

How to win with Procurement



By Jens
Hentschel,
Fivis

The role of Procurement in your key customer's buying journey

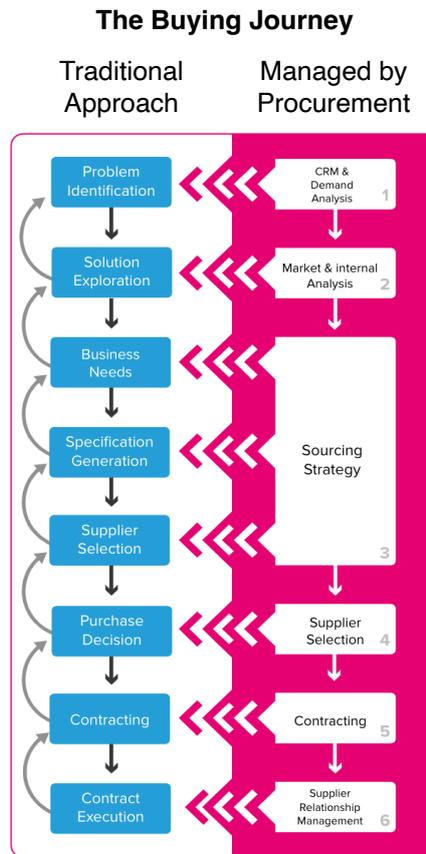
The customer's buying journey visualizes the steps the B2B customer goes through to satisfy a business need, leading to an external purchase of a good or a service. It maps out the various stages from business need conception to need fulfilment.

The concept of the buying journey provides a clear view on how demand for a product or service is being created on the customer's side and how this demand signal is ultimately translated into a purchasing decision and acquisition.

In reality though, a key customer will rarely follow the process as nicely mapped out as this. The buying journey is normally characterized by many reiterations. The reasons for a more chaotic reality are plentiful: budgets are being reassessed or reallocated, problems redefined and reassessed, people change roles, priorities are reevaluated, internal politics cause delays, etc. The list is long, so this buying journey is effectively rarely linear. Of course this is frustrating from a supplier's and sales manager's perspective, since the timeline to secure a successful sale is constantly changing

At the same time, the buying journey is also highly inefficient from a customer's point of view as these reiterations cost a lot of time and money to the organization itself. Delays in making decisions or not taking a decision to buy at all are rarely a viable option in today's fast paced markets.

Having the buying journey loosely or



not properly managed aggravates the problem because processes are potentially reinvented each time a business need emerges and processes are developed in isolation. The result could be that a company ends up with 30 different suppliers for a similar item and nobody really knows why. Hardly a setup to win in our VUCA (Volatile, Uncertain, Complex, Ambiguous) world.

The main driver for company leaders to nominate a dedicated function to serve as facilitator and consultant to this buying process – Procurement – is to manage and control these inefficiencies, for the customer and the suppliers alike.

How does the Procurement function operate?

Procurement effectively assumes responsibility for this buying journey through the application of its own strategic sourcing process. The buyer's involvement spans end to end, from business need

identification to solution implementation.

Buyers are tasked with identifying and challenging internal business needs (step 1). They assess markets on the available external capabilities (step 2). And they deliver the required solutions in the most efficient way possible by linking and leveraging the best external suppliers with the company needs (3-6). Procurement effectively provides a service and plays the role of a commercial consultant to its internal stakeholders.

What does this mean for KAM?

Despite these developments within the procurement discipline, there is still a certain myopia amongst most modern sales and KAM methodologies, suggesting the avoidance of Procurement as much as possible, at best recommending keeping it at arm's length.

The opposite should be the case. Instead of shunning Procurement, KAM teams should reach out to the B2B buyer, supporting them pro-actively in their sourcing process, and benefit from this new business relationship.

Procurement can be the ultimate business enabler in its role as influencer of business needs, of demand and product specifications. It drives decision making processes and initiates projects with internal stakeholders, providing an opportunity for key account managers to present their solutions to key stakeholders in the customer's organization.

