



SUPPLIER DAY

Selling Interactions

DIAGNOSIS; DESIGN; DELIVERY

Mixed Messages

What's going wrong when buyers and suppliers try to collaborate on strategic initiatives?



The challenge

Sales and Procurement: Two business functions that are famously at odds with one another. To sales people, Procurement is the enemy to be avoided and excluded from the sales processes. To Procurement, sales people are untrustworthy, corner-cutting wheelers and dealers.

But is this the way it has to be?

More and more leaders are starting to question why organisations have resigned themselves to adversarial buyer-supplier relationships.

Leadership within more progressive organisations know that they will not achieve their long-term goals without the buy-in, commitment and innovation of their suppliers.

In one McKinsey survey of more than 100 large organizations in multiple sectors, companies that regularly collaborated with suppliers demonstrated higher growth, lower operating costs, and greater profitability than their industry peers.



*“Our suppliers don’t really deliver innovations”,
“they don’t tell us vital information”,
“We have to search deeper to find the real reasons
behind the rationale”*



This realisation is putting the spotlight on Procurement: no longer is the function’s main purpose to negotiate better deals and cut costs with suppliers. Procurement, now, is being asked to build relationships with its suppliers, so they can fully contribute to their organisation’s direction of travel. And in competitive environments, sales teams are always looking for ways to work closely with customers, by being more ‘strategic’.

Our research goes ‘under the bonnet’ to see what is going wrong when buyers & suppliers try to collaborate on strategic initiatives.

The data: What our research showed

During the Spring of 2021, we received 31 survey responses from sales people and 32 responses from professional buyers. Both groups were asked 'matched questions', so we could see how each side views the same issue.

The results show striking differences in how the two sides view 'strategic collaboration'

Focus area	Question posed to buyers	Buyers' Score	Sellers' Score	Question posed to sellers
Communication of strategy	"We have good routines / processes in place to communicate our business strategy to suppliers"	53%	68%	"We have good routines / processes in place to ensure we understand our customer's strategy"
Relationship quality	"Our supplier relationships encourage open honest communication about our strategy"	60%	72%	"Our customer relationships encourage open honest communication about their strategy"
New innovation & ideas	"We are satisfied with the new ideas / innovations / R&D that our suppliers bring to us"	35%	64%	"Our customers are satisfied with the new ideas / innovations / R&D we deliver"
Adapting to customer strategy	"Our suppliers are good at adapting to our chosen company strategy"	50%	63%	"We are good at adapting to our customer's chosen company strategy"
Trust on prices	"We trust our suppliers to collaborate with us on strategic programmes without exploiting us on price"	50%	56%	"We trust our customers not to exploit us on pricing if we participate in their strategic programmes"
Mutual gain	"We seek a mutually beneficial dynamic with our suppliers"	59%	75%	"We seek a mutually beneficial dynamic with our customers"
Average		51%	66%	

Very different perceptions of value delivered



SUPPLIER DELUSION (2) IS ALIVE & KICKING

Averaged across all the 6 categories measured, sales people scored what they delivered in the relationship at 66%. Buyers scores only 51% for what sellers delivered, indicating very different perceptions of what level their relationship is at (1)



BRINGING THE WRONG GIFT TO THE PARTY

Sales score themselves 64% in terms of bringing new ideas and innovations. Buyers score only 35% in terms of being happy with what they receive. It seems sales people want to give, but not necessarily what buyers are really looking for.



Very different relationship mindsets



The buyers in our research

scored a low 35%

when it came to being satisfied with the new ideas, innovations and R&D from suppliers.

When asked how they're communicating their strategic agenda with their suppliers the top 3 methods were

- 1) via email
- 2) via their company website and
- 3) via RFIs.

Aren't these messages too important to be left to 1-way, uninspired and in-no-way-motivational posts? Who knows if the right suppliers are reading them, and if so, are they fully comprehending what is required or even how great the opportunity is?

Very different relationship mindsets

Analysis of free text shows that buyers & **sellors** approach the relationship with fundamentally different mindsets. Sales teams typically focus on **relationships and soft skills** to understand customer strategy, while **buyers** seem to focus more on **structures and processes** to communicate strategies.



Sales best practices to understand customer strategy

“Active listening - ask questions - share knowledge”

“Asking questions during meetings Follow their social media - Facebook, LinkedIn, Phone calls, meetings, good relationship”

“Face to face meetings Phone calls mail”



Buyer's best practices to communicate strategy

“Website - Innovation challenge themes SRM - Reviews - KPI on Innovation Specific Interventions - i.e. last mile delivery challenge”

“Supplier Collaboration Plans Workshops (e.g. supplier sustainability session) Executive Reviews”

“Annual supplier conference Senior leadership webex (high level/monthly update) Reinforcement by teams during monthly scorecard sessions”

The base of trust is missing



TRUST ISSUES RELATED TO PRICE

It seems that price negotiation, parading the competition and lack of information still make sellers feel uncomfortable about truly committing to a customer's strategic initiatives.

Price is what you pay, value is what you get!



"Price negotiation when there is a strong competition info from customer about the project - they don't want to share information (all is confidential)"

"Transparency and mistrust"

"The customer only giving you certain valid points, so having to search deeper to find the real reasons behind the rational".

