



Make Corporate America Work for You

Corporate America wants your business -- badly. But who can you trust? Here's how to find the vendors who truly "get it"

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Andy Arons loves his bank.

And who wouldn't? For more than 20 years, even as it underwent several changes in ownership, Arons's bank has stood loyally by the New York City entrepreneur's side. It was there with patient advice in 1981, when Arons was a 22-year-old starting his first company, a gourmet-product importing operation called Flying Foods. It was still there six years later when he sold to Kraft Foods, and five years after that when he launched his next company, Gourmet Garage, which has since grown to 350 employees. Account managers at what's now Chase bank have personally introduced Arons to potential investors, provided key real estate advice -- and even treat him to lunch a couple of times a year. "Chase was really nice when I was less than a million-dollar company," Arons says. "And they've been equally nice now that we're pushing \$50 million."

Bob Witeck, by contrast, was on the verge of firing his health-insurance provider. The CEO of Witeck-Combs Communications, a 12-person marketing firm in Washington, D.C., Witeck specializes in advising large corporations such as IBM and American Airlines on marketing to gay and lesbian consumers. In the process, he often urges clients to offer their employees domestic-partner benefits. But when Witeck approached his own insurance provider, Care First, about getting the same benefits for his employees, he was told it was not available for companies in the D.C. area with fewer than 50 people. "When you're a small company," Witeck grumbles, "they just don't take you seriously."

Love them or hate them, the fact is you couldn't survive without your big corporate vendors. Whether they're providing financial services, telecommunications, technology, transportation, insurance, or a range of other functions, such outfits supply the very infrastructure on which your company operates. A good vendor can be a true partner and enhance your business tremendously. But as any entrepreneur will tell you, a bad one can cost loads in terms of time, frustration, and money. The challenge is distinguishing between the two.

That job certainly isn't getting any easier. With spending by big business persistently soft, Corporate America is increasingly looking to entrepreneurs to bolster sales. Computer Associates, which has long designed super-sophisticated systems for the world's largest companies, recently launched a new division focused on small and medium-size businesses. Software giant SAP just introduced SAP Business One, its second product targeted specifically at small to midsize companies. And the familiar faces are redoubling their own efforts. Intuit, for example, has quadrupled its product line for small companies. Says Susan Lindner, owner of Lotus Public Relations, a four-employee outfit in New York City: "American Express and Discover card call me literally three times a week; and both Microsoft and

Dell direct market me for services on every conceivable product."

It should be a match made in heaven -- they covet your business; you need products and services that work. And yet as often as not, the relationship between small companies and their big vendors is more like a marriage on the rocks, marked by frustrations and unmet expectations. Why the disconnect? "It's a different paradigm," says Edward L. Cain Jr., CEO of MyBenefitsSource Inc., a 150-employee benefits firm in Atlanta that helps broker deals between small companies and large insurers. "People who don't run a small business find it difficult to identify with the entrepreneur."

That shouldn't come as a surprise to anyone who's ever tried to get a phone line installed or been stuck on hold waiting to talk to a customer-service rep. But it's not completely hopeless. A number of big companies truly seem to understand what entrepreneurs need to succeed (see "Five Who Get It" below). While such outfits remain in the minority, the responsibility for creating productive vendor relationships ultimately belongs to you. Take the process seriously, invest the proper amount of time and energy, and with a little luck, you can have Corporate America working for you.

The Importance of Face Time

"Working for you" is the key phrase to keep in mind. Smart entrepreneurs, the ones who get the most out of their vendor relationships, select a new service provider much the way they would hire a new employee: They do research to identify potential candidates, conduct extensive interviews, even check references. After all, you're not just looking for a quick, one-time transaction as much as a partnership, a reliable relationship that can grow along with your company and be there should things go awry.

"Interview the heck out of these guys, even if you're pretty sure about them," says James C. Walker, president and CEO of Octagon Research Solutions, a 60-person software company in King of Prussia, Pa. Depending on what he's purchasing, Walker will meet with potential vendors as many as five times. "It's not an easy thing to do to put aside the time. But for us, it's all about 'the feel' and whether we can have a good relationship with these people." Doubt your instincts at your peril. Several years back, Walker felt uneasy about a recruiting firm he was considering -- but the price was right, and he went with the company anyway. The result: "We were getting gouged on finder's fees, getting low-quality people -- and were still having a hard time with turnover," Walker gripes. "I might as well have burnt all the money I spent."

