



SELLING TO PROCUREMENT: A WIN-WIN APPROACH



A WHITEPAPER BY THE BROOKS GROUP

The Rise of Procurement

Regardless of what they sell, salespeople and their leaders have noticed that procurement departments are beginning to play a more significant role in the decision making process. More often than not, this relationship can be frustrating to salespeople, customers, and procurement professionals. This is due to a lack of mutual understanding of purpose and roles; sales doesn't understand procurement and procurement doesn't understand sales. In this article, we'll uncover strategies and tactics your sales team can use to improve their working relationships with procurement professionals.

Over the last few years, procurement has moved from the "back office" into a far more significant role in corporate strategy.

PROCUREMENT REALLY HAS A SEAT AT THE TABLE TO ENSURE THAT COMPANIES FOLLOW TRANSPARENT, FAIR AND AUDITABLE PROCESSES THAT DETAIL COMPANY SOURCING. FOR PROCUREMENT PROFESSIONALS, COMPLIANCE WITH RULES IS PARAMOUNT.

Because procurement plays a much more active part in purchasing decisions (and is not going away anytime soon), a clear understanding of the evolving role of procurement is critical to improving your organization's sales success.

Consider this real-world example: As we were writing this article, we spoke with one sales leader who shared a common complaint while discussing his feelings about working with procurement. "Procurement forces us to use a cumbersome software program to monitor our work. We hate using it! It's too complicated and takes away our ability to differentiate our offering. On top of that, we have to pay to use it."

Procurement is tasked with:

- Increasing bottom line savings
- Fulfilling ethics and compliance requirements for selected suppliers
- Improving the efficiency of transactions (e.g., Purchase to Pay "P2P," supplier risk management, supply chain efficiency, etc.)



Why Does Procurement Exist?

We acknowledge that the procurement process can seem overwhelming, but in some circumstances, salespeople don't have a choice. Sometimes playing the procurement "game" is unavoidable.

Most salespeople don't understand the purpose of procurement. The majority perceive that procurement professionals are hired to complicate the buying/selling process and squeeze suppliers on price regardless of other value. That's simply not the case. The truth of the matter is that, especially for publicly traded companies, procurement professionals have an increasingly important job to do. Companies and their shareholders take FCPA (Foreign Corrupt Practices Act) and other reporting and compliance-based issues extremely seriously. Violations are brand and reputation killers; just look at recent examples in the news for Nike, WalMart, Hewlett-Packard, etc. Privately owned companies are not exempt from similar consequences.*

Given that context, consider the reasons procurement uses these seemingly cumbersome tools. First, the tools allow for consistency during the Request for Information, Quote, or Proposal (RFI, RFQ, RFP) process. That allows buyers to see an "apples to apples" comparison on product offerings.

Second, procurement provides a platform that is fair to all suppliers because it provides the exact same information to all and provides a transparent, auditable record of the supplier selection process. In light of increased litigation and new federal laws, this requirement has become more critical in how companies manage, protect, and report on ethics and compliance governance to their shareholders.

* <http://finance.fortune.cnn.com/2012/04/26/walmart-bribery-investigations/>



Quick tips to improve your RFP hit rate results

- Start discussions by asking questions and listening for how your product solves each prospect's unique problems. One size does not fit all.
- Follow all of their rules and timelines set forth at the beginning of the process.
- Use consistent fonts in all RFI/RFQ/RFP documents.
- Minimize redundant sales fluff and PDFs.
- Include real-world case studies that prove your success.
- Spell recipients' names correctly and use correct addresses.
- Do your homework: research company's news, challenges, successes, industry, and market share.

Get More from the Procurement Relationship

The key to working with procurement in a mutually beneficial way is early engagement. Even with their new role in corporate strategy as a value provider and contributor, procurement professionals experience serious challenges. They are usually not the sole decision maker. Instead, decision making authority is almost always shared with an "internal customer" (i.e., Budget Holder). Procurement's "internal customer" is typically the person, department, or committee to whom you traditionally sell.

IN FACT, WITHIN THAT INTERNAL RELATIONSHIP, PROCUREMENT OFTEN FACES CHALLENGES SIMILAR TO THE ONES SALESPeOPLE MUST CONTEND WITH.

For example, procurement sometimes struggles to prove their value. When an internal customer ignores the procurement process and pre-selects a vendor, procurement must come in late in the game to retroactively follow its procedures and processes. This means they appear to be the "bad guys" by slowing or stopping the internal customer and vendor of choice. Much of this could be avoided if everyone involved respected procurement's obligation to follow a transparent, fair, ethical, and auditable sourcing process to "pick" the supplier. Procurement's challenge is to be involved early in the process.



Questions that make a difference in understanding the relationship process

- “How does your organization go about making decisions like this one?”
- “What role does procurement play in this kind of purchase?”
- “How should we engage with procurement?”

