

## The 5 RISKS of Vendor Selection

**Connect4 Training, for over 12 years, have partnered with leading corporations in their quests to find training vendors who can help them achieve their people-development goals. Based on their experience with these clients, Connect4 Training has recognized *five areas* where the companies and their key people can be “exposed” to “risk” in the process of choosing training vendors, and in developing long term relationships with them. What are the risks associated with selecting external training vendors? This document will shed light on this topic, and offer some ideas on what a corporation can do to ‘take risk out’ of the process.**

1. What do we mean, exactly, by ‘training vendors’?
2. Why is there “risk” in selecting training vendors?
3. How broad is the exposure to risk? Who is affected by training vendor selection decisions?
4. What are the FIVE risks? How can I assess level-of-risk?
5. What kind of help is available to help corporations reduce risk when making training vendor selection decisions?

---

### 1. What do we mean, exactly, by ‘training vendors’?

Training vendors, the companies and individuals who offer training services and products, come in many shapes, sizes and flavors. At one end of the spectrum, the training vendor may be a fairly large corporation - a consulting and training firm with, perhaps hundreds of consultants, trainers, and support staff. Or, at the other end, they may be a sole-proprietor – an independent specialist who works on his/her own, serving a specialized ‘niche’ client base. And, because of his/her area of expertise, he/she provides specialized services dealing with highly specialized topics. In between, there are hundreds of different types and categories of vendors.

But, what they all trainers have in common is that their deliverable is not a “product”. They provide their customers with ‘a service’ – an intangible. Often, these services are part of strategic corporate initiatives in sales, leadership/management development, process improvement, and others -- projects that will have an enduring impact on the organization and its people.

Some of the reasons why the training vendor landscape is so diverse because of factors like globalization, and advancements in technology. Business has become extremely complex, requiring specialized knowledge and skills. This challenging environment is often beyond the scope of a ‘generalist’. And, in many cases, only a highly skilled and trained specialist will be able to fully understand the issues a client has, and be able to offer the right kind of solution. That is not to say a ‘generalist’ will not be able to provide a good solution. However, it is unlikely that the generalist will possess the depth and breadth of knowledge and industry experience that the client will need.

## 2. Why is there “risk” in selecting training vendors?

There is considerable risk in training vendor selection, mainly because, no matter how diligent they are, a client/buyer will never be able to know everything they need to know about a vendor. They will never know, or be sure exactly, how the vendor will perform within the client’s corporate environment. The process of evaluating a training vendor thoroughly, or typically, several vendors (if a ‘shortlist’ of training vendors is under consideration) takes a great deal of time and resources to complete properly. Even after their best efforts, the client/buyer will have “imperfect information” available in order to evaluate them.

Training vendors present their own special challenges to the buyer because of their complexity. Unlike other types of suppliers, trainers provide a service. And, by nature, services cannot be ‘examined’, and quality-checked like a shipment of bolts, or even a new computer system. If it is not up to standard, the training vendor’s deliverable cannot be shipped back to the supplier. What a training vendor offers a buyer, when engaged in a project with a client, is their intended deliverables, their people, their systems, backgrounds, expertise, and motivation.

So, why should a client be so concerned that the trainer(s) they select are ‘right’ for them? Some might say, “we can always get someone else if we find the vendor isn’t working-out”. Well, it may be true that a ‘mistake’ may be “correctable”, but at what cost? Although it would not be because of anything intentional on the part of the vendor, damage may occur, simply because the vendor was not the best ‘match’. Only part of the risk a client faces has to do with money and resources. There is a great deal at stake.

## 3. How broad is the exposure to risk? Who is affected by vendor selection decisions?

A major strategic training project may have an affect on everyone in an organization, from board members, down to frontline employees. Indirectly, even customers and shareholders may eventually feel the impact of a training vendor selection decision. What might be the ultimate result, if a trainer’s solution does not have the hoped-for impact on, let’s say, increasing sales margins, customer service levels? We suggest that it may affect its competitive position, and a company may risk, in the end, an opportunity to improve their growth curve. Sometimes, doing NO training may a better option than doing training that is not a good match for the company, the employees, and the topic.

The train(s) who were selected for the project may also be impacted. Trainers put their own brand, and reputation at risk when they bid for and eventually accept a particular project, so they have a stake in the project’s outcomes. No one in the selection process knowingly wants poor results, least of all the trainers.

But, under time and market pressure, companies relentlessly, and quickly bring new projects on-stream. Each project has its own unique puzzles and quirks. Long “time-to-decision” is often NOT an option. When we are all expected to do much more with much less, the big challenge is how to make the best possible decisions, particularly in selecting external resources that will be needed for projects. We are all far too busy, and need tools that can help us make the best selection decisions we can.