Just like hiring a key employee, finding the right vendor is more art than science. There's no single approach, but a good start is to compose a list of questions that represent your company's "critical criteria," and simply make your way down that list. How long will it take to receive replacement parts? Under what conditions will the vendor increase your line of credit? A quick Internet search or trip to the library can reveal loads. A news story about how your vendor plans to revamp its small-business marketing strategy, for example, would be helpful to know about in advance of your interview. Cain, of MyBenefitsSource Inc., advises entrepreneurs to study a potential vendor's mission statement. "It's very simple," Cain says. "Are they in business to serve customers? Or are they in business to provide service at a price?" In nearly all cases, it makes more sense to opt for the latter. "You want people who will lose sleep over your problems," says Cain.

It may seem easier to conduct some of these discussions over the phone. On the other hand, would you select, say, a new manager on the basis of a few phone calls? Didn't think so. That's why smart entrepreneurs insist on as much face time as possible. If you can't meet with a CEO or other key decision maker, get lots of face-to-face with field sales reps or the reseller who will be servicing your account. After all, in any relationship attitude is everything. Will you be an important customer, or are

you simply another small-company account? Who does the vendor send to the meeting? Can you get access to key executives, or are you constantly dealing with junior-level staff? Do they send the same person to each meeting or a different rep each time? That might foreshadow less-than-par service to come or signal problems with turnover.

Nancy Connolly, president and CEO of Lasertone Corp., a 70-employee toner manufacturer in Littleton, Mass., takes the commitment to face time one step further. Before she'll sign a contract with a vendor, she insists upon regular site visits to the supplier's offices. "There has to be a personal meeting between me and the president of the company," Connolly says. "It's got to start at the top, and I've got to have a commitment from them." For example, when she recently interviewed a large new supplier, Connolly demanded a site tour, during which she met not only with the company's president but also with the purchasing manager and other key executives. "If they're not willing to have you there, openly asking questions, what do you think is going to happen down the road?" The question, of course, is rhetorical.

Trust Your First Impressions

Forget everything your mother told you. When negotiating a contract with a potential vendor, you often can -- indeed, should -- judge a book by its cover. After all, everyone is on best behavior at the beginning of a business relationship. So assume that the way your vendor handles you at the start is the best treatment you're ever going to get. Likewise, any badly handled or ignored request at this point should send up a red flag. "If you're in the initial stages, and if you're getting no attention, that problem will continue when the stakes are higher," says Gourmet Garage's Arons. Some early warning signs: no or slow return calls, form letters, any kind of rudeness or impatience. Arons recalls dealing with one very large vendor that gave him the bad vibe immediately. "You try to do any business with them, and they treat you like you're nothing," he complains. "We haven't been able to secure credit with them, and we have credit with 400 vendors. They won't answer our phone calls, I've e-mailed the president of the company and gotten nothing...the whole place has a discombobulated feel to it."

Don't Be Patronized

One of the biggest annoyances business owners encounter is what might be called the "condescending parent syndrome." For all the millions of dollars that Corporate America spends studying the small and medium-size business market (and make no mistake: They spend plenty), the one point that seems to stand out is the most obvious: You're smaller than they are. "Typically, a smaller company doesn't have a support staff. It's the owner that's making decisions, so they're looking for a trusted adviser," says Gary Foner, senior vice president of SMB at SAP America in Newtown Square, Pa. "These companies don't have 16 vice presidents to deal with everything," adds Gerry Golub, senior managing director at American Express Tax and Business Services in New York City.

Sure, but it's what many large companies do with those insights that leads to problems. To some, a smaller work force implies a lack of sophistication and a need for handholding -- which can prove mighty irritating, particularly to sophisticated entrepreneurs who are willing to invest a little time in, say, choosing the right mission-critical software, or who have a skilled technologist or financial pro on staff.

