

# HOW

## Working With Suppliers

By David Zahn

How not to trample on each other's feet.

Who better to peek under the tent of supplier relationships than one of them? Most of the time, my column *Diary of a Consultant* focuses on me and my partner as suppliers. However, just as a defense attorney must think like a prosecutor and vice versa, I have tips on how to work successfully with training providers, vendors, consultants, suppliers—whatever you want to call them.

## Step 1: Determine whether you really need an external agent.

Will the external agent provide expertise not found within your organization, or is there a credibility issue with the existing resources? For example, if you're looking at how to build cross-functional teams, the person most often associated with new-employee orientation might not be viewed as having the appropriate experience to do that training. Additionally, employees are often more willing to listen and to apply skills taught by someone outside of the organization who's perceived to be more experienced or knowledgeable than the internal trainer.

Are current resources (the human kind) busy with other tasks and can't be taken away? If your team is focusing its attention on performance appraisal training, for instance, and there's a recognized need for creativity training, it might not be prudent (after a cost-benefit analysis) to assign staff to creativity training even though people who can handle the task are available.

Is the resolution to an issue known to management but so politically charged that an external agent is preferred to be the bearer of bad news? An external agent can always be relieved of the assignment, fired, or not rehired if a project heads south, while the person who hired the external agent can remain relatively above reproach in the event of backlash from a decision.

## Step 2: Identify the real client.

You can save a lot of time and make projects more efficient when the decision maker or real client is involved in choosing the supplier, providing input, and agreeing to the project's purpose. Though gate-

keepers have a role, it's often disaster—for the supplier and employees—to rely on a designee to interpret what the boss wants. Just think of the kids' game of whispering something in someone's ear and so on to the next person in the circle until the final message barely resembles the original.

## Step 3: Define the purpose.

At the conclusion of a project, the desired result is what's supposed to happen or expected to change. A clearly articulated vision of what will occur helps focus the supplier on delivering the desired result and not just providing an activity.

Example: "The purpose of this project is to identify the competencies of call center reps in providing assistance" is more relevant as a project purpose than "the purpose of this project is to conduct a survey of call center personnel," even if you do plan to conduct a survey. Many projects bog down in the

blame game between the supplier and the client because the purpose wasn't understood uniformly and consistently, wasn't linked to actions that would benefit the organization, or was at cross purposes with the organization's or department's mission.

Closely related is agreement on the project's scope. That should be clearly defined regarding

- the methods—surveys, interviews, observation, classroom training, self-study workbooks, CBT, and so forth
- target audience
- final or last step (otherwise, you risk disagreement on when the project ends and what is deemed "satisfactory")
- what is to be delivered to the client—a findings report, presentations to different audiences tailored to their needs, a training plan, or whatever.

The appropriateness of a supplier's approaches is a matter of debate. Some people maintain that results are essential and how they're achieved is immaterial,

within the bounds of legality and accepted business practice. Others think that without specifying the methods to be used, you risk the quality of the final product or outcome being called into question. Most clients view the methods as a Linus blanket that gives them something to hold onto when challenged. In my experience, it's rare that a client understands or cares to be made aware of the importance of statistical nuances in sampling trainee populations, nor are they hung up on the exact ISD steps. They tend to trust the provider to know his or her business and how to best accomplish the stated goals. As a consultant, I'm rarely questioned on the specifics. Some providers argue the science behind a project as a way of making them more attractive than their competitors.

## Step 4: Agree on the evaluation criteria.

Determine how success will be judged. That applies equally to the supplier's efforts as well as the organization's needs. What will the supplier need to do for the organization to feel it has received value in return for the fee? The organization must answer how it will assess the success of having hired the supplier. If the answer is unclear or beyond the scope of activ-

ities planned for the project, a reevaluation of the project is warranted.

A strong caveat: Make sure the evaluative criteria for the supplier are within the control of all parties involved. It's poor business and quickly dampens the enthusiasm of everyone to determine the success of a workshop about negotiation skills based on something a salesperson doesn't have direct control over, such as the number of product complaints or on-time delivery. If the purpose of an intervention is to reduce product complaints, then a negotiation skills workshop is a misdirected idea.

## Step 5: Determine pricing.

No discussion on working with suppliers is complete without attention to fees. Many, if not most, clients are unaware of how consultants establish their fees. Some use a time-based scale: You buy him or her for an hour, a day, or other block of time, using the consultant's skills any way you wish. Others use a project-based fee structure: You hire the consultant for X and he or she charges Y; you hire for Z and the consultant charges something else. Some suppliers base their fees on the value provided, with little or no regard to the cost of their interventions.

When working with suppliers, it's essential to understand how they price their services and what's included in the fee. Asking a consultant who charges by the hour to "conduct another presentation for our international managers like the one you did for the U.S. managers" will typically increase the fee. If a consultant doesn't charge for that, you should wonder how highly he or she values his or her work.

Last, when working with all suppliers—even if they're friends, former co-workers, or long-time associates—be sure to spell out the details in a formal contract.

Two well-intentioned and ethical people can interpret oral terms differently, only to find out too late that they had fundamental misunderstandings of the project. Almost no one likes proposals and legalese, but they can prevent problems that could affect the business negatively.

Now, go forth and find the right supplier for your project! TD

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