



Session Codes: FK and IF

***Outstanding Customer Service
for Procurement Professionals***

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Monday, May 9th, 3:20 – 4:20 p.m. , and
Tuesday May 10th, 3:50 – 4:50 p.m.



Outstanding Customer Service for Procurement Professionals

Presented By



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- **Mark Trowbridge, C.P.M. – Principal.** Past Director, Strategic Sourcing, Bank of America. Past Director of Contracting, Security Pacific Bank. Past Procurement Positions – Western Airlines, Catalina Yachts, Gibraltar Savings.
- **Strategic Procurement Solutions –** *A specialty firm providing advanced supply-management consulting & training to Fortune 500 & Progressive Public Sector Clients.*
- **Clients have included...** *Delphi Automotive, Apple Computer, Entergy Services, Limited Brands, MetLife, State of Oregon, Baltimore Gas & Electric, Nationwide Insurance, Allstate Insurance, PacifiCare Health, Bristol-Myers Squibb, Vision Service Plan, Colgate-Palmolive, California Bank & Trust, Union Bank of California, Sprint-Canada, Sybase...*

Customer Relationships

Key Component of the Supply Chain

Value x 4 = Excellence

- Physical
- Financial
- Informational
- Relational
 - Suppliers
 - Customers
 - Procurement

Each Party Must See Value

Customer Relationships

Strong Customer Relationships...

- Create “demand” - a need for procurement services;
- Are pre-requisite to impacting enterprise expenditures;
- Take time to nurture (as do personal relationships); and
- Require the right personalities to form.

Service Through The Customer's Eyes

The Three Rings of Perceived Value



Customer Service Factors

Procurement organizations should continually perform assessments to determine gaps between customer expectations and perceptions of the service received based on five factors:

- **Reliability** - Consistency of performance and dependability
- **Responsiveness** - Providing the customer prompt services
- **Assurance** - Ability to convey trust and confidence
- **Empathy** - Providing caring and individualized attention to the customer
- **Tangibles** - Physical evidence of the service experience – a specific deliverable.

Communication Factors

Communication which means listening to the customer plays an important role in providing an assessment of procurement value add activities.

Ask hard questions such as:

- How do we maintain our current customer base?
- What services are required to attract the customer?
- How do we increase our customer base?
- How do we train our employees?
- How do we communicate with customers?
- Can we make our services more desirable, reliable, accurate and useful?