Take Fischer Sports USA, a Concord, N.H., outfit that distributes and markets ski equipment. The company's sales have grown 50% over the past three years, overwhelming its outdated accounting system. So David Allely, comptroller and head of operations at the 25-employee outfit, got the green light to purchase a new system. What he thought would be a simple task stretched into a six-month ordeal. Allely contacted about a dozen different vendors, including the industry's leading players -- and

met with little more than frustration. Sure, the salespeople were friendly and solicitous. But Allely consistently found himself treated like a novice.

"Anytime I asked a pointed question, they wouldn't answer it," he says. Fischer eventually decided on Icode's Everest accounting system. What prompted the decision? "They put together a CD-ROM with a five-hour demonstration that allowed us to really get into [the software], and see how it would work for us." Everest "was the only one," Allely says, who treated him like a grownup. Make it clear that if you're getting patronized, you won't be that vendor's patron. You're the customer, after all, and you know what that means.

Listen for "no"

"No" may be the most important syllable you can hear when negotiating a service contract. Be very afraid if a potential vendor never utters it. "The people who scare me are the people who just 'yes' you, who never say, 'No, our product can't do that,'" says Allely. He's forever on the lookout for honesty, for someone willing to say, "No, we can't do that. But here's a creative solution to get around the limits of our product." Adds Octagon CTO Kirk Gallion: "If they don't say 'no' at least once, I'll keep asking tough questions, even if it goes way beyond what I want or need." Think of it as a credibility litmus test.

Don't Be Pigeonholed

When you think about your business, you probably think in terms of what your company does: You're an IT service provider, say, or a marketing consultancy, or an interior design shop. Corporate America doesn't see things quite that way. In a bid to simplify the vast, fragmented world of small and medium-size businesses, many big corporations segment the market by number of employees or annual revenue a company has, then design their products and services accordingly. Gateway and SAP are just two companies that take this approach.

Whether or not you think of your own business and its needs in such quantitative terms, it's worth determining how you fit in your vendor's segmentation scheme. On the basis of your employee count, for example, you may be tracked into certain programs or services that you might not want or need, such as a less sophisticated accounting system or a larger inventory-management system. Ask to see all of their offerings for companies smaller and larger than you. If you see something you like that's available for a larger or smaller company, ask for it. Vendors that really "get" small companies are the ones that provide access to the same bells and whistles they offer to all their clients. Plus, they're willing to scale their products, so you're not forced to buy something designed for a multinational conglomerate.

Bear in mind that there's no industry standard here. Depending on who you happen to be dealing with, your company may land in different segments. If you have 150 employees, for example, one vendor might lump you with companies that are made up of 150 to 500 employees, while another would put you into a segment that's 200 and under. "If you're at the bottom end of the service line, you may not get as much attention as you would like," cautions Golub, of American Express. "You're no longer the big fish in the small pond." How does AmEx get around the problem? By treating every company as an individual, regardless of size, Golub says.

When Things Go Wrong

You'll know Corporate America is really working for you when your vendor comes through when things, as they inevitably do, go wrong. Octagon's Gallion says he issues the following warning to vendors while he's in the selection process: "How you manage issues is how we decide whether we want

to continue to work with you." And he repeats it often throughout the relationship. Dell Computer won him as a repeat customer after an incident that almost had him walking away from the computer manufacturer. Octagon had recently purchased five laptops, only to discover that several did not function properly. Gallion called his account manager at Dell, who had a technician call him. Without even seeing the laptops, the technician figured out right away that the motherboard had to be replaced. Gallion asked them to replace the motherboards even on the laptops that weren't showing the problem, and Dell complied. "Dell provided service above and beyond what we would normally expect," he says.

In your interview process, lead prospective vendors through disaster scenarios, and ask them for specifics -- including statistics -- on how they've handled customer crises in the past. For example, if you ask software vendor Intuit about their troubleshooting for QuickBooks customers, they're able to tell you the average wait time for a phone conversation with a technical support engineer, by week, month, and year. (Between April 2002 and April 2003, for example, the average QuickBooks customer waited just 2.28 minutes to talk with a tech support person, the company says.) Find out whether you'll be in phone menu hell when things go wrong, or whether you'll have quick access to trained specialists. Hewlett-Packard, for example, recently beefed up its small and medium-size business expertise call center, where its reps get special training in the differences between large- and small-company tech issues, says Robyn M. West, vice president of SMB Americas at the Houston-based company.

