

Vendor Sales People Have A Different Agenda

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Every Companies spend millions to set up professional Procurement departments, staff them with experts, and invest in tools and processes to insure they are purchasing goods and services at the best prices.

Countering this, suppliers often pay top dollar to Salespeople, part of whose job may be to bypass Procurement entirely, by calling on other executives or employing a bewildering array of sales techniques. Procurement professionals frequently work closely with supplier sales people, but they often do not realize how those salespeople may be working behind the scenes. Generally, Procurements' job is to try to foster competition, and drive supplier prices down, while Sales' job is to try to differentiate from competition and keep prices up. These roles may be cordial, but are essentially adversarial.

One such Sales technique is gaining competitive information from the customer. Top-notch Sales people know their competition very well; they are usually familiar with their competitor's strengths and weaknesses. And they try to find out what their customers or prospects think about their competition. The more they find out about the competitive selling environment in a prospect account, the better able they are to gain an edge.

This can enable a good Salesperson to identify and "sell" a benefit that perhaps only his company can perform, or that he knows the competitor can't perform. If the Sales person can succeed in getting a particular product feature more heavily weighted, it may reduce price competition.

If Salespeople learn that a competitor is not well-liked by a Buyer, or by other influential executives, they may be less inclined to compete on price, being confident

that the competitor can't really win at any price. On the other hand, if Salespeople learn that an incumbent is well-liked, they may be less likely to bid aggressively, fearing they are being used as a "stalking horse", and will eventually lose anyway.

Sales people often have many sources and can be very clever gathering intelligence. They pick up bits during a sales call, other pieces from Engineering, maybe some more data from talking to administrators. They talk to the receptionist. They get people in one function to talk about people in another function. They are always asking questions. They can "triangulate" and put things together over time. A sophisticated company needs to be aware of how this works, and be on guard.

Although it is very hard to stop a skilled sales person from doing this over time the risk can be mitigated by making everyone a sales person might talk to aware of the potential issues. They must be taught to overcome the basic human inclination to share confidences, talk freely during a golf match, tell tales about other functions, succumb to flattery, etc. A procurement organization should have a policy, even though it is hard to implement, and very difficult to enforce. The truth is that most companies have no idea of the impact good vendor salespeople have on them. Loose lips sink ships!

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