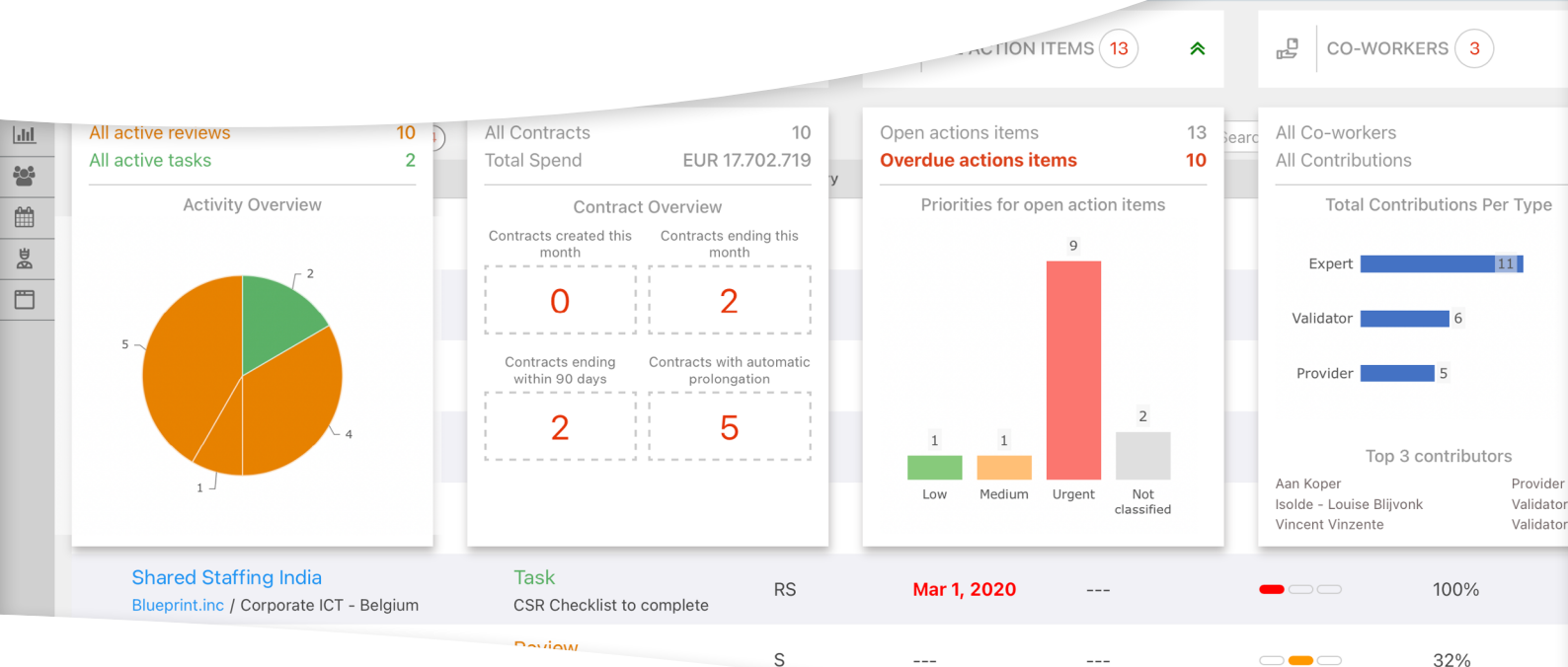


with

Towards Vendor and Contract  
Management Excellence

# Your Journey Towards Vendor & Contract Management Excellence



A STEP-BY-STEP GUIDE

# Your Journey Towards Vendor & Contract Management Excellence

A STEP-BY-STEP GUIDE



At With, we specialise in improving contract and vendor management processes. In this mini-guide, we will walk you through the different steps of our tested approach.

Download more resources  
**with-services/tools**

## IN ORDER TO KNOW WHERE TO GO, YOU NEED TO KNOW WHERE YOU STAND

**Getting a clear view on the current state of affairs is paramount to planning the future. We typically perform three activities in order to determine an organization's current position.**

### Measuring

You can't measure without a measuring stick. With the use of our accelerators and maturity templates, we categorise your vendor and contract management processes in 5 different levels: Initial, Repeatable, Standardized, Predictable and Optimized. Using our canvasses will facilitate a discussion within the organisation and create awareness about the current situation. Once we have established the **Process Maturity Level** you are currently at, we can tell you which actions to take and improvements to make.