Let’s face it, corporate decision-makers are paid to take risks, but they also have to get good results, even when faced with brand new challenges. Their learning-curves are steep, so they have to maximize the chances that their decisions will give positive outcomes. There is help available for external vendor selection decisions with the experience of **Connec4Training**. Discussed in more detail below, Connect4Training has proven, for over a decade, they have the skill and the infrastructure to clarify trainer selection decisions, and help reduce the risk of making the wrong choice.

## 4. What are the FIVE risks? How can I assess level-of-risk?

These are the five areas that may be “at risk” as a result of training vendor selection decisions, and the impact to them.

- **Operationally** - If a trainer is not a good match for the organization, or is unable to adequately align the customer’s culture and project objectives with their solution, an opportunity for growth may be lost.
- **Brand Building** - The organization’s reputation in the marketplace is always at risk. Mistakes can hurt brand image and their value to customers as well as to current and future employees.
- **Resource Usage** – Windows of opportunity for growth are never open for long! Delays, and excessive time wasted on sourcing, and on selection decisions can eat up a lot of valuable resources. As well, how difficult is it to replace lost time and resources if a vendor has fallen short of the customer’s expectations?
- **Short & Long term Growth** – How well the trainer performs in both the short and long run affects what can be accomplished for the customer through the project they are assigned to. A trainer’s inconsistency or inability to deliver at any time in the project’s lifecycle may cause irreparable damage.
- **Personal & Professional** - Only the executive him or herself knows what is riding, personally and professionally, on the success of any given initiative or project.

Connect4Training has put together a list of questions in a self-assessment tool that a corporation can use to better-understand their level of risk in selecting service vendors.

The following “Risk Assessment” will be helpful in understanding how to “assess” the level of risk you or your people may be facing. Each organization will be different, and each factor will have a different weighting . Here are some factors to consider that will help your organization assess your risk:

Does your company have a sound, inherent process to evaluate choices and make decisions? Is this process closely followed during your training vendor selection processes?

How often are your people under tight time limits on training vendor-selection decisions?

What impact do you feel time-pressure has on the quality of your training vendor selection decisions?

How would you describe the approach your firm uses when searching the market for training vendors:

- highly structured, rigid, and complying strictly with company procurement policies and procedures
- semi-structured, with some need to comply with corporate procurement policies and procedures
- somewhat unstructured, with little need to follow corporate procurement policies and procedures
- very unstructured, with various divisions and individuals responsible for their own purchasing

How “broad” is your “reach” into the training vendor marketplace? (How confident are you that you are accessing ALL the possible trainers who are qualified for your intervention?)

If your company typically uses a broad ‘blanket-approach’ (such as an RFP process) when you search the training vendor marketplace, how satisfied are you with the results? Does the process of contacting *many* trainers result in finding *enough* who closely-meet your selection criteria?

How confident are you that you and your people are able to keep track of the relationship history with trainers, both the positive and the negative, and all the interactions you have with them, over time?

When negotiating a contract with a new or an existing (to your firm) trainer, how confident are you that you have all the 'knowledge' you need and are able to negotiate with confidence, from a position of strength?

## 5. What kind of help is available to help corporations reduce risk when making training vendor selection decisions?

Connect4Training is a unique company that, for over 10-years, has worked in partnership with leading corporations, helping them 'reduce their risk'. They specialize in working for their clients when they need to search the marketplace for training vendors, primarily for initiatives that enhance their clients' human capital development. They have found the ideal 'matches' for their clients, from a network of over 2500 training vendors from across North America, for over 1500 projects. Some of the projects they have been involved in recently are in the areas of: product knowledge, negotiating skills, presentation skills, sales process improvement, and presentation skills.

Connect4Training offers their clients an integrated menu of services, featuring both high-touch, and high-tech approaches for finding the right vendors, for the right project and client. With their "Premier Search and Comparative Report Service", they take a *hands-on approach* to helping corporations navigate through the confusing, and dynamic training marketplace. And, with an online tool, the *Vendor Relationship Manager*, developed by Connect4Training, they offer their clients the ability to better-manage and build stronger relationships with vendors over time. Both of these solutions are adaptable, flexible, and can be tailored for a client's specific needs.

So, if an organization wants to explore where they can reduce risk in purchasing training vendor services, and would like to test drive the Vendor Relationship Manager (risk free), they can contact Connect4Training below for a personal evaluation of their risk factors. Connect4Training's goal is to help corporations grow -- by both helping them find the best training vendor choices for their projects, and by taking risk out of selection and purchasing decisions.

We invite you to learn more about [Connect4Training.com](http://Connect4Training.com). And, to discuss up-coming training requirements or to 'test-drive' the Training Vendor Manager yourself to see how well it fits your organization, contact us today...

### **Connect4Training**

A division of Connect4Growth Corp.

Toll Free: 800-263-13111

Toronto: 416-402-3941

Detroit: 248-471-3030

e-mail: [info@connect4growth.com](mailto:info@connect4growth.com)

website: [www.connect4training.com](http://www.connect4training.com)