Designing an Appropriate and Effective Channel Manager Sales Incentive Plan

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Executive Summary

Channel managers and other salespeople with responsibility for indirect sales channels drive their companies' sales performance through independent third-party resellers. While the channel manager position is a sales role, it also involves a number of non-selling functions such as developing business plans with channel partners, training channel partners' personnel, and hiring and terminating channel partners. Consequently, as companies design incentive compensation plans for this role, it is critical to determine if it is sales-oriented enough to warrant a sales-incentive plan (as opposed to a broad-based or executive incentive plan). Since the nature of the role frequently varies, each company must consider the unique characteristics of the position as they evaluate each of the key compensation design parameters—target pay levels, pay mix, performance measures, delivery mechanics, and payment timing.

Eligibility for a sales-based incentive plan depends on five primary factors: customer contact, ownership of a revenue goal, ownership of specific accounts or a territory, responsibility for steps in the sales process and the ability to control sales results. Channel managers with strong sales orientation in a majority of these five factors should be eligible for a sales incentive plan. If they are not, then placement in a broad-based or executive incentive plan should be consistent with the criteria used for any other non-sales role in the company.

Target pay levels for channel managers are often challenging to set. Of course, if industry pay data is available, then this is the best source. Lacking it, companies can use attribute-based or general industry surveys for guidance. Alternatively, companies can use proxies such as the sales manager role.

Once the target pay level is set, the pay mix (the mix of salary versus incentive) is the next important element to consider. If the channel manager is eligible for a sales incentive plan, then their pay mix is generally on the conservative side—70%/30% to 80%/20%. These ratios make sense when channel managers have significant relationship management, operational, training and marketing responsibilities.

To reward performance, companies use a variety of performance measures such as channel partner revenue, channel partner gross profit (or net profit), broader team results, strategic products or services, sales activities, customer satisfaction and sell through. While there are many options, companies often reward based on channel partner revenue because it impacts their sales strategy, they can effectively measure it and the channel manager can control it. Oftentimes, the other variables may be preferable, but they are weak on one or more of these key criteria (measure, impact and control).

Companies typically award sales incentives through one of three mechanisms—quota bonus, commission and sales business objectives or SBOs (alternatively called management business objectives or MBOs).The quota bonus is often the most appropriate delivery mechanic because channel managers must be strategic rather than tactical and the quota bonus aligns with this desired orientation.

Payment timing is the final key design parameter. Determining whether a channel manager's incentive pay should be awarded monthly, quarterly or annually depends on several factors—percentage of pay at risk, measurement difficulty, reliability of performance results, sales cycle length, and key financial measurement periods. Channel managers typically "rate" quarterly or annually in each of these factors. From our perspective, the most appropriate practice is to pay channel managers quarterly against an annual sales goal. This design strikes the right balance between cause and effect and the other strategic aspects of the position.

It is not uncommon for channel managers to have both direct and indirect (i.e., manage channel partners) sales responsibilities (hybrid sales roles). Some companies use a combination of direct and indirect sales incentive design practices to reward channel managers with hybrid roles. We believe that the design principles described in this article are more appropriate when it is important for channel managers to maintain a strategic, company-first perspective. Employing more traditional sales incentive design practices (e.g., commission on sales from the first dollar) can serve as tantalizing detriments to achieving sales objectives through channel partners.

Companies must also design the compensation plans for the managers of the channel managers. An analogous role within the direct sales organization is the sales director. Similar to sales directors, managers of field-based channel managers are two steps from the end user, have significant scopes of responsibility and require higher degrees of strategic acumen. Consequently, their compensation plans typically look "up" and "down." They are based on a combination of how their "direct" reports and the broader organization perform against their respective goals. The most common weighting between individual (channel partner) sales results and broader team results is 60%/40% to 75%/25%. Their incentive plans are almost always paid out annually and delivered through quota bonus.

The goal of the channel manager's compensation plan is to motivate and reward them for maintaining a strategic, company-first perspective. Consequently, when channel managers are eligible for a sales incentive plan, a relatively conservative variable incentive level delivered through a quarterly (or annual) quota bonus meets this objective.

Designing an Appropriate and Effective Channel Manager Sales Incentive Plan

How do you determine the optimal incentive compensation plan for the Channel Manager function at your company? The answer is not as simple as you might initially think. First, you need to determine if your Channel Manager is sales-oriented enough to be on a sales-based incentive plan rather than a broad-based or executive incentive plan. Then, if you determine that a sales-oriented plan is appropriate, you need to take this role's unique characteristics into account while making decisions for each of the key design parameters—target pay levels, pay mix, performance measures, delivery mechanics, and payment timing.