Procurement faces a struggle with their internal customer. This is for two main reasons. First, the struggle exists because of a perceived loss of control by the internal customer when procurement enters a process that has been historically managed without them. Second, procurement may not understand the intricacies of the goods or services being purchased. For example, when procurement issues an RFP for Advertising and Promotion companies, they may not understand the subtleties of brand strategy. Therefore, they may not be able to make the supplier selection as effectively as their internal customer. It is important to understand these challenges, because they affect both of the respective groups that you need to sell to.

When your team is faced with a seemingly overwhelming procurement process, ask the procurement team to provide training for someone on your proposal team about how to most effectively manage the process. For example, our advice to the sales leader we mentioned earlier in the article whose team was struggling with the procurement process was simply to ask for help. Many professional procurement organizations have someone on staff whose role is to provide assistance to vendors and potential vendors. Merely showing that level of interest in following the process could be a differentiator for you. Even more importantly, actually using the tool effectively will make you a far better supplier.

The supplier onboarding process is a good time to show a procurement team your willingness to understand their tools and why they use them. Mutual respect for each other's function is a great step toward partnership. If your salespeople choose to truly partner with their procurement counterparts, your competitive advantage probably widens.



Partnering and Building Relationships

Again, partnering calms the agitated relationship between procurement, their internal customer, and your sales team. The relationship should not be based in "Us versus Them." Instead, it should be grounded in "We." A professional procurement team will seek to compliment the supplier selection process with areas of their competency. Procurement professionals have skills including analytics, commodity knowledge, sourcing process, negotiation, contracting, and supplier relationship management. This blend is critical to the final supplier selection decision. Those skills can best be used if they are engaged early. This allows everyone to work together to meet agreed-upon objectives like delivery timeline, pricing, quality, and service. Both your sales team and the procurement department must constantly prove themselves as trusted advisors and value contributors based on performance and credibility with the internal customer.



Though it might sound counter-intuitive to salespeople, asking about the decision making process is just as important as seeking to understand whether your product offering will work for a particular prospect. Traditionally, salespeople have sought relationships with procurement's internal customer and ignored procurement as long as possible. However, that's not always the most effective strategy and could be a fatal error. Today, with the rise of procurement, the connections salespeople make with procurement professionals are equally important. By understanding the role procurement plays during the buying process, salespeople are better able to manage the procurement, internal customer, salesperson triad.

BUILDING STRONG RELATIONSHIPS REALLY IS EVERYTHING.

In light of this reality, a salesperson's ability to "bridge" the discussion between the internal customer and procurement is imperative to the ability to earn the business. You must be seen as a partner by both in order to gain a strategic advantage and may be able to influence their decision by being part of the process. The better your relationship is, the more they will be open to innovation, fresh thinking, and collaboration. When procurement and sales are working together, everyone wins.

Why Does Procurement Try to Commoditize Us?

We're often asked, "Why does procurement commoditize what we sell?" There is no hidden agenda or mystery here. The professional procurement sourcing process is based upon an analytical view on how, what, and with whom a company spends its money.

For example, when a large company buys office supplies, it might spend a total of \$3M per year (based upon paid invoices pulled from the accounts payable system) on paper, pens, and post-its. The procurement department sees an opportunity.

In the world of procurement, a category like "Office Supplies" is called a "Commodity." Procurement's task will be to analyze the commodity of "Office Supplies" to determine how many suppliers were used to generate the \$3M spent and what items were purchased. Let's say that there were 200 suppliers making up that \$3M. What would buying power look like to the company if there were only three suppliers getting the entire spend? Obviously, the savings potential for the company is significant.





On the sales side, think of the opportunity if you were one of the office supply companies able to partner with procurement to show that you were one of the right organizations to become one of the three suppliers! A 1/3 share of the account is probably better than being one of 200 suppliers.

Procurement must use a combination of analytical knowledge, sourcing process, and common sense in working with their internal customers to enable the most effective way to spend the company's money on the goods and services that you sell.

On the other hand, salespeople must use listening and relationship-building skills to understand how best to leverage their connections with procurement professionals to enable them to effectively win the company's business.



What Does Procurement Want From Salespeople?

More than anything, procurement professionals want your salespeople to treat them with respect. Procurement needs to understand what, beyond price, you and your organization can deliver to them (and, of course, their internal customers). Procurement professionals have an overwhelming need to minimize risks to their companies.

Factors that influence their attitude toward selecting you as a supplier include your:

- **Innovation**
- **Commitment to sustainability**
- **Community contribution**
- **Industry status**
- **Track record**
- **Willingness to engage**

What Is Procurement Looking For?

The best procurement professionals seek solutions for the challenges their internal customers face. Again, they want to select options that minimize any risk the company might face. It is also important to them to deliver products and services that are priced fairly according to the market and scale of their company's purchasing volume. They are looking for innovation. They want a better – and risk-free – mouse trap.

However, the only way they are going to hear about your low-risk, better mouse trap is if you partner with them and build the strategic partnerships they really do seek.

