Sessions 407/507: Managing and Sourcing Strategic Vendor Relationships Roundtable

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About Me

• 20 years of ITSM Leadership in Higher Ed, Fortune 1000, IT Outsourcing, Global Automotive, Global Hospitality
• Former HDI Local Chapter Officer and Community Leader
• Faculty member at 9 HDI Conferences
• Leader of 3 Major Outsourced Service Transitions at VWGoA
• Father, Husband, Volunteer, Ironman triathlete

Why is this topic so important?

Very few companies get it right!
8 Steps to Successful Sourcing

- As-is assessment
- Find a solid partner
- Be diligent about the structure of the agreement
- Define and document your governance structure
- Select the team members
- Offer a grace period for SLA attainment
- Manage and hold them accountable
- Continuous review and collaboration

Details in Speaker Handouts

Sabotaging Your Strategy

1. Purchasing Department in the Driver’s Seat
2. Value Cost Savings > Quality
3. Not Confirming Understanding of Scope
4. Short Transition Period
5. Penalize Too Soon
6. Not Addressing Contract Breaches
• We will ask 7 questions.
• Discuss each at your tables for 10 minutes, and determine the top 2 contributions to each.
• Document them on the poster board.
• Chose a spokesperson to report out to the group.
• Please do not repeat other’s remarks.
• We will collect and consolidate the responses, and provide minutes.

Note: Vendors shall remain nameless.

Question 1

How can you ensure internal buy-in for your sourcing strategy?
Question 2

How can you identify and select the right partners for the right services?

Question 3

How can you identify and work with niche partners?
Question 4

How do you make their staff feel like they are an extension of your team, especially for offshore scenarios?

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Question 5

How can you motivate your partners to provide greater value and innovation?

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Question 6

How can you measure the effectiveness of your strategic partners and your vendor management program?

Question 7

What advice would you give a newcomer to the field of strategic sourcing and vendor management to help navigate the road ahead?
Any final remarks?

Summary

• We will share the content and the updated slides. Please leave a business card, email dan@danmwilson.com, or allow Allyson to scan your badge so we can get these to you.

• Valuable templates available:
  • Example RFP document
  • Example RFP review score sheet
  • Example service certificate
  • Example staffing statement of work
  • Example master contract (T&C’s)
  • Example service governance plan
Thank you for attending this session.

Please complete the short evaluation for this session on your mobile device. It is available in your email or through the conference app.

Backup slides

8 Steps to Successful Service Sourcing
There comes a time with all outsourced services when your current contract or provider is not fulfilling the needs of your organization and you realize that it is time to move on.

This presentation offers some best practices established over multiple EuC service transitions. Including a service transformation that led to winning the 2011 HDI Team Excellence award for Internal Support.

8 Steps to Success

1. As-is Assessment
2. Find a solid partner
3. Be diligent about the structure of the agreement
4. Define and document your governance structure
5. Select the team members
6. Offer a grace period for SLA attainment
7. Manage and hold them accountable
8. Continuous review and collaboration
#1 - As-is Assessment

• Review current SLA’s and KPI’s; benchmark them
• Deep review of current contract (transition services, staff transition, termination date or clauses, etc.)
• Review customer satisfaction
• Review team/employee satisfaction
• Assess team members for transition

#2 - Get a solid partner

• Create a solid RFP
• Evaluate at least 5 vendors
  • Industry Evaluation (Gartner Magic Quadrants)
  • Do homework on financials of company
  • Research sub-contracting practices
  • Ensure core competency alignment
• Detailed review of proposals, RFP response, and SoW’s
• Use scorecard for ratings
• Interview the best 3-4 vendors
• Negotiate contract terms with final 2
• Take time to get to know the top 1 or 2!
#3 - Structure of the Agreement

- Different Types
  - Master Contract, T&C’s
  - Statement of Work (Staffing)
  - Service Certificate
- Contract Term
  - Annual renewal
  - Multi-year with periodic checkpoints
- Unique/Essential Provisions
  - Final approval for key roles
  - Transition of staff members upon contract term
  - Ownership of processes, documentation, intellectual capital
  - Sub-contracting restrictions
  - Underperformance remediation (SIP’s)
  - Staff removal rights
  - Annually price reduction (expected efficiencies)

#4 - Governance Structure

- Who Governs the vendor? And when?
  - Operational Manager
  - Governance Team
  - CTO/CIO
- Metrics, reports, deliverables
  - Types, frequency, formal/informal
  - Monthly Service Review
  - QBR’s
  - Consider your audience for each...
- Service Improvement Plans
- Penalties
- Contract Management
#5 - Select the Team Members

- Your Team
  - Direct employees
  - Governance
  - Process Management
- Their Team
  - Participate in selection of staff for key roles
    *VIP Support, Mgrs, Team Leads, etc.*

#6 - Grace Period for SLA Attainment

- What it is?
  - Good gesture of partnership
  - A way to accelerate transition (save $$$)
  - Allows them to get their feet wet
- What it is not...

_Last thing you want to do is have to penalize a vendor early in the relationship..._
**#7 - Manage and Hold Accountable**

- Enforce SLA commitments and SIPs
- Maintain meeting cadence
  - Daily: High Priority issues
  - Weekly: Operational review
  - Monthly: Service and KPI review
  - Quarterly: Formal QBR, Cont. Improvement Planning
- Maintain governance structure
- Enforce penalties

**#8 - Continuous Review & Collaboration**

- QBR good time for this activity
- Understand what the vendor can provide outside of your contract resources
  - Consulting, innovation, additional services...
  - Do not look elsewhere until you ask them
- Make vendor Service Manager be part of your Management team
- Quarterly Joint Team Meeting:
  - Business updates (both sides)
  - Key Successes
  - Recognition and Rewards
  - Project updates
  - Staff questions and concerns
1. As-is Assessment
2. Find a solid partner
3. Be diligent about the structure of the agreement (SoW, Service Certificates, rate cards, penalties for missed KPI, SIP’s, etc.)
4. Define and document your governance structure
5. Select the team members (your side and their side)
6. Offer a grace period for SLA attainment
7. Manage and hold them accountable (penalize if it is necessary)
8. Continuous review and collaboration

Templates and Takeaways
Thank you for attending this session.

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