

September 2022

# Vendor Management

**Vendor management** refers to developing and maintaining relationships between businesses and their suppliers and service providers. It focuses on creating agreements that benefit *both* organizations and aim to develop mutual trust and respect. This allows organizations to fulfill their core missions and remain competitive within their respective industries.

**Want a job in vendor management?**

Vendor managers are increasingly popular job titles. They do so much to help promote productive working relationships and quality deliverables. A recent job description created at the State of Washington includes the following duties:

As the IT Vendor Manager, you will provide leadership at the enterprise-level in IT contract development and management, IT procurement, and enterprise licensing. This is an opportunity to bring your best, new, and creative ideas to help build a strong, modern, and innovative information technology organization that has productive and healthy partnerships with vendors and with the business partners served by IT.

**Some of what you’ll do:**

* Provide leadership and set the strategic direction, mission and vision of IT vendor management and the vendor management capability.
* Inform and develop organizational design and functional roles and responsibilities for IT vendor management.
* Collaborate with internal stakeholders to develop criteria and best practices for vendor selection.
* Aid procurement teams to optimize the cost-effectiveness of negotiations.
* Establish principles, guidelines, standards, and support that ensure a comprehensive and consistent manner of vendor evaluation, management, and oversight.
* Drive efforts that result in a more complete inventory of vendor spend.
* Manage the collection, consolidation and communication of reporting and data on vendor contracts, performance, risk, and relationships to key stakeholders and vendors.
* Lead and coordinate with asset management resources to assist in the management and tracking of software/hardware assets and consumption of cloud-based entitlements.
* Oversee IT vendor agreements and in cooperation with procurement, legal and stakeholders ensure that they are up-to-date and compliant with relevant laws and regulations.
* Initiate and manage establishment of vendor contracts for goods and services.
* Manage/oversee the maintenance of vendors in the agency contract management database to track key engagement milestones.
* Manage vendor relationships.
* Oversee the measurement and reporting of vendor performance, including the development of evaluation tools based on stakeholder needs, and the creation of scorecards and dashboards that will accurately present this data.
* Participate on software vendor audit response teams.

**Do you have what it takes to be an IT vendor manager?**

* Proven experience in successfully leading a team in the management of vendors or third parties.
* Experience driving change and facilitating collaboration and action in distributed organizations.
* Understanding of the vendor life cycle.
* Broad knowledge of the IT industry and the products and services provided by technology vendors.

**Recap – Community of Practice – July 2022**

At the Community of Practice learning event on July 20, 2022, panelists shared their experience with the vendor management process. The content they created was indicative of best practices and deserving of being recorded and shared here for the community to reference in the future.

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| Question: What can a project manager be doing *prior to procurement* to set the project up for a successful relationship with a vendor? ​ | Recognize that your time = quality relationships. The amount of *time* you’re willing to spend on procurement is a key success indicator. In addition: * Review a vendor’s past performance – both in/out of public sector.
* Ask for the resource list and vet potential resources.
* Ensure your project is adequately mapped out and ready for a vendor to estimate.
* Anticipate your resource needs from a vendor and/or your organization.
* Create a vendor management plan as part of your project management plan.
* Know what you want!
* Determine whether your project should be agile or waterfall.
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| Question: What should we be looking for in terms of vendor performance dur-ing procurement? What are the early indicators of ven-dor success?  | Your relationship with viable vendors should be positive in tone, question and answer period, responsiveness, etc. * Consider adding a step to your procurement process. Request an implementation workshop from each finalist and evaluate the results.
* Be wary of vague promises like “Trust me!” or “Piece of cake!” Your motto should be: **show me.**
* Contractual obligations go both ways; start thinking about contractual obligations your organization should bear. The goal is to fully understand the vendor – and vice versa.
* Set expectations with the business team and project leadership for the outcome that is expected from the vendor. This allows common understanding and perspective from the state side as customer.
* Have a clear understanding of required roles and responsibilities.
* Review the lessons learned from the contracting agency and also from the [Lessons Learned Repository](https://ocio.wa.gov/sites/default/files/public/ITProjects/IT%20Project%20Lessons%20Learned%20v20200624.xlsx?lwgql) available on the OCIO IT Resources page.
* Insist upon a clear description of any expectations in the statement of work.
* Leverage the DES contracting [center of excellence](https://www.des.wa.gov/services/contracting-purchasing/policies-training/procurement-consulting-services).
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| Question: What can project managers do to improve our contracting acumen in Washington state? How might we craft our contracts to hold vendors more accountable?   | * Obtain copies of previous work products from the vendor; look for what you like and don’t like. Add specific instructions or requirements to the contract.
* Affirm the best approach for each specified deliverable.
* Look for partnership opportunities – co-create acceptance criteria and/or how both parties will handle deliverable walk-throughs.
* Build checks and balances into the acceptance testing processes.
* Specify what detail you want on invoices.
* Determine whether you will retain a holdback and what will trigger the release of funds.
* Identify any key personnel by name and confirm replacement processes.
* Build in accountability.
* ​Ensure deliverables have acceptance criteria clearly outlined.
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| Question: What are best practices for monitoring vendor performance?  ​ | * Ask your QA or IV&V provider to perform deliverable quality reviews.
* Assign ample resource for the whole contract management process.
* Identify a half-dozen key performance measures and measure them monthly.
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| Question: How can project managers get help with a problem vendor?  | * Don’t wait until you are “fed up” to act.
* Please consider the OCIO a partner and resource to address problem vendors. OCIO can take an enterprise view and has experience with many of the same vendors across agencies and projects.
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| Question: Assuming that we want to continue our relationship with a vendor, how do we approach a contract renewal and what opportunities does it present?  | * If either party’s strategic perspective has changed, take note.
* Know what’s in your vendor contract.
* Don’t turn the workplan or key tasks over to a vendor without some thoughtful consideration.
* Routinely assess the quality of your vendor partnership.
* Consider a more robust vendor onboarding process.
* If the contract does not specify extensions or if the scope is substantially changed, then you'd need to re-procure or review the master contract list.
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