



Technology Assessment and Vendor Selection: Driving the Right Answers to the Right Questions

Don't let the process distract from the decision.

When it comes time to choose tools for automating supply chain management or planning, a lot of people have irons in the fire. Finance is sensitive to the capital required and insisting on visible ROI. Management is wondering if new systems are really necessary to perform at the required level, even while conceding that the current environment is a constant firefight that's a source of risk to the business and burning key people out. Business units are siloed and generally averse to the implications of losing their autonomy on production and inventory decisions they enjoy in legacy relationships with individual planners. IT is pursuing architectural purity and has built cozy relationships to match. And finally, the supply chain workforce itself is torn between real-time demands to act and mandates to drive improvements at a strategic level.

In such a chaotic setting, the decision to choose new systems is itself a new layer of demanding activity for already overextended people. It's no surprise that what comes out of that exercise is often *more hamburger than steak*.

Separate Proving It's Worth It from Making the Actual Choice

There is no point in going through the motions of system selection if there are still material questions of the business value of adoption. You need a clear and convincing picture of the end state, and its value, before you proceed. Just to be clear on the point, software vendors are the *last* people you want involved in defining the benefits of system implementation for your company. If your internal champions for technology adoption aren't fluent or convincing enough of the advantages the effort will bring, then maybe the vision isn't sufficiently developed, or is too narrowly driven.

The single biggest truth about technology selection and decision processes is that companies really aren't ready to explain what successful adoption will look like for them, forcing vendors

to respond to distorted requirements and weird objectives. The best technology projects support more broadly defined strategies, and in the absence of a holistic vision no one should be surprised to see vendors doing some strange dances to support poorly thought out demands, nor should anyone realistically expect outcomes from such efforts to provide lasting benefits.

Choose a Solution You Can Adopt Successfully

Sober self-assessment of the non-technology components of success leads to a well fleshed out set of adoption requirements and drives more reasonable expectations of what role the vendor and its technology can realistically play. Quantum leaps of supply chain performance depend on far more than tools themselves, and for that reason they are seldom achieved.

The 5 Lenses of Technology Decisions:

People: Two fundamental questions are 1) do you have the right team leading the charge, and 2) are you on top of the resources and skills that new technology will demand – both from a business and an IT perspective?



Running an effective decision process exercises a different skill set than running daily operations. Chartering a team to choose systems should include consideration of expertise in strategic sourcing as well as business and IT knowledge. Furthermore, the team must demonstrate the ability to stay focused on high level objectives while also dealing with individual, detailed requirements. It's harder than it sounds.

The people questions to put in front of your technology vendor candidates revolve around the skill profiles and staffing levels that will be needed. Although you need to take their feedback with a grain of salt, vendors have a key role to play in helping you determine how the human landscape must change (and you should assume it *must*). Additionally, benchmarking the staffing levels of companies that have successfully adopted a solution is extremely useful.

Process: Are you really ready to operate the way the tools can work?



One of the most glaring deficiencies of system selection processes is that criteria for system behavior are reduced to granular “need to be able to do X” types of statements. This bottoms-up mentality affects how vendors respond as well as how the responses are graded, and usually to the severe detriment of both.

Laundry lists of requirements or desired capabilities do nothing to tell the story of how you operate to your vendors, they make it harder for you to separate “need” from “want”, and they make it harder for you to tell what your vendors’ “yes” answers actually mean.

When technology decisions get too far out in front of serious process reengineering, these requirements usually fall into one of two categories:

“this is what I’m used to doing, and I want to keep doing it”

Or

“I have this pain point today, and I haven’t figured out how to make it go away, so I need this feature to make it easier to live with”

A red flag on requirements is when they start with “Ability to do…” and yet there is no process flow that clearly lays out when they *will* do it and why it’s essential.

The solution to this is in laying out scenarios that tell an end to end process story, and then asking your vendors to speak to how their technology will play in that story, what parts the system will do, and where people will provide inputs or make decisions. Force your vendors to speak to *your* process with *theirs*.

Finally, apply stringent tests to legacy practices that look different before you conclude they *need* to be different. Lather, rinse, repeat.

Technology: They bring the tool—can you bring the data?



It’s unfortunately common for vendors to understate the dependency of their tools on quality data, especially master data. Manual processes can cover for bad data, but integrated systems require a much higher standard of quality. It’s equally common for companies to have too lackadaisical an attitude about rigorous data governance. In a selection process, neither side can be let off the hook if the ultimate adoption process is to be successful.

Your vendors need to be prodded to expose all the data requirements, integration demands, and configuration inputs that will be essential in your implementation. You need to be candid about the current state of your transactional and master data and develop clear-headed strategies that will affect the details of your vendors’ proposals.

Beware of “scrubbing” tools and tactics that look like they will allow the system to operate without fixing root cause data quality issues. They might sound good but in actuality they often add brittleness, risk, and overhead to your environment, but they don’t add value and typically kick the can down the road, and later on it’s much more costly to resolve root-cause issues.

Policies: What are the themes of your technology adoption?



Some people customize their tools like crazy; others pursue “vanilla” adoption. Spinner’s bias is to use tools as designed out of the box, but this is a call you need to make—up front.

Nothing invites vendor frustration and contorted responses like the conflict between a stated vanilla strategy and piles of required capabilities that clearly indicate an intent to implement using the rear-view mirror. Vanilla means shifting the tone of internal questions from “how can we get it to do X” to “If we have to do Y, how will we have to adjust?” It also can mean thinking more deeply about stated business objectives and how the technology enables

achieving those objectives, versus a focus on the individual “need to be able to do X” type requirements discussed earlier. For most companies with established legacy practices, this is usually a pretty valuable exercise—the vendors aren’t the only source of “accepted best practice” out there, but their inputs should be considered with open minds.

Keep in mind three things about customization: first, it generally leads to more expensive *and more brittle* implementations. Second, the foundation of your customization requirements deserves harsh scrutiny—are you certain about the benefit of those changes, and that you’re driven by value as opposed to the comfort of familiarity? Finally, some tools are significantly more customization-friendly than others, and the vanilla vs. customization question becomes important and needs to realistically consider internal IT and business systems support capabilities and dedication.

Metrics: What are you scoring for? Do the showstoppers really stand out from the nice-to-haves?



At the end of the day, when you have to make a decision, make sure your criteria are designed to correctly reflect truly important distinctions among your alternatives. Many companies develop scorecards with lots of rows and weighting and individual scoring, then discover to their dismay that the scorecards fail to significantly differentiate their options. This is simply because things tend to average out when there are lots of items in the mix. At the same time, people being people, they develop clear *subjective* preferences. Two things worth pointing out are, first, that many items on typical scorecards aren’t make or break issues and essentially add noise to the output—eliminate as many as you possibly can. Second, those subjective impressions are not to be ignored. During the selection process you can’t help but develop qualitative insights into vendor integrity and capability—sometimes the engagement process itself is the most meaningful aspect. Let the bottoms-up score be one perspective among several.

A Preference Is Not a Deal

Identifying a preferred vendor or tool is just the first step of a sourcing process. There is a fine line to walk in terms of how much pricing and terms are up front in the vendor selection rodeo vs. how much comes as a next phase, where the primary candidate is engaged in a negotiation process. It might be a good idea to be somewhat elastic on comparative economics during the up-front exercise and emphasize functional fit. Reserve the hard-hitting deal-making for the designated lead candidate. This is especially true if the second-place contender also represents a legitimate alternative that you can keep on call.

With deep market expertise and strong sourcing processes, Spinnaker is an atypical service provider, uniquely qualified to help companies prepare for, define, and conduct vendor and technology selections.

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