Info~Tech
Research Group

How Do I Know if a Vendor Values My Business?

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By Steve Jeffery

Introduction

Don't be fooled into thinking that the vendor values your business just because your organization pays the vendor's invoice. Instead, reverse your thinking to consider the vendor's perspective of their customer or client base. It is no different from our perspective that not all vendors are equally important to us. Likewise, vendors view some customers as more important and valuable than others.

So why should you care if the vendor values your business or not? After all, you, the customer, are paying the invoice. The answer is that by obtaining situational awareness, you can start to take proactive actions to improve your position of leverage and the perceived value of your vendors. For example, suppose you view a vendor as a very critical or important vendor, and they view you as nothing more than a revenue stream. That said, the size of your business, industry, potential spend, and geographic location all play a part in how the vendor "classifies" you. In that case, you need to understand and expect limited attention and resources from the vendor. Understanding how valuable your business is to the vendor helps you leverage your position to negotiate better terms and build stronger relationships.

Nine Key Indicators That a Vendor Values Your Business

If you can answer yes to a majority of the following indicators regarding your relationship with a vendor, it strongly indicates that the vendor values your business.

1. Prompt responses: The vendor responds promptly to your inquiries with the correct information the first time, without having to constantly follow up with the vendor to inquire as when to expect a response.
2. Competitive prices and discounts: Your market pricing benchmarking and successful negotiations indicates the vendor is offering competitive deals, resulting in your organization's perception that the vendor provides a good value for the cost of doing business with them.
3. Proactive assistance: The vendor proactively provides access to subject matter experts (SMEs). Thus, demonstrating that they will go the extra mile to meet your reasonable needs without requesting or increasing fees.
4. Transparent and frequent communication: Trustworthy and open communications that don't just focus on revenue generation are a strong indicator of how much the vendor values you as a customer. It helps to foster mutual understanding and maintains open lines of communication, leading to better outcomes.

5. **Long-term relationships:** When a vendor invests in fostering a long-term relationship, they commit to creating a strategic relationship, resulting in improved collaboration, problem solving, and support for strategic initiatives.
6. **Account manager turnover:** Your account manager turnover is minimal, and your account team has tenure with your vendor. Vendors will place their tenured account teams, with internal influence, industry knowledge, and high success rates, on their high-valued accounts.
7. **Product roadmap:** Your vendor proactively provides insight into their product roadmap, including industry trends and direction, without expectation or pressure to purchase said products, or demonstrates to you that they align with your strategic roadmaps to show the value add versus pushing new product for revenue.
8. **Influence on product development:** If a vendor views you as a valuable customer, they may consider your feedback and ideas when developing new products, which can lead to more tailored and effective solutions.
9. **Better customer service:** A vendor who values you as a customer will provide exceptional customer service and support. For instance, the vendor will provide named SMEs for assistance and issue resolution instead of a generic email or chatbot.