The purpose of this article is to introduce some useful considerations for the design of incentive plans for Channel Managers and other sales roles with responsibility for indirect sales channels.

The Channel Manager Role

Companies employ Channel Managers to develop, manage and grow their relationships with independent third-parties that resell their products and services to the ultimate consumers of them. While the type of indirect sales channels or "channel partners" varies across industries, it may include independent sales representatives (manufacturer's representatives), original equipment manufacturers (OEMs), system integrators, value-added resellers, wholesalers, specialty distributors, broadline distributors, dealers, retailers, catalogs, etc.

"Classic" Channel Managers are responsible for their company's sales performance in a defined geographic area. They have a revenue goal or quota, but unlike direct sales representatives, they retire it by selling through channel partners rather than by selling directly to end users or customers. Because channel partners often sell products and services from many different suppliers, Channel Managers must develop relationships with their channel partners and motivate them to invest time and resources to promote and sell their lines.
To be successful, Channel Managers perform a variety of activities which include a combination of the following:

- Assessing opportunity in their geographic area of responsibility for their company's products and services
- Determining the type and number of channel partners they need to cover the market
- Optimizing the network of channel partners which may include recruiting new and terminating existing channel partners
- Developing annual business plans with their channel partners which includes setting sales goals and planning market development activities
- Conducting periodic meetings with each channel partner to review their performance and define corrective actions
- Training personnel of their channel partners (e.g., outside and inside sales people, technical support personnel)
- Conducting joint sales calls with their channel partners' field sales representatives
- Orchestrating and/or participating in marketing events that their channel partners hold (e.g., on-site customer events)
- Calling on end users (i.e., the ultimate consumers of the products or services) independent of the channel partners to generate demand which is fulfilled through the channel partner

Since the success of a classic Channel Manager depends on the willingness and ability of the supplier's channel partners to promote and sell its products and services, the role involves management and marketing activities (and acumen) in addition to sales activities (and acumen).

While the role of many Channel Managers may conform to this definition, there are many variations. For example, some Channel Managers are responsible for selling directly to large accounts as well as managing relationships with channel partners who, in turn, sell to mid-size and small accounts. This role is a hybrid sales position that involves both direct sales and channel management responsibilities. Still other Channel Managers serve as strategic or key account managers for large, global or national distributors and retailers such as W.W. Grainger, Motion Industries and The Home Depot. In this role, the Channel Manager may negotiate the terms of the reselling relationship at "corporate" and manage daily interactions with the branch locations through the help of local, field-based Channel Managers.

Similar to direct sales teams, the channel management structure often includes hierarchical management roles such as channel directors and vice presidents. Individuals in these positions are responsible for setting goals and objectives for the members of their team, managing and mentoring their direct reports, interacting with key channel partners, and defining and refining their organization's go-to-market strategy.

Eligibility—Which Type of Incentive Plan Should You Use to Motivate and Reward a Channel Manager?

Given the variety of roles that a Channel Manager can perform, it is critical to design an incentive plan that aligns with it and motivates and rewards the desired behaviors and performance. To this end, there are three basic types of incentive plans that apply to the Channel Manager role:

Sales incentive plan—a higher leveraged incentive plan that is typically based on individual sales versus a goal and delivered via a commission or quota bonus pay mechanic.

Broad-based incentive plan—a lower leveraged plan that the majority of non-executive employees are on; often a "funded pool" type plan where individual performance has secondary influence in determining incentive awards.

Executive incentive plan—a plan that typically applies to company leaders (VP level and above) and is based on corporate results such as revenues, net profit and/or stock share performance versus goal.

