

Guidelines for a 'Win-Win' Vendor Relationship

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by Mary Mike Pavoni, MS, RHIA

For some HIM managers, contracting with a vendor is their only external business relationship. The ideal outcome of the sale and purchase process requires both parties to commit to the success of the effort. If the HIM manager approaches a vendor with a "convince me I need this" attitude, the possibility of success is far less than if the HIM buyer recognizes a need and invites prospective sellers to propose the best possible products and prices.

Committing to Communication

The relationship between an HIM department and its vendor can range from full integration and working together for mutual success to complete breakdown. Breakdowns occur when the HIM department is unhappy with the performance of the service, product, delivery, or perceived failure to live up to promises made during the selling and buying cycle. It is also possible that a seller may feel misled or that the buyer failed to provide all the pertinent information.

If a vendor fails to deliver file folders on time, the HIM buyer may have charts without folders. If the word processing vendor fails to return work on time, the HIM buyer may have dissatisfied physicians. What should the HIM buyer do to ensure that the product or service delivered matches what he or she contracted for? What are the expectations of both parties?

For too many years, HIM buyers have seen the vendor relationship as adversarial. Buyers assumed they had to drive a hard bargain in order to get the lowest price for a product and keep the bottom line under control. On the other side of the desk, vendors felt they had every right to get a fair price, including all costs (both overt and hidden) back from a sale. What was lost in this adversarial process was mutual respect, mutual assistance toward the same goal, and a mutual commitment to success.

Striving for a Buyer-Vendor Partnership

The current trend is to consider vendors and buyers as partners. "The goal of any partnership is to merge the strengths of each partner to create a new entity that adds to the profitability of each by meeting both partners' goals," one expert advises.¹ The vendor-buyer model of partnership is frequently found in steady, large-volume supply or service purchasing agreements. The vendor is able to lower costs due to volume while the buyer is confident that the product/service is going to be available, rendered on time, and that the vendor has the buyer's interest at heart.

In this relationship, the vendor and buyer often form work teams that allow the buyer to keep the vendor informed of needs, timing, and concerns. Both parties work to keep the relationship sound because both want to meet their own needs: acquiring or providing goods and services at a reasonable price and profit. Symbiosis and success are the result. Forging a "Win-Win" Relationship Consider the following suggestions to facilitate a stronger working relationship between the buyer and the vendor.

1. Begin by understanding that the following idea is not the best approach:

"Force as much of the cost of doing business on suppliers as possible. The reality is that all costs are eventually borne by the customer. In some manner, all costs are passed on to consumers."²

This approach is not conducive to building a positive relationship. An alternative view is that if a vendor has traveled halfway across the country and spent hours putting together a sales presentation, the buyer should recognize that someone has to pay for this time and travel.

If the buyer does not select this particular product, a gracious "thank you" is in order and even better is a referral to a colleague who might use this product or service. This gesture sustains good will between the parties. Good will, after all,

is free, so why not be cordial and helpful?

- Both parties should communicate honestly and straightforwardly. Buyers may be under unwanted constraints, such as deadlines or customer complaints. The seller should disclose all pertinent information. Is the product in testing, production, or ready for delivery? What are the best and worst-case scenarios for meeting a delivery schedule?

A buyer does not want to pay for a product or service and later learn that a colleague across town purchased the same item at a significant discount. Sellers, on the other hand, want the opportunity to fully assess the buyer's needs so the best combination of product or service and price may be offered to the potential customer. The buyer is advised to provide accurate and timely access and information.

- Mutual respect helps both parties gain optimum outcomes. This is developed over time and can be as simple as promptly returning calls or as complicated as making an effort to get acquainted with each other's goals in the exchange of goods and dollars.
- Each party must maintain ethical behavior. For the HIM buyer, this may mean refusing lunches or other free gifts not covered in his or her professional and organization's policies. Likewise, sales representatives must accurately represent their reference lists, answer honestly all questions submitted to them, and be prepared to meet the agreements they forged.
- Buyers need to respect the vendor's price and cost agreements by not "shopping" their price to another vendor. Similarly, a seller is advised not to gossip about a customer's situation to their peers.

Considerations, Conventions, and Obligations

Is an HIM manager under any obligation to take or return cold calls or see an uninvited sales person? Of course not, but in the spirit of establishing cordial relationships as well as keeping options open, the HIM buyer might want to take the time to return the call or see the sales person for a few minutes.

Sales people recognize that their visits are unexpected and are grateful for even a few minutes of a buyer's time. The opportunity for the two parties to discuss the buyer's needs and how the supplier can help meet that need can be a valuable outcome of a short conversation. Even a brief exchange helps "qualify" whether there is potential for future discussions. However, the vendor who will not accept a negative response will most likely deter the customer from ever considering his or her product.

Once a sale is made, what else should the buyer expect from the vendor? Vendors should periodically follow up with the buyer to confirm that the product is meeting the business needs and expectations of the buyer. If the seller asks for feedback, the buyer should readily provide it, perhaps through a users' group or feedback form.

Buyers should take advantage of vendor offers. For example, if a vendor asks you to be a beta (second phase test) site for software, consider it an opportunity to shape the product the way you would like it work.

Using Feedback for Mutual Success

One expert maintains that exchanging information and feedback is a way to improve the communication and therefore, service from the vendor to the buyer. The seller should ask:

- How well do I help you meet your needs when I call on your healthcare facility?
- What am I doing that works well, and what would you like to see more of?
- In your opinion, what is the biggest joint opportunity we have in the coming months to improve our performance together?³

The buyer should ask similar questions of the seller, including:

- How well do we help you meet your objectives when you call on our healthcare facility?⁴

The Final Measure of Success

In the end, the customer's expectations and goals must be met. Vendors should measure their customer success not through the actual delivery of their service or product, but through the customer's perception of the service quality.⁵

Authors Charles Poirier and William Houser best summarize the vendor-buyer partnership: "The correct way to approach partnering is to work in a spirit of trust with qualified sources to ascertain the true capability of the supplier to consumer."⁶ In other words, share your goals, needs, time constraints, and budget limitations, and ask the vendor to work with you. That's the key to a successful vendor/buyer partnership.

Notes

1. Sjoerdsma, Mike. "The Hospital-supplier partnership: Take care of the relationship first, and individual rewards will follow." *Hospital Materials Management Quarterly* 16, no. 3 (1995): 42-46.
2. Poirier, Charles, and William Houser. *Business Partnering for Continuous Improvement; How to Forge Enduring Alliances Among Employees, Suppliers and Customers*. San Francisco: Berrett-Koehler Publishers, 1993, p. 184.
3. Taylor, Katherine. "Buyer and seller ask each other, 'How am I doing?'" *Materials Management* 6, no. 3 (1997): 20.
4. *Ibid*.
5. Poirier. *Business Partnering for Continuous Improvement*.
6. *Ibid*, p. 198.

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