

WHITEPAPER

Four common
challenges of
supporting
partners
with market
development
funds

**Why MDF programs can fail
and what to do about it**





Why MDF programs can fail

The IT industry is driven largely by a channel model, creating an ecosystem of strong relationships and interdependencies between and among vendors and channel businesses. Market development funds (MDF) form a key part of these relationships, providing a mechanism to promote vendor and channel businesses alike.

The benefits of MDF programs are significant but, unfortunately, many channel partners shy away from leveraging them fully. This means vendors may face low partner engagement, which means funds earmarked for partners remain unspent. In some cases, this may be due to a lack of education and awareness around MDF programs and available funding. Or, partners may experience time and resourcing challenges that impede their ability to engage with MDF programs. **In some cases partners feel that the time and effort put in to managing vendor MDF programs isn't worthwhile – this is often when the approved programs are run as cookie cutter programs rather than personalised for each partner.**

Unspent MDF represents a significant lost opportunity for vendors and partners alike. By working together, vendors and partners can increase market share and revenue. The cost to partners is extremely low, especially if they work with a marketing agency to maximise the value of the MDF that is available to them. So, it is important for vendors to understand why partners aren't leveraging MDF to its full advantage, then work with their partners to overcome these barriers.

This whitepaper has been developed to discuss some of the common challenges around maximising MDF programs, as well as how to address these pain points with viable solutions.





The benefits of MDF programs

For partners to take full advantage of MDF programs, they need to understand their benefits. To overcome the first hurdle, vendors and partners need to consider the three major benefits that MDF programs offer:

1

Lead generation

MDF programs are designed to generate leads, opportunities, and revenue. By accessing vendor funds, partners can engage in marketing programs they may not ordinarily have budget or resources for. This helps them increase new business opportunities.

2

Targeted campaign opportunities

Vendors often work with partners that have expertise in specific market sectors. These expert partners are best placed to effectively target these sectors. Using MDF, each partner can essentially create a tailored campaign that targets a specific corner of the market. This lets vendors reach more potential buyers in a way that resonates more strongly with them than a generic campaign would, effectively individualising the marketing effort in a way that wouldn't be possible if the vendor were working alone.

3

Stronger partnerships

Working together on MDF programs can strengthen the partner/vendor working relationship. It gives them the opportunity to collaborate and build trust for the companies' mutual benefit.

The four common MDF challenges

While it is essential that vendors and partners have a fundamental understanding of the value of MDF programs before embarking on any campaigns, this isn't the only hurdle that they will need to overcome.

There are four common challenges that businesses may experience when engaging in MDF programs that may result in programs failing. Fortunately, there are ways to mitigate the risks and deliver successful MDF programs for both vendors and their partners.



CHALLENGE 1

Partners don't understand how to access funding

One of the primary contributing factors to failed MDF programs is the partner's lack of awareness. It may be that they don't understand what MDF is, they don't know that a vendor has MDF programs available, or they don't know that their business is eligible for MDF programs. Regardless of the reason, this is a major roadblock.

SOLUTION

Communicate clearly, effectively, and consistently



Communication is the key to business success. Good communication is essential to business partnerships and getting the communication right regarding MDF programs can increase uptake and outcomes.

Vendors should create dedicated communications programs and strategies around:

- what funds are available and when
- the eligibility requirements for MDF
- how to apply for MDF
- what proof of execution is required
- how to engage with the vendor including key stakeholders and contacts
- how to access third-party resources
- any special requirements or opportunities.

Vendors that communicate consistently, clearly, and regularly tend to gain more partner participation in MDF programs and see better results for their investment.



CHALLENGE 2

Partners lack the resources they need

Though partners may be eligible for MDF programs, they may not have the resources needed to participate in marketing programs. This is especially true of smaller channel partners who may not have a dedicated marketing person, for example. Getting more partners involved in MDF programs can increase the return on investment exponentially, so it is important for vendors to help partners overcome this challenge.



One of the most effective ways to overcome this challenge is to simplify MDF programs for partners. For example, partners may lack the resources needed to prepare plans and submit them for funding, so it is important to make the MDF application, approval, and implementation process accessible with easily understood and streamlined processes.

Vendors could consider providing pre-approved marketing templates that partners can update and use in their markets. This is a huge help for partners that lack the time and resources needed to execute marketing programs once they have received funding.

Simplifying the MDF program can also make it easier to onboard channel partners in the first instance, as well as track, monitor, and deploy marketing campaigns and activities.

SOLUTION

Simplify MDF programs to make it easier to participate



CHALLENGE 3

Unclear messaging

Partners may be reluctant to engage with MDF programs because they believe they will need to lead with a vendor message in their marketing collateral, which may not align with how they want to be perceived in the market. Brand messaging can be like a fingerprint for organisations, and many will have a clear and distinct identity that they wish to maintain. Adapting to vendor messaging may be a stumbling block that partners can't see their way around, leading to a lack of partner engagement.

SOLUTION

Vendor
transparency
around messaging
requirements



Vendor transparency around messaging requirements upfront can avoid potential miscommunication or misunderstandings. For example, many vendors empower partners to lead with their own messaging in MDF campaigns and only require cobranding or messaging alignment.

When partners understand the level of autonomy and individuality available within the program, they may be more likely to participate. Therefore, it is essential that any requirements are clearly communicated with partners at every stage of the program.

