

# 8

## Key Sales Metrics

Every Technology Vendor Must Know  
& Use to **DRIVE** Channel Success.



# Executive Summary

Fifty years ago, there was no fuel gauge in the Volkswagen Beetle... so drivers actually had to stop and use a dipstick to find out how much gas they had left in the tank. Then they had to guess, or hope, they had enough fuel to make it to the next gas station.

Cars have come a long way in 50 years. Today we take our dashboards for granted. Sensors can tell us if a single tire is under-inflated, and our GPS systems guide us through every corner precisely to our destination.

But when it comes to sales data, many technology vendors are still operating like a VW driver from 50 years ago: missing important feedback on channel sales, and relying on guesswork—or sheer hope—that they have enough product or enough sales to make it to the end of the quarter. For a vendor, the more you know about how your products are selling, the better you can allocate your finite sales and marketing resources. And the faster you can ramp up to supply follow-ups, add-ons, or new versions of your most popular products.

**For example, the following eight sales metrics provide essential feedback:**

- *Total Monthly Sales*
- *Total Sales by SKU*
- *Monthly Sales by Reseller*
- *Monthly Sales by Reseller Segment*
- *Monthly Sales by Reseller by SKU*
- *Monthly Sales by Product Category*
- *Inventory on Hand*
- *Unique Resellers*

***This white paper describes each of these metrics, why they are so vital, and how to use them to drive your business to better success in the channel.***

Do your POS reports from distributors and resellers clearly show all these metrics? Or are they just data dumps that demand days of fiddling to reveal any patterns? Or do you see any reports at all from your channel partners?

In today's volatile market, channel and sales executives need an automated system to extract these metrics from raw POS reports, and display them on an easy-to-scan dashboard. When all eight of these sales metrics are quickly visible, the top challenges and opportunities leap out at you immediately... and the road to better channel success becomes clear.

## ►► NOTE

*This white paper describes each of these metrics, and why they are vital to drive your business to better success.*

# 1 TOTAL MONTHLY SALES

***What this metric is:***

Your total sales by month for all products through all resellers/retailers; in other words: your top line.

***What this metric shows:***

The annual cycle and overall trends of all your channel sales.

***Why you absolutely need to see this:***

Without seeing this cycle, how can you quickly tell whether your channel business is trending up or down? Without knowing your annual sales pattern, how can you prepare for any seasonal ups and downs? Or plan marketing campaigns and promotions for maximum impact?

***How to use this metric to drive your business:***

1. Generate a smoother revenue stream by planning promotions during any slower periods.
2. Milk the most from any exceptionally strong periods with any further marketing efforts.

***Another way to look at it:***

You can also view the same numbers as a 12-month rolling trend line with a new data point for each month. This view rules out any seasonal effects to give you a more realistic picture on whether your channel sales are actually increasing or declining.



# 2

## TOTAL SALES by SKU

### ***What this metric is:***

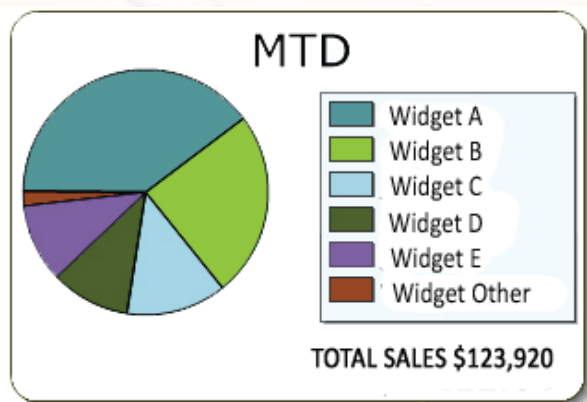
Your total sales by SKU by month.

### ***What this metric shows:***

Which of your products sell best through the channel and at what time of the year.

### ***Why you absolutely need to see this:***

This metric shows your product-by-products sales; without seeing that, how can you tell what's hot and what's not? And without seeing the month-by-month trends, how can you know which products are moving up and which may have stalled? Or know how best to allocate your sales and marketing resources to build profits?



