

Clearing *the* Procurement Hurdle

Actionable Tips and Strategies for Success



INTRODUCTION:

The Skill of Selling to Procurement

To sales professionals, procurement teams often seem like an insurmountable hurdle on the path to winning sales.

While it's true that procurement generally wields a tremendous amount of influence, it's also true that it's possible to learn how to work effectively with procurement teams. And sales teams should actively plan for smooth collaborations with procurement: failing to account for procurement's actions in the sales process can leave the sales professional vulnerable to last-minute customer demands, competitive pricing pressure, and unforeseen delays.

The fact is, working with procurement is like working with any other customer stakeholder. In this white paper, we'll explore the following critical issues for salespeople.

- Why negotiating with procurement has traditionally posed a challenge for sales teams.
- Insights to help salespeople shift to a collaborative mindset when working with procurement.
- Specific strategies and tactics that can help deals from stalling out when procurement teams get involved.

PROCUREMENT:

Friend or Foe to Sales Teams?

Salespeople tend to think of procurement as an adversary. They believe that procurement teams exist solely to negotiate on price and hammer salespeople into submission (often using such elements as blind RFPs, reverse auctions, and hardball negotiation tactics).

However, the relationship between sales and procurement doesn't have to be contentious. In fact, many procurement experts we've talked to say they prefer to work in a collaborative, partnership approach with their vendors.

The truth is, procurement professionals are trained practitioners who are doing their best to help companies achieve many of the following objectives:

- Support revenue growth and improve profit margins.
- Manage risk.
- Support the business unit objectives.
- Help show a return on investment in strategic investments.
- Vet vendors to ensure quality, consistency, and ability to deliver.
- Consolidate vendor relationships and reduce administrative burden.
- Manage the overall expenditures of the company.
- Control costs.

With this in mind, salespeople need to learn to think of procurement like any other stakeholder and work collaboratively to help them meet their business objectives.

HOW TO COLLABORATE WITH PROCUREMENT:

Six Critical Questions for Every Deal

A collaborative approach will automatically set salespeople apart and provide a leg up on negotiations. Here are six critical strategies salespeople need to take during the sales process.

Strategy #1: Include procurement as part of your deal-mapping.

Every salesperson knows to map the organization as part of her due diligence in pursuing a deal. Yet so many sales teams fail to take procurement into consideration as a stakeholder.

In November 2016, [CEB research](#) showed that the average number of stakeholders in every deal is now at 6.8 (up from 5.4 in 2014). It's very likely that procurement will be one of those stakeholders, and their role is becoming ever more prominent - even for smaller deals. Consequently, salespeople need to ask about procurement's role early on in the buying cycle.

Strategy #2: Match your selling style to the typical personalities that are drawn to procurement.

As a rule, procurement attracts people who like to pay close attention to detail. These are the accountants, compliance folks, and data analysts who are skilled at studying spreadsheets and data. They tend to plan methodically and prefer to maintain a sense of control during negotiations and deals. Do your research and understand the background and negotiation style of the key players in procurement. One way to do this is to leverage your [Customer Coaches](#) to see if they can help you understand the procurement landscape and players. Customer Coaches can provide valuable insights and may be able to wield influence with procurement.

When it comes to moving the deal forward, salespeople need to understand that blind enthusiasm, flash, and marketing hype is not going to gain much traction with procurement. Procurement will not approve a purchase decision based on a gut instinct, emotional connection, or feeling of

excitement. The best approach is to construct an airtight business case that will show procurement the value of investing in your solution.

Strategy #3: Prepare to shift the conversation to value rather than price.

Very often, procurement teams try to focus on price to the exclusion of value. From their perspective, this makes sense – when evaluating dozens of vendors, price is the most basic way to compare one offering to another.

Unfortunately (both for procurement and for sales teams), this isn't always the ideal way to evaluate which vendor will offer the best solution to solve the company's business challenges. Often, the lowest price does not represent the highest value. This means that procurement would do a better job if salespeople helped them understand the value of their offering.

Salespeople who can speak to such issues as payback period, total cost of ownership (TCO), cost/benefit ratios, and return on investment (ROI) will be in a stronger position to negotiate effectively with procurement.

It's important to look for procurement teams that show a willingness to hold meetings with salespeople to discuss the details of a request for proposal (RFP). Any procurement team that wants to evaluate deals based solely on the data provided in an RFP is probably not going to be receptive to a discussion around value. In these cases, the deal is likely not worth the salesperson's time unless there is a very strong relationship with the business customer who can be the salesperson's ally with procurement.

Strategy #4: Sell at the highest level possible.

Sales professionals greatest tendency is to sell at the middle levels of the decision-making structure, where it's easier to gain access and develop relationships. Procurement will have stronger influence when the salesperson doesn't have strong executive sponsorship for the deal. Those who sell to higher-level decision-makers decrease the negative impact of procurement since higher-level decision makers often wield the power to by-pass procurement or lesson its

influence. This is why the most successful sales professionals sell “high, wide and deep” in the organization by gaining access to and developing relationships with decision makers at all levels.

Strategy #5: Ask: “How can we prepare to keep this deal moving forward once procurement gets involved?”

Why do deals stall with procurement? Often, these teams are evaluating dozens (if not hundreds) of different deals and proposals. They have no incentive to prioritize one deal over another. Nor do they have a real stake in examining your deal rather than simply saying “no” (especially if they don’t get the proper information from salespeople) and moving on to the next priority.

