

Partnerships that work

How to establish and maintain vendor relations **Interviewed by Elizabeth Grace Saunders**

In today's highly competitive business world, only the focused survive. Successful companies focus on what they do best; in other words, their core competencies.

"Businesses need to evaluate their strengths and weaknesses," says Rick Kuharik, director of risk services at Westfield Insurance. "Once companies define what they do better than anyone else, they can focus on the internal business units that most impact these core competencies and their customers."

Internal business units that do not have as much impact can be outsourced. Taking advantage of vendors' core competencies can offer powerful business enhancements. But to achieve the maximum benefit from this collaboration, businesses must not only choose an excellent vendor but also develop the vendor relationship.

Smart Business discussed with Kuharik the keys to excellent vendor relationships.

Why is it important to have strong vendor relationships?

Your vendors represent your company and in many cases have direct contact with your customers. Their behavior and attitude will impact your client relationships and consequently your bottom line. It's important that your vendors are aligned with your methodology. But more importantly, vendors need to believe in your philosophy of service excellence, operations excellence and customer focus excellence.

A weak, haphazard relationship with a vendor will translate into a weak relationship with your customers. Internal staff, project managers and vendors must work as a united team to best serve customers.

What should companies look for in vendors?

You are looking for a vendor to fulfill an area that is not currently one of your business' core competencies. This operation should be a core competency of your vendor, so they can perform the function faster, cheaper and better than you can internally.



Rick Kuharik
Director of risk services
Westfield Insurance

You should look for vendors with expertise in, and passion for, their business.

In the insurance industry, many vendors supply services to our policyholders. Some questions to consider as you evaluate vendors include:

- Does their staff consist of employees or independent contractors?
- What are the measurement standards?
- How will success be measured?
- Do they have the capacity to complete the current workload and expand to meet possible future increases?
- What is their training program or policy?
- What is their communication policy?
- How will service or billing discrepancies be handled?

How should businesses establish working relationships with vendors?

Get to know the vendor's management team, especially if you expect a long-term relationship to develop. Frequent communication, especially in the form of a phone call,

helps create a strong, lasting partnership.

Visiting vendors on their premises also gives you insight into their operations. Personal visits create a two-way benefit by giving you confidence in vendors' commitment to your business and making their staff feel like they are a part of your team. This interaction motivates them to meet and exceed your expectations. On-site meetings also allow you to directly communicate your expectations and philosophy with the entire vendor team.

What should companies expect from their vendors?

A contract or service level agreement should fully explain expectations to avoid surprises or disappointments. The definitions of successful completion of tasks and measurements must be clearly spelled out to ensure all parties have a consistent understanding. Many vendors are surprised that clients are unhappy when they are meeting all of the industry-standard service level agreements. You can build trust by coming to agreement about performance measurements that serve the needs of your business.

What should companies do when they have problems with vendors?

The client-vendor relationship is built on mutual trust. Designate contact people for each party that can handle issues that arise. Regular, clear communication keeps problems from escalating. Also, make sure to pay bills in a timely fashion instead of using them as leverage in a dispute.

RICK KUHARIK is director of risk services for Westfield Insurance. Reach him at richardkuharik@westfieldgrp.com or (330) 887-0401. In business for more than 157 years, Westfield Insurance provides commercial and personal insurance services to customers in 17 states. Represented by leading independent insurance agencies, the product Westfield offers is peace of mind, and its promise of protection is supported by a commitment to service excellence. For more information, visit www.westfieldinsurance.com.

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