

# Do Your Due Diligence When Working with New Vendors

Don't settle for written references—while somewhat useful, they don't compare to personal interviews.

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**W**hen considering a major purchase, an equipment lease, a new professional services provider, or a supply-purchasing agreement, you'll want to know about other customers' experiences with each vendor you review. Of course, each vendor happily provides you with a list of other practices that sing its praises and recommend you become a client as well.

It's like going through the references provided by prospective employees. Few applicants will list former bosses who won't give a positive recommendation. You need to dig further to get a more realistic impression of how well a vendor delivers on its sales-pitch promises.

You can use these two proven strategies for expanding the reference list beyond the vendor's control:

- **Ask around.** Use your personal network to discover other practices that use a given vendor's services or products. Call other physicians or managers. Ask around at your next conference or seminar. Ask, "Do you know anyone who has used XYZ product? Do you know if they've had a positive experience? Have they dropped that vendor or product?" Ask your friends and acquaintances to help you contact the ones you don't already know.

- **Ask the competition.** As you narrow your field of vendors, ask each for specific references that include clients they've won over from the others. For example, if you're shopping for a new

EMR system, ask the sales rep from Vendor 1 if his or her company has a client that used to be with Vendor 2, and vice versa. When you contact that reference, ask specific questions about why he or she left the previous service provider. This way you can hear some of the "bad news" about each vendor.

## Make the Most of Your Reference Calls

Press your vendors to provide relevant references. Insist on a list of medical practices that resemble your own in size, medical specialty, payer mix, and patient volumes. If you're looking at technology to deploy over multiple

annoyance to an administrator, but it can become a major pain for the staffer who deals with it day in and day out.

Don't settle for written references—while somewhat useful, they don't compare to personal interviews. Telephone calls are better, but don't implement systems or equipment without making at least one site visit arranged by each of your vendor-finalists. Nothing compares to seeing the product in a real-world setting and talking to the people with daily experience.

## Important Questions

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practice sites, talk to a multisite practice using the same technology.

Pay attention to subtle differences, too. For example, your 55-year-old physicians may not agree with a reference's 30-something doctors regarding a high-tech product's "user friendliness." Ask about market conditions, patient types, and local competitors. Do your best to achieve an "apples-to-apples" comparison.

Depending on the product or service you're reviewing, try to speak with more than one person at each practice. Remember that physicians and managers often have a very different view about a product or service than the workers in the trenches. A less-than-optimum configuration looks like a minor

list of specific questions and topics to pursue, and note the persons you want to ask. Then contact the administrator or physician who will be coordinating your visit on the other end. Before your visit, send a list of staffers by position or department and a summary of what you'd like to ask of each. Show every consideration to minimize the disruption caused by your visit.

When you create your question list, it makes the most sense to start with broad, general questions, then zero-in on important details about the product or services you're shopping for. Some very general questions that could prove useful in almost any situation include:

- How did you find this vendor, and

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## *Due Diligence (from page 35)*

what is your prior relationship with it?

- What other vendors did you review before choosing this one?
- Describe your interactions with the vendor: Did you set up the contract? Do you deal with it on a day-to-day basis?
  - In general, what do you like best about the vendor or its product?
  - What do you like the least?
  - How does day-to-day experience compare with the sales pitch?
  - Tell me about a situation in which the vendor disappointed you. How did it respond to your disappointment?
  - Describe how the vendor's customer-support system works? Would you describe support staff as "responsive"? How quickly do they return calls?
  - Would you consider the vendor flexible to meet your practice needs?
  - Knowing what you know now, would you choose this vendor again? Do you plan to renew your contract?

Do you hope to modify your contract?

- Did your installation/conversion/implementation go smoothly?
- Does the vendor provide appropriate training? Is additional training expensive?
- Would you consider your purchase price fair? Have ongoing costs been higher or lower than what you anticipated?
- What advice would you offer us if we select this vendor? Did you make any mistakes that we can avoid?
- Would you consider the vendor to be financially stable and well-structured as a corporation? Do you feel confident it will be around for the foreseeable future?

As you work out the exact wording for your questions, however, avoid asking too many "yes or no" questions. Encourage the reference spokesperson to keep talking by asking open-ended questions. Instead of simply saying "Do you like [a partic-

ular feature]?" ask, "Rate [a particular feature] on a scale of 1 to 10." Then follow up with more questions to learn the reason for that rating.

At the end of the interview or site visit, thank the reference generously—but be sure you ask permission to return with any follow-up questions that might pop up later. Always take the approach that you're asking the reference for a real favor. A little humility (and a few thoughtful compliments) will go a long way toward establishing an open relationship that will yield an honest impression to help you make a good purchasing decision. **PM**



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