Eligibility for a sales-based incentive plan (as opposed to a broad-based or executive one) depends on five primary factors:

Sales Eligibility	Sales-Oriented Characteristics
1. Customer Contact	■ Direct channel partner and end-user customer contact representing >40% of Channel Manager's time strongly supports sales incentive eligibility ■ <10% of time being direct contact with channel partners or end users indicates broad-based plan eligibility
2. Ownership of a Revenue Goal	■ Assigned individual sales goals are a strong indicator of sales orientation, while team-based goals are a modest indicator
3. Ownership of Specific Accounts or Territory	■ Lack of any revenue goal assignment suggests a broad-based plan is more appropriate ■ Similar to being assigned a revenue goal, sole responsibility for a territory or set of accounts are a strong indicator of sales incentive eligibility whereas support or management responsibilities are moderate indicators
4. Responsibility for Steps in the Sales Process	■ Important steps in the sales process include: a) lead generation/qualification; b) proposal writing; c) negotiating; d) closing the sale; and e) managing/expanding new business ■ Leading or supporting 3 or more of these factors strongly supports sales eligibility, while 1 or less usually indicates broad-based eligibility
5. Ability to Control Sales Results	■ By definition, an individual's influence over sales results is another fundamental determinant of whether a Channel Manager should be eligible for a sales-type incentive or not

Channel Managers with strong sales orientation characteristics in a majority of the five factors should be eligible for sales-type incentive plans. If, through this assessment, you identify that a sales-oriented incentive plan does not fit your particular Channel Manager role, then placement in the broad-based incentive plan versus the executive incentive plan should be consistent with the criteria you use for any other non-sales role in your company, the two most common criteria being job title (i.e., Vice President or Executive Vice President and above) and salary band (i.e., anyone in band 13 and above).

Designing an Effective and Appropriate Plan

Target Pay Levels

The first important decision for designing a Channel Manager sales incentive plan is determining an appropriate target total compensation level. Of course, if it is available, you should utilize any industry-specific benchmark data you have available to establish your target. Such directly comparable industry surveys are often difficult to acquire if they exist at all and, if they are available, often do not include the Channel Manager role. (This often low-populated role typically does not attract matches from enough companies to statistically show results.)

The second best option is to use an attribute-based survey rather than a traditional industry or job title-based one. A good example of this is the Aon Hewitt Sales Compensation Survey that provides flexible job matching based on the unique nature of each job. Examples of job attributes include "new account acquisition" versus "existing account retention"; "large accounts" versus "small accounts"; and, as you might guess, "direct sales responsibilities" versus "indirect/broker management sales responsibilities." Surveys like this permit you to flexibly filter a large database of pay information in order to get proxies for your Channel Manager's responsibilities when surveys for your industry simply do not exist.

General industry surveys are your final option. Just match the closest industry available, such as "services", "manufacturing," etc. However, even in the general surveys, you may find a Channel Manager match elusive, so creativity could be key. For instance, a decent match to obtain approximate target pay levels is often the Sales Manager role. Managers of direct salespeople are analogous to Channel Managers since both roles are one step removed from the end user. Both roles are responsible for supervising, educating, training, etc. the direct resources, regardless if they are the channel partners' salespeople or direct salespeople. You must use common sense when matching against roles other than Channel Manager; don't just "chase the data" in order to rationalize pay levels you are comfortable with.

As hinted above, setting target pay levels is an art as much as it is a science. Once you have identified an initial target total compensation level, you may find it necessary to adjust that level up or down based on a few additional factors, including:

- Impact of the role on company performance
- Scarcity of labor for this role in the market
- Company stability/trajectory
- Amount of support provided to the Channel Manager role (leads, etc.)
- Relative sales goal difficulty (degree of "stretch" compared to peers)
- Geographic index of relative pay

Each of these factors could drive target pay levels up or down by 5% or 10%, depending on your judgment regarding the value your Channel Manager provides at your company.

Pay Mix

Once you identify the appropriate target total compensation level for your Channel Manager position, you need to decide upon the appropriate mix of salary versus incentive. Pay mix depends on several factors, the most important being the ability of the individual to influence sales results. Other factors include the length of the sales cycle, the sales message, product complexity, number of accounts managed, service responsibility, and channel configuration (direct versus indirect).

		Pay Mix		
Cultural Importance of Compensation	High	80:20	70:30–60:40	50:50–0:100
	↕	90:10	80:20–65:35	70:30–60:40
	Low	**Salary Only**	**90:10**	**85:15–75:25**

Considerations			
Product Complexity	Complex	⟷	**Simple**
Nature of Sales Process	Consultative	⟷	**Transactional**
Pricing Methodology	Custom/complex	⟷	**Standard/simple**
Length of Sales Cycle	Long	⟷	**Short**
Influence Over Sale	Team	⟷	**Individual**
Number of Transactions	Few	⟷	**Many**
Number of Accounts Managed	Few	⟷	**Many**
Type of Sales Channel	Indirect	⟷	**Direct**

Since classic Channel Managers are indirect resources, often without significant direct interaction with, or influence over the end user, their pay mix is generally on the conservative side—in the 70:30 to 80:20 range. The notion that Channel Managers should typically have a more conservative (less leveraged) pay mix is further supported by their heavy relationship management, operational, training, marketing, etc. responsibilities.

