



How Important are Vendor, Partner, and Strategic Relationships in Business? Partner, Vendor, and Strategic Relationships

It is absolutely a necessity if you want a sustainable business. Partners, vendors, and strategic relationships need to be an integral part of your business, plan, mission, vision, and long-term goals.

Good relationships can make or break a company.

Currently of electronic, high tech, Internet, and outsourced customer service, many companies have lost the understanding that relationships are the foundation of life, let alone the engine that drives a long-term good business. It is absolutely a necessity that if you want a sustainable business, vendors (sourcing partners, suppliers) need to be an integral part of your business, plan, mission, vision, and long-term goals.

Relationship: Starting Point

With the onslaught of changes in the sales world from 40 years ago to now, where it meant something that a person was a PROFESSIONAL SALESPERSON, the Internet and outsourced customer service has not been able to replace the human touch, relational building, and the foundation of business. In other words, the vendor, the client, those that work for and with companies, and the company itself all provide the needed components of any good business. This includes having a good relationship with them.

In this world of cost reduction, competition, global economics, increased raw materials cost, outsourced customer service, and many other challenges, many have lost the importance and understanding that without GOOD vendor partners, you will not have the needed goods and services to provide the foundation and the goods and services you provide to your clients. With that said, there are ways to obtain the best pricing, along with quality, without jeopardizing these great vendor relationships.

Client / Partner / Vendor / Supplier Statement

To better appreciate what we have stated and understand that it is our practice to build relationships, one of ATS's client / partner / vendors stated this:

*"We at Geiger worked with ATS in putting together a successful national company store program for a large multi-billion-dollar company. **Objectives were to reduce overall costs for branded promotional products and logo apparel while at the same time reinforcing the companies brand through consistent use of the company's identity throughout their various divisions.**" ATS **made their objectives clear to us from the start and then collaborated carefully***



with us to craft a successful program that remains in effect to this day. Cost savings to the company amounted to 15% plus the resulting consistent display of the company's brand in all regions. Efficiency improved greatly as Geiger functioned as the single point of contact company-wide for all issues regarding use and display of logo on branded merchandise and apparel." Scott Boyages, Geiger Sales Partner

Client Results

As you read what Geiger had to say, some of the main points and results were:

- The objectives were clear.
- Reduce overall costs.
- Reinforce the client's brand.
- Create an online store for all locations.
- Provide consistent use of the client's identity.
- Worked carefully with Geiger.
- Created a successful national program that remains since 2005.
- Consistent display of the client's brand at all offices (locations).
- Geiger became the vendor partner, instead of more than fifty other vendors (reduced time and cost for billing).
- And quality improved.

Geiger knew what was needed and desired, the goal for the client was met, and the program is still in effect today (since 2005). ATS practices this same belief, concept, practice, and methodology in all projects that creates a win for the client, the vendor, those that collaborate with us and for us, and ATS. Our historical and practiced model is a win for all involved and will always be.

Once you have determined how important vendor relationships are to you and your company, there are steps and areas to be aware of that pave the way to good, founded vendor relationships. Inc. Magazine provides some useful information. They state, "It's critical at the start of any vendor relationship to communicate your goals, business vision, and your expectations. When a vendor understands how important customer service is to you, for example, they will be encouraged to work harder in that area. Knowing your goals will help them make the best decisions in your favor."

This is what ATS does in all procurement outsourcing, Request for Proposal, and procurement cost reduction projects. It is important in all projects to clearly identify the specifications, the desired outcomes, and the objectives to all vendors looking to gain your business.



Personable Vendor, Supplier, and Partner Relations

Below are some areas and steps that Inc. Magazine has identified that fit with what ATS practices as well. Our belief is the same – maintaining a good relationship built on mutual trust will encourage each vendor to help provide solutions and customer service to you, because you practice the same to them and your clients. The areas that Inc. Magazine prescribes for developing healthy vendor relations are:

Assign a Dedicated Manager for Relationships

Select a team leader or project manager to keep track of each vendor. This manager should check in with frequent phone calls and site visits to solicit feedback from the vendor.

Be Personable

Utilize phone calls with personal e-mails and site visits to let them know that they are an important part of the team. This person should respond to any vendor questions and concerns promptly and make sure to keep the lines of communication flowing.