The Strategic Transition

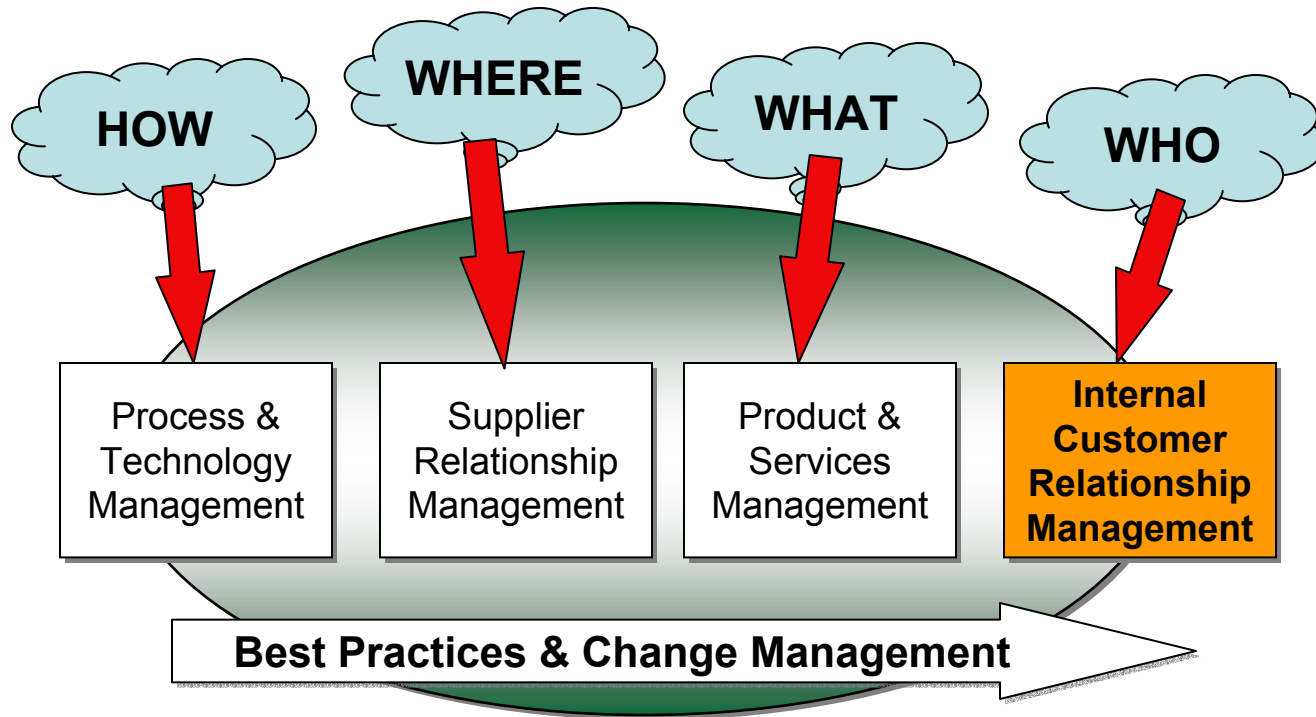
Past



Future

Tactical	Strategic
Order Placers	Commodity Managers
Users	Customers/Clients
Paper Managers	Information Managers
Price Point Negotiations	TCO Negotiations
Adversarial Vendor Relationships: Fragmented Buying, Lead Time Concerns, Order Entry Failures, Multiple Sourcing	Alliance Supplier Relationships: eProcurement, Total Quality Management, Customer Empowerment, Consolidated Supply Base
Reactive	Proactive