Performance Measures

The next design decision is to determine the performance measures to include in the Channel Manager plan. There are three overarching criteria for selecting performance measures:

- Does it directly **impact** your sales strategy?
- Can you effectively **measure** it?
- Can Channel Managers actually **control** results in this measure?

A reward measure should be "high" in at least two criteria. If only control and impact are "high," then work hard on your measurement system. If control and measurability are “high,” then be sure impact is “medium” or “high” before rewarding. If impact and measurability are “high,” then you should consider redesigning the job to increase control to “medium” or “high” before rewarding.

All that being said, the most frequently used performance measure for Channel Managers is the total sales revenue of the channel partners they manage (typically versus a goal). Other measures that are frequently utilized include channel partner gross profit, broader team results and strategic products or services. Measures that are frequently considered but only occasionally used include sales activities, customer satisfaction, channel partner net profit, and consumption/pull-through.

Typical Channel Manager Selection Criteria

Measure	Impact?	Control?	Measure?	Comments
Channel Partner Revenue	High	High	High	Most commonly used measure
Channel Partner Gross Profit	High	Medium	Low	Occasionally used when measurement and control are deemed sufficiently high
Broader Team Results (Revenue or Profit)	Medium	Medium	High	Sometimes tied to higher-level results if expected to support broader team
Strategic Products or Services	High	Medium	Low	Occasionally used
Sales Activities	Medium	High	Low	Occasionally used, especially if strategic initiatives require special attention
Channel Partner Net Profit	High	Varies	Low	Lack of control and measurability, usually make this too problematic to consider
Channel Partner Satisfaction	High	Medium/High	Low	Somewhat subjective in nature and subject to manipulation by Channel Manager
Consumption (sell through)	High	Medium/Low	Low	Highly desired by most companies, but seldom used because difficult to measure

The most important criteria used to select the performance measure for the Channel Manager function are measurement and control. Oftentimes, it is simply too difficult to get meaningful sales data from channel partners to measure and pay against strategically important factors such as key products and sell through. Even if a company’s systems can measure gross or net profit of a Channel Manager’s assigned channel partners, the Channel Manager may not have sufficient control over pricing or other aspects of the indirect channel’s sales process to merit inclusion either.

Delivery Mechanics

There are three primary methods for delivering sales incentive pay to Channel Managers—quota bonus, commission, and Sales Business Objective or SBO (also called Management Business Objective MBO). The most commonly used mechanism for Channel Managers is quota bonus; however, the other two may make sense in your situation as well. The table on the next page summarizes the considerations for each as well as the applicability to the Channel Manager role.

Definition	Advantages/Disadvantages	Applicability to Channel Manager Role
Quota Bonus		
Pre-established dollar amount or percent of base pay that is earned by performing against a pre-established financial (revenue or profit) goal	■ Accommodates unequal (or changing) territory potential through quotas ■ (By definition) typically incorporates a stronger focus on goal attainment ■ More easily facilitates rewarding multiple objectives ■ Easier for management to "control" earnings ■ Fits better with low- to moderate-leverage programs ■ Can become complex if not designed well ■ Creates the psychology of being rewarded after the fact for achieving expected performance	■ **Most applicable** to Channel Manager role ■ Channel Managers typically have varying levels of opportunity in their assigned geographies
Commission		
Percent of revenue or dollar amount per unit	■ Creates the psychology of sharing results with the company ■ Fits better with high-leverage incentive programs ■ May be a simpler concept to communicate ■ Greater tendency to reflect territory size vs. effort ■ Usually lower degree of goal emphasis (if any) ■ More difficult to manage to target compensation ■ Subject to greater earnings variability based on price fluctuations ■ Complicates territory reassignments	■ **Typically not appropriate** for Channel Managers ■ May make sense in some situations where there is relatively equal sales opportunity or a high emphasis on new partner acquisition or growth
SBO (MBO)		
Pre-established dollar amount or percent of base pay that is earned by successfully executing non-financial sales objectives	■ Reinforce strategic sales initiatives (relationship management, pipeline development, new product introduction, partner training, etc.) that lead directly to desired sales results ■ Typically used when normal performance management process (and associated merit pay opportunity) is deemed insufficient to drive non-financial behavior ■ Many companies avoid this mechanic because paying for activities is not perceived as being aligned with "pay for performance" culture	■ **Occasionally used** for Channel Manager sales incentive plans when companies want to put extra emphasis on strategic initiatives ■ Companies typically want to avoid reducing quantitative sales incentives that are already conservative