Don't Be Afraid To Go Local

It's nice to think of having Corporate America on your side, but if it makes sense, think local. After all, firms that are both nearby and similar in makeup to your own can offer personalized attention that may be harder to come by with the big guys. New York PR agent Lindner, for example, uses a small, local outfit to host her company's website. "Sure there are problems sometimes, but I don't get put on hold for three hours, and I get an explanation within hours -- sometimes directly over instant messenger," she says. "That's service."

Because many local vendors don't sponsor pricey television advertising campaigns, how can you find the good local alternatives? The best bet is to ask your local service providers, especially your accountant or your lawyer, for recommendations -- after all, they're plugged into the local business community. And whether you're going local or national, start small. Test out a vendor before signing over all your business. That's what Susan Gilbert, owner of Café in the Park, a restaurant with seven employees in San Diego, does. In her line of work, she says, "inventory is cash flow. So when I'm dealing with a vendor, I need to know how quickly can they deliver, how quickly can I turn over the inventory and keep it all tight." If she needs, say, 100 Danish delivered each day to serve hungry throngs of tourists, she'll start out with an order of several dozen and evaluate how the vendor she's selected performs. She says that she takes the same approach with everything from office supplies to delivery services.

Finally, even if you get frustrated, don't give up hope. Even the most recalcitrant vendor can have an epiphany that leads to better service. Remember Witeck, the Washington marketer looking for domestic-partner benefits? After he was turned down by his health-insurance provider, and after he searched without success for an alternate carrier willing to provide the benefit, he didn't simply throw up his hands. He contacted other entrepreneurs in the area, and even enlisted the support of the Washington, D.C., mayor's office. After a year of pressure, Care First announced in May that it would begin offering the benefits to small companies. "The decision made not just my day, but my year," Witeck says. It's an important lesson: Small companies account for 99.7% of all employers in the United States. Wield that market clout, and you'll be surprised at just who you can get to work for you.

5 Who Get It

Finding a vendor who really understands the needs of entrepreneurs is tough -- but it's not impossible. Meet five big players who have figured out how to think small.

1. **Intuit Inc.: Willing to Customize**

Intuit takes an uncommonly nuanced approach to entrepreneurs, defining them by the number and complexity of financial transactions they make. The result: products that are neither more nor less than what you need. Intuit also customizes for specific industries, offering different versions of QuickBooks for retail, construction, health care, and nonprofits, with more on the way.

2. **The Principal Group: Size Is No Object**

No one likes to be told that they're too small to matter. The Principal Group, one of the leading suppliers of 401(k) plans to small companies, understands this. Unlike other providers, this Des Moines-based outfit offers entrepreneurs the same features that big firms expect, such as the ability to design their own plans, and sophisticated advice on tough issues, like managing risk.

3. **Dell computer: on call When Things Go Wrong**

When your technology fails -- as it is wont to do -- Dell works on deadline, offering support within two hours, whether the problem is an individual hard drive or your company's server. What's more, they can often solve the problem over the phone because they keep up-to-date records of exactly how your system is configured.

4. **Wells Fargo & Co.: Always Innovating**

More than most banks, Wells Fargo constantly rolls out new services for entrepreneurs, transforming a bank into more than a place to park cash. Sure, there are loan programs tailored specifically to the entrepreneur's financial needs and an award-winning website. But Wells Fargo also reaches beyond traditional banking services, offering entrepreneurs things like payroll services and retirement plans.

5. **United Parcel Service Inc.: The Human Touch**

UPS wants to be an extension of your own company -- your own personal fulfillment house. That's why they've rebranded 3,000 Mail Boxes Etc. outlets into UPS Stores, where they'll help pack your wares. And if you're shipping more than the store can handle, UPS provides the same kind of services that the big guys get: Instead of combining your load with other smaller shipments, UPS will commit to a delivery date.

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