### Technology watch

Two types of vendor and contract management tools are typically used:

- 1. Procurement tools** provide oversight in spend management, provide guidance in contract authorization or provide a central repository with all supplier master data.
- 2. Operational tools** give an overview of the performance of your contract and suppliers, give insight in service levels and performance management details and provide operational reporting.

It's important to know which tools are already used by your organization and if they are actually doing their job. You might find some blind spots or important vendor and contract management processes that are not yet supported by adequate tooling.

### Interacting

After the maturity measurement and technology watch comes interacting with key providers.

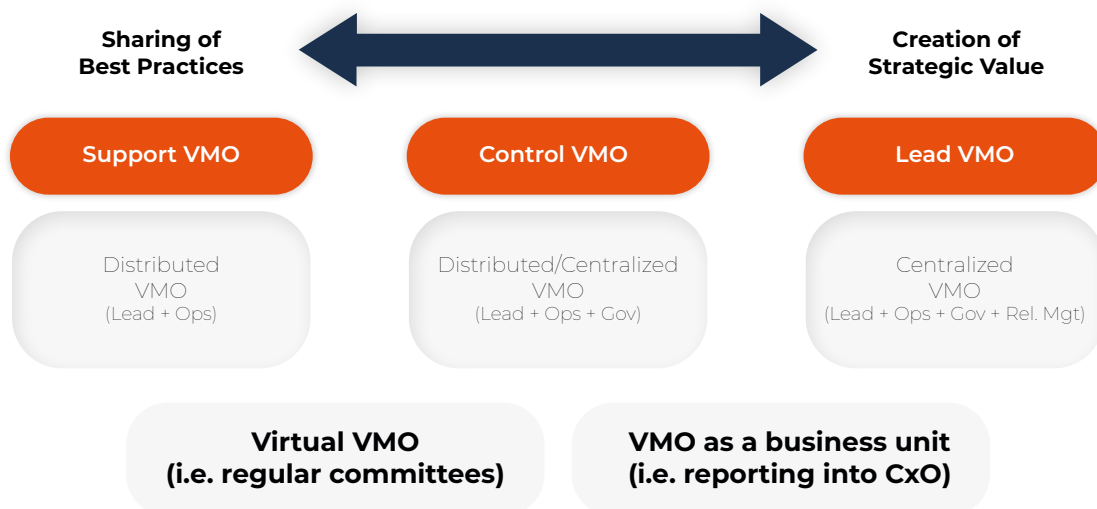
A first canvas classifies those key providers. Once you know on which providers and contracts you want to focus, we interview them to capture on the field challenges and issues. Only with their honest feedback you will get the complete picture.

After a maturity measurement, a technology watch and interacting with key providers you will have a decent idea of your current position. Now, you can start thinking about where you want to be.



## STEP 2

## DEFINING YOUR DESIRED POSITION



## DECIDING WHAT YOU WANT TO ACCOMPLISH

**Optimizing vendor and contract management starts by choosing strategic objectives and formulating financial and operational goals. Make sure to review those goals over time so they remain aligned with your strategy. We advise to make it an iterative process.**

### Strategic objectives

In most cases, we see **3 strategic objectives** as possible points to work on.

#### > Increasing compliance & reducing risks

We often see this being a driving force in regulated sectors such as the financial or pharmaceutical industries. If implemented correctly, a mature process will bring added value beyond mere compliance.

#### > Limiting value leakage

Each contract has financial obligations. It is important to verify that you are actually getting the value you pay for.

#### > Improving operational performance

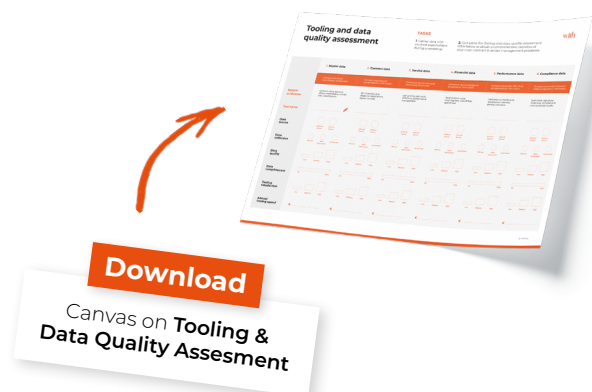
Each contract should help you reach or improve your own operational goals. You want to focus on becoming faster, better and more efficient.