Its role as commercial single point of contact offers new suppliers, that potentially were previously disregarded, an opportunity to win business for the first time without

Continued on Page 6

How to win with Procurement (continued)

needing to spend resources on assessing where the decision-making power resides.

It equally allows incumbent suppliers to reach a much broader audience within the customer's organization than ever before. It is in Procurement's interest to deploy great supplier capabilities across all business units in their organization. The buyer often serves as the internal advocate for the supplier, helping to sell their solutions to the various outlets in the business.

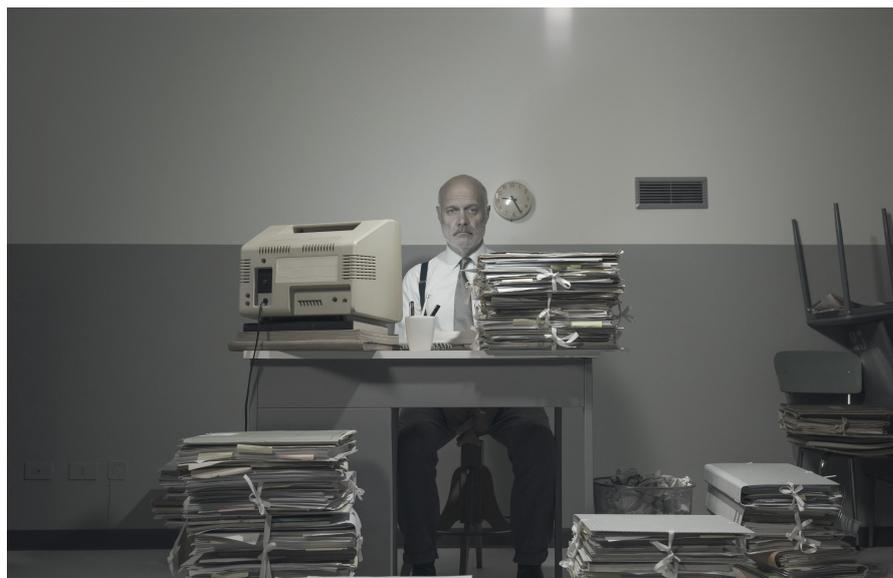
How to win with Procurement, then?

It is most important for KAM teams to create trusting relationships with the buyer early. This requires them to build a thorough understanding of this new counterpart in their business development process. What is the buyer's approach to managing the buying journey? How do they conduct their strategic sourcing process, how do they build and maintain the relationship with suppliers? Understanding their ways of working and what makes them tick will allow KAM teams to engage with them long before a commercial negotiation takes place.

Building these trusting relationships with the Procurement function on the customer's side seems to be difficult to achieve at times. Buyers keep key account managers at arm's length, are only interested in cost reductions and appear to be not interested in exploring the concept of value. Out of frustration key account managers may mirror the buyer's tactical moves, which in the end leads to a downward spiral of a lose-lose relationship.

But how much of this image and the implied buyer behaviour is actually conditioned by the fact that sellers expect Procurement to act in a certain, tactical way? As humans we are all creatures of habits, and in stressful situations we tend to fall

back onto old patterns and beliefs that we feel familiar with. If you are convinced that price and a discount are the only areas of interest to Procurement, then the conversation will most likely end up with a transactional discussion around costs.



Nonetheless, it is indeed very common for a professional buyer to be quite abrasive, closed and tactical when meeting suppliers for the first time. They are trained to be rather sceptical about what sales and key account managers have to say, to challenge what they have to offer, and to test the waters of their integrity.

However, their intentions are not to put the supplier down but to make the key account managers feel slightly uncomfortable in early encounters. The goal is to evaluate the supplier's reactions to gain confidence in their abilities to deliver on their promises.

This has to do with Procurement's role and responsibilities within their organization. Procurement teams are held commercially accountable for the suppliers they select, their actions and, most importantly, their inactions.