Our advice to buyers



Role model integrity

Nothing is more important for building trust than doing what you say you will. And beyond this, when things go wrong, because they will, finding a solution that is fair to both parties.



Nurture reciprocal relationships

The fundamental understanding that underpins an entire Customer of Choice programme is that you need your suppliers just as much as they need your business. Therefore, when your suppliers come to you with new developments not only are you eager to listen, you're eager to see how you can contribute. Identify reasons why your suppliers would want to work with you on a specific project. This is particularly the case when you're seeking to solve big problems like decarbonisation and you rely heavily on suppliers to find new solutions - why would they invest their R&D resources in this if you're tying them into exclusivity clauses or won't invest equal resources?



Build connectivity

This is reciprocity taken to a whole other level where your supplier can't imagine their business without you and you're both prepared to take risks to see success.

Our advice to sellers

Be selective

01

Not all of your customers will be motivated to work with you on strategic initiatives. They simply don't have time to work with every supplier on the book. Healthy cynicism is your best ally here! Using a "mutual attractiveness" approach to categorising B2B relationships can help (3)

Do your research.

02

A quick search on customer websites and social media will reveal if your customer is trying to transform the way they work, or if they are pursuing a specific strategy. Make clear-headed analysis: Can your organisation realistically contribute to their direction of travel? If yes, prepare your concrete questions and initial ideas to float with your contacts

Watch out for supplier delusion

03

In the drive to serve customers well, winning the latest trophy brand name in our account lists, we sometimes don't pay attention to whether our efforts are reciprocated. There has to be mutual investment in a relationship for it to work. Sometimes it's wise to take off the rose-tinted glasses to see if you have a true partnership.

For the best opportunities, use virtual teams

04

When you identify which customers are most likely to reciprocate your strategic efforts, build an internal team that is matched to your customer's roles, so you can foster close collaboration between experts. The account manager is like the conductor of an orchestra for this type of work, not a 'bottleneck'

If you go for it, go for it!

05

Nothing destroys trust faster than broken promises. If you decide to get involved in your customer's strategic initiatives, commit. Commit your organisation over time. Otherwise, your credibility WILL take a dent!

collaboration:

Motivating your suppliers to see the vision you're creating for your company is essential. It's even more important that they can clearly recognise how you are acknowledging the fundamental role they play in achieving it. You have to motivate your suppliers to want to work with you. They have to buy into your vision too.

IT'S ESSENTIAL THAT WE FIND SUSTAINABLE WAYS TO UNLOCK EVEN GREATER VALUE WITH OUR SUPPLIERS IN THE SIEMENS GLOBAL ECOSYSTEM. SUPPLIER DAY CONFIRMED OUR BELIEF IN THE POWERFUL RESULTS THAT CAN BE ACHIEVED WITH A VIRTUAL EXPERIENCE, IF YOU DO IT WITH THE RIGHT PEOPLE, AT THE RIGHT TIME - Carl Ennis, Siemens CEO UK&I

The traditional supplier days which were little more than a PR stunt in an exotic location and void of long-term ROI are a thing of the past. SIEMENS invited Supplier Day, to engage the supply chain in Siemens' public commitment to be carbon neutral by 2030. 'Sustainability with Siemens' was not only a catalyst for ecosystem collaboration, commitment and action. It proved the power of virtual experiences to deliver real results with a cultural, environmental and financial ROI that cannot be achieved through physical events. Siemens was precise in their objective of activating the collective supply chain to meet their ESG goals. This clarity of challenge is the beating heart of Supplier Day's most effective ecosystem experiences. We take our clients through a "Vision Lock" workshop where we refine your objectives and share the proven principles of virtual experience design as a first step to building your supplier day blueprint.



SUPPLIER DAY

About the research & the authors



Caitlyn is an innovation and transformation expert who believes that how you communicate determines whether or not you achieve your goals. As founder and Managing Director of Supplier Day she is on a mission to help organisations achieve their biggest goals by collaborating more effectively with their suppliers.



Anderson is a sales excellence specialist with over 20 years consulting, coaching & training experience. He founded Selling Interactions as spin-off from research done at Warwick Business School. He is a thought leader in B2B sales strategy.

This research was conducted during May & June 2021.
There were 30 respondents in a sales role and 32 respondents in a buying role.
Respondents were from a wide variety of sectors, and sourced from multiple populations
Results were collected using an online survey

References

- (1) "Managing your external supply system for innovation" – Gößwein, J., Herlt, A., Rada, I., and Wagner, F. 2019
- (2) "Key Account Management" p57– Woodburn, D & McDonald M 2011
- (3) "Key Account Management" p25– Woodburn, D & McDonald M 2011

Next steps

Do you need help to optimise your B2B trading relationships?

Do you want to build a smart relationship & negotiation approach?



We can help you on either the buy or sell side to improve strategic collaboration

If you are in a procurement role, contact Caitlyn@supplierday.com

If you are in a sales role, contact anderson.hirst@sellinginteractions.com

We can arrange an informal meeting to discuss your individual ambitions and objectives.