Chapter 10
Understanding and Managing Vendors

Vendors can be significant partners in your information technology (IT) project. They may create, deliver, install, maintain, or support critical components of your target state. That being the case, implicit in your reliance on the vendors are one or more of the following:

- High-performance hardware, software, resources, or support
- On-time delivery
- Technical expertise
- Fast and thorough fault resolution
- Training
- Professional relations with your team, customers, and beneficiaries

This chapter has been written to address these expectations. As great as they are, they may be unrealistic. Having served on both sides of the fence in these relationships, it is my observation that vendor management from a project perspective is generally clumsy and haphazard. If true, that tends to make these relationships less beneficial and rewarding to both parties. Working on the assumption that we, as customers, cannot fix any vendor problems, we can still be aware of them and leverage that knowledge to our advantage. We can also acknowledge that large corporations generally make for lousy customers, whether through arrogance, incompetence, carelessness, or sheer size. The same faults can be attributed to many of our vendors, by the way.

10.1 ABOUT VENDORS

Once you plug a vendor's name into the plan against a major deliverable, you are assigning responsibility to them and designating them as a critical facilitator of success. Whether they are writing code, delivering systems, or cobbling technology together in your computer rooms, you expect them to perform on time and up to your specifications. Unless you manage them properly, however, there is plenty of history that suggests their success in this regard is not a sure thing.

Exhibit 1. Customer–Vendor Relationship Disconnects

- The vendor may lack the logistical infrastructure or resource that can meet your needs precisely while servicing other, equally demanding customers.
- How many superstars in their employ can be dedicated to your project.[a]
- Does your view of their deliverables, roles, and responsibilities match theirs?
- Vendors generally see the customer squeezing relentlessly on price, while demanding scope creep for free.
- Customers generally see vendors cherry picking (i.e., performing easy, profitable work while avoiding the tough, low-margin work that you really need them to produce).

[a]While you are at it, take the same look at your own team.

Why is that? Your company may already have paid this particular vendor millions, based on a longstanding partnership. Or, you have selected a vendor new to your firm — a vendor who now has the opportunity to get wonderful references from you after this project is done, and thus achieve greater penetration within your company with future opportunities.

You would think either scenario would provide the vendor with enough sensitivity to your requirements that the vendor marching with you in lock step to the finish line is assured, right? It would probably not happen that way. Honestly, though, one wonders why these relationships cause so much hand wringing and gnashing of teeth — on both sides, incidentally. Customers grouse about vendors, who, in turn, mutter among themselves about the unreasonableness of the customer set. Exhibit 1 offers a dispassionate look at client–vendor relationships in this manner.

Now that we have set the table for the discussion of managing vendors, let us look at the key areas.

10.2 EXISTING VENDORS

Many projects require the participation of vendors that your corporation or agency already has under contract. Vendors whose behavior is generally proscribed by this process typically provide "commoditized" products or services such as:

- *Network transport* — voice or data circuits and services
- *Hardware* — routers, switches, computers, and servers
- *"Shrink-wrapped" software* — spreadsheets, accounts payable
- Operating systems — desktop and network
- *Support* — help desk, fault management, "break–fix"
- *Procurement* — resellers who deliver equipment and software
- *Staff augmentation* — short-term help or technical consultants

A formalized relationship management team tasked with managing vendor relationships is probably in place in your shop. Vendor, product set, or service type may align the team. The focal point may be in a product man-

Exhibit 2. Rules of Engagement for Your Vendor Management Team

- Make them aware of your project and your interest in leveraging an existing relationship.
- Provide detailed requirements you look for the vendor to provide.
- Determine if any requirements are provided, or precluded, by existing contracts between your organization and the vendor.
- Ask what specific benefits may accrue to the project (e.g., discounts, free services, etc.) by using this incumbent vendor.
- Understand how you can, and cannot, communicate with the vendor.

agement group, or within the purchasing department. The degree of control they exercise over the relationship may be quite strong. Likewise, such mechanisms can be extremely political, particularly if you approach the vendor without understanding your vendor management's mission and process. In other words, circumventing their process, either willfully or through unfamiliarity, can be hazardous to your project calendar's health.

Therefore, if you intend to leverage existing relationships to buy products or services, make it your business to hook up with your internal vendor or product management team before you get too far into the process of engaging that vendor. This includes requesting budgetary pricing or initiating exploratory conversations regarding services they offer that appeal to you from a project perspective.

Exhibit 2 highlights preferred behavior when engaged with the people in your organization who are charged with overseeing vendor contracts.

