

IS ‘BEATING UP ON THE VENDOR’ REALLY ALL THAT PRODUCTIVE?

This article has been written to inform clients on building a positive and productive relationship with their vendor(s). It is specifically for clients who feel unsatisfied with their vendor(s) behavior.

The Brief:

Let’s start with a definition. ‘Beating up on the vendor’ is best described as when a customer employs confrontational methods in an effort to receive better service. In essence, it is a tactic some clients resort to when they feel the balance in the client and vendor dynamic has tipped unfairly away from them.

Most instances are triggered by a lack of response, customer frustration, distrust, pricing issues,^{*1} or simply a sense that your business is being take for granted. Customers use this confrontational approach to recover a sense of control in these situations.

A client colleague of mine, a believer in such measures, described the process as a skilled craft. While we agree that it is a skill, we also believe it requires fact-based knowledge. A reasoned approach will be examined here with some recommendations on how best to resolve the conflict and provide an enlightening experience for both sides.

¹ Price negotiations are a larger discussion and will be covered as a separate article.



The Dynamic:
What's Really Going On

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The client/vendor relationship applies the same dynamics as any interpersonal relationship. It is easy to let emotions get the better of sound judgment. Understanding how the other side thinks is key to developing an effective strategy. Rather than satisfying personal egos, the real objective should be simply a change in behavior.

Here are the primary forces behind all vendor behaviors:

- **Money talks** – For vendor organizations revenue growth is king and growth relies on a steady revenue stream.
- **A good rep is hard to find** - Regardless of the size and complexity of the organization, people are still the primary factors in providing good service.
- **Remember all those job cuts?** - Vendors have seen a steady decline in staffing which has forced an increased reliance on distributed processes across several organizations.
- **Walk softly, carry a big stick** – Vendors usually respond positively to opportunity and tend to avoid situations of risk and criticism.

Motivation should be your primary strategy. Just as a vendor attempts to sell you their company, so should you 'sell' your business to the vendor. Pulling your business as a tactic can be effective if it's not overused, although this will become less effective over time. Before engaging in this kind of action you must know what the critical numbers are: how much money is at stake and how easily it can be either offered or denied.

Example – Clients often believe the threat to take their business to a competitor can strike fear in the heart of their sales rep. Unfortunately, he or she knows all too well when contracts expire *and* how prepared you are to move your network to another vendor. The cost of conversion, the potential for service disruption, and simple inertia are very compelling reasons to doubt your ability to make good on such a threat. Most clients rely on their vendors for their network information and so vendors would know first hand how unprepared a client is for this kind of quick change.



In fact, most sales organizations regularly make threat assessments for clients at risk – it is part of their job. There are established strategies and tactics designed to deal with these situations. Unless you have a credibly and effectively communicated risk or reward to their revenue stream, you will be simply ‘handled’. Usually this involves tacit acceptance of responsibility for your complaints; a temporary effort to address them; and then the introduction of ‘new’ solutions presented to address less pressing issues. Sound familiar?

If your interest is improving current service level issues, there is only one solution; vendor delivery. Here is where pointed questions and frank assessments of the situation are key. A well-armed client with a clear set of expectations and the information to back it up can be formidable – if they want to be. Bruised egos aside, this is a healthier alternative to brow beating.

In some cases, a strategically leveraged appearance by your supervisor to deliver a brief message about their expectations can do wonders. The key is to have them dismiss themselves immediately afterward and turn the control back to you. This works even better if the account team’s second level is present as well. Naturally, this is recommended only for persistent, unresolved issues.

A final thought, vendors usually bank on the bundled service strategy for revenue growth. An all or nothing threat is not the only option; slicing and dicing select services can have the desired effect, but this can only be employed when clients really know their stuff. (See *Guidelines for Information Clients Should Know* that accompanies this article.)



The Law of Unintended Consequences: Things You Should Think About

The harsh confrontation or closing off of discussion should not be your first move. While it may seem you will have the last word, trying to forcibly change vendor behavior using these tactics can open the door to a negative shift in the perceived balance of power. Rudeness, reducing the conversation to one-way exchanges, and making unreasonable demands are almost always counterproductive:

1. ***Positions become entrenched*** – ‘the give is gone’ and levels of diminished cooperation result in more frustration – probably yours
2. ***Communications suffer*** – there becomes less incentive to share information which usually aggravates any issue
3. ***The Cry Wolf Syndrome*** – repeated demands that have no apparent priority will eliminate any sense of urgency
4. ***The nuisance customer*** – if every client experience is negative favors will probably disappear

Items three and four can turn out to be the most costly. Constant threats and complaints will result in a client being labeled as a nuisance within the various vendor groups such as tech support and sales. Without strong account team support, tickets get closed quicker, orders become mired in details, and billing issues can linger unresolved.