Elements of a Successful Supply Chain Management Process



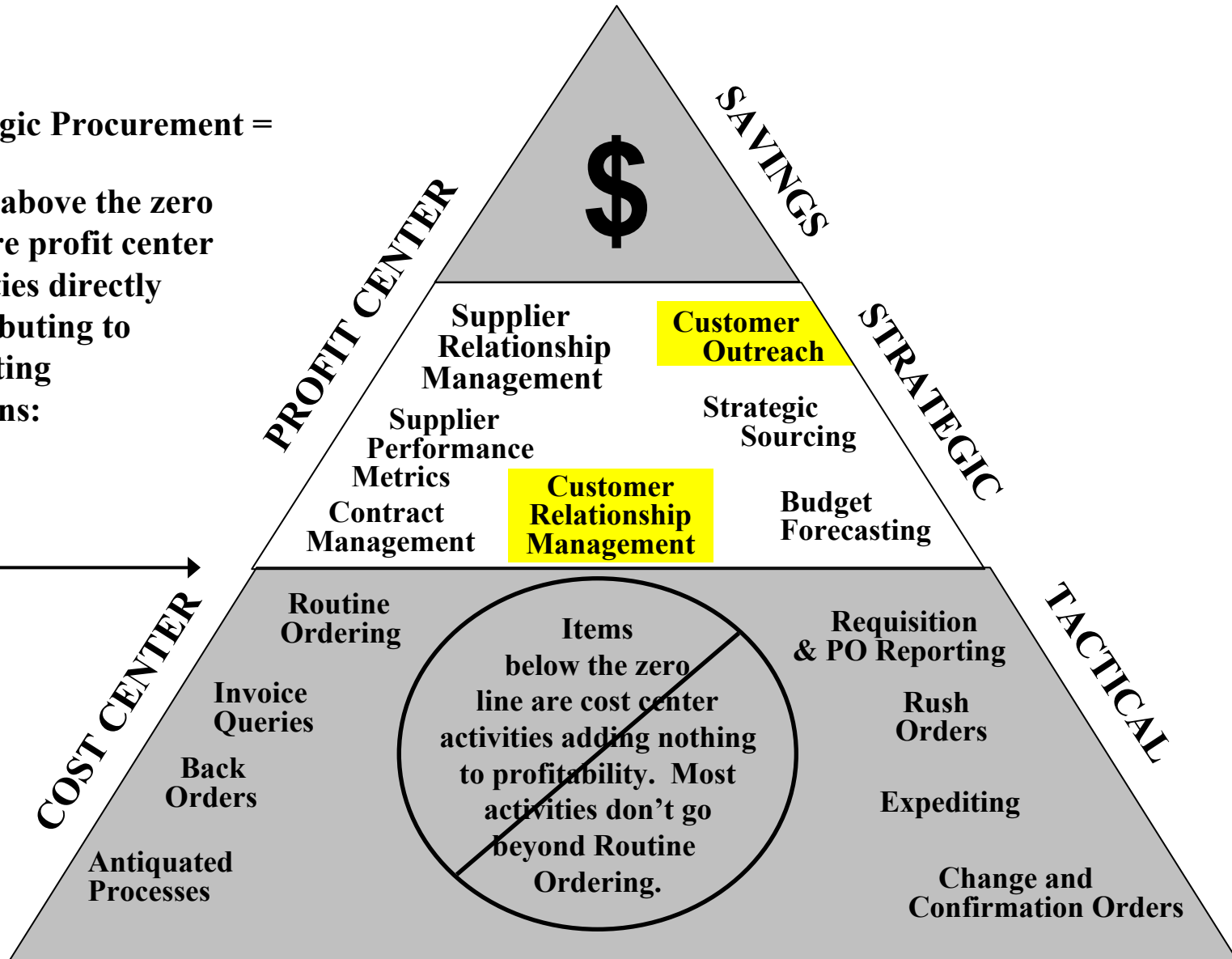
Full-Spectrum Procurement

Value Creation Through Strategic Procurement

Strategic Procurement =

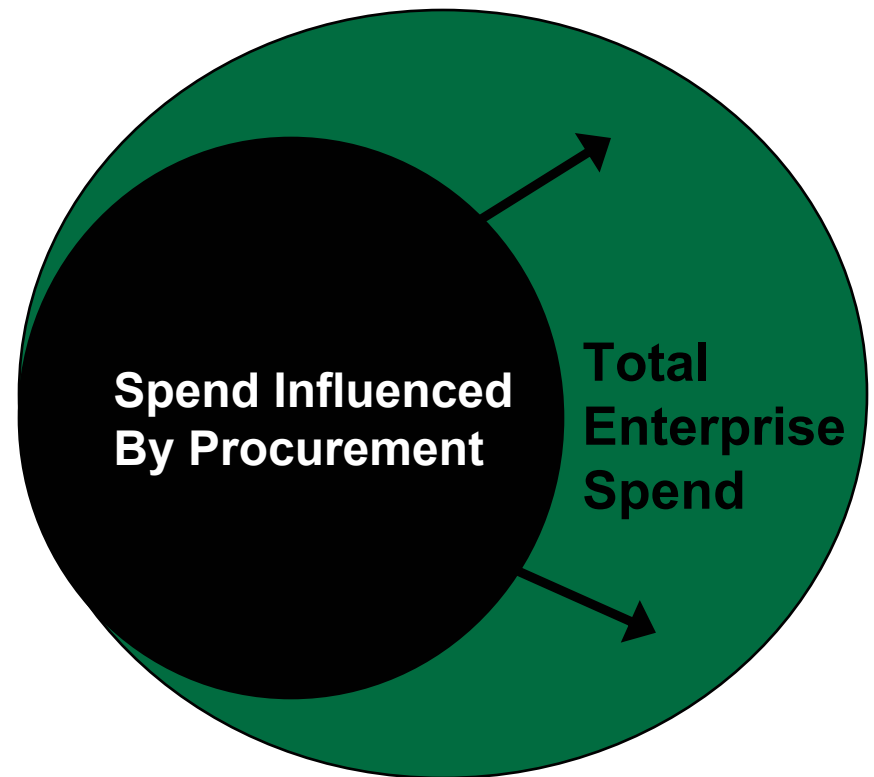
Items above the zero line are profit center activities directly contributing to operating margins:

Zero Line →



Customer Relationships Are Critical to Impacting The Entire Expense Base

- Non-Traditional Spend Categories Are “Earned” Not “Mandated”
- “You can build the best _____ in the world, but it won’t do any good unless someone _____ on _____.”
- *Maverick* Spending Fragments Supplier Leveraging
- $MS = I^3$



What Does Procurement Provide To Internal Customers?