### Financial and operational goals

With your strategic objective(s) in mind, clearly formulating financial or operational goals becomes easier. Is your focus on realizing business cases and ROI? Or is governing the relationship aspect your main concern?

### Organising a Vendor Management Office

Choose a Vendor Management Office (VMO) model depending on your current standing taking into factors like organisational culture. Both Supporting and Leading VMO models are possible, often a hybrid model (with a control VMO) is used.



## TIME TO START PLANNING

**Once you have a solid idea about where your vendor and contract management currently stands - and where you want it to be - it is time to start initiating your project.**

**Before implementing, it is important we thoroughly discuss the way to move forward. Think of it as best practices in project management. Together, we will assemble the core project team and discuss the project plan, involve executive sponsors and process owners and get in touch with all stakeholders.**

**MOST IMPORTANTLY, WE WILL INVESTIGATE THE 3 PROCESS STREAMS:**

### People

Defining who has the required communication skills for interacting with providers, financial skills to be able to forecast accurately, technical skills to be able to understand how the contract will contribute to the goals of individual business units, etc., and how each person fits in the big picture. We will help you identify possible training or coaching needs and ensure proper vendor and contract management skills are acquired in your company.

### Process

Next, we map the process in detail and agree on a roll-out plan. We define which subprocesses are to be taken care of first and who will be the owners. Subprocesses such as contracting and managing the contract lifecycle you can deal with internally, but there are also processes you will execute with your supplier, e.g. performance management.

Eventually, identifying key milestones and the project start and end dates round up the project plan. Time to start implementing.

### Technology

As part of the implementation, it is a key success factor to make sure the right tools are available to support the people and the process. What the right software is for your organization can depend on a multitude of factors such as the desired level of automation, a need for scalability or if it supports auditing purposes. We know which tools are available on the market and give advice depending on your specific situation.

### People

Training & Coaching

Culture & Awareness

Skills

### Process

Vendor Management Office



### Technology

SourcingCockpit



## STEP 4

# IMPLEMENTING YOUR VENDOR AND CONTRACT MANAGEMENT ECO-SYSTEM

## FROM PROOF OF CONCEPT TO FULL ROLL-OUT

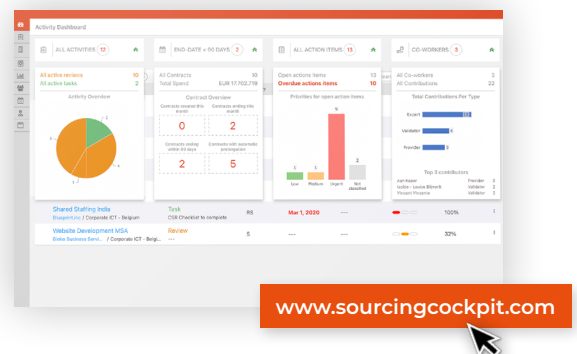
The safest course of action for implementing a vendor and contract management eco-system is starting small and scaling up. Practically, this means **testing a subset of the process** in a Proof of Concept first.

Did the POC go well? Then you can move forward by **pushing a few vendors and contracts through the entire process**. Doing this allows you to test the supporting tools, ask feedback and check how satisfied both internal and external parties are with the changes you've made.

Once this is done you can start moving faster and **scale up the process**. This can be done for a subset of your company, for instance one country or one business unit.

After that, you can let go and confidently **implement the process in all business units and all countries**.

Along the way, don't forget to keep sharing lessons learned and success stories.