I have seen cases where it is okay to go directly to the vendor without vendor management tagging along. I have also seen the opposite, where I could talk to a vendor about approved products or services (i.e., technical things), but was definitely prohibited from discussing pricing or other business-related topics. The bottom line is that you need to gauge, as early on as possible, how your company does business with this vendor and whether or not that meets your needs. I have had as many pleasant surprises in this area as disappointments. For instance, I learned that existing contracts with two big vendors provided certain project services at prices far lower than an internal group I was told to use would charge, with the same or better service levels.

On the other hand, I have been told that Vendor X could not provide a product or service I felt quite certain they could, or that their pricing, service levels, or availability was disadvantageous to our initiative. Equally distressing is the discovery that vendor management can exercise veto power over certain kinds of purchases, particularly based on technology standards. Please refer back to Chapter 2, where additional detail on this topic was provided under the tag of "standards police." You may find that vendor management appears to have more input about how you can implement your requirements than you do. Not that this happens all the time, but when it does, technology and calendar issues are usually too pressing to allow you the luxury of working your way through this without intense escalation and negotiation.

Not only can the process not necessarily be tailored to meet your needs, but there is a chance that the vendor is unaware of you and your project. I once had to escalate a technical issue with a vendor with whom we were soon planning to place a multimillion-dollar order based on corporate standards. I chose to go to the senior account manager to get our problem resolved. Fortunately, he knew about our project. Unfortunately, my name was unknown to him. As a result, his initial response back to me was a tad more lackadaisical and pompous than I was comfortable with. We worked our way past that glitch and resolved the real issue to my complete and total satisfaction — and rather quickly at that.

This is lesson one in vendor management for project managers. We may have been forced to buy through this person. He, in turn, may have felt I was just another yippy customer not in his cell phone speed dialer, at least until I took it upon myself to impress him with my importance! Some folks shy away from this scenario, while others enjoy thumping the table. The approach I prefer is to inform the vendor that I am responsible for making this project fly right, and I need his or her help to ensure that no one is embarrassed by the results. It turns out that this vendor rep was adequately conscientious once I pushed the right button.

That button is likely to be that these individuals have strategic goals within your organization — goals upon which their commissions are based, perhaps as much as those quotas related to sales volume. Knowing this, I asked the salesman what his strategic goals were. One of them happened to involve a technology we were considering using, so I offered to push his goal if he would move heaven and earth to solve my original problem. We both honored out commitments, and the project was definitely helped by this.

10.3 NEW VENDORS

Some project requirements may dictate that you seek out a new vendor for those deliverables. This would likely be driven by one of two conditions:

1. An incumbent vendor may be unable to meet your dates or certain product or service specifications, including price and availability.
2. Incumbent vendors may not be technically qualified or experienced with a particular deliverable.

Before getting involved in a detailed look at bringing a new vendor into the fold, I must surface a very old IT axiom, which alleges, "No one ever got fired going with IBM." I do not interpret this as disrespectful toward Big Blue, by the way. Instead, the message is that reaching out to new vendors or products can introduce a series of challenges that may:

- Require long lead times
- Introduce risk not previously experienced
- Take lots of patience to resolve

First, let us put a fence around this conversation by stipulating a few conditions:

1. You need to go to a new vendor because incumbent vendors cannot satisfy one or more of your project requirements.
2. The service you are trying to locate is more than a procurement scenario.
3. The potential deliverables are complex and largely customized.
4. Your company probably lacks the training and experience with the product one normally looks for in the aftermath of testing and implementation.
5. Let us also put aside the procurement process itself for the moment.

The level of risk associated with selecting a new vendor is directly proportional to the complexity of the goods or services you intend to procure from them. The uniqueness of the product or service should be considered as well. As an example, a few years ago, our engineers wanted to connect two storage area networks (SAN) located in sites that were ninety miles apart. These SANs are big disk arrays normally attached to servers using the Fibre Channel (FC) Protocol, which at the time could not span those 90 miles. The engineers came up with a product that converted the protocol from FC to Internet Protocol (IP), so the data packets could safely traverse the distance. At the other site, the IP datagrams were then converted back to Fibre Channel and stored on the alternate site SAN.

The somewhat frightening news was that only one vendor supplied such a product, and it was still in "beta" (i.e., preproduction) state. This, in essence, raises the risk to the next power, by sole sourcing a new technology not even in production and installing it in a huge wide area network (WAN) to provide site-to-site data mirroring for disaster recovery (DR). We insisted on pretty rigorous testing and kept a very close eye on the implementation before turning it into production.

