Running a Business is Like Performing a Series of Balancing Acts


Maintain client satisfaction while adapting your product to the market. Maintain high-security standards while keeping communication open and efficient. Make sure all your vendors provide quality products while balancing your budget.

To make things even more challenging, each balancing act is correlated with the other two. Three kinds of relationships define the direction of your business:

1

Internal relationships.

2

Client relationships.

3

Vendor relationships.

At the intersection of these three areas is a process that businesses often dread: switching tech vendors. Few things are more likely to cause a breakdown in one of the relationships listed above. Client relationships are the most sensitive of the three types.

The good news is that you can make every phase of your vendor switch easier on yourself and your clients by following a few fundamental principles.

The Easy Part

The technical task of switching from vendor A to vendor B is usually the easy part, though sometimes daunting. Assuming you've done your due diligence and made sure that vendor B can serve your business, your IT experts can do their part and make the switch. Vendors will often provide help in this process - at the very least by giving thorough instructions, but sometimes also by having their technicians assist the process.

While mistakes are possible in this phase (and data breaches have been known to happen during the transfer), business owners don't need to micromanage them. Business owners/managers should have four main objectives here:

1. Communicating the changes to clients.
2. Transitioning to vendor B seamlessly.
3. Training your employees accordingly.
4. Updating your security processes accordingly.

All these things come together to accomplish the main goal: maintaining client satisfaction throughout the transition process and improving that satisfaction long-term.

First things first

Many battles are won or lost before they even begin.

A vendor switch can be a losing battle if you fail to do the appropriate due diligence beforehand. For example, imagine signing a contract with a vendor only to realize later that they lack a feature that your clients can't live without. This is the sort of thing that makes business owners say, "oh, that can't happen to me."

> But it's more common than you think.

Perhaps you don't know how extensively your clients use the feature in question. This is a failure of analytics. Or, you don't know for what purpose your clients are using this feature, and you mistakenly think that the new vendor replaces it adequately. This is a failure of communication with your clients. Or, you simply don't understand what precisely the new vendor is offering to replace this feature. This is a failure of communication with the vendor.

That's why proper due diligence is crucial. Due diligence begins within your company. To keep your clients happy in a vendor switch, you must understand three essential things:

1

How extensively they're using the features that the old vendor provides.

2

How these features tie into the clients' day-to-day routine.

3

How a potential new vendor can improve upon features you are already familiar with

The most reliable approach is to gather as much data as possible to answer question #1 and analyze that data. Then you can verify your conclusions through conversations with your clients about questions #2 and #3. To get valuable answers, ask open-ended questions without referring to your analysis from question #1. If you ask loaded questions, you get skewed answers.

Only once you're happy with your understanding of your clients' needs should you feel confident enough to proceed to select a vendor.

When it comes to vendor-side due diligence, it is crucial to match the offer of the new vendor to the answers to the three questions above.

Size, reputation, and leverage

Consider the following situation.

You are using a significant vendor (say, Oracle) extensively across your organization. You've onboarded all your clients onto Oracle's systems and trained all your employees accordingly. However, Oracle has become too expensive. On the other hand, you've got a great offer from a minor company with a growing reputation. They are half as expensive as Oracle and offer 95% of the same services.

How would you make this transition as painless as possible?

When it comes to communicating this plan to your clients, it's a hard sell. First of all, switching from a large vendor to a relatively unknown one is usually painful. Clients like reliability, and they like big-name vendors with a reputation. Switching from Oracle to a startup isn't something people generally consider a move in the right direction.

Second, the missing 5% of features might be a big deal for some clients. Assuming you've done your due diligence, you should understand this beforehand and prepare your clients. Approach the topic openly. Explain the reasons for the switch and empathize with your clients. You know they will find the change burdensome, but you've made your decision with everybody's best interest in mind. Be as transparent as you can to help the clients empathize with your situation.

Since you're now saving on vendor costs, a very reliable way to make your clients embrace the change is to transfer some of the savings onto them. If you're saving 50% on vendor costs, why not allocate 10% to reducing your clients' costs? Whether you offer permanent cost reductions or temporary discounts, your clients will find the change much more welcome if they have a substantial upside in the deal. The less known the new vendor, the more critical this financial incentive becomes.

Prominent vendors are comparatively easy to sell to customers. If you're switching from Oracle to Microsoft, you're unlikely to meet much resistance. If you do, you can leverage Microsoft's reputation. This time, the new vendor works to your advantage. Communicate your reasoning to your clients clearly and invite feedback. If Microsoft offers a better financial deal, the transition should be smooth like butter.

What clients want

There's more to clients than data.

Data is important, but most datasets are either skewed or corrupt. Look behind the data. Your clients are real people with real problems, plans, and responsibilities.