Conduct Everything in Writing

When establishing a vendor relationship make sure to put everything—responsibilities, best practices, expected sales volume, payment receipts—in writing. Follow up all verbal communications and requests with e-mails. This will help you avoid any misunderstandings or miscommunications.

Request Regular Progress Reports

Schedule periodic and detailed progress reports from the vendor. These reports will give you a clear insight into how the business is growing, bring to light any glitches or problems early on, and allow you to resolve any issues before they become big problems.

Planning

It's important to respect your vendors' time and resources. Delays on your end or last-minute alterations can affect their profit margins and strain the relationship. Similarly, pay on time and if you can't, explain to the vendor why, reschedule the payment, and don't flake out again.

Train Vendors to Meet Your Needs

Don't assume that vendors know your company's unique needs. Determine if training might be necessary. The additional expense will be worth it.



Avoid Blaming

It's inevitable that mistakes will happen that may even result in lost business or clients, but don't overreact or jump to conclusions. State the problem without assigning blame and trust that it will be corrected.

Be Reasonable

Low balling your quotes and expecting something for nothing is a bad way to maintain a good vendor relationship.

Loyalty

When you're loyal to your vendor by consistently giving them business and sticking with them through mistakes, misunderstandings, or miscommunications, they may return the favor by offering discounts. If you are considering alternative vendors, under no circumstances should you let your current vendor know that. It may seem like an effective way to negotiate for lower prices, but you risk your vendor feeling slighted.

Show Goodwill

Don't get into the habit of asking for outrageous requests or favors from your vendors. But when you do occasionally, show some good will by offering some easier jobs, throwing them more business, giving them referrals, and understanding that they may not always be able to accommodate immediate or unexpected requests.

Be Friendly

Don't be afraid to be friendly with your vendors. Try not to make every communication with them a serious one. The more you get to know their team and the more they think of you as a friend, the better they'll be willing to show you when you need it. (Inc. Magazine)

In other words, building good and sustainable vendor relationships can be summed up with: Get to know them with your individualized touch (use technology for communication, but do not forget the phone); Consider each vendor as a person and treat them as a part of your team; and let them know your needs and expectations.

Choosing Partners

What do you do choose the right vendors to supply your company with the necessary goods and services you need? Below are some tips that will help you in your process as you develop your vendor relationships, procure your goods and services, and continue to develop your vendor partners for a successful long-term mutually beneficial relationship.



Choose carefully

Successful vendor relationships begin by selecting the right vendor partners for your business. There are many areas that make up a good vendor, such as, quality goods and/or services at an optimum price, warranty, customer service, reliability, short and long-term solutions provided, ability to communicate, industry knowledge, green, compliance, and other areas that are important and needed by you as a company. That is why the complete Request for Proposal (RFP)/Bid process is important in maintaining these areas plus whatever other areas is needed by your company. The RFP process provides the expectations for a contract term from the selected vendor you choose and award the business.

Select Solution Providers

To be the best company you can, you must continue to change and be a solution driven company. To be a solution driven means initiative-taking not reactive actions to challenges that arise. You need the same with your vendors. Solution providers are always improving things, staying abreast of technology, making their good and/or service better and more efficient, and communicating these changes.

Vendor Tip: As you develop goods and/or services, make your customers aware of these so that they can make the decision about how to incorporate.

Commitment and Promises Kept

It is imperative goods ordered be delivered on-time, customer service delivered, billing is correct and efficient, vendor communication is regular, and all other areas of RFP expectations be fulfilled. When a good is not delivered, the effect can be negative resulting in time, money, and potential loss of customers. An example of wrong goods delivered means more employee hours spent with paperwork, trying to get the good delivered, and increased receiving documentation. As far as billing, the hours in the finance department increase, meaning loss of money. Also, it is vital to meet delivery times to government clients who are buying at the close of a fiscal year. If the deadline is missed, a sale can be lost, which hurts everyone's bottom line and our reputation with that client.

In other words, the myriads of things that are affected are many when a vendor cannot keep their commitments and promises according to the agreed RFP contract.



To reduce the chances of a vendor letting you down, demand that they commit to delivery promises in the written contract. To add commitment to this condition, add to the vendor contract financial penalties in this area if this occurs.

Excellent Support and Customer Service

Good vendors are easy to do business with! Your vendor points of contact, salesperson (people), customer service, support people, and any other vendor team people are easily accessible.

This means you do not have to waste your time going through endless transfers, voice mails, and wait days to hear back from someone after the challenge has become a more serious problem.

