

Is the Customer Always Right? Not When the Buyer Is Clueless

Expecting providers to produce RFPs out of thin air is what happens when buyers fail to do their homework before they invite vendors to the table. An exploratory meeting is fine, but buyers should have some idea of what they want. **By Paul Davies**



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Whoever first credited customers with the characteristic of always being right was surely not suggesting omniscience on the part of HR directors who purchase HRO solutions. More likely, he or she was alluding to the undesirable consequences of pointing out their errors.

After all, it's dangerous for one provider to be expansive about potential pitfalls when everyone else on the pursuit is at pains to stress the customer's righteousness in all matters (except price) and promising to deliver faithfully whatever is required. But some buyers continue to be woefully unprepared when approaching the market, and no one tells them. Take, for example, the case where the buyer does not know what it wants and plumbs for the providers to come up with "free range" proposals.

Given the original assumption of customer omniscience, the process will get off to an awkward start, and the responses tend to be 50 boiler-plate pages that might as well be written on a postcard containing the words "Please try harder."

What providers really want to do is send back the three-page RFP with zero marks out of 10, asking the fool to resubmit. But they don't. Which doesn't mean that purchasers who think they're finding out more about the providers this way are right. It means the providers all know it doesn't pay to upset potential customers.

HRO buyers that don't know about HRO are best served finding out more before starting off. But it's the same old HR story. You would expect your IT or engineering people to know as much about what they're

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buying as the provider, if not more, but HR can send out an RFP as part of a "learning exercise." The sourcing of a relatively new, non-commodity service will always be iterative and developmental, but that's no reason to set off in ignorance. And using the process for education without serious intent to buy is delinquent. Yes, it happens.

Another area of buyer complacency that proves rather contrary is scope and geography. The financial baseline of 1.5 people's worth of effort in central African operations supporting 5,000 agricultural workers is unlikely to be accomplished more cheaply in a centralized call center—but try telling that to the buyer.

Providers are more likely to point this one out because it affects price, but they'll do it roundabout and tentatively, when they should be asking what school of economics the purchasing team attended.

Word to the wise: Providers have had bad experiences with baselines. The correct ones are often high and are not shared, while the low ones get shared profligately but are often inaccurate. Buyers could do everyone a service by getting the baseline right to begin with. And if in-house really is so "cheap," they don't need to waste everyone's time pursuing HRO unless they welcome paying more for the privilege.

Here's another one: half the buying team attends a sourcing meeting trying to demonstrate (usually, with inadequate information) why HRO isn't going to work for them. More of the meeting is spent dealing with upset, obstructive doubters than exploring the solution proposal.

There are no complaints, of course. After all, these are the customers we're talking about, and if they want to argue with the provider about the relevance of their own initiative, who's to say otherwise? But really, is this what should be happening?

It would help if buyers built consensus early on. Asking providers for exploratory meetings is OK if they know it has nothing to do with sales. That way, at least, the buyers might get a bit of the bluntness they don't get in competitive sourcing.

"But no!" say the buyers. "We respect providers that stand up to us and tell us how things really are. We want the unadulterated truth about our initiative and approach."

Hogwash! Successful sales people are like job applicants that tell you their greatest weakness is their "perfectionism." You know it's bollocks, but they still get the job ahead of the poor sap that gives you the unadulterated truth. **HRO**