Nine Key Indicators That a Vendor Doesn't Value Your Business

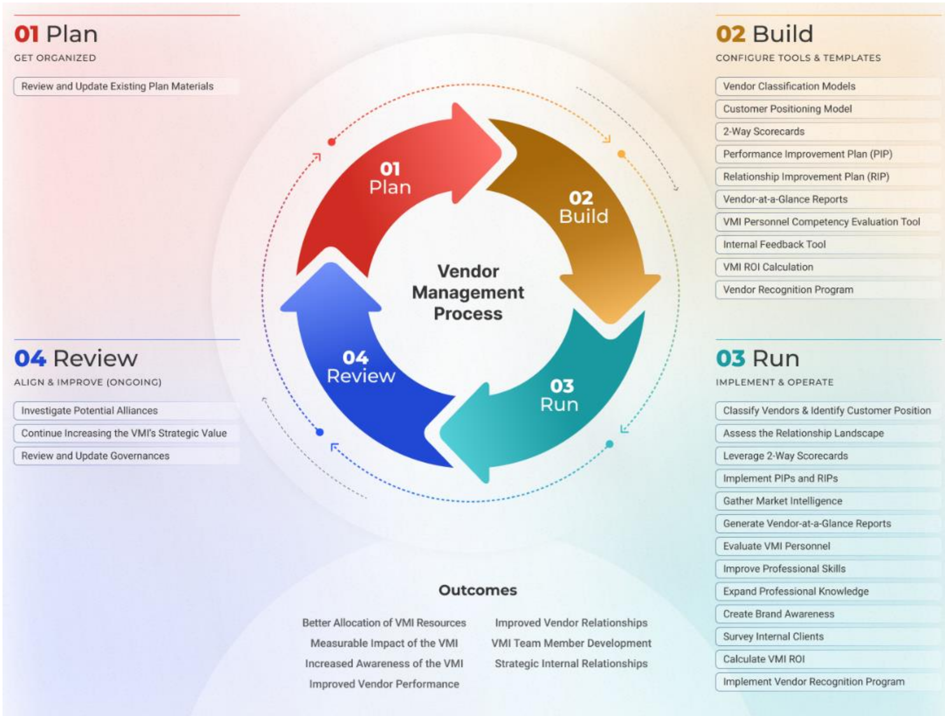
Some tell-tale signs that your account may not be valued as highly as you thought (or would like) could include:

1. **Lack of responsiveness:** A general lack of responsiveness to requests for proposals or quotes, including slow responses, no bids, or evidence they are "boilerplate."
2. **Infrequent visits by the vendor:** Infrequent (or non-existent) customer visits by the vendor, resulting in you only hear from the vendor when there is a renewal or revenue opportunity. A vendor that does not regularly engage with the customer or invest in the customer relationship may indicate a lack of commitment to the customer's success.
3. **"Dear Valued Customer" letters:** By this, we mean letters not addressed to you by name and title, despite being a relatively large source of revenue for the vendor. These may be used to pass through a blanket price increase or other bad news to multiple customers simultaneously.

4. **No strategic awareness:** The vendor does not know your industry, business objectives, competitive advantage, or customer base. Other indicators include a lack of the vendor doing any due diligence on your organization to understand how to leverage their products/services to provide specific value to your organization.
5. **Slow or late deliveries:** Your orders are not prioritized when there are product or part constraints.
6. **Not the "A" team:** If the vendor's team is constantly deferring answers to inquiries to resources not assigned to your account, it indicates that you do not have their most knowledgeable and experienced talent. Leverage the *Evalu-Rate Your Account Team* tool in our *Evaluate Your Vendor Account Team to Optimize Vendor Relations* research to grade your account teams.
7. **Transactional negotiations:** Competitive or aggressive negotiating stances are the norm ("take it or leave it”). A vendor that is inflexible in meeting the customer's needs or unwilling to negotiate terms may not value the customer's business.
8. **Outright admission:** In the extreme, the vendor outright says you are not that important of a customer by saying something similar to, “You're a big organization, but not that big.”
9. **Poor product or service quality:** A vendor that provides subpar quality products or services may indicate that they do not have the customer's best interest in mind. This can result in a loss of trust and potentially harm the customer's business.

Conclusion

When a vendor sees you as a valuable customer, it should lead to a stronger, more productive vendor relationship, resulting in improved service, better pricing, and creative solutions. The challenge is when you view the vendor as a key or important vendor, and the vendor does not view you as a valuable customer. Use Info-Tech's *OPEN Model Customer Positioning Tool* in our *Elevate Your Vendor Management Initiative* research to determine how a vendor views you as a customer. When at this junction, you can either increase the attractiveness of your account or consider replacing the vendor, if you have the ability, for one who values your business.



There are more indicators or clues that a vendor values your business than discussed in this note. Please schedule a call with an analyst to review your current situation, options, and opportunities to improve your position with your current or future vendor(s).