Again, therefore the RFP process is so important. We go through an intensive process when we are selecting a potential vendor partner that includes history, customer service, and reference checks.

Trust

All successful relationships are built upon mutual trust. It is so important that you partner with vendors that have a good reputation and keep their word. Think about it: If your vendor cannot keep their word, how can you keep your word to your customer? In other words, if your vendor does not provide on-time delivery of the raw materials you ordered to manufacture the good for your client(s), how are you going to deliver on-time?

You must see yourself trusting the vendor as your vendor partner. The RFP process is a process that shows you vendor capability, and can they meet the RFP and Scope of Work specifications. In other words, you are already developing an understanding of which the vendor will be and those vendors that will not through the RFP process.

Personal Relationship

You want vendors who appreciate your business. It is absolutely a necessity that those vendor partners you work with should be a win-win for both you and them. As mentioned above it is important to have a central person you can contact for help. This is one of the specifications that are identified in the RFP process as well.



Respect

Treat others the way you want to be treated with integrity, respect, and honesty. In most cases, the way you treat your vendor, they will in turn treat you the same way. View and treat your vendor as your customer and observe how each vendor changes.

Constant Communication

When in doubt, talk it out. What works for interpersonal relationships also serves as a reliable rule of thumb for fostering healthy relationships with your vendors.

Be Professional

Things are going to happen in life. As they do, the best approach you can take is to deal with the problem calmly and factually, to avoid ruining the relationship. Find out what the problem is. Like an onion, you take each peel off one at a time to get to the core reason(s).

As you are doing this, be professional, polite, and listen. Then, you can come to an agreement/solution with your vendor partner.

RFP Process: 10 ATS RFP General Steps

The following is a high-level overview of how the ATS conducts the RFP process, helps you select a vendor partner, and reduces your costs in the process:

- Step 1. An ATS Certified Cost Reduction Specialist visits your office and gathers the information we need to provide you with a FREE, No-Cost No Obligation Assessment.
- Step 2. The results from your NO COST Assessment are submitted for your review.
- Step 3. You elect to retain ATS to negotiate improved pricing, quality, delivery times, payment terms on your behalf, and specifications you select.
- Step 4. A contract containing a Scope of Work is agreed upon for a pilot engagement based on using ATS to reduce costs on one or more goods and/or services.
- Step 5. ATS writes a detailed RFP for the selected good(s) and/or service(s) and submits it for your approval.
- Step 6. Once approved, we perform research and submit the RFP to a concise list of prospective vendors, along with those you have been doing business within the area being procured, who will compete for your business.
- Step 7. ATS evaluates the bids we receive and submits them to you along with our recommendations.
- Step 8. The winning vendor is selected by you and notified, a contract is signed, and your company begins paying the new lower price for the selected goods and/or services.



- Step 9. ATS provides you with the old versus new pricing for the selected winning vendor partner.
- Step 10. ATS is paid the agreed upon percentage of the money you save per the new pricing.

Once ATS has proven the value of our procurement cost reduction services, RFP process, and procurement services to your company, we explore other areas where you may wish to engage our services to reduce what you pay for other products and services.

Partner Summary **It is about people!**

Without people, you have no client, no vendor, no employees, no goods and/or services, no solutions, no market, no revenue, no partners, and no company. The most asset one has is PEOPLE! People make the engine turn in your company!

It is not money, not goods, not services, not markets, not market command, not consumer demand, not ... any other thing and/or area, but people. It is people that cause market demand, buy the goods and/or services, provide the needed goods and/or services, work for and with your company, and provide the currency. Brainy Quote defines currency as, "That which is in circulation, or is given and taken as having or representing value; as, the currency of a country; a specie currency; esp., government or bank notes circulating as a substitute for metallic money." Currency is the exchange of people's time for a value placed on their time.

In other words, treat your neighbor the way you would like to be treated. People who are valued, by example, create trust, be honest, communicate, be personable, and ensure that all involved know the expectations of the relationship.

Easy and Simple Solutions for You

If you would like us to help you in any way as it relates to vendor relationships, vendor management, procurement outsourcing, the Request for Proposal (RFP) process, procurement training and centralization, and business growth services, please let us know. Our process is quite easy, simple, and the results we deliver are long-term.

How are You Developing and Sustaining Relationships?

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30+ years growing people, procurement, and projects!