10.4 VENDOR SELECTION PROCESS

In my experience, the disconnect between customer expectation and vendor performance comes from a breakdown in communications between the two parties, whether the vendor is new or entrenched. The difference, if there is any, in recuperation from this common experience is that the incumbent vendor probably has a long-term relationship that can be used to escalate and resolve unforeseen issues or misapprehended requirements. I have sadly learned more than once that new vendors may not know how to do this with you and your company, or anyone else.

From the point at which a vendor is selected, whether that turns out to be a new one or an incumbent, you need to treat the vendor as new to you, and be very careful how you proceed. Before that is covered, let us take a look at the vendor selection process, where the challenge often begins.

At a previous engagement, a fellow project manager was tasked with a project where the scope was to replace the electronic badging system used at a few sites. There would be one server at each site, plus a disaster recovery server elsewhere. The system would manage one hundred thousand badges and thousands of access points. The server platform and software had already been selected, so my colleague's project tasks were to:

- Write a request for proposal (RFP) to identify the right vendor.
- Select the vendor per internal procurement standards.
- Replace existing card readers with a new, specified reader.
- Replace the existing "last mile" cabling from hubs to individual readers.
- Test the system in conjunction with the application support team.
- Remove old wiring and readers after successful testing.
- Obtain maintenance on the new wiring and card readers, with specified service levels.

If you had to guess how many pages the RFP was when it went out, what would your number be? If your guess is under 100 pages, your commitment to brevity, although commendable, has knocked you out of the competition. Even with relatively detailed drawings or descriptions of the legacy system and the requisite terms and conditions, the RFP should have been approximately 50 to 75 pages, not the 300 or so it turned out to be. Although the intent leading to this overkill was clearly to make sure everything that could possibly be included was, the opposite results were obtained, including:

- Lack of clarity
- Disorganization
- Contradictory verbiage

Although I mean no disrespect with any part of this story, it is instructive in many ways. RFPs are often the strategic component in the vendor selection process. I think we all can acknowledge that obtaining satisfactory results for both customers and vendors through this process is statis-

Exhibit 3. RFP Process Disconnects

- The customer struggles to paint an accurate picture of target state.
- Precise customer data is rarely available (census, asset counts, site information).
- The vendor struggles to understand how much work (i.e., cost) is required to achieve target state.
- Service levels, training, testing, and staffing requirements are too open ended.
- Vendors strongly dislike being asked to state their "preferred" solution.
- Respondents' proposals are difficult to compare as "apples to apples."

tically dubious. I have personally written and responded to dozens of these documents, some of them having presumptive price tags upward of $100 million. I can recall numerous occasions, as a vendor, when I would read one of these huge documents and wonder what in the world the customer was requesting.

I can also assure you that if, as a vendor, you receive an RFP from a customer with which you have done little or no business, you are tempted to chuck it in the dustbin. This is because you figure you are being used to pad the bid list so the customer can claim that a lot of vendors had a shot at the business, even though the deal was wired from the start with an incumbent provider.

On the flip side, as a customer I have read responses and accompanying questions from vendors that made me wonder if some of these companies or their employees had read our RFP, or had experience in the disciplines or activities that were the RFP's focus. Exhibit 3 summarizes the inherent, or at least probable, sticking points associated with the RFP process.

These conditions are not always true, but they generally are. What usually happens is this; because the customer cannot fully describe the current environment, target state, and his or her preferred path to get there, that ball gets tossed into the vendor's court. In essence, the customer says, "Give me your recommendations on what target state should really look like, and the best way to get there." Vendors are not stupid, and they are somewhat paranoid about losing business over pricing. So, they perceive RFPs as if the customer is really asking, "What is your best price for giving us the world?" In fairness, the customer wants value at a controllable cost, whereas the vendor wants a happy customer at a decent margin, but you can see from these disconnects how impossible those goals often turn out to be.

What tends to happen, then, is vendors respond with unit or tier pricing. Because the demographics (i.e., census or asset data) is generally pretty lame, and everyone knows it, the vendor offers basic products or services at a unit price. The vendor is protecting margin by saying "We will charge you $2 a widget. You tell me how many widgets are in scope, and we will do the math together.” There is usually an accompanying floor and a ceiling, meaning there is:

- A minimal billing assumption of, for instance, 10,000 widgets
- A “not to exceed” billing level of a million widgets

Tier pricing is the other workaround. It typically reflects a laddered service level proposition. It is similar to going to the car wash, where the soap and water is $5, the wax job another $3.50, and the vacuuming is free if you pay for the wash and the wax. In IT projects, tiers focus on things such as recovery times, hours of support, and other matters of convenience. “The more service you get,” they tell the customer, “the more you pay.” A 24/7 call center, for instance, requires a headcount of five to provide one agent taking calls around the clock, once vacation, shifts, and supervision are taken into consideration. Someone has to pay for that. There is this myth of economies of scale, but having done some of that work, I can tell you that leveraging such economies generally translates into generic, depersonalized, and frequently ineffective service to the end users. I am not too sure about the savings, either.

