan

Channel Operations Related
(By individual channel as available)

- Operations Plan
- Sample Operations Report(s)
- Channel Operations Statistics
- Staffing Plan
- Operations Manual
- Training Manual and/or Material

Channel Support Related

- Transaction Type List
- Process Flow Diagrams
- Facility Layout
- Equipment Inventory Report

Information Systems & Telecommunications Related
(as it pertains to Marketing, Sales and Service)

- Hardware and Software Inventory Report
- Descriptive list of any major initiatives for Marketing, Sales or Service
- General System & Network Topology Diagram(s)
- Major IS Process & Data Flow Diagrams
- Sales and Service Model Diagrams
- Voice Network Diagram

It should be noted that for small and/or informally managed channels, many of these documents may not exist. If your company is attempting to change and/or expand a channel's operation, part of the assessment will recommend that one or more of the missing documents be created.

Deliverables

For the standard assessment, a slide presentation is prepared and presented at the end of the on-site session. This presentation includes all of the basic observations, on-site analysis and recommendations.

For an expanded assessment, multiple documents and presentations are created that include all of the observations, analysis and recommendations for each of the specific market/sales deliverables. Typical deliverables include: current and potential pro-forma cost and revenue models by channel; identification of "channel-ready" products; identification of key metrics that should be used to manage the business; high-level competitive analysis; and a high-level review of sales/market coverage models. A formal, senior level executive summary presentation is prepared and provided to your senior management team, after all of the deliverables have been completed. Any requested changes are made within the following fourteen (14) days of final presentation delivery.

Price

For pricing information, please contact sales at (925) 485-4949.

Summary

A Channel Assessment Study is an inexpensive method for you to identify how to maximize the benefits that are achievable from one of your company's most important assets, its marketing, sales and service channels.