### ***How to use this metric to drive your business:***

1. Review sales by SKU by month to see which are your strongest and weakest channel performers.
2. Change the dates on your period-over-period trends to coincide with any marketing program for a quick check on its ROI (return on investment).
3. Use this calculation to check the effectiveness of spiiffs and other item-specific promotions, and gauge the direct impact of these promotions on sales.
4. Allocate sales and marketing resources to the most productive SKUs at the most productive times of the year to build channel sales and profits.



# 3

## MONTHLY SALES by RESELLER

Reseller	Sep 2008	Aug 2008	Jul 2008	Jun 2008	May 2008	Apr 2008
AMAZON.COM INC	2,129.05	13,729.82	8,053.67	18,123.19	8,939.67	13,774.35
BUY.COM INC	1,268.38	2,386.70	1,484.57	567.78	707.00	750.29
AMAZON.COM.DEDC INC	975.00	1,326.00	.00	.00	227.72	244.29
OFFICEMAX CONTRACT INC	236.69	448.33	467.29	429.34	400.41	496.25
GOLDMAN LOCKEY CONSULTING	195.00	.00	78.00	39.00	.00	.00
SOFTCHOICE CORPORATION	191.76	.00	63.92	255.68	127.84	.00
ONSALE, INC.	180.27	688.81	316.56	432.91	617.71	405.57
PROVANTAGE CORPORATION	156.00	712.54	361.84	125.92	234.00	117.00
GLOBAL COMPUTRONICS, INC.	89.86	.00	.00	.00	.00	.00
OVERSTOCK.COM INC	89.86	235.29	265.22	39.00	.00	.00
THE COMPUTER HAUS	89.86	.00	52.43	37.43	74.86	89.86
MCIS CORP	82.36	.00	.00	.00	.00	.00
Sales Totals	6,112.06	38,437.93	29,607.78	30,138.88	26,204.05	31,995.13

### ***What this metric is:***

Your total monthly sales for all products through each reseller/retailer.

### ***What this metric shows:***

How important each channel partner is to your sales, and whether each is moving up or down over time.

### ***Why you absolutely need to see this:***

This shows who you've lost and who you've gained... and how much revenue those gains and losses represent. That makes this one of the most important metrics to extract from your POS reports.

### ***Another way to look at it:***

Look at a graphic showing the trend for each reseller over time, and compare it to the rest.

### ***How to use this metric to drive your business:***

1. Invest co-op dollars in your best resellers.
2. Try to replicate your top resellers.

***For example, if your top channel is techdepot.com, consider a marketing investment in staples.com or officemax.com, which should pay off just as well.***

# 4

## MONTHLY SALES by RESELLER SEGMENT

### ***What this metric is:***

Your total monthly sales by reseller segment.

### ***What this metric shows:***

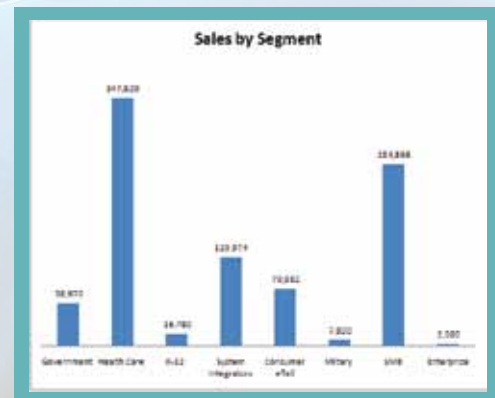
Which market segments your resellers are selling your products to.

### ***Why you absolutely need to see this:***

Getting to know your resellers intimately points out potential niche markets. If you take the time to understand each reseller's customer base, you can begin to categorize them and visualize your sales by reseller segment.

### ***How to use this metric to drive your business:***

1. Make the most of your resources by marketing to select segments, rather than the entire market.  
For example, this graph quickly reveals that this vendor should focus on healthcare and SMB resellers, rather than education or military resellers.
2. Attend trade shows, take part in channel promotions, and run other marketing campaigns targeted at your most promising segments.
3. By the same token, avoid general-purpose or shotgun promotions with a weaker focus that are not as likely to pay off.



# 5

## MONTHLY SALES by RESELLER by SKU

### What this metric is:

Your monthly sales for each SKU through each reseller/retailer.

