

# Arrogant, devious, slimeballs, the enemy...

...Is this what you think of salespeople? Because it's how purchasers see them, according to a new report, which found trust and co-operation was lacking in buyer-seller relationships. Mark Whitehead examines how both sides should work together to get better results

**There was once a purchaser in the footwear business buying on behalf of several shoe shops. One day, a major supplier said that a particular line was going to be a big success. The purchaser thought this was a line being spun by a crafty salesperson looking for sales, and ignored them.**

Three months later, the shoes were on the market and selling like crazy - for everyone except our unfortunate purchaser. By this time, the manufacturer's order books were full, so another three months passed before the purchaser could get the shoes in stock. Six months' worth of valuable business had been lost. Why? Because the purchaser didn't trust the salesperson.

The anecdote is recounted by the author of a major new study to show what can happen when there is no trust in the relationship between purchasers and sellers. Both sides can end up losing out.

More than 2,000 purchasers took part in the three-year study, filling in questionnaires at training sessions in negotiating skills run by consultancy PMMS and CIPS. They did not pull their punches.

"Few saw salespeople as individuals with both good and bad qualities," the report, Seller Beware, concludes. "For many, they are the enemy... pushy, aggressive, untrustworthy, manipulative, unreliable, devious, opinionated and arrogant. Some went further with descriptions such as slimeball, bastards and others that are unprintable."

The study, possibly the largest of its kind so far, highlights the crucial relationship in the whole purchasing and supply management business: that between buyer and seller. It reveals

the attitudes buyers have towards the people they do business with on a daily basis.

Despite all the advances of technology and the academic studies of supply chain management theory, this is the relationship that drives the supply chain and is crucial if the progress being promised by advanced theoreticians is to happen. Unless buyers and sellers relate to each other in a way that delivers the greatest mutual benefits, business is at a disadvantage.

The report's findings fly in the face of today's received wisdom that buyers and sellers should work together in partnership to achieve the best results for all. On the face of it, the survey is bad news for UK industry. Barry Hankinson, the author of Seller Beware and a senior consultant with PMMS, says: "There seems to be a lack of trust and goodwill in relationships. We found many buyers have extremely negative attitudes towards their suppliers. They're suspicious of them, and it's bad for business."

However, figures in the study go some way towards softening these attitudes. While nearly half of respondents saw sellers' behaviour in negative terms, for example, almost one in five were positive, using such words as "confident", "professional", "helpful" and "achievement-orientated".

The age of the buyer made a difference, according to the study. Under-30s see sellers more negatively than over-30s, and over-40s consider sellers to be better trained than their younger counterparts. Curiously, women took a more negative view of salespeople than men, appearing to contradict the general view that women work more collaboratively. This may be because most sellers are male and women find the typically aggressive culture of the salesman more distasteful.

The report's findings ring true with many purchasers. "There is always an element of mistrust, the feeling that they're trying to get one over on you," admits Rob Riley, senior procurement specialist at electricity generator British Energy. "But they are there to make the best deal for their organisation, just as you're there to do so for yours. The natural relationship is one of mistrust."

But Riley, like most others in business, stresses that the job of the professional purchaser is trying to improve the relationship so that the two sides can work together productively. He tells of a deteriorating relationship with one of the contractors responsible for maintenance work at several of British Energy's nuclear power stations. Performance targets were not being met and health and safety - more than usually critical at nuclear power stations - was at risk.

The problem, according to Riley, came down to money. The contractor was anxious to keep costs down and this was leading to mutual antagonism and a lack of trust.

The answer was to get round the table and try to build a better relationship. British Energy launched a series of workshops involving staff from both sides to identify what could be done to improve the situation. Solutions included a shared incentive scheme to improve performance so that the contractor made more money if it reached its targets. Trust, says Riley, is not an abstract term based purely on personal goodwill but a hard-nosed business concept.

A good relationship is based on people, he says, and it's important for buyers and sellers to get on well. The ideal is to strike a balance between the commercial relationship and the personal, remembering always that it is essentially all about

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doing good business. "You have to remember that if people aren't making a profit, they won't be in business," Riley adds.

Heather Wood, business operations manager at Cisco Systems, says mistrusting sellers and having poor relationships with them is misguided. Suppliers can be a goldmine of useful information.

"A lot of purchasers have to flex their muscles and show who's boss, but that's not how to get the best from your supplier," she says. "You need to treat them with respect, and I've always found that if I do that, I get nothing but respect back. And the payoff is that suppliers can teach you a lot about the business they're in. They'll not only tell you about their products, but they'll talk honestly about their competitors.

"They'll give you the inside information on new products coming to market, company gossip, rumours about mergers and takeovers, whether a component shortage is looming, all sorts of things that can be invaluable to you as a purchaser. Most of them are obsessed with what's happening in the market and they'll forget that they're trying to sell you something.

"They'll keep in touch with you and keep you updated. It can save you huge amounts of money on market research and hours poring over reports. Getting to know your suppliers is a fantastic way of finding out what's going on in the marketplace."

Buyers ought to be in a good position to influence the style of negotiations, says Melinda Johnson, head of policy at CIPS. But, in the past, a lack of training has put many purchasers in a weak position, and that in turn has led to poor relationships.

"Traditionally, salespeople were much better trained than buyers," she says. "They were trained in sales techniques, how to approach an organisation, how to close a deal and so on. That put purchasers at a disadvantage, which led to suspicion and mistrust. But buyers trained in modern techniques are more open and transparent with suppliers and establish a closer working relationship.

