Must-do Tips No 81 - Passing The Procurement Test

Hate them or merely dislike them, the influence of procurement or buying experts as part of the client team is here to stay for more and more professional service organisations. Their influence is a greater and still-growing presence, whether you are pitching for new work or in a long-standing business relationship. The game is constantly changing....but is you and your firm keeping pace?

In professional terms, most of these new buying influencers are 'outsiders'. They tend not to be lawyers, accountants, barristers, attorneys, planners or consultants. Their training and remit is purely commercial and distinctly unsentimental when it comes to your relationship with your in-house contacts. They are usually there to "throw all the balls in the air" so that the client gets the best possible deal.

Sadly, you can still see professionals who make basic and costly mistakes by treating members of the procurement team as if they are the "normal" client contacts of old. This month, we offer three tips to help ensure that your firm passes the procurement test.

Tip 1 – what is the process and their role?

With Procurement involved, the rules of the game are different, so first we need a 100% understanding of what will happen and how it will work. In particular, when taking the brief, check who will make the ultimate selection decision, how and by whom the process will be managed, and what contribution will be made specifically from buying personnel.

In some cases, they may just request and screen credentials and/or estimates; in others, they may also be actively involved in the negotiation of 'best value' from potential advisers. If their role is front-line negotiation, the firm needs to think VERY hard about who it fronts up. Most procurement managers are negotiation trained and hardened. In our experience, many senior professionals AREN'T. If shirts are not to be lost, serious work has to be put into exploring all the possible bargaining scenarios and positions.

Tip 2 - criteria are critical

Part of the rigour that buying professionals bring to the selection process is in clearly defining and usually broadening the basis upon which decisions are going to be made.

Here cost is important but not the only factor - other substantive issues will be encompassed such as time-sensitivity, reporting, quality of advice, staffing, team management, and measures of quality.

Often each factor will be assigned an importance weighting - getting to know what are the factors and this relative significance is vital. How do we do this? Just ask for them!

Tip 3 - figure their focus

Is the client's buying philosophy focused on the immediate transaction or longer term relationship? If the former, then what could be crucial is exploring price issues and delivering as much flexibility as possible in this area (probably via alternative servicing methods that provide a range of cost options). If the latter, then longer term deals (for example, rebates based on annual billing levels) are likely to be more appropriate.

Either way, the senior professionals involved need to be working closely with their financial management colleagues at each stage of development to ensure that whatever is offered to the client delivers an acceptable return for the organisation.

We provide assistance, support and advice to professionals who have to deal with buying and procurement teams. If you want to know more, just hit 'Reply' and type **Procurement Test**. For fuller information on us, what we do, and who we work with, go to our website at www.peoplescope.com.

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Best regards.

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