### What this metric shows:

Which SKUs each reseller is buying and when.

### Why you absolutely need to see this:

This metric tends to give the most "ah-ha" moments, by challenging presumptions that may not be true.

### Another way to look at it:

Look at a graphic showing the trend for each reseller for each SKU over time, and compare it to the rest.

### How to use this metric to drive your business:

1. Challenge your presumptions by drilling down.

*For example, Reseller X may look like a top partner, yet they only bought one product in quantity a couple of times, perhaps to fill a big one-time order.*

2. Look for unexploited sales potential.

*For example, what looks like a successful SKU may actually be moving through only reseller. In this case, sharing co-op dollars for that SKU with other resellers should improve your results.*

Sales By	Reseller	Widget C	All Distributors				
Reseller	Sep 2008	Aug 2008	Jul 2008	Jun 2008	May 2008	Apr 2008	
AMAZON.COM.DEDC INC	975.00	1,326.00	.00	.00	78.00	117.00	
▶ AMAZON.COM INC	819.00	9,945.00	4,797.00	14,547.00	6,357.00	12,090.00	
GOLDMAN LOCKEY CONSULTING	195.00	.00	78.00	39.00	.00	.00	
BUY.COM INC	156.00	702.00	780.00	429.00	351.00	312.00	
PROVANTAGE CORPORATION	156.00	390.00	234.00	78.00	234.00	117.00	
MOREDIRECT INC	78.00	39.00	.00	39.00	.00	.00	
EBYTE.COM LLC	39.00	.00	.00	39.00	39.00	.00	
ATLANTA NETWORK TECHNOLOGIES INC	.00	39.00	.00	39.00	78.00	.00	
B2B COMPUTER PRODUCTS	.00	.00	.00	.00	.00	.00	
BITVISION LLC	.00	.00	.00	.00	.00	.00	
BUNDY TYPEWRITER CO	.00	.00	.00	.00	.00	.00	
BYTE SIZE, INC.	.00	.00	.00	39.00	.00	.00	
Sales Totals	2,418.00	13,221.00	6,669.00	15,795.00	7,878.00	13,104.00	

# 6

## MONTHLY SALES by PRODUCT CATEGORY

### ***What this metric is:***

Your monthly sales by product category.

### ***What this metric shows:***

Which types of product are moving over time.

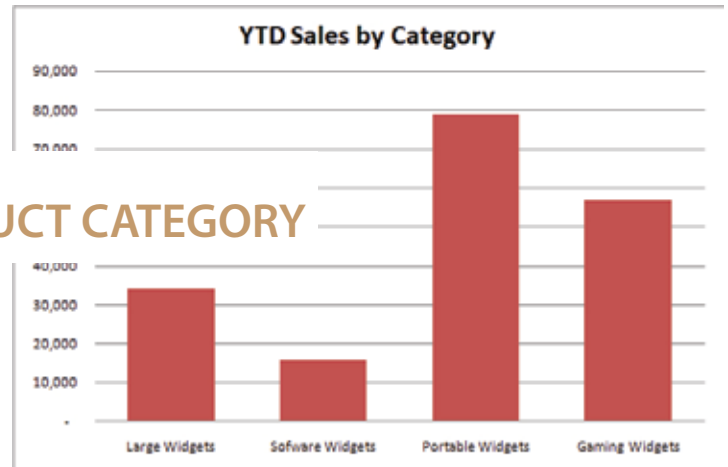
### ***Why you absolutely need to see this:***

Categorizing your products gives you a more accurate look at a product segment as a whole, instead of each individual SKU.

### ***How to use this metric to drive your business:***

1. Analyze your products by category to challenge your presumptions.  
For example, you may discover that one category looks to be doing well, but its sales are dominated by a single SKU, while the rest of the category is weak. Meanwhile, an entirely different category may show greater strength across the board.
2. Revise product road maps and release dates to reflect the true strength of your product categories.
3. Revise your marketing and promotions to reflect the true strength of your product categories.
4. Revise how you pitch products to prospective resellers.

