



Vendor Credibility

Overcoming Common Hurdles

By Tom Wiencko

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The notion of vendor credibility is guaranteed to strike fear in the heart of any salesperson. Traditional sales training teaches that one must either “have” credibility or “develop” credibility in order to succeed. When a large company loses a bid to a small one, it’s almost certain someone with the large company is saying: “But that little company has no credibility!” For technology vendors, credibility is your life. For a carrier or other customer, determining your vendors’ credibility is critical to mitigating risk and making smart choices. For a consultant, it’s important to consider credibility – something that does not focus on the specific technical aspects of the product or service – as part of your vendor evaluation matrix. A vendor with a high degree of credibility in a particular company is trusted, generally based on a history of the vendor meeting commitments, and living up to or exceeding expectations.

Defining Credibility

A good way to look at what credibility means is to examine what is earned with it and work backwards. Credibility does not mean business will be won, but it does mean that a vendor can earn an invitation to tell its story. It does not mean that the vendor will continue to do business with a particular customer – it means that it will be considered for new business. It does not mean it will win every proposal – it means that in a close race, the quality of a relationship built on credibility may be the deciding factor. In fact, credibility is often the deciding factor even if the technical aspects of a proposal are not enough to win.

The best definition of credibility comes from a sales trainer, who said: “Credibility means that the prospect believes you can do what you say.” Drawing on one’s own personal experience, even in new interpersonal relationships, credibility means having a reasonable belief that the other person will do what they say. In the same fashion, the people and companies a person will turn to in a crisis are those that have developed credibility by understanding and meeting expectations time and again.

Consider a story where a Tier 1 wireless carrier was having a difficult time finding a system to fulfill a specific OSS technology need. There were no established vendors for this type of system, and very few integrators or developers had ever attempted to build one. The wireless carrier first engaged a vendor based on a product it pitched. After contracts were signed, money had changed hands, and the product was installed, it began to fail. The vendor never understood the real requirements, and did not have – or want - the kind of relationship where it could hear about and react to its product’s deficiencies.



The carrier then engaged a large systems integrator to either fix or replace the system, based on its promise to take rapid action on the problem. After six months of analysis, no changes to the system, and no tangible results, the integrator was asked to stop work.

These two failures – and the loss in credibility for the vendor and integrator – provided an opportunity for a small consulting group with limited experience to approach the carrier in a novel way. This group offered to work closely with the carrier in small engagements to understand and correct the most pressing problems. It would stop immediately if at any time the carrier believed it was not making measurable progress, or if it had made enough progress.

The scope of each activity was small, did not strain either party's abilities and thus each was a quick success that developed more credibility for the small consulting group. In the meantime, the original system vendor went out of business and the large systems integrator never did business with the carrier again. The small consulting group spent the next five years working with the carrier to extend and expand its solutions by consistently doing what they said they could do.

How Telecom Carriers Evaluate Credibility

Telecom companies evaluate potential and existing vendors pretty much the same way someone evaluates a car dealer, real estate agent, doctor, or insurance company. The carrier wants to know if it can trust what the vendor says about its product, if its product will do what the vendor says (not the same thing), if the vendor understands the problem and how to solve it, and if the vendor will be there to help when the carrier needs assistance. Some key questions carriers consider when evaluating any vendor include:

- Will this vendor company be around long enough to do what it says?
- Does this vendor company have enough money to do what it says?
- Does this vendor company possess the technical and business expertise to do what it says?
- Does this vendor have legitimate references for which it has delivered this specific type of work in the past?
- Will this vendor develop and support this product for as long as I will need it?

Just like anyone wants a car dealer to tell the truth about a new SUV, a carrier wants the truth about any product and its capabilities, and wants to believe that what is stated is actually true to the product. Just like anyone wants a real estate agent to deliver an offer on a house in a timely and accurate way, so do carriers want vendors to respond to requests for proposals, as well as simple inquires, in a timely and accurate way. Just like anyone wants a doctor to tell the truth - even if it is not necessarily good news – carriers want to hear the truth, good or bad, about vendors' products and how they will affect



business. And just like someone wants an insurance company to be there to help when a tree falls on his house, a carrier wants to be insured that its vendors are there to help when a product has problems.

What Credibility is...and What it Is Not

Many components of credibility do not appear in a proposal or sales literature, but are key factors in judging whether a vendor is credible. In every interaction between a vendor's company and a prospect/customer's company, the credibility of that vendor is constantly reevaluated. The reevaluation is based on the customer's interpretation of what the vendor has said it will do, and the vendor's subsequent actions. This reevaluation occurs constantly between every person in the vendor company and everyone with whom they interact – prospects, customers, consultants, even other vendors.

There are many things that vendors like to believe give them credibility, but in reality do not. For example, having the best, latest, fastest, or coolest technology does not build credibility. Nor does having the most features; the cheapest or most expensive product; the most widely used product; or even the most reliable product. Four-color marketing materials, expensive sales literature, and embossed business cards do not provide credibility.

A mistake many vendors make again and again is to insist that credibility has anything to do with their product, their technology, their features, their history, or their future. It is also a mistake to assume that credibility is related to a company's size, age, revenues, or the size of its marketing, sales or expense budget. Credibility is not gained or lost by considering a vendor's company, products and services in a vacuum.

Relationships Matter

Thousands of seminars, books, and consultants will be happy to teach how one should interact with marketplaces, customers, or prospects more effectively. Their message all boils down to one simple principle: it is the relationship that matters more than anything else. These relationships may be with superiors, subordinates, peers, prospects' personnel, clients, and even former clients or prospects who did not choose your product or service.

Credibility plays in exactly the same "relationship space." Quite simply, if a person advances her credibility by consistently doing what she says, that person will advance her relationships, and develop a level of trust that affects every future interaction. Similarly, every time someone does not do what they say, or does not live up to an expectation, the level of credibility and trust decreases.



Developing Credibility

Some people think that they can get the big things right and that will compensate for missing on the little things. Nothing could be further from the truth.

Most readers are likely familiar with stories where a vendor, after winning the long battle to close a contract, ultimately lost the war because it thought that its acceptance bestowed permanent credibility and that it could relax and take the relationship less seriously.

Nothing damages credibility more than this attitude. More than a few vendors have been “thrown out” because they dismantled after the sale the credibility they had established prior to the sale. To be successful and remain credible a vendor - before the sale, during the fulfillment, and all throughout the lifecycle of a product – must:

- Answer questions honestly
- Deliver on promises every time – “Do what you say”
- Meet the customer’s expectations – and know what they are first
- Satisfy or exceed the expectations set during the sales process
- Make all information gathering commitments
- Meet product delivery and service level commitments
- Provide rapid, effective customer service
- Constantly check not only the deliverables, but the relationship

Remember that it is every interaction, not only the large events, that build or destroy credibility. Every time anyone has an interaction, no matter how insignificant it may seem, some portion of a vendor’s credibility is at stake.

Destroying Credibility

Stephen Covey in his “Six Habits...” series of books develops a concept he calls the Emotional Bank Account. He makes the point that interactions between people have the ability to make deposits that advance a relationship, or withdrawals that weaken a relationship. Covey’s ideas on “deposits” and “withdrawals” can be applied similarly to building or destroying credibility between a vendor and a carrier. Credibility is not created or destroyed in one event, but is built or dismantled one behavior at a time.

Failing to do the things that build credibility tends to destroy credibility. Every misunderstood expectation, every missed commitment, every missed service opportunity erases some small portion of a vendor’s credibility “bank account” and is a step away from success and maturity.

About the author:



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