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## Fast Facts:

### Interview Comments on the Use of Online Reviews and Vendor Scorecards

Purchasing professionals are continually sense-making, investigating and triangulating information received from a wide-variety of sources. We interviewed 147 purchasing professionals either in-person or on the telephone to determine their sentiments concerning their use of external, online reviews and internal vendor scorecards and learn how they reconcile any conflicting recommendations from the two sources of information. Several themes emerged from the comments.

#### **#1: External, online reviews can be used as leverage when the internal environment is politically charged.**

- *“If my company had a bad history with a supplier, there would have to be a big upside to buck the feeling of the group. It is largely a political decision.”*
- *“I never rely on only input from our internal folks when making sourcing decisions. Often times that is a distorted picture and key "details" are omitted. The variables which lead internal personnel to draw a certain conclusion about a supplier are sometimes different criteria than that which should be important to a purchasing professional. Despite the objective of "satisfying the internal customer," you need to first understand if the internal customer's expectations are realistic and fair.”*

#### **#2: Internal, employees from the customer's company don't always know what is best.**

- *“I highly recommend seeking a company that your employees are not aware of but your suppliers are well versed and knowledgeable. There are more suppliers than employees, they are using someone's software in other companies, health care facilities, universities that have been very successful. Employees only care about their department and ease of use of software. Research your colleagues at other places, speak with them about the software/hardware products...Gets the disadvantages and advantages....weight them and see what are your outcomes?”*
- *“It is possible that the ratings internal to the company will force sourcing/procurement decisions, particularly organizational politics or if the supplier was integral part of the engineering solution. Critical review of the supplier's capacity, quality, business and process improvement metrics will help in the decision making process and other company reviews of this supplier outside of the closed forum. Many industries would involve sourcing specialists in the decision making process.”*
- *“I would definitely question my team. If other professionals are saying that this company is not good then why the great rating from your team over the years people acquire a close connection to suppliers without realizing that they were poor performers all along.”*

### **#3: Was it us or was it them? The source of the problem may not be the supplier.**

- *“I would trust my internal reports much more than external forums. ThermoNexto (disguised company name) may have placed a higher priority on customer service and more resources for Nachlan (disguised company name) which resulted in higher internal supplier scores. I find that people with negative experiences tend to respond more frequently to bulletin boards and forums so they may share their frustration. What is not shared is that they may very well have been the source of the problem.”*
- *“ThermoNexto could be like Kanye West - very capable and adept at what they do, just misunderstood.”*
- *“In my experience, my team kept the supplier scorecard metrics, which were evaluated monthly, discussed weekly. Suppliers of components may have a key capability to produce one component where they fall down on others. Many factors influence that - examples may be due to complexity of the component and the skill/ability of the supplier's organizational engineering staff that prohibits them. Additional investigation (Supply Chain Audit/Supplier Quality Audit) and sourcing analysis would be warranted to determine if the scorecards were valid in this scenario, due to the conflicting information.”*
- *“There are a lot of factors that go into supplier selection- do you have personal experience with the supplier, are there other suppliers that can provide this product, are there Patent constraints etc. Forums are very good as long as you understand the context.”*
- *“What's good for the goose, isn't always good for the gander. I would not source from a vendor, whom my company has repeatedly negative experiences... This is of course assuming they aren't the only vendor who could provide the product. What were the reasons for the negative ratings? Do they affect Quality, Cost, or Delivery?”*
- *“A customer can make a supplier look bad if its requirements are ambiguous or inappropriate. Always know the supply base. A supplier may be fantastic for some requirements but poor for others.”*
- *“The option to investigate why there is a disparity in the ratings should have been offered as an option. Given no other choices in this scenario, I would not purchase from this supplier. In the real world, I would want to know why my company's internal ratings differ so much from random external purchasers. There is very likely an issue related to the specific division, sales manager, or location of the supplier that is causing the problem. It could also be that as a company we are not competent in some specific aspect of doing business with this supplier. With such a clear and wide variation in opinion, I would not stop without looking into this issue further.”*
- *“I would be skeptical about ordering from the supplier in question in spite of the external reviews being very favorable. In the past, my companies have purchased simple machined components from suppliers and they have done an outstanding job. The suppliers then ventured outside their area of experience and expertise (probably more our fault than theirs) and they eventually failed miserably. They did a good job with the simple parts so we gave them more and more complex work. I've learned the hard way that when purchasing complex items governed by stringent quality system requirements, it's very important to carefully examine each supplier's capabilities and not rely too much on external assessments.”*
- *“The most important things you did not ask about is the non-alignment between the community and my own people. I would want to understand why Nachlan thought Thermo was good but the "wisdom of the herd" said otherwise. Possible causes -- we are smarter and*

*better at Vendor Management than anyone else. Our application is not sensitive to their shortcomings -- we are too friendly with them."*