"Proper training puts purchasers and suppliers on an equal footing and that leads to a more trusting relationship based on mutual respect. When you're in negotiation with a supplier, you've both got commercial objectives and it's all about give and take."

It's up to the purchaser to take the initiative and set the tone for negotiations, says Johnson. "The buyer should be proactive. They should say, 'I want you to deal with me and these are the terms. I want to negotiate in a constructive and professional way.' It's up to the buyer to manage the relationship."

Seller Beware strongly reinforces the need for training. When buyers were asked how much training they had received in the previous three years, most answered "none". Salespeople in a similar survey had usually been on two or three courses in the previous year.

## **Lack of confidence**

The biggest problem buyers perceived in negotiations, the report found, was a lack of confidence. Many purchasers, it says, are dealing with multi-million pound budgets with limited negotiating skills.

One participant in a negotiating course had been in her job as a buyer for just four weeks after graduating in fashion design. She was attending the course to gain some negotiating skills before setting off to rural India where she was under instruction to spend £8 million on silk garments. The company, says the report, appeared to see her skills in "choosing the right fashion statements" as more important than buying skills.

Buyers were outspoken about their level of training compared with sellers. Most said their lack of confidence was mainly caused by a lack of practical knowledge of negotiating techniques as a result of under-investment in their skills development.

Apart from more training, PMMS's Barry Hankinson makes other concrete recommendations for improving the situation. The strategic nature of purchasing should be recognised, he says, so that buyers enjoy the full confidence of their managements. That means giving the purchasing director a place on the board. Until purchasing is seen as strategic and receives active support from board level down, buyers will continue to be left out of the big decisions and expected to pick up the pieces later.

Recruitment must also be made more professional, says Hankinson. Although purchasing-related subjects are being offered by growing number of universities as part of business degrees, too many firms move technical and commercial staff into purchasing as stopgaps to "place a few orders". Five years later, says the report, when the stopgaps are still there, it's not surprising that salespeople are exploiting them. Succession planning and clearly marked career paths must replace this "backdoor recruitment".

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John Williams has seen things from both sides. Until two years ago, he was senior purchasing manager for a high street bank. Then he went to work for one of its major suppliers, IT company Compaq, as group manager of the strategic bid centre at its head office in Reading. He agrees that relationships can often be better. The key is to find out more about what the other side is trying to do. And he warns that generalisations are misleading.

"It's no more accurate to say that salespeople are all untrustworthy and unreliable than to say that Italians are all good opera singers," he says. "There were some I didn't enjoy dealing with and who I wouldn't have trusted as far as I could throw them. But there were others I could build up a very strong relationship with. The only generalisation you can make is that they're all driven by the objectives they have as individuals and that their companies have set for them.

"The challenge of negotiation is to find your way through these variables and use them to your mutual advantage in a win-win relationship. They're aiming to make a satisfactory return for their company, and you're under pressure to find a solution on commercial terms that are acceptable to you."

A confrontational attitude can work both ways, Williams says. In his current role, he sees many proposals from purchasers. Some, little more than sets of instructions, immediately set the wrong tone for a productive relationship. The key to a better rapport, he says, is a more open, communicative relationship between the two sides.

"You need to encourage more openness about what the purchasers and salespeople are trying to achieve. People will do better business when they operate in a more open

environment. Being more open will help meet the objectives of both parties, and it's more sustainable in the long run."

- Seller Beware is available from Negotiation Research International (NRI), a division of the PMMS Consulting Group. For further information, please contact NRI on +44 (0) 1253 795177, e-mail nri.uk@pmms-group.com or write to 15 Church Road, Lytham FY8 2EL.

## Advice

### How to manage your suppliers

- Be as open as possible, within commercial and legal constraints, so that everyone knows the procedures, timescales, expectations and so on.
- Do not disclose suppliers' confidential information to third parties.
- Do not withhold important information or give misleading information.
- Unsuccessful suppliers should be told why they have failed.
- Suppliers should not be asked to incur costs if there is little chance of their obtaining business.
- Purchasers should discourage the arbitrary or unfair use of power or influence in their organisations.

Adapted from Ethical Practices in Purchasing and Supply Management, CIPS

## Checklist

### How to influence the seller

- Emotion: the most persuasive way of influencing people. Often employed by salespeople, buyers are wary of using it.
- Logic: the most common approach used by buyers, but used too much can convey a cold style. Best blended with emotion.
- Threat: not recommended for creating the desirable "win-win" outcome. Does not fit with a partnership approach.
- Bargaining: should not be seen as just trading concessions with the other party.
- Compromise: should not be used too early in negotiations - can be seen as a weak approach that may mean not getting the best results from a supplier.
- Acceptance: PMMS's research showed there many are still willing to accept a supplier's first offer. This could be costing organisations more than they realise.

From Seller Beware, PMMS

## The future

### How to put buyers on an even footing with sellers

Purchasing must be a strategic function:

Although this is how a lot of companies now see purchasing, many still use it as an ordering service. Until it is seen as a

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strategic function and receives active board-level sponsorship, buyers will continue to be left out of the big decisions and expected to pick up the pieces.

#### Recruitment and career development:

Professional recruitment and succession planning, with clear career paths, must replace backdoor recruitment from other areas of the business. Too many companies still move technical and commercial staff into purchasing as a stopgap that becomes permanent.

#### Training and development:

Many buyers recognise they are not as well trained as sellers, which puts them at a disadvantage in negotiations. Although many purchasers control multi-million pound budgets and could make huge savings with the right skills, training is often seen as a luxury.

From Seller Beware, PMMS

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