Vendors tend to shy away from precise responses from a solution perspective for two reasons:

1. They fear that any good ideas revealed in the response will be shared by the customer with the selected vendor, who would likely be someone else.
2. Some vendor reticence to indulge in RFP response specificity is based on the fear that their proposed solution will be perceived as culturally or operationally incompatible with the customer’s environment. Although this is one condition the RFP process is designed to ferret out, no salesperson worth his or her salt is going to create the impression that his or her team is strictly left-handed, especially when claims of ambidexterity appear far more likely to carry the day.

The final consideration is this. Several chapters and thousands of words have been dedicated in this book to tracking down requirements, vetting the design, crafting the right implementation strategies, and indemnifying the project, the environment, and beneficiaries against risk. To do this well, you needed liberal access to all kinds of resources, and you presumably held countless meetings. Put yourself in the shoes of a vendor’s project manager who reads through your RFP and wonders how to protect his employer while doing a great job for you without the same advance, unlimited access to everything the insiders have. As a consequence, vendors quite naturally feel compelled to jack up their prices to cover risk that may, or may not, be lurking out there in customer land.

You may not be shocked to learn that vendors tend not to trust customers. Still, it is interesting to take a moment with the worst-case scenario in this regard, one that seasoned vendor representatives and project managers have experienced on numerous occasions. In it, a vendor agrees to perform certain project services for a fixed price, with agreed-to drop-dead dates. Sadly, it turns out that the customer had misrepresented the work or the risk associated with it. Even though this miscommunication may have been unintentional, the vendor tries to negotiate a different price or gain time to overcome this emerging trouble. The customer does not want to look incompetent, or more broadly, does not want it to appear that the problem is internal. Whether brazenly or not, the customer starts pointing the accusatory finger at the vendor. Now the vendor, who to this point has operated in relatively good faith, has three choices:

1. Call the customer a liar.
2. Eat the cost and take the blame to keep the customer happy.
3. Escalate on the client side, taking the chance that the seniors will be reasonable.

Frankly, this is all part of the vendor–customer taffy pull, but it is in the mind of every vendor representative responding to your RFP. Because I am taking the customer's side on the topic for this book, I want to end this section by summarizing what has been said here. Using RFPs to select vendors is a minefield because many issues surround whether or not an outsider should commit wholeheartedly to a possibly ill-conceived or, at least, poorly presented initiative. The vendor is being asked to offer a best price for a potentially high-risk venture. Add to this the potential for either side trying to use the other, and you can see why this process is often frustrating and can lead to unsatisfactory results. It also shows why, so often, an incumbent vendor wins the business in the end because they truly have an inside track, and they find the potential risks less onerous than vendors who are asked to fly blind on this one.

10.5 DOING RFPs RIGHT

The purpose of the last section is to sensitize you to the vendor mindset so that when you manage your next RFP process, you can better understand why responses do not come back exactly as you expected. Keep in mind that the vendor really wants to know:

- What exactly is the customer asking for in terms of design, implementation, documentation, and support?
- How much work will the customer perform (i.e., what are the roles and responsibilities of each party)?

- How will risks and exceptions be handled? In other words, how is potential scope creep defined and addressed both managerially and financially?
- What is the preferred pricing methodology?
- What is the targeted price?
- What desired vendor services are "baseline," and which are considered optional and can be presented and priced as such?
- What future opportunities can result from a job well done this time around?

This last question may appear to be out of place, but it is not. Vendors quite naturally desire long-term relationships. From your RFP perspective, the opportunity for future business may give them cause to shave your potential costs up front, with the expectation of gaining future opportunities. This is, of course, a big carrot, but one you must use carefully. The vendor does not expect any promises, but is in actuality trying to gauge your willingness to negotiate and be open minded during this courtship. This is particularly true if the RFP deliverables represent a new technology or process for the customer.

If you do not do a good job of projecting your open mindedness, most vendors will respond somewhat cynically, unless the sales manager for a particular vendor is desperate to make quota or is new to the role and thus somewhat naïve. If you are not open minded because you prefer, or are directed to prefer, a specific vendor, understand that most vendors anticipate this. They may be disinclined to respond to you with value, either now or in the future. I see a lot of people disregard this, but in the business world as it appears to be shaping up at the start of the new millennium, I would remind you that your own personal credibility is all you have, given the disappearing corporate loyalty and tenure characterizing the workplace.