***For example, if they are strong in the same product categories, make sure to stress that you have products well-suited to their clients that will likely sell through strongly.***





# 7

## INVENTORY ON HAND



### ***What this metric is:***

Your total inventory in the channel by SKU by week, as well as your current run rate.

### ***What this metric shows:***

How much of each SKU is available to the channel.

### ***Why you absolutely need to see this:***

Watching your inventory in distribution helps avoid costly returns, shortages, and lost sales.

### ***Another way to look at it:***

A graphic of the trend for each SKU over time shows at a glance the right level of inventory.

### ***How to use this metric to drive your business:***

1. Compare your in-stock balance with the average run rate to predict shortages and overstocks.
2. If your stock is much greater than your run rate, consider a promotion or price cut to move it faster.
3. If your run rate is higher than your stock, remind channel partners to re-order to avoid lost sales.
4. Learn your partner requirements.

***For example, after only six weeks, some distributors change the status of underperforming SKUs to "special order." Knowing this can help you time launches and promotions to drive sales on products you want stocked in all their warehouses.***

**TOTAL CHANNEL INVENTORY \$20,281.67**

Product	Run Rate	08/18/08	08/11/08	08/04/08	07/28/08	07/21/08	07/14/08	07/07/08	06/30/08
Universal Widget A...	292	244	364	259	287	74	182	218	303
USB Widget-2 gig (...)	436	351	476	250	320	197	208	280	188
USB Widget-4 gig (...)	157	123	159	183	212	82	146	158	82
USB Widget-4 gig (...)	1	0	0	0	0	0	0	0	0
USB Widget-2 gig (...)	0	1	1	1	1	0	0	0	0
USB Widget-4 gig (...)	5	25	25	21	11	15	12	16	12
USB Widget-6 gig (...)	1	6	6	10	13				



# 8

## UNIQUE RESELLERS

### ***What this metric is:***

A list of all retailers/resellers who ordered anything from you within a specified time period.

### ***What this metric shows:***

Which new resellers you are gaining.

### ***Why you absolutely need to see this:***

This helps quickly calculate the ROI on any marketing programs aimed at growing your reseller base.

### ***How to use this metric to drive your business:***

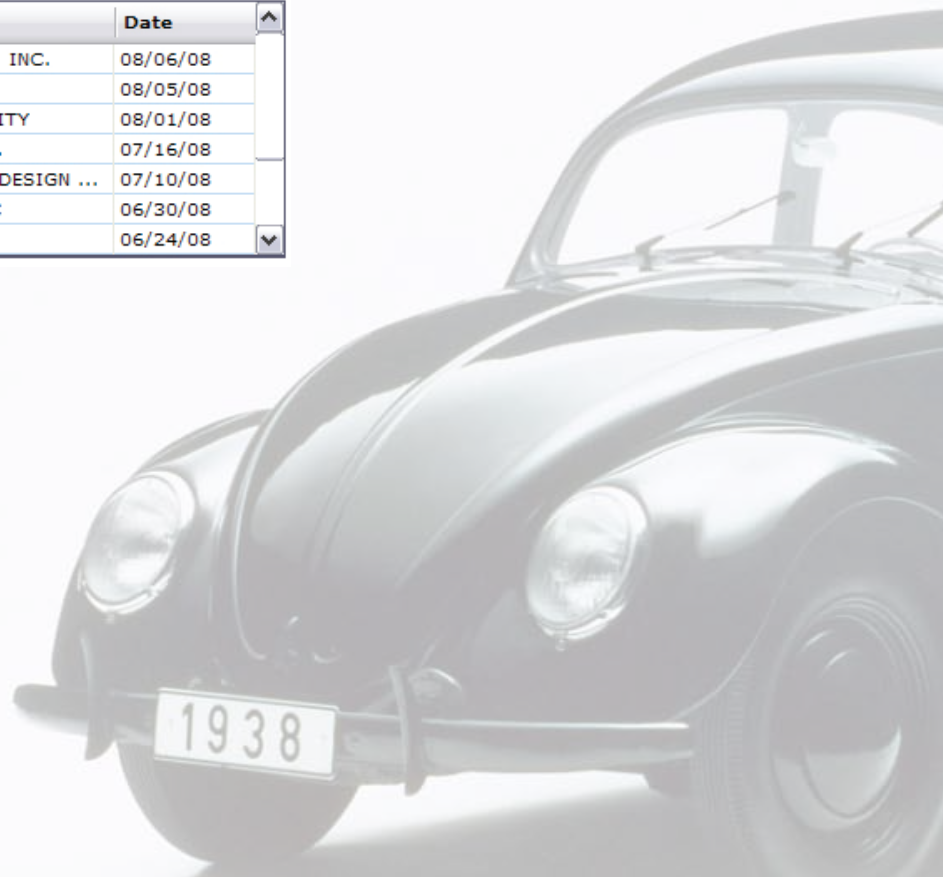
1. Use this metric to evaluate the results of your reseller marketing programs.

