

Date: 1 June 2015

## TOPIC: Managing Unsolicited Vendor Contact

### BACKGROUND

Reports of unwanted and potentially quite aggressive approaches from vendors are increasing. These approaches may happen at many different levels of the organisation, generally to the most senior person possible, and have one aim—to increase sales.

With over 1,650 Information Technology Vendors in the region that creates the potential for a significant number of calls, e-mails, faxes, letters, invitations and visits.

Researching the topic it became clear that the vast majority of information currently available favours the vendor.

*“How to make cold calls...”*

*“How to get past an executive assistant...”*

*“The time of day that works best...”*

The aim of this briefing paper is to provide some information to assist you and your staff avoid the common traps and pitfalls when dealing with an unscrupulous unsolicited vendor.

### KEY POINTS

#### 1. Know Thy Enemy

There is considerable support for sales people available through many sources. On the other hand, support for the customer is scant at best. This doesn't make it easy for a recipient of unwanted approaches—but it can be used as a guide.

Here are some common sales approaches:

- *Appointment Setting* – appointment setting is the practice of using a low-paid person (generally overseas) to place calls with the aim of making an appointment. They are generally difficult to deter and give the impression that they are calling on behalf of a vendor.

*Quite often, they do not represent a vendor at all and are simply seeking a commission. Their sale is the appointment itself.*

- *Ranging* – ranging is the practice of attempting to approach an institution at multiple levels, from Vice Chancellor through to Senior Technical Staff. Meetings will happily be taken at any level, with information gathered assisting with future approaches and meetings (for example, see *false referrals* below).

*The purpose of ranging is to gather information and influence.*

- *False Referrals* – salespersons will often represent themselves as being 'referred' by another staff member. This referral could be anything from a brief phone call to a personal friendship.

*The purpose of referrals (false or otherwise) is to create an impression of collegiality.*

- *Multiple Approaches* – these generally follow a familiar pattern. A phone call, followed by an e-mail, followed by a phone call – each with increasing disappointment that they have not been able to contact the customer and obtain a response.

*The salesperson is attempting to manipulate the customer into feeling guilty and accepting an otherwise unwanted meeting.*

Sales people are well trained to use these approaches, and they have been tried and tested. Despite this, the success rate of cold calls to appointments is less than 0.3%<sup>1</sup>, so it is difficult to know why they persist.

## 2. Don't Call Us, We'll Call You

Sales people will often exploit the better nature of the customer. They have been referred by someone that you know (someone important). They have tried to contact you multiple times. They have a product/service/widget that will change your world.

The old cartoon of the machine-gun salesman has a lot to answer for.



*Don't feel guilty about sending a salesman away, but ensure that you are sending them to a process and certainly not creating a false referral.*

## 3. Have a Process

It is important to provide the salesperson with a process that is within your control. Typically this involves a Vendor Manager (someone with the responsibility to manage the relationship with current and new vendors) and a Category Manager (someone that manages procurement within the IT Category).

In the first instance, when dealing with a new vendor, staff should be able to refer the vendor to inexpensive information sources:

- A website that provides information about process, probity, opportunities and strategy
- An e-mail list that is used to keep prospective vendors informed (for example, when a tender is published)
- Vendor briefing sessions—providing the same information to multiple vendors at one time
- Details of the appropriate contact(s) and contact methods that can be used.

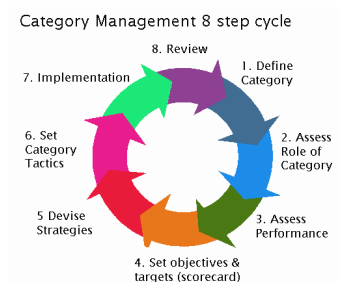
You may wish to include CAUDIT as part of your process.

*These sources of information need to be consistently used and up-to-date.*

## 4. Manage the Category

Over the last few years, the role of Category Manager has started to appear within procurement departments. The role was initially developed within retail, as a means of managing and driving sales, but it is now common within customer organisations as a way of ensuring procurement is efficient, effective, fit for purpose and provides good value for the institution.

Category management is both a successor and precursor to Vendor Management – by managing the category you can ensure that the right purchases are completed with the appropriate overall expenditure and provides a new perspective on existing vendors and may identify gaps and overlaps in your overall purchasing and vendor strategy.



<sup>1</sup> Frank J. Rumbauskas, Jr. 2012, accessed 28 May 2015, <[http://nevercoldcall.typepad.com/the\\_sales\\_blog/2012/12/new-university-study-discredits-cold-calling.html](http://nevercoldcall.typepad.com/the_sales_blog/2012/12/new-university-study-discredits-cold-calling.html)>

*Category management may show you where new vendors would be welcomed within your organisation, and where existing vendors may no longer be required.*

## 5. Publish your Plans

Vendors are always seeking information about upcoming projects, plans and strategies in an attempt to try to influence decision makers, and starting as early as possible within a process—knowing that once the tender commences there are strict rules about vendor contact.

Publishing your plans, with current and potential vendors as your audience, ensures that there is no advantage to gaming the system—and allows the institution to maintain strict rules about vendor contact at all times, and not just during a tender process.

*Treat every project and plan as if it is already operating under 'tender rules.'*

## 6. Set Realistic Expectations

It is important not to mislead vendors. By publishing a clear strategy and program of work in a consistent and open manner, they are able to see if they provide products and services in a category requiring attention, and to tailor their approach based upon your strategy and overall objectives.

*If there is no work for them at this point in time or the foreseeable future, however, tell them immediately.*

## 7. Defend the High Moral Ground

Maintain an honest, open and consistent approach to your handling of salespersons and vendors. The process will ensure that there is neither fear nor favour; it will enable you to manage existing vendors, and to introduce new vendors when it is appropriate to do so.

It will also allow you to handle those salespeople that simply won't follow the process with ruthless efficiency.

*You are the customer.*

## ACTIONS FOR CIOs

- Circulate this paper to your managers.
- Ensure that you have a well-supported process for managing the engagement with current and new vendors.
- Empower staff to refer vendors to the process; including staff outside of the IT organisation (senior staff are a likely target).

## FOR FURTHER INFORMATION

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