

## MANAGING VENDOR PARTNERSHIPS

Because of increased competition and tightening cost structures, organizations must seek to more effectively utilize key personnel resources and expertise, while leveraging outside services which can provide added value through increased quality, lower costs, improved customer service, or implementation of best practices.

Increasingly managers' and leaders' roles are changing from one of selecting and managing employees, to one of selecting and managing vendor relationships. The organization's employees are also coping with a change in their roles and the relationships with their internal clients.

Along with this change comes the need to break down silos by increasing coordination across organizational boundaries, to share best practices, and to optimize the cost commitments and service expectations with each vendor for maximum value. New oversight and governance structures need to be established specifically to manage this critical relationship.

Ouellette & Associates is helping clients meet these new challenges head on with its newest offering. *Managing Vendor Partnerships* enables organizations to more effectively work with their service providers and their own staff to create long term value and increased ROI from each of their vendor relationships.

### AT THIS WORKSHOP YOU WILL LEARN HOW TO:

- ◆ Move from contract management to relationship management with your vendors
- ◆ Transition from managing employees to managing the relationship
- ◆ Understand and differentiate between the goals and objectives of the organization and those of the vendor
- ◆ Leverage process management techniques to provide a foundation for managing vendor partnerships
- ◆ Utilize change management to transition employees to new roles
- ◆ Recognize a range of cultural differences between the organization and the vendor
- ◆ Gain additional value from your purchasing department
- ◆ Be proactive in shaping a positive relationship and in recognizing when the partnership is in trouble
- ◆ Establish appropriate governance structures
- ◆ Prepare for the end of the contract
- ◆ Improve vendor selection, contract development, and negotiation processes
- ◆ Create value for long-term competitive advantage



## WORKSHOP OUTLINE

### Background

A discussion about sourcing – why are services outsourced versus insourced, what are the most commonly outsourced services, and why you need to think about, and plan for, managing the relationship at the earliest stages of the sourcing process.

### Types of Vendor Partnerships

The ultimate goal of any partnership is to deliver increased value to the business. There are three types of vendor partnerships to choose from depending on where the process/service falls on the Strategic/Transactional continuum (need some help here guys).

### Understanding Vendors

Your vendors have roles and objectives that are unique to their business model and corporate environment. Ultimately, their job is to satisfy *their* stakeholders. Understanding what motivates them will go a long way towards maximizing the value derived from the partnership.

### Early Trouble Spots

Watch out for these common causes of trouble that might derail your relationship very early on.

### Process Management

We present a framework to use when working with vendors to help clarify the activities that are expected of them. We provide a definition of business processes, and will discuss why business process management is so important. In order to effectively manage your business processes, you need to have the proper metrics in place to ensure all parties are hitting their targets

### Implement the Working Relationship

In order to effectively transition any vendor into your business processes, you need to first recognize the cultural and demographic differences between your companies.

### You in the Role of Vendor

Using the knowledge base and experience of the participants, we'll take a look at the relationship from the vendor point of view.



## WORKSHOP OUTLINE

### Change Management

Several change management techniques will be presented that will be useful as you transition the vendor and your staff into their new roles.

### Governance

We will discuss various vendor governance models and how to work within each.

### New Roles & Skills

We will elaborate on the earlier discussion about mindset and skill set shifts necessary to effectively work with vendors. We will look at the roles various departments in your organization should play in order for you to leverage internal expertise.

### Performance Measurement

Consistently measuring vendor performance will keep your relationship on track. We look at common signs of distress and how to remedy them.

### Negative Tactics

An exercise to brainstorm not only the negative tactics that our vendors use against us, but also those we use against them.

### Planning for End of Contract

As the vendor contract comes to an end, it's essential to assess their overall performance and cultural compatibility. It is also the time to revisit the sourcing decision – it may be time to bring the service back in house.

### Before Awarding the Next Contract

Make sure to properly research your vendor options. Don't forget to do all the upfront work that will set the stage for a successful partnership. Make sure to plan for the potential relationship throughout the contracting and negotiation stages.