## STEP 5

# EVALUATING AND FINETUNING YOUR VENDOR AND CONTRACT MANAGEMENT ECO-SYSTEM

## SHIFTING TOWARDS OPERATIONAL EXCELLENCE

Once you have implemented your vendor and contract management process entirely, you will have to look back. These are some of the questions you need answers to:

- > **Have you realised the financial and non-financial goals you formulated?**
- > **Is your governance up and running?**
- > **Are the meetings on the 3 layers - Operational, Tactical and Strategic - taking place as defined?**

> **What is the outcome of the meetings? Are your risks being discussed? Are action items assigned and do you follow up on them? Most importantly, do you have a view on your vendor and contract management landscape?**

Next you need to find the reports and dashboards that provide you with meaningful insights? These reports need to be distributed to the related governance layers.

If you have this in place, you should be able to realise the stated objectives. Did you limit the value leakage of your contracts? Did you manage to get your risks under control? You should have improved your operational performance.

The vendor and contract management project is completed by now and the focus of your vendor and contract management process will now shift towards operational excellence.

## QUICK RECAP

## IMPROVING VENDOR AND CONTRACT MANAGEMENT TAKES TIME, EFFORT AND EXPERIENCE

### BUT WE ARE HERE TO HELP, AND THE PAY-OFF IS VERY MUCH WORTH IT

From defining your organization's current Maturity Level, to formulating strategic objectives and goals, initiating a vendor and contract management project, rolling it out and finally finetuning it, each step to improving vendor and contract management takes time, effort, and a bit of experience.

The pay-off, however, is very much worth it. Your organization will be able to start fully focusing on operational excellence. Safely, confidently, and with the knowledge that every cent spent on (outsourcing, services, licenses, partnership, ...) contracts is bringing in the value expected.

Many studies have shown that up to 40% value leakage in your contract portfolio can be avoided by implementing proper vendor and contract management processes and tooling.

If you need a helping hand or guidance, count on us. Whether it is to help you make decisions, carry workload, or just to assess the decisions you have made and confirm you are on the right track. Getting the most out of strategic sourcing and vendor relationships is what we've always done, and we are more than ready to help you do it now that you need it most.



**Give us a call**

Don't hesitate to contact us!

**Download**

Canvases on **Vendor & Contract Classification**



**Koen Vercauteren**

Senior Consultant at With

+32 473 921 975

✉ koen.vercauteren@with-services.com



**Dominique Kindt**

Founder & CEO of With  
and SourcingCockpit.com

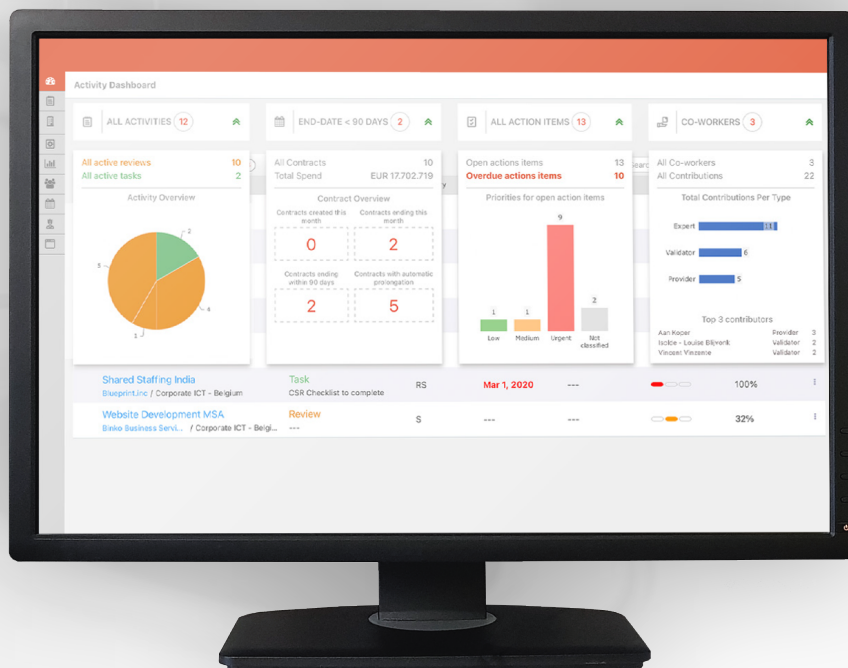
+32 477 772 512

✉ dominique.kindt@with-services.com



# with

Towards Vendor and Contract  
Management Excellence



## Talk to one of our Experts

[info@with-services.com](mailto:info@with-services.com)