Salespeople frequently lose with procurement because they fail to show the proper tenacity and responsiveness. They simply send their proposal and wait for the deal to get denied or approved. If someone from procurement sends a request for more information to evaluate the deal in the way they’d like, the salesperson is often unprepared. In the span of time it takes to reply, the deal loses momentum. Lack of urgency has killed many deals, as bad things can happen while you wait for procurement. Delays can result in an unforeseen change of sponsor, mergers, or acquisitions, change in priorities or budget cuts.

To prevent this from happening, outline the process of working with procurement from proposal through closing. Establish a clear timeline and key steps. Be specific about what procurement will need from you, and communicate clearly with procurement if you’ll need anything from them. Set dates and deadlines.

Think of deals with procurement like a game of tennis. Salespeople need to be prepared to hit the ball back once it crosses the net – and they should be able to anticipate where the ball is going to end up. A thoughtful negotiation plan will identify options that can be traded when a demand is made, while still protecting the inherent value of the deal. The salespeople who are responsive and tenacious will impress procurement and prevent their deal from getting lost in the shuffle. [See Sidebar: Are You Ready to Collaborate with Procurement?]

Strategy #6: Ask: “What do we need to do to become a great partner with procurement?”

Understanding what’s important to procurement teams and what their priorities are can help salespeople create a message that resonates effectively.

For example, perhaps the procurement team wants you to show how your solution can drive down costs while increasing overall revenue. Or maybe procurement is looking for a solution that can provide measurable business outcomes in a specific area.

Asking procurement about their objectives and tailoring your solution to align with these priorities can go a long way to improving your chances of winning a deal and establishing a long-term partnership. A salesperson who asks, “Can you tell me about your organization and what we can do to be a great partner?” and “what are your top three criteria as you review proposals?” will stand out from perhaps dozens of other salespeople vying for a deal.

Are You Ready to Collaborate with Procurement?

When working with procurement teams, responsiveness matters. A timely reply to a request for information or a simple email to nudge the deal along can mean the difference between the next step to close and watching your deal stall out entirely.

Frequently, large organizations publish their procurement policies and map out how they engage with partners and the steps to become an approved vendor or get a project approved. Salespeople need to understand those steps and find out what they need to do to become accepted as a vendor, and what they can do to be identified as a preferred partner for future work.

With this in mind, there's no need to reinvent the wheel every time – procurement teams usually want to see the same kinds of information. Smart salespeople will have this kind of information ready to go once they learn procurement will be a stakeholder in a deal.

Here's a list of useful questions to ask yourself prior to entering negotiations with Procurement:

- Do you know who you'll be working with in procurement and have you researched their backgrounds and negotiation styles?
- Do you know all the steps involved in getting this deal done, and have you mapped out a timeline?
- Do you have the appropriate documentation ready, including corporate insurance certificates, background checks, certifications, and financial disclosures?
- Have you had all the standard legal documents reviewed and are you prepared to accept the standard terms and conditions, or take exceptions?
- Are you [prepared to negotiate](#) and have you considered your options for trading if there are negotiable issues that haven't been resolved?
- Have you defined your minimum acceptable terms, and do you know when you are prepared to walk away if you can't achieve this level of agreement?

What is Procurement Looking for in a Potential Partnership with Vendors?

Procurement is looking to negotiate the best deal possible for their company. However, they also frequently are looking specifically to partner with a vendor that has the following characteristics.

Ability to Deliver: Procurement wants vendors that consistently deliver high quality products and services that meet the specifications required of the business. Procurement doesn't want to be embarrassed or surprised by a vendor who fails to deliver on time or within budget.

Communication: It is important that the vendor is accessible and proactive in communicating with procurement. Yes, every business relationship encounters challenges from time to time. Procurement teams watch very carefully to see how salespeople approach and resolve such challenges. Procurement wants a partner that will be responsive and fix problems when they occur.

Business viability and scalability: Procurement doesn't want to engage a vendor that is struggling to survive or may go out of business when delivering an important solution or product. They want to know the vendor will be around to support the product and will be able to scale beyond the individual deal. Ideally, procurement doesn't want to vet new vendors every time there's a new request; and they would prefer to use vendors that have a proven track record of success.

Culture and ethics of the business: Procurement is looking for partners that will work well within the company culture and can be trusted to do the right thing for the business. Culture fit and ethics are difficult to assess in an RFP, but are one of the most important "intangibles" that can make a difference in which vendor the organization engages with initially and continues to do business with in the future. Understanding the culture of the organization and demonstrating behavior that indicates ethics, collaboration, and communication can go a long way to cementing a relationship for the long term.

SUMMARY AND CONCLUSION:

Why Value Pays with Procurement

Salespeople who prepare properly and lay the groundwork for effective collaborations will find negotiations with procurement far less stressful and difficult. A strong relationship with procurement will in turn allow for opportunities for salespeople to present a strong business case. This will push procurement to consider value and prevent them from evaluating the deal on price alone.

As a sales professional, you must be prepared to plan, leverage your relationships, and reinforce the shared interests and value proposition you have worked so hard to develop for your customer. A collaborative approach to negotiations and value-based selling will prevent commoditization and help sales teams consistently win approval from procurement.



About the Author



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Ray Makela has over 25 years of management, consulting, and sales experience; and he currently oversees all client engagements. Previously, Ray served as Chief Customer Officer (CCO) at Codesic Consulting, where he was responsible for business development, managing customer relationships, and the development and implementation of Codesic's sales-training initiatives. Ray has also held management positions at Accenture and Claremont Technology Group where he was a management consultant in the Change Management practice. Prior to his consulting career, Ray served as a Division Officer and NROTC Instructor in the US Navy. Ray earned his B.A in Speech Communications from the University of Washington and an M.P.A. in Public Administration and Information Systems Management from the University of Southern California.

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