Like most of us, clients don't exactly know what they want until they try different options. Everybody wants the best until they find out what the best costs. If someone asks you whether you would prefer a Ferrari or a Renault, you would most likely say Ferrari off the top of your head, but you'd probably reconsider once you're asked to write a check for the car.

It's the same with tech vendors. Clients want the best and most reputable, and that's understandable. It is your job to illustrate to them why your new choice makes sense and what exactly you and the client have to gain from the switch. Whether it's financial stability, better customer support, or something else entirely, help your clients understand your reasoning.

If they have doubts, discuss them with them and help in any way, whether technical help, organizational help, or simply a friendly chat. Knowing they can rely on you to hear them out will often put their minds at ease.

Talking to your clients can also help you understand how your data is skewed. You will sometimes find that people use a specific service or feature simply because they're used to it. Being presented with better alternatives will help their business and improve your relationship.

When you talk to your clients about the new vendor, remember: this is not a sales call. This is you and a trusted partner solving a problem together.

Redundancy and timing

Once you have communicated with your clients about the upcoming changes, it's time to consider the technical aspects of the transition.

If possible, schedule the transition so there is a period in which both the old and the new solutions are available. This adds some complexity in terms of syncing, but it makes up for it by adding redundancy and relieving a lot of pressure - both for your IT staff and your clients. The ability to switch back and forth between the old vendor and the new accomplishes three important things:

1

It lets your employees work confidently without fearing a catastrophic error in the new integration.

2

It allows your clients to default to the old vendor while getting acquainted with the new.

3

It lets you compare the two vendors and validate your decision-making process.

Having two vendors working in parallel may not be practical for you. If you're operating with a lot of data (mainly confidential data), you may be playing with fire. The danger of data corruption is real, as is the threat of data breaches in cross-updates and data structure conversions. If you estimate that this risk is too high, a clean switch may be more prudent - even if it puts more strain on your employees.

Whichever approach you choose, avoiding downtime is paramount. There are few things more painful to the average client than not being able to conduct business because of a 3rd-party issue they have no control over. If you're disabling your old vendor before enabling the new, the danger of unexpected downtime grows dramatically. Prepare your IT staff for this eventuality and ask them (in advance) to stay overtime if needed during the transition period. Quick support will attenuate a lousy situation for clients.

It's not uncommon for a vendor switch to require scheduled downtime. This is an easier pill for clients to swallow than unexpected downtime, but you should still strive to make it as painless as possible by following three principles:

1

Keep the downtime as short as possible.

2

Schedule it at a time when your clients are least likely to be affected.

3

Communicate this to your clients in advance, several times, and one final time shortly before the scheduled downtime

The big picture

A vendor switch can be a tumultuous event for your company, but try not to neglect other business areas because of it.

Some of your clients might not be affected by the switch at all. Some might be far more concerned with your other operations running smoothly. In this regard, it is vital to maintain balance across your business.

One thing to avoid is overworking your IT staff. Overworked employees make mistakes, and in the IT world, errors increase the workload and make other errors more likely. This can propel out of control faster than you might imagine. Always leave a few employees out of the vendor switch process so that they can dedicate themselves fully to the operation of other areas of your business.

You should be just as careful about your support staff. Your clients don't want to complain about a problem they have only to be told there's now a 48-hour delay because the vendor switch consumes your entire company. If this means training more support staff or hiring temporary ones, so be it - a company without prompt support can hardly be considered a reliable partner.

Last but not least, if your company is growing and making big moves elsewhere, it's good if significant changes don't coincide with the vendor switch. Regardless of how great your employees are, nobody is really great at multitasking.

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Prevention is the best medicine

One thing to keep in mind is: that regardless of how well you've prepared for a vendor switch, it's best to prevent this from ever becoming necessary.

Use all the principles above when adopting your initial tech vendors. Make sure the vendor's services can scale in line with your plans for your company. Many vendor switches happen simply because the old vendor can't keep up with your growing needs in the long run.

Pay particular attention to the clauses in your contract that deal with technical support, downtime, and costs. You don't want to start a relationship that will devolve until you're forced to look for alternative solutions.

Summary

While switching tech vendors can be stressful for everyone involved, following the process outlined in this article will make the experience as painless as possible for you and your clients.

In short:

1. Do your due diligence.
2. Prepare your employees.
3. Prepare your clients.
4. Minimize downtime.
5. Communicate openly throughout the process.

Being flexible and understanding your clients' needs are required throughout the process.

If you've made a mistake during a vendor switch (or vendor selection) before, here are some parting tips for you:

- Write down what went wrong and what you should do differently next time. Mistakes are painful, but they are also highly instructive.
- Share your notes with your company. Make sure nobody repeats the same mistakes.
- Don't beat yourself up. If a mistake didn't ruin your company, it only made it stronger in the long run - assuming you learn from it.

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