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Example – The bouncing circuit. Intermittent problems are the most difficult to fix because of duration; the normal metric of an outage. A chronic ticket, one that is kept open to capture the network trouble data over a wider timeframe, is an indicator that you are receiving an acceptable level of support. In some cases vendor meetings may be needed. This brings together local access technicians, equipment technicians and WAN/LD network provider technicians together to systematically rule out each element of the circuit problem.



All these things use valuable vendor resources and time. Your representative, who sets the tone for the rest of his or her organization, is a key figure in this process. Make no mistake about it, given today's troubled economic climate, this *is* a favor and SLA credits won't cover the heat you will take for poor network performance. The preferred environment is an engaged vendor who clearly understands the client's urgency and is committed to stay on the issue until it's resolved.

Our Position:

It may appear as if we're putting too much responsibility on the customer and not enough on the errant vendor. Not true. What we are saying is the customer needs to identify the 'good ground' on which to do battle. At Gettysburg, a Union cavalry general discovered the advancing Confederate Army, realized the moment, and organized his men to defend a position that held throughout the three-day engagement and ended up being a decisive advantage in one of America's most celebrated battles.

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In this case the good ground is twofold: First, to take the position of strength and second, use it to achieve the end game. Strength, in this case is the knowledge that creates and maximizes your options. Think of options as capital that can buy the results you want or at least provide the most advantageous position. Second, the end game should be a positive, productive relationship between client and vendor. Together, these deliver favorable outcomes and will show you as competent in the eyes of your superiors.

Effective representation:

There is no substitute for a good representative – that individual with which you can communicate and have access to when you have an issue. Most vendors today recognize that few individuals have enough knowledge to span all services, technical acumen, and provide support functions and conduct sales. While the individuals may vary in capabilities, Account Teams should have some kind of a leader who brings them to bear on the issues when needed. (See ***Satisfactory Account Representation Checklist*** for details.)



Mutual respect begins at home:

Asking your vendor for anything other than very specialized information is ceding ownership to them. What you don't know says a lot about your control:

- Don't know how tight your circuit inventory is? *You don't know where things are.*
- Don't track order history and timelines? *Installs and disconnects aren't a priority.*
- Don't get around to disputing billing issues for several months? *You're not looking at the bill.*
- Don't know what your spend should be? *You're OK with signing blank checks.*

These items telegraph your lack of involvement in the moving parts of your business.

Practice strong diplomacy

If you want to be respected, demand it by making it known you have these facts at you fingertips. Engage your vendor in discussions with this information in hand. Clearly outline your expectations and allude to potential sales opportunities on the horizon to keep their interest piqued.

Also make it clear everything discussed will be in your terms and from your perspective. Don't let language get in the way – it causes confusion and discourages a two-way dialogue. Ask them to define their terms and don't refrain from saying things like, 'OK, but what does that mean to me?'



Take control in a positive way

Have the means to monitor and manage the relationship. You cannot expect an improvement in service unless you have the means to look back and critically analyze what's going on. Measure what's important to you. Explain to your vendor what is important and why. Quantify how they will be measured, graded, or evaluated and make these items your benchmarks.

Installation intervals are particularly important, especially if there are a lot of orders or this is an ongoing process. The clock should start when you send in the order and ends when the circuit is actually usable to your end-user. Today vendors start and stop the clock for all kinds of reasons and then count the days as if it's an end-to-end timeline. Do this with billing also. Issues should be resolved within 1-2 billing cycles, not dragged out waiting for information.

Credibility

Finally, don't discourage the truth. If a vendor is having a challenge internally, that needs to be shared with you, the client. Let them know it's OK to reveal their problems early on to avoid the ugly truth at the eleventh hour. The same holds for your organization. If you aren't ready for a cutover, if you haven't provided the information needed, then a simple admission allows that to be built into the process. This also encourages learned lessons as part of the dialogue that should eliminate roadblocks going forward. Identifying and minimizing errors helps both sides achieve what they want – better service for you.

A final thought is to always have a contingency plan in case the unexpected comes up. "Plan B" can eliminate a great deal of anxiety even if it is never used.

Taking these steps will ultimately make your life simpler and provide a steady flow of good news to share. The-vendor-is-at-fault explanations get old very quickly. Instead, reviewing achievements is far more interesting to your internal audience.