Note how the quota bonus is the most appropriate delivery mechanic in most cases. Relative to commissions, the quota bonus is often more appropriate for three primary reasons:

- Channel Managers need to be strategic rather than tactical in nature and their incentive plans need to align with such desired behaviors

- Commissions, typically paying from dollar one, do not make sense since a high percentage of sales can be considered "annuity" sales and their salaries are typically a high percentage of their target total compensation. By paying them commissions, even if their target mix is theoretically 80:20, their effective pay mix would become more like 95:5

- Commissions are highly dependent on territory size. Thus, poor-performing Channel Managers with large territories could undeservedly earn more than high performing Channel Managers with small territories

Not surprisingly, exceptions to this rule exist. For example, new business developers, or "hunters" at health insurance sales organizations typically work partly or entirely through brokers yet their pay is highly leveraged (40:60 mix) and the majority of their incentive pay is through commissions on "new lives" or premiums. Nevertheless, this is the exception rather than the rule, and it makes sense given the "hunter" nature of this role. Most Channel Managers, including the vast majority of salespeople at health insurance companies, are responsible for managing ongoing relationships in a strategic manner. For the majority, quota bonus is the most appropriate alternative.

Payment Timing

Another important decision—and the last one to be covered in this article—is payment timing. The first rule of thumb is to pay salespeople as close as possible to the actual sales result in order to maximize motivational value. There are five factors to consider when determining payment timing as well—percentage of pay at risk, measurement difficulty, reliability of performance results, sales cycle length, and key financial measurement periods. As the following table demonstrates, the most appropriate payment timing for Channel Managers is quarterly or yearly.

Consideration	Monthly (or less)	Quarterly	Annual
Measure as a % of pay	>25%	>10%	<10%
Measurement difficulty	Easy to measure	Easy to measure	Hard to measure
Reliability of performance results	High– limited ability to "game"	Moderate– some ability to "game" monthly	Low– only annual performance is reliable
Sales cycle length	<2 months	2–6 months	>6 months+
Key financial measurement periods	No particular emphasis	Quarterly targets	Annual budget

Channel Managers rate as "quarterly" or "annually" in every one of these factors. Perhaps the most important consideration here is "measure as a percent of pay." With a typically conservative pay mix, monthly payments would result in dividing variable payments too thinly to be meaningful or to motivate desired behavior. "Measurement difficulty" is another important consideration. Receiving timely and accurate sales data from channel partners can be difficult in any time period less than annual.

From our experience, the most common pay practice across all industries is for Channel Managers to be paid quarterly against an annual sales goal. This generally strikes the right balance between motivation (paying as soon as possible after the sales event) and strategic alignment (utilizing factors such as profit or sales through that are typically more difficult to measure on a frequent basis).

Notable Exception: Health Insurance Sales Roles

As briefly addressed in the delivery mechanic section, some industries that sell through channel partners utilize sales incentive practices different from those outlined above. This includes health insurance companies where salespeople work through agents or brokers the majority of the time for sales to small to medium-sized accounts of 1,000 "lives" or less. Specifically:

- New business "hunter" pay mixes are often highly leveraged—35-40% base salary and 60-65% incentive—and are paid primarily via commissions from dollar one

- Existing business "farmer" pay mixes are conservative—in the 70:30 to 80:20 range—but they utilize some unique performance measures, primarily assigned account retention versus goal

Does this contradict the direction we have provided in this article about sales compensation design for the "classic" Channel Manager? We think not. The health insurance industry example is unique because it can measure sales results much more accurately than other industries (manufacturing, food, etc.) that are at the mercy of the channel partners to provide any sort of data on a regular basis. Legal and practical considerations mandate detailed sales information when accounts are first sold by the agent and primary account ownership responsibility transfers from the channel partner to the insurance company once the deal has been signed and implementation steps begin. Even though salespeople at health insurance companies often do not directly interact with the end-user clients, this ability to measure results trumps the lack of individual influence over sales results in determining mix level and delivery mechanics. However, a strong case can still be made that the low level of face-to-face interaction would suggest that the "classic" Channel Manager incentive design concepts described above would actually be more appropriate.