***For example, do a direct mailing to 50 resellers, and then check the results. If this report shows that no new resellers from your target 50 ordered anything in 90 days, that mailing was not effective.***

2. Repeat or build on successful marketing messages.

On the other hand, if this report shows that many recent orders came from new resellers on your hit list, then your mailing worked.

6/ 1/2008	8/31/2008
Reseller	Date
GLOBAL COMPUTRONICS, INC.	08/06/08
MCIS CORP	08/05/08
GEORGE MASON UNIVERSITY	08/01/08
MULTI IMPRESSIONS INC.	07/16/08
APPLICATION RESEARCH DESIGN ...	07/10/08
COMPUTER SOURCES INC	06/30/08
JC TRONIX	06/24/08



### **NOTE**

The question arises: "If these metrics are so important, why doesn't everyone use them?"

# WHY DOESN'T EVERYONE USE THESE METRICS?

Now that we've seen how important these eight metrics are, the question arises: Why doesn't everyone use them—especially today, when the economy is so volatile and buyers are so unpredictable? After all, no company can afford to make mistakes or to miss out on opportunities. Every technology vendor needs precise, up-to-date sales metrics to adapt quickly and decisively to changing markets. And presenting these metrics on a visual dashboard shows patterns faster and better than hunting through an inch-thick report. After all, this is why your car's gas supply shows on a gauge rather than a printed report.

The problem is: The typical reports provided by distributors and resellers/retailers do not provide these metrics; they are only raw data dumps. (Some distributors won't even release that much, fearing they will someone "give away the secrets" that make their channel partners stick with them. But in this case, ignorance is not bliss.)

Extracting meaningful metrics from these reports is so time-consuming that many technology vendors don't do it more than once a quarter. And they seldom create visual charts or graphs, especially any to be re-generated on the fly for different SKUs, time periods, or channel partners.

So the vital metrics that could improve everyone's business are never extracted from the available mass of POS data, because this process is just too slow, ponderous, or guarded.

These vendors are operating rather like those VW drivers from 50 years ago: They pull off the road once in a while to peek into a mass of data, and then resume driving on a prayer that they can reach the next stop. Those companies are trying to build channel sales by literally "driving blind." Is this an effective way to run a business in the 21st century?

## ►► NOTE

*Without a dashboard showing these eight key metrics, any technology vendor is "driving blind."*



# CONCLUSIONS

Fortunately, a practical channel sales dashboard for technology vendors now exists. The Channel Informer® runs on a secure Web portal linked to your channel partners to provide 24/7 feedback on your company's POS performance. Using this dashboard, you can drive your business to more channel success.

In fact, all the screenshots in this white paper are taken from demo data in the Channel Informer. Imagine what it could do with real, live data from your company.

To find out more about how you can see up-to-date sales metrics on your own dashboard, visit [www.channelinformer.com](http://www.channelinformer.com) and try the demo. Or call (800) 661-9715 to discuss how to make this dashboard available to your team.



## ***About Global***

Established in 1996, Global Marketing Partners, Inc. helps IT vendors grow their sales in the channel with direct access to multi-national distribution channels, business intelligence, and marketing programs. Global has helped more than 500 technology vendors such as Case Logic, Energizer, Microsoft, and Symantec improve their channel results through distributors and national retail chains. Our wholesale/reseller clients include Baker & Taylor, Best Buy, CompUSA, Computer City, Ingram Micro, Navarre Corporation, Navarre Entertainment, and Tech Data.

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