On a personal level, procurement professionals want respect and acknowledgement for the contribution they make to both their internal customer and to you, the external supplier. They want the credibility they feel they deserve as a “trusted advisor.” In order to do their job effectively, they want to be involved earlier in the buying process and have an open, honest, two-way conversation with you. Finally, they want to help accomplish company goals and bring sustainable, innovative value to their businesses.



Fatal Errors for Salespeople Interacting With Procurement

1. Circumventing procurement
2. Name dropping
3. Unethical behavior

What Are Internal Customers Looking For?

The related question is: What are internal customers looking for? If you intend to bridge the relationship between the internal customer and procurement, it's important to know that, like you, the internal customer also wants to make the procurement process as simple as possible.

Many internal customers share your frustration with working with procurement. It can be a confusing and complicated list of specifications and timelines. The better job you do of helping everyone get on the same page, the more successful you – and everyone else – will be. The internal customers want open and honest communication.

But, more than anything, your customers want the products or services they are buying to be delivered on time. This is more important to most internal customers than price. After all, even the cheapest option can cost vastly more than its price if it's not delivered on time.



5 Ways to Influence the Decision

- 1 Provide a solution to the company's problems by having a clear understanding of the needs and objectives you're being asked to address. Offer innovative options in a concise, objective manner in addition to the specific needs they have requested. Many times companies request proposals without a concrete goal and can be influenced toward your offering if you have a better solution than they expected.
- 2 Offer some "skin in the game." Having something to lose means you will work harder to succeed. This can include offering financial penalties for non-delivery and shows confidence in your ability and is, in many cases, a market differentiator. You might consider financial or product credit for future opportunities if targets are not met. The good news about this option is that there may be a second chance. A third option would be to offer tier-based pricing to encourage more business and mutual benefit. In other words, the more they save, the more you sell.
- 3 Simplify your sales process so that it does not overwhelm procurement or your eventual customer. There's a line between being a pest and being persistent. Find that line and don't break it. Too many salespeople become a nuisance or an annoyance to professional buyers. As basic as it sounds, ensure your sales team interacts with everyone in a professional and respectful way.
- 4 Use your network – who do you know that knows the decision makers? Don't stop with your ultimate buyer. Do your research on the procurement department too. Check LinkedIn or other social networking sites to see where there might be connections. Also, consider the people you know who sell noncompeting products to the same market. Tap their networks too.
- 5 Follow all of procurement's rules, guidelines, and timelines; ask questions if you do not understand at the start of the process. When in doubt, ask for help understanding their process. For a procurement professional, the process is essential. Indeed, their job very well may depend on it. Show respect for the process and seek to understand how you can follow it properly.



Conclusion

Understanding the role of procurement, their processes, and their tools can significantly increase your organization's sales opportunities. Taking the time to build mutually respectful relationships with procurement and your eventual customer is one of the first steps toward achieving this goal. The procurement professionals you encounter will likely regard this effort as a commitment toward being an ally rather than an adversary. Put simply, partnering with procurement will help set your team apart from your competition and improve your results. You will see a higher win rate when procurement is involved in a buying decision.



About The Authors



James Gurulé is an International Procurement Executive with more than 26 years of professional procurement experience and expertise with proven success in driving value and efficiency in multi-cultural, diverse global matrix operations. Industry experience in Logistics and Supply Chain, Business Advisory Consulting and Higher Education. James is fluent in English and Spanish and has worked in 17 countries and has held Sr. Leadership positions in some of the world's leading companies.

CONTACT JAMES: james@jamesgurule.com



Jeb Brooks is President & CEO at The Brooks Group, one of the world's Top Ten Sales Training Firms as ranked by Selling Power Magazine. He is a sought-after commentator on sales and sales management issues, having appeared in numerous publications including the Wall Street Journal. Jeb authored the second edition of the book "Perfect Phrases for the Sales Call," wrote "Perfect Phrases for Sales Referrals," and actively contributes to The Brooks Group's popular The Sales Leader Blog.

CONTACT JEB: jbrooks@thebrooksgroup.com



Key Takeaways:

- A clear understanding of the evolving role of procurement in an organization is critical to improving your organization's sales success.
- The key to working with procurement in a mutually beneficial way is early engagement.
- Procurement professionals want respect and acknowledgement for the contribution they make to both their internal customer and to you, the external supplier.
- Partnering with procurement will help set your team apart from your competition and improve your results.

About The Brooks Group

With nearly 40 years of industry experience, The Brooks Group achieves sustainable sales culture transformation for clients by delivering targeted training that becomes operationalized by threading into an organization's existing systems.

The Brooks Group takes a holistic approach to practical culture shifts and focuses on customized "street smart" sales and sales management programs, with a high level of relevance and practicality for the individual learner. Training gets reinforced with an industry-leading cloud-based sales and sales management coaching platform.

For more information

The Brooks Group can be reached by phone at (800) 633-7762, by email at Contact@TheBrooksGroup.com or online at TheBrooksGroup.com.

