

TIME for a Change *in Perspective*



COMMENTARY

By **LUCIAN J. LOMBARDI**,
*Vice President and Director,
Distribution Research,
LIMRA*

The term “channel conflict” is often used to refer to one type of channel conflict: *horizontal conflict*. Horizontal conflict is the friction between two or more sales channels that occurs when an organization is using multiple distribution channels to distribute the same product and services to the same target market.

There is another form of channel conflict, however, that is growing more acute each day — *vertical conflict*. Unlike horizontal conflict, vertical conflict occurs within a single distribution channel, and it causes friction between different levels within the same channel. It occurs when customers are given direct access to these different levels.

Why the friction within the single distribution channel? Today’s customers have many different ways to contact us. Our challenge is to provide a consistent customer experience in a multiple distribution message — a message that is cohesive and seamless within levels.

This vertical conflict challenge also requires a change in *perspective*. No longer is the message about being advisor-centric or being client-centric. From a sales- and service-support role, it’s about being *both sales- and client-centric*. This perspective requires an integrated, multichannel development model that provides support and service that are both sales- and client-centric. Each side of this equation is more about the *how* than about the *what*.

On the sales side of the equation, organizations must foster a circle of success that connects with and

inspires the next generation of sales talent. While the support functions from earlier sales models — e.g. training, development, and support — remain the same, what will change is how the functions are delivered. For example, younger generations — generations representing ages 18 through 34 — value mentorship programs as a way to meet training and development needs. These generations also expect an organization to embrace technology and offer a collaborative working environment.

On the client side of the equation, successful organizations are rethinking the marketing cycle. Again, while the support functions are consistent with earlier models of the marketing cycle, what changes is how the functions in the cycle — e.g., prospecting, discovery, proposing, and servicing — are supported. For example, the social media offer the promise of a major new way for prospecting. Nonetheless, we must also capitalize on what is already available — this being the high volume of calls and emails to our contact center. Many such contacts offer a hint at their life events or, at least, a benefits review of them that — if overlooked — represent lost opportunities.

The dual objective of being *both sales- and client-centric* is to integrate *all* of the components needed for advisors and reps to grow their practices. This will require fundamental changes in the way that their support is delivered — and technology will play a critical role in pulling it together cohesively. The major elements supporting the advisor or representative include: a sales desk,

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collaboration team, and a Web portal. The major elements servicing the client are: your company's local office, your contact center, and your Web site.

On the advisor/rep side, support will be delivered several different ways — each based on the level of complexity. Sales professionals can use the Web site of a product provider for simple issues (such as accessing client records), but they will be part of a collaborative effort when providing a more complex solution to your clients' needs.

From the clients' perspective, they want to receive support in the manner that is most comfortable and convenient to them. Similar to advisors and sales representatives, clients may wish to use a company Web site for something simple — like checking an account value. On the flipside, the dining room table is no longer the *only* place where business can be conducted. Clients, instead, may choose to meet with their sales representative at his or her local field office — especially when your team's full resources may be needed.

Going forward — as the multichannel experience for advisors, sales representatives, and clients is deployed — *leadership* is vital. The systems that you are deploying must be integrated and must offer a consistent experience that requires commitment throughout the organization — both at the corporate offices and in field offices.

Today, organizations can no longer afford to avoid channel conflict — whether horizontal conflict or vertical conflict. Organizations instead must manage channel conflict so that the customer experience is positively impacted. 🌐

(Note: To learn more about growth through vertical integration, read both Scott Kallenbach's "Go Wide and Expand into New Channels" article on page 60 in this issue of LIMRA's MarketFacts Quarterly and LIMRA's 2011 Strategic Issue Series report Go Wide and Get Deep: Increasing Sales Capacity.)



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