The buyer's threshold for trust in the supplier is hence much higher

than any other stakeholder within the customer's organization. Their credibility, their functional and individual success hinges on how well the external business partner performs. It is ultimately their reputation as a buyer that is on the

line when a supplier lets them down, overcharges them or provides them with a poor service.

Procurement wants to build trusting relationships with their supplier base, though. This is effectively the only way they can accomplish their main KPIs. To lower their guard they need is affirmation that they can trust you, as a supplier and as

How to build trust with the buyer?

Procurement assesses KAM teams consistently on how customer centric they are: a high level of customer centricity leads to a more trusting relationship. Customer centricity consists of five simple behaviors: to care, to compete, to improve, to respond, to win. Let's look into these five behaviors more in detail.

Continued on Page 8

How to win with Procurement (continued)

To CARE

“To care” represents the idea of building a holistic understanding of the customer, the buyer and their respective needs. Whilst this might sound like an obvious and simple task, it is one of the most underdeveloped parts in forming a customer centric mindset.

Caring is the action to fully immerse oneself into the customer’s environment. It requires curiosity and the ability to comprehend, to anticipate and relate to the customer’s fears, perceived and real risks, desires, wishes, constraints, hopes, and opportunities.

To care goes beyond just listening and asking questions. It is an approach that proactively and relentlessly gathers insights across the customer’s ecosystem. It is forms a consultative opinion on the risks and opportunities they face and succinctly identifies their most relevant needs to succeed in their environment.

To COMPETE

To compete stands for the action to meet previously identified customer needs with excellence. It represents the willingness to avoid complacency, and eagerness to always address their expectations better than the competition and the next best alternative the customer has available to them.

Competing does not mean to be the best in everything, all the time, but should rather represent the concept of always trying to stay ahead of competition.

Consequently, competing means having a concrete plan in place on how to best meet the customer’s needs. This plan is continuously reevaluated and adapted, based on the assessment of how competitors are performing in pursuit of the

To IMPROVE

Status quo is never acceptable for a customer centric mindset and nota state to fall back onto in a relationship. What made for success in the relationship up to a certain point might not be good enough moving forward.

To improve stands for willingness and dedication to continuously challenge oneself and the overall relationship with the customer to always get better. It is about having a concrete plan in place of what needs to be done to reach the next level in the relationship.

To RESPOND

To respond means to interact with your customer on their schedule, in their language, in the way that makes them feel most comfortable. Responding is taking your customer’s concerns and requests seriously whatever they might be.

It consists of the visible actions that you care, compete and improve. This can be as simple as readily replying to an email, pro-actively updating the status of a project or taking swift action in case of an emergency.

To WIN

The last, and most neglected step in building a customer centric mindset is to define, articulate and align what ‘to win’ means in the business relationship for YOU. What is it that you individually want to achieve with your customer? How do you see the relationship evolving over time?

‘To win’ defines your goals and vision for the relationship. It further includes the actions to articulate these goals and to align them with your customer.

In this FIVIS model we have decoded what customer centricity is

all about. It summarizes the essential elements for establishing the base for a sustainable and winning business relationship with your customer and their Procurement organization.



Ask yourself:

- Have I shown my customer and their buyer that I care about their business needs?
- Am I prepared to talk about how I will compete for their business?
- Do I have a plan in place to improve the relationship with the customer even further?
- Am I responding to all stakeholders and customer needs timely and appropriately?
- Do I know what winning looks like in the relationship and how we can attain it?

Refrain from your old behaviors and from responding to tactical moves with counter-tactical moves. Understand the challenges your buyer needs to overcome. Engage in a conversation with them early and get fully invested into a customer-centric mindset to lower their guard.

Your buyer needs you!

This article encapsulates Jens’ presentation and discussions at AKAM’s Focus on Customers meeting: Dublin, November 2022. Jens Hentschel, Fivis Email jens@fivis.io Website www.fivis.io