- Value Creation
- Total Cost Reduction
- Service Quality
- Relationship Management
- Risk Management
- Contract Management

C.A.R.E

Customers

Are The

Reason Procurement

Exists

More Challenging Customer Groups

- Human Resources
- Facilities
- Information Technology
- Marketing and Advertising
- Engineering and R&D
- Other: _____?

Internal Customer Needs

Why people buy?

Need + Solution = Benefit

- If there is no perceived / actual need, there is no benefit; therefore no sale
- Customers do not buy solutions
- Customers buy benefits – what our services will do for them

Customer Support Tools

- Customer Survey
- Service Level Agreement (SLA)
- Contract Status Report
- Supplier Relationship Management Strategy Guidelines
- Quarterly Business Reviews
- Project Plans/Responsibility Matrix
- Score Cards
- Implementation Plans

Seven Keys to Building Internal Customer Relationships

1. Determine Major Customers (Existing & Potential)
2. Develop Customer Relationship “Tools”
3. Assign the Right People for Customer Interaction
4. Build “Outstanding” Customer Service
5. Make It Easy to Order Products/Services
6. Meet Regularly with Key Customer Groups
7. Advertise the “Value Add” of Procurement Programs

Key #1 - Determine Major Customers (Existing & Potential)

- Perform an Enterprise Expenditure Analysis
- Transaction Volume Monitoring
- Capital Budget Review
- Senior Stakeholder Interviews (Executive Management, Legal, Accounting)
- Drill-Down Interviews
- Build a Marketing Plan

Key #2 - Develop Client Relationship “Tools”

- Brochure
- Roles & Responsibility Matrix
- Customer Profile Tool
- Requirements Definition Checklist (S.O.W.)
- Project Worksheet
- Project & Contract Portfolio Reporting Tools
- Satisfaction Survey

Key #3 - Assign the *Right* People for Customer Interaction

- Match Personalities
- Get “Hired Guns”
- Manage Relationships at Multiple Levels of Interaction
- Make Relationship Management Part of Incentive System
- Job Rotations
- Foster Personal Relationships
- Build a Customer Outreach Program

Key #4 - Build “Outstanding” Customer Service Levels

- Procurement Personnel ARE NOT Known for Great Customers Service
- Are We “Roadblocks” or “Facilitators”? (*Exercise*)
- Listen to Customers (In Person, Meetings, Surveys)
- Incorporate Feedback, And Listen Again
- Avoid “Sure Fire Ways to Lose a Customer” (Next Slide)

“Sure Fire” Ways to Lose A Customer

- Treat them as if they are one of many.
- Say “I don’t know.”
- Don’t follow-up after making a commitment.
- Tell them it’s not your job.
- Make sure your voice sounds bored and uninterested.
- Blame or accuse the customer.
- The words “you’ll have to” will do the trick.
- Let them know you are too busy to help them.
- Make the customer feel inferior.

***“Your
Needs
Don’t
Matter”***

More “Sure Fire” Ways to Lose A Customer

- Tell them they’ll have to calm down.
- Be sure to use a lot of jargon.
- Don’t solve their problem.
- Ignore your competition (...Not using procurement)
- Don’t worry about your customer’s needs.
- Don’t respond in a timely manner.
- Don’t give your customer your full attention.
- Decide yourself what’s important to them.
- Over promise and under deliver.
- Have the customer do your work.

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Key #5 - Make It Easy to Order Products/Services

- “Empower” Customers
- Simplify Requisition Processing & Approval Routing
- Utilize eProcurement, pCard, and other Automation Tools
- Shorten Cycle Times
- Give Customers Visibility to Status of Orders, Sourcing Projects, *Contract Negotiations* and *Contract Inventories*

Key #6 - Meet Regularly with Key Customer Groups

- Understand “Prior” Experience With Procurement
- Seek to Understand Their Upcoming Needs
- Meet Their Key Directors & Project Managers
- Debrief Following Strategic Sourcing
- Train In Supplier Management
- Buy Lunch

Key #7 - Advertise the “Value Add” of Procurement Programs

- Build an Intranet Page
- Put “Did You Know” Articles in Enterprise Newsletter
- Place Inserts Into Supplier Deliveries
- Expand Key Programs to Employees
- Make Procurement Into a “Profit Center”



Questions & Answers – Discussion

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