**#4: Are we measuring the same thing? The categories and metrics may differ across sources.**

- *"What was the on-line forum measuring when they rated the supplier?"*
- *"The negative reviews and mixed reviews from outside sources raise a red flag for me. I've had internal customers score suppliers based more on relationship than on hard data. As a result, we have developed an internal supplier scorecard that is heavily data driven on quality, quantity, and on time delivery metrics; and very light on the soft measures such as satisfaction and inquiry response time."*
- *"This scenario shows red flags. Are they based on the same team/branch? Are my internal reviewers rubber stamping reviews? How many different peers (from different companies) rated the supplier poorly?"*
- *"Interesting scenario, happens quite often in our situation. End of the day, internal "clients" opinion of supplier performance (subjective or quantifiable) is more important and critical to our success and performance measurement than that of independent views."*

**#5: Are we using the product/service the same way?**

- *"I would try it for the specific purpose I was buying it for before making a decision. Perhaps my use is different than others and it works fine for me and not so well for other uses."*

**#6: External, online reviews seem suspicious to some, and are met with healthy skepticism.**

- *"I am generally suspicious of on-line reviews, being unable to verify who is doing the posting. Unscrupulous companies or individuals have been known to "salt the mine". Particularly if my own company's experience is very different. More information gathering is needed to make a judgment."*
- *"In this scenario, the results are mixed so I would triangulate to try to decide if I would purchase from the vendor. Specifically, I would want to see data meaning numbers coupled with anecdotal evidence."*
- *"I would not discount ThermoNexto (disguised company name). I would be very inclined to learn why people in my company rated them the way they did (bias etc.). However, I would also be very cautious about believing what I read online. There are way too many variables as to how/why others rated the company the way they did. It would be enough to obtain my interest in ThermoNexto, however, I would need to obtain my own information to make an informed decision."*
- *"Online comments regarding suppliers are generally no more useful than restaurant reviews. Often times they are heavily tinted by customer bias. They are a useful tool for obtaining a history of service quality but are rarely indicative of product quality."*

**#7: Any rating is a launch pad for investigation, not a silver bullet solution.**

- *"I would first seek out why my company colleagues have negative views about the supplier to determine if problems were isolated or ongoing occurrences. I do read on-line forums for opinions from other professionals in different companies/industries and find them helpful, but do not put a lot of trust in them. I use them as a launching pad for my own investigations."*

- *"Just not enough information given to make an informed decision. I don't know what the requirements were that were given to the supplier and how they may match with my needs. I don't have any view into the relationship with the supplier to the company reps who responded via social media. Also, it is very possible that those organizations may have played a role in the failures of Thermo (buyer with poor specs, poor communications, poor supplier relationship overall). That being said, just because someone I employed by my organization, that does not give them instant credibility. My scope of work may be very different from their past experiences with the supplier."*
- *"Just because a supplier walks on water for other customers does not mean that the supplier will "get" my needs. I would always value the opinions of my company over the reviews from outsiders."*
- *"Many times decisions are made based on data alone. There can be significant differences in specifications, materials, etc. that can lead to positive or negative results. It is extremely important to understand the basis for data before making key decisions. Talking to people is key."*
- *"I would interpret forum commentaries as anecdotal and subject to manipulation/bias. I would never source a critical part based solely on a forum. Nevertheless, positive anecdotal commentary would prompt me to further investigate a potential supplier. As for internal feedback, a negative supplier experience is not something I would immediately attribute to the supplier: these perceptions could stem from internal process issues, bias, cultural fit, inter-personal issues, etc. This scenario is interesting as a starting point but has insufficient information on which to base a significant business decision."*

#### **#8: The timing and sequencing of reviews matters.**

- *"Is that because something that came before or after the positive reviews online? If they came before, then perhaps it is an issue that the company fixed and the product should be considered. If they came after, then I would have concerns that the product was good but the quality has declined because of production ramp up/out-sourcing/etc."*
- *"Timing is the issue - when were the internal positive marks and external negative remarks provided?"*
- *"Which reviews are more current? The more current, the better."*

#### **#9: The supplier's past may not be their present.**

- *"Company's change over time, so, what was once true about past performance could be totally different in the present."*
- A sales rep was in the mix of the sample and said....  
*"As a baby boomer in business, I would like to point out one problem that I see with procurement professionals. Me, the supplier of goods and services, typically gets no credit for what I've done or my past performance. Cheaper isn't always the best value."*

#### **#10: The problem may not be what it seems to be.**

- *"The #1 challenge with the procurement / supply chain professional today is the 'disconnect' from the goals & initiatives of operations and finance. Having conflicting goals makes it very challenging on the organization. In this scenario much more research is needed before making any decisions."*

- *“In my industry, fill rate and delivery of product on time is critical. I have found that my managers inside the company are more focused on margin while for my role it is more important to be focused on fill rates, accurate time to delivery, accuracy of the delivered order and the quality of the delivered product. Most of my conversations with my colleagues will focus on all the aspects listed above. Managers tend to only focus on the margin dollars without considering all of the other factors that can dramatically affect profitability and customer satisfaction.”*