Vendors must be able to respect and build on each partner's business value proposition. This will help to protect and strengthen the working relationship in the long term. Importantly, by not forcing partners to use messaging that may not align with their business objectives, vendors can avoid potentially damaging those relationships.

At the same time, vendors should consider providing recommendations to partners that complement and build on existing vendor marketing activities. This helps partners ensure they are targeting their MDF-funded campaigns effectively and gives them some ideas if they don't already have a strong marketing message in place. For this to work, there needs to be clear communication between both parties around timing and execution of campaigns so as to avoid overexposure or campaign fatigue in the market.



CHALLENGE 4

Lack of support

When vendors or partners perceive a lack of support from each other, MDF campaigns can quickly become doomed. This lack of support can happen for two reasons. On one hand, vendors may believe that MDF programs are time-intensive and they will need to hand-hold their partners to develop lead generation programs and content for them while also providing marketing advice. On the other hand, partners may incorrectly assume that they are required to log into vendor portals and use pre-created content that may not align with the business objectives or company messaging.



Not all channel partners are created equal, and some will have more or less experience than others when it comes to MDF programs. It is important that vendors provide clear direction and guidance for their partners in terms of what is expected or required when engaging in MDF programs, including the objectives and targets for each partner.

At the same time, if there is clear messaging that vendors want to achieve in the market, they need to be prepared to provide adequate support and guidance to their partners. This could be in the form of templated content and marketing programs, as well as regularly checking in with partners and providing advice as needed. It is essential that vendors steer clear of any vendor-created assets that simply feature a reseller logo and, instead, help to develop unique content for each partner where possible. For example, vendors may provide a base template for partners that can be developed further to reflect their unique value proposition and business objectives, without needing to reinvent the wheel each time.

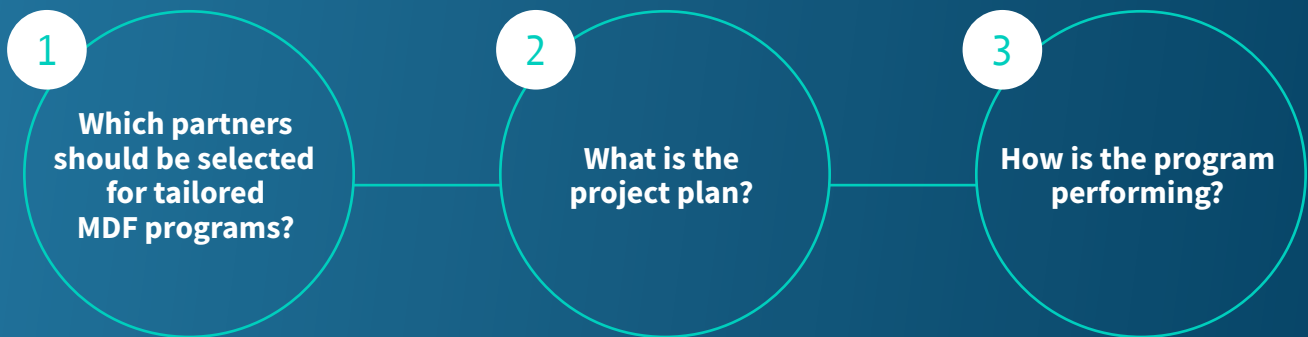
SOLUTION
Find the middle ground



Taking the first step

When it comes to establishing MDF programs, vendors need to have a clear idea of what they want to achieve, as well as the steps they need to take to reach these goals. While it is important to understand the barriers that can affect the success of MDF programs, and how to overcome them, vendors also need to set themselves up for the best chance of success in the first place.

There are three key questions vendors should consider before developing their MDF programs:



For the best chance of success, vendors must consider which partners are the best fit for their MDF campaigns. Ideally vendors should consider partners with growth aspirations or mature partners with existing market resources, while avoiding partners that aren't yet sophisticated or committed enough to implement a campaign.

Vendors must be able to set and follow a dedicated MDF program timeline to ensure success for their campaign projects. This includes setting up dedicated weekly progress meetings, regular meetings with relevant partners and stakeholders, and tracking all working components as needed including landing pages, whitepapers, digital assets and more.

One of the biggest indicators of failed MDF programs is the failure to benchmark or track results. It is essential that vendors have a clear understanding of industry benchmarks to measure against in terms of success, while also tracking each individual program and providing adequate proof of execution.



What next?

MDF programs can be complex and involve lots of moving parts and stakeholders for both vendors and their partners. Vendors can help guide their partners through MDF programs to maximise the chance of success otherwise they risk their MDF programs failing.

Many vendors and partners need some added support. Engaging a third-party provider to support channel partners with dedicated marketing support services can help to significantly streamline the MDF process and boost outcomes. It can lead to a better return on investment for both vendors and partners by giving channel partners access to high-quality marketing materials to better promote vendor products and services.

Third-party marketing support services can help vendors support their channel partners with MDF programs by:

- helping partners to develop customised marketing programs and collateral
- continuously assessing and refining marketing programs to align with business objectives for the best results for both parties
- developing and executing targeted campaigns with regular reporting for campaign and program success.

For more information on how to better support your partners and leverage MDF programs for greater success and business growth opportunities, [contact Outsource today](#) or visit our [website](#).



Contact

Adam Benson,
managing director

adam_benson@
therecognitiongroup.com.au

+61 2 9252 2266

www.outsource.com.au