

# WORKING WITH SUPPLIERS



**MOVING FROM DYSFUNCTION TO EXCEPTIONAL RELATIONSHIPS**

**BY TIM BROWNE**

Plumbers drive me crazy. Not all plumbers - just those that turn up late, don't return phone calls, charge outrageous rates and those that always find something else that needs to be fixed. So actually, yes, all plumbers.

Dealing with tradespeople or any other third party supplier of goods or services can be incredibly draining and frustrating. In our personal lives we usually end up spending more time or money to ensure we get progress on our projects. Although we get upset - we also learn to deal with it.

At work, a dysfunctional relationship with a supplier can result in more significant consequences. Being let down by a supplier can dramatically undermine the successful delivery of a project, flunk a KPI and ultimately tarnish the perception of our own performance and reputation.

Our ability to ensure that our suppliers do what they say they will do, by when they said they would do it and for how much they quoted, is paramount to our own success.

Common pitfalls when working with suppliers include:

- Different expectations
- Assumptions about the 'how'
- Changing priorities (for both parties)
- Clouded communication
- Lack of tough love

Here are Five Unconventional Crucial Questions that I will either ask directly to the supplier or will attempt to answer myself before working with them:

## Question #1

**Why do you do what you do?**  
(How did they get into it?)

Although most relationships formed between a business and its suppliers are initially based on factors such as; value for money and demonstrated ability to 'deliver the goods', these alone will not ensure the relationship stays strong – especially in times of pressure/conflict.

Through understanding the supplier's reasons for actually being in business, you can ascertain what is important to them and what motivates them. Using this knowledge you can craft your requests, communication and negotiations around their priorities and reasons for doing business. For example: if your IT Support company explains that they were founded by an ex-carpenter who was passionate about improving his own business through IT systems, you ensure that any requests for work clearly link back to your own business (not technology) outcomes.

## Question #2

**What won't you do?**

Another misconception that suppliers have is that they should be able to help their customers in any way possible. Like many of us, suppliers are not good at saying "no" when they are asked to provide an additional service or product outside their core offering, especially when there is a dollar to be made. The downside to this is that often we, the customer, can become a 'guinea pig' and end up with an inferior product or service that costs more than we should have paid.

To effectively manage relationships with suppliers we actually need to take the lead and ascertain what exactly is out of their scope and what specifically they can provide. By doing this we are giving them permission to say "no" and allow them to focus on what they are good at.

## Question #3

**How do you make the most money?**

Ironically, although we engage our suppliers to make sure our own businesses are successful, we should also understand that by ensuring their businesses are successful we significantly improve the level of service and delivery we are likely to receive.

When working with a supplier I will always try and understand their business model and how the service/product they provide us benefits them financially. If I detect that although we are getting a bargain their business model is unscaleable or unsustainable I need to question the longevity of our relationship and how that may impact my own business. Should a supplier become financially stressed or resource stretched – this will ultimately affect their performance for you. If you are dependent on a long-term relationship with a supplier it is in both your interests that your transactions sustainably build each of your businesses.

## Question #4

**Do you really understand what my success looks like?**

Be explicit with what you want. Don't play games or let either party make assumptions. If you want an IT consultant to design a new customer portal for your clients – tell them – we want to look brilliant in the eyes of our clients.

Also be explicit with your budget. Too often our assumptions around pricing are completely mismatched. Again, someone needs to take the lead and by being up front with what you have to spend you

set a distinct tone for the relationship. This honesty then allows you to more easily communicate around tougher issues such as lack of performance, delayed delivery or inferior quality. Providing regular, honest feedback (both positive and negative) to our suppliers is demonstrating loyalty to them. Consider the alternative; when we are not happy we just tend to walk away and start all over again. My advice is to find opportunities early in the relationship to thank suppliers and also to provide them with how you would like them to improve things.

## Question #5

**What would happen if you or I leave?**

You may have often seen what happens when key people leave an organisation or a supplier, the relationship crumbles, service levels dwindle and it is often a catalyst to go through the costly and time consuming exercise of finding a different supplier. At all times look to establish more than one point of contact within both your own and the supplier's organisations. By simply introducing your supplier to different people around your business you will help break any dependency they have on you. Taking the time to indoctrinate your suppliers into your culture will help them understand "how things are done around here". If pursuing a long-term relationship, try to arrange a visit to their site to understand how they do things.

Finally, look at how you are documenting conversations, quotes and negotiations. Simply keeping emails on your computer will not be good enough. You can often modify and use existing business systems such as a Customer Relationship Management (CRM) tool to also include a record of your communication and decisions with a supplier. Your goal should be that if either you or your main contact at the supplier were to leave, or even be sick for a day, business and delivery of service would continue as usual.



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