Design Considerations for "Hybrid" Channel Managers

Channel Managers at many companies—especially smaller ones—often have dual direct and indirect sales responsibilities. Naturally, many companies utilize a corresponding combination of direct and indirect sales incentive design practices—e.g., they use a slightly more leveraged pay mix, pay commissions for direct account sales, and pay incentives monthly. We believe that there is some risk in using a hybrid incentive plan and that the "classic" Channel Manager design principles described above should be utilized in most cases. Channel Managers must maintain a strategic, company-first perspective even if they have a degree of direct account sales responsibilities. Making them eligible for individual (often monthly) sales commission earnings can drive a tactical "me first" mentality that is at odds with the fundamental nature of the role. From our experience, the opportunity to earn significant upside through dollar one commission earnings can be a tantalizing detriment to focusing on, and achieving, the bigger picture channel partner sales objectives.

Design Implications for Managers of Channel Managers

Earlier—in the target pay level section—we mentioned how Sales Manager benchmarking data can be used if Channel Manager-specific data is not available. This is because Channel Managers are comparable to direct Sales Managers in many ways. Both are one step away from the end-user customer and both are responsible for managing other resources in the most effective way possible. The key difference, of course, is that Channel Managers supervise non-employee partners and direct Sales Managers supervise employee salespeople.

A similar analogy can be drawn for Managers of Channel Managers (CMMs)—the CMM comparison being the Sales Director of the direct sales organization. Both the CMM and the Sales Director are two steps from the end user. Both also have significantly greater scopes of responsibility and require a higher degree of strategic acumen.

Their sales compensation methods are also comparable in that both utilize performance measures somewhere between the 1st level (Sales/Channel) Manager and the 3rd level (Sales/Channel) Vice President. Where Sales/Channel Manager plans typically "look down"—i.e., are based on the results of their direct reports, and VP plans typically "look up"—i.e., they are typically eligible for the executive incentive plan, Sales Director and CMM plans typically look both up and down. They are based on a combination of how their direct reports and the broader organization perform against their respective goals. The most common CMM weighting between individual (channel partner) sales results and broader team results is 60%/40% to 75%/25%.

CMM incentive plans are almost always paid out annually and delivered via quota bonus. While their individual (direct report team) measure is usually revenue, their broader team measure is more often than not profit-based, in accordance with how the Company's top executives are paid.

Summary

As the field-based employees responsible for delivering sales results through independent third-party resellers, Channel Managers are critical members of many companies' sales teams. Consequently, companies must ensure that they structure their compensation plans to motivate the Channel Managers to deliver sales results. Nevertheless, the structure of the plan must reflect the nature of the position and align with the characteristics of the individuals in the role.

While the "classic" Channel Manager role has sales-oriented characteristics, the degree of sales orientation is lower than that of a traditional field sales representative. Consequently, it is important to determine if a sales incentive plan is the right type of plan to motivate and reward the Channel Manager. If a sales-oriented incentive plan is appropriate, then relative to an incentive plan for a field sales representative the:

- Target total compensation is more analogous to a sales manager role since both roles are one step removed from the end users and involve supervising, educating, training, etc.

- Degree of leverage tends to be lower (70:30; 80:20) so it is consistent with their significant relationship management, operational, training, marketing, etc. responsibilities

- Type of performance measures are generally similar (sales revenue relative to a quota) because it aligns best with the criteria used to select performance measures (impact, measure and control)

- Payments are delivered through a quota bonus rather than a commission because the Channel Manager's role is more strategic and a relatively high proportion of their compensation is fixed

- Incentive payments are typically less frequent (annually versus monthly or quarterly)

If the Channel Manager's compensation plan employs higher degrees of leverage or a commission is used to deliver the incentive payments, then the Channel Manager is likely to bias to more tactical activities to drive short-term sales results and overlook the strategic elements of their role which are critical to drive the long-term performance of the company's channel partners. Importantly, if the compensation plan is not designed correctly, then the company will not attract and retain the type of talent that is required to perform this role. Consequently, selecting and designing the right type of incentive plan for the Channel Manager is critical to the success of the Company's indirect sales strategy.

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