



## Turning Significant Expense into Competitive Advantage

### The Benefits of Scanning for Vendor Footprint Collapse

Paradigm Consulting has suggested a shift in perspective when an enterprise is viewing its vendors, particularly those with the largest share of expense. In very short form, here are opportunities we suggest pursuing. One caution: pursuing any of these with even a modicum of hope for success will require a different approach and likely different skills and contacts in place today, at least those which initiated the typical vendor relationships.

#### 1. Reduced vendor management costs.

- a. Challenge: Virtually every enterprise organization is struggling with increasing amounts of time and cost associated with managing its plethora of vendors. Some industries are facing increasing regulations which dictate vendor certifications or minimally, a checklist of traits, adding risk to the list of costs. Without subject matter expertise on par with the vendor, which is typically the case, the enterprise is at a natural weakness to garner the best solution and pricing.
- b. Solution: Scan the vendor base and services offered, not just those being purchased today. What you're looking for are ways to reduce the number of vendors by putting more business into a smaller group of vendors. To the extent the lack of an on-staff SME (Subject Matter Expert) is costing you, consider in-sourcing those vendors' offerings as practical.

#### 2. Getting better rates.

- a. Challenge: To expect an existing vendor to reduce its rates will often require the enterprise taking time to go to RFP (Request for Proposal). RFP or not, without adding new product/services, the vendor will likely want to reduce service levels and/or product quantity and/or quality in exchange for a discount. Nor will they be amenable to a change in terms not of benefit to them that you now find important to your success.
- b. Solution: By adding products/services to the agreement, particularly if they are in the vendor's sweet spot (internally viewed as more profitable, part of their core value-prop, or you being viewed as an anchor or marque account) the likelihood of getting a discount without negative offsets is raised dramatically.





### **3. Getting improved and even proprietary service levels.**

- a. Challenge: Asking for improved service levels without offering something in exchange is an uphill battle. Asking for a service level that stretches the vendor or a service level that helps you materially have a competitive advantage in the marketplace, is virtually impossible without redefining the typical relationship.
- b. Solution: Approach the dialogue in the spirit of stewardship and validating reciprocity of approach and you'll find getting these kind of service levels becomes within reach.

### **4. Reducing HR cost via FTE (Full Time Equivalent) elimination.**

- a. Challenge: To the extent a vendor is a key enabler to one or more of your products/services and your sales and customer support organizations do not have the expertise the client wants of the product/service, the enterprise is at a disadvantage. Why? Without the subject matter expertise, both reputation and ability to execute are somewhat compromised and having such expertise on staff is often cost-prohibitive.
- b. Solution: With a leveraged vendor relationship in place, the two parties can have the discussion about the vendor sharing FTE resource on behalf of the enterprise, whether it be vendor personnel whose workplace is at the enterprise or enterprise's client location(s). This also enables zero-cost knowledge transfer to your staff. This also can strengthen your sales approach but that's an entirely different discussion.

### **5. Introducing the vendor into your operations and sales campaigns.**

- a. Opportunity: With some level of enterprise/vendor integration as noted in some of these examples, exploring the idea of having one or more key vendors collaborating in areas such as sales campaigns, operations support, product development, etc. has merit.

**An initial discussion about any of these specific to your needs is at no cost.**

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