Get more value from your IT product investments

A leading cause of money waste in U.S. companies is the purchase of hardware and software that is ultimately not used. Many times, an IT manager will buy a solution that does not do what was expected of it. As well, sometimes the cost of product implementation was not fully considered, and so the product sits unused.

IT managers need to know how to buy products that work for the business' needs. They also need to be able to find the hidden costs associated with product implementation. Here are three simple steps you can take to position yourself to avoid the pitfalls and help you become a better IT software and hardware buyer.

1. Develop a network of product experts

You need to create a network of people who intimately know the products you are buying inside and out from personal experience. If you find yourself currently short on a list of available experts, then Priscilla Tate, the executive director of the Technology Managers Forum (http://www.techforum.com/), advises managers to seek out and join a group with a local presence, where they can meet on a regular basis with others in the IT field and build a personal network of experts. She rightly states, "If you meet with five people who only have five years of experience each, you're tapping in on twenty-five years of experience." To find these groups, look on the Internet under IT professional associations and ask your friends and colleagues. Also, ask some of your vendors. (Some companies sponsor user groups for their specific product offerings.)

I also recommend that you start your own version of what I dubbed, after the popular TV show, my "Mission Impossible File." I started this as a file folder many years ago where I kept the names and specialties of people I meet in networking events. Since then it has evolved into a category on my Palm Pilot. By participating in many groups and associations over the past few years, I've built this file into a rich mine of names, specialties, and contact information. Whenever I need an expert, I always turn to my "Mission Impossible File" first.

There is an old quote from James A. Froude, an English historian of the 1800s that says, "Experience teaches slowly and at the cost of mistakes." By having a pipeline of experts to help you, you can drastically lower that cost as well as the pain of lack-of-experience mistakes.

2. Engage one or more of your experts as soon as you are asked to buy a solution

When you need to find a solution to an identified business problem, contact the appropriate expert or experts in your network who can help you "kick the tires" on the potential solutions. Joshua Feinberg, an author who specializes in training small business owners, managers, and computer consultants on IT best practices, recommends the following ways you should use your experts to help you:

Have the expert look at how this product or service fits in with your existing investments. Feinberg specifically advises his clients to "have the expert make sure that the product or service will work within the existing environment, so that the company doesn't end up having to spend more money building patches and bridges or, worse yet, not using the product at all after buying it." I'm sure many of you have seen boxes of expensive software and/or pieces of hardware sitting in closets because the buyers were unable to make them work or ran out of money long before they ran out of project.

Have the expert examine how the product or service performs relative to the manufacturer's/developer's marketing claims. Basically, make sure it works and does everything they say it will do. Products and applications don't always live up to their labels' claims.

Have the expert also help you test how the product or service performs in a nonclinical pilot. In other words, have them test how the product or service works outside of the manufacturer/developer-controlled environment.

Feinberg points out that by following his advice on these key points, his clients avoid investing in technologies that cannot do what needs to be done and/or that do not fit into their environments at all without considerable unexpected investments.

3. Negotiate

Once you've identified a few solid solution candidates that fit your environment and can do the job, the next step is to engage in negotiations. Dave Lakhani, president of Bold Approach (http://www.boldapproach.com), a company that teaches IT teams how to negotiate, recently told me that, in his experience, he often finds that most buyers "do not negotiate at all." In other words, they basically go from the solution evaluation process directly to the purchase of one of the solutions on the terms originally offered by the vendor. This is unfortunate, because as Lakhani is quick to point out, "The real opportunity for leveraging huge value to your company will come only from negotiating the best terms and conditions with your vendors."

Here is just a partial list of the sound advice that Lakhani offers his clients when it comes to negotiating:

Secure multiple competitive bids

Getting a small bidding war going is a good thing. "You'll always get a better deal and more creativity in the offering when you have multiple contenders," states Lakhani. (For example, the vendor may add in things that are inexpensive for them and highly valuable to you, such as extended warranties, free technical support, free upgrades, extra service coverage, etc.).

Challenge every single broad statement, generality, and pricing-related assumption

Ask tough questions that require documented answers. "The professional salesperson will be able to easily back up statements with proof and documentation," says Lakhani. He warns, "Many proposals contain padded items that are designed to make another area of the proposal seem competitive. Be sure to look for this padding and be sure to question each occurrence of potential padding that you find." Also, if there are any variable fees, make the vendor set upper limits that the pricing won't exceed.

Be sure that the vendor's proposed contract contains the complete agreement

Lakhani recommends that you "make sure that any verbal agreements that are not on the original contract get included in the final agreement so that it becomes a measurable, deliverable, and enforceable" item. It's important that you avoid any handshake-with-a-wink agreements. These are often forgotten or redefined after the negotiation and result in much frustration and disappointment to both sides, especially if there is a change in vendor or company representatives.

Ask for at least one unhappy customer as a reference

Anyone can come up with a couple of good references. If, however, you ask for at least one failure, you will get a much better picture. Lakhani advises clients to ask very detailed questions of both the pro and con references. "For example, did the vendor meet all its commitments and deadlines? What questions do you wish you'd have asked the supplier but didn't? Where did they not quite meet standards? What was the difference between the sales presentation and the ability to deliver?"

Lakhani also recommends finding out "why the unhappy customer was dissatisfied and why they abandoned software or hardware." You may discover that you and your company have a lot in common with the unhappy customer and that you would very likely be just as unhappy with this vendor. If that's the case, thank the vendor and end the negotiations with a "no thanks." On the other hand, if the issue was caused by any resolvable challenges, go back to the vendor and secure whatever assurances you need in writing.

Always be ready to walk away if find yourself either unsatisfied or in a weakened negotiating position
The ability to say no and move on is your most powerful tool in any negotiation. If you can't say no, you're probably able to bluff, but not really able to negotiate.

Finally, make sure that your contracts contain a nonconformance clause
A nonconformance clause will give you an out if the vendor's product fails to perform as prescribed by the agreement. It is a necessary piece of any contract with a vendor.

Follow the steps to make wise purchasing decisions
In today's fast paced, ever-evolving world of technology, new products are arriving all the time and companies need to be careful when searching for the best cost/benefit solutions. By developing a network of key experts, tapping into that network and never forgetting to negotiate for everything on every single deal, you can drive a huge amount of value out of every single IT product investment dollar.
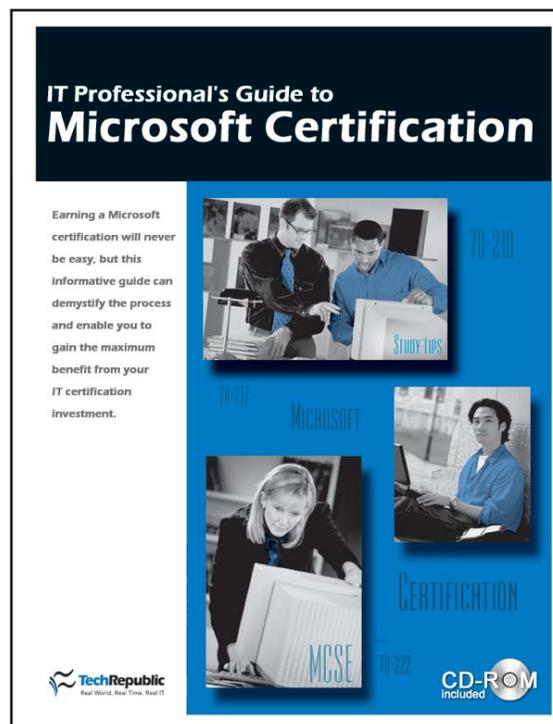
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