

Messenger

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Finding the Perfect Vendor, Part II

Last month we began looking at a five step process for selecting a vendor. This month we will look at the final three phases.

Award Contract

Once you have determined which vendor you would like to use, it's time to award the contract. The first thing to do when speaking with your vendor is to make sure you have clearly detailed your expectations. For example, mandating that the vendor follow the organization's internal best practices for running the project or conducting business. An orientation time can help with this. Vendor orientation is important in immediately building the connection on how the vendor/customer relationship should function. It allows you to give all expectations beyond what is designated in the contract.

Contract Management

Before the vendor gets started on the project, create a statement of work. Both the internal and external project managers should have a current project plan. This will allow for better monitoring and control. It also helps each manager to assist in moving the project forward. Benchmarks can be used to compare the present project to established standards. They are normally set as part of the monitoring process; however, if they have not been set, benchmarks must be discussed so all parties are monitoring the same things.

It is also important to remember that everything on the project will fail without proper, timely and precise communication. A detailed communication plan must be established by the vendor project manager and the buyer and must detail what type of reports are needed and at what frequency.

Monitoring the performance of your vendor verifies the results and status of the project. So what do you do if performance is not measuring up to where it should? Follow the backup plan which should have been created during the planning process. Specifically detail what needs to be changed or adjusted. Give details and timing of performance changes. If you are worried about the performance of the project, conduct regular audits.

Every organization has a right to audit their project, performance, and efficiency levels. Auditing should be planned for on the front end of the project with details of how and when it should take place. It should be as unbiased as possible with a limited amount of disruption. Each project will have specific points of interest for audits, such as costs, quality, and transfer of knowledge. As you're conducting

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Always do what you say you are going to do. It is the glue and fiber that binds successful relationship.

Jeffry A. Timmons
Entrepreneurship expert & educator

The Mathis Group's Messenger

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your audit, you may find that the project is going to be delayed. There are three types of delays: Excusable, Non-excusable, and Buyer Imposed. Excusable delays are those which are not considered to be the fault of the vendor. For example, severe weather, strikes, fires, floods, and terrorism are all out of the hands of the vendor. Non-excusable delays are those which are considered to be due to vendor failure or negligence. They are looked at as being under the control and power of the vendor. Bad planning and procrastination are such delays. Finally, buyer imposed delays take place when the buyer extends the project. Penalties and cost might still be associated to both sides, but the delay has been driven by the buyer and not the vendor.

Contract Closure

Contract closeout can only take place after both the vendor and the buyer have fulfilled the contract. The contract is not able to be closed if it includes disputes or litigation or if it is being evaluated for some type of ethical abuse.

Contract closeout should involve the following steps:

- Verify the contract has been fulfilled--look for documentation that gives evidence contract requirements have been delivered either in products, services, or by performance.
 - Collect documentation and evaluation reports--in most cases these reports have already been established by the organization as part of the monitoring and controlling process. You want to make sure all of those evaluation reports indicate a completion of the contract.
- Verify all contract requirements have been fulfilled--it is very important to make sure that the vendor has not intentionally or unintentionally left something out. In many cases, this is noticed in areas such as the final documentation, testing, or verification



that the product/service is working effectively.

- Make final payment to vendor--vendor management requires that you do your part in honoring all contract obligations. You are accountable to make sure the vendor has received the proper payment.
- Prepare contracts closure document--this document is used to review the contents of the contract to give a summary of what has taken place in the fulfillment by the vendor of this contract. It will be examined as historical documentation in future projects that are similar in nature and cost.

Understanding the proper step in the vendor selection process will aide in making the whole process run more smoothly.



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Vendor Management

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