Exhibit 4 is dedicated to the RFP process and the steps through which you should manage, in case this is the vehicle selected for meeting one or more project deliverables.

It is important that you fully understand the project before launching into the RFP process. If the RFP is not clear, then you cannot expect the responses to add much value either. A rough RFP can generate a lot of chaos as potential bidders flood you with questions. You can expect a lot anyway, but you want to avoid spending any more time on that than you have to. In any case, it is important that you capture all questions, and distribute answers to all vendors on the bid list. Do not identify the source of any question. This may require paraphrasing some questions if the bidder uses language or product names that might reveal his or her identity. Pro-

Exhibit 4. RFP Process

1. Verify that existing vendor contracts do not meet project requirements.
2. Understand corporate RFP requirements (e.g., legal, procurement).
3. Clearly define scope, requirements, and implementation strategy.
4. Develop supporting data, drawings, and workflows.
5. Clearly define key milestones, including dates and attributes.
6. Clearly define risk.
7. Identify key tasks and deliverables desired from the vendor.
8. Identify any optional tasks that could be assigned to the vendor.
9. Gain stakeholder agreement on items 1 through 8 before writing your RFP.
10. Include project background, scope, and anticipated vendor deliverables.
11. Include all information that will help the bidders understand your project.
12. Include "boilerplate" terms and conditions your contract will incorporate.
13. Include a schedule for the process, with deadlines and decision dates.
14. Include vendor selection criteria.
15. Issue the RFP.
16. Solicit questions.
17. Distribute answers to all questions to all respondents.
18. Hold a bidders' conference to allow one final round of clarification.
19. Perform a thorough analysis of all responses.
20. Make your vendor selection as per your predefined process.

tecting anonymity helps maintain probity, which you should feel obligated to do.

It is also a good idea to schedule a bidders' conference. This should occur sometime between publishing answers to the initial bidder questions and the due date of the final responses. Be sure everyone has a chance to participate. These meetings are generally quite awkward because you are hosting a room full of competitors. I like to review the project one more time, go over the published questions and answers, and allow some time, but not too much, for questioning. It is important to try to control this session because you can expect one or more individuals to try capturing your attention as though this meeting were a sales opportunity.

During this process, you must avoid communicating with individual vendor reps about the RFP from the time its existence becomes public knowledge through the award date. I once protested an award to a different vendor when it was quite obvious that the customer was cozying up to that vendor at everyone else's expense. I actually got an audience with the firm's senior procurement officer as a consequence. Although he denied my supposition of favoritism, the bid went to the suspected favorite. Oddly enough, however, I began receiving business from this customer who had previously ignored yours truly and my company. In some instances, the repercussions for being disingenuous with this process can be far worse than getting a cranky letter from a disappointed salesperson, so be circumspect in this regard.

Many RFP issuers predetermine a selection criterion and, in fact, may include it in the RFP itself because most bidders are going to ask on what basis the award will be made. This process often is a scorecard system, where the first level of analysis is based on the percent to which each bidder professes compliance against individual RFP requirements. Pricing is generally, but not always, given as a key but not sole determinant of the award. Be sure and leave yourself wiggle room on this. Unless your procurement rules stipulate that the lowest bid must win, you want to reserve the right to make your final decision on the overall quality of a particular response in conjunction with other factors that you do not necessarily have to share with the vendors.

Vendor relationships created in this manner end up going through the contract process. During this phase, people in purchasing and legal will become your best friends. This is rarely a quick or pleasant experience. This document will end up with a statement of work (SOW) detailing what is required of the vendor. Of course, a pricing section is included, where the actual costs are embedded, along with payment and penalty schedules. Organizational commitments may be included, too, whereby the two companies formalize the interactions from a management and escalation perspective. And finally, there will be terms and conditions regarding exit strategies, indemnifications, protection of intellectual property, and so on.

It is difficult to generalize regarding the proper level of your involvement in this process, other than to mention that it is not unusual for it to drag on for so long that work is started and dollars are expended by both sides before all the paperwork gets hammered out. The other issue to anticipate is that once the lawyers get involved, the process tends to turn into a risk-avoidance exercise. Each side will be looking to protect itself from any evil the other side could knowingly or unwittingly visit upon the other. Besides being the root cause of interminable delays in getting the final document executed, it gives project managers reason to worry that the contractual definition of deliverables, roles, and responsibilities might be diluted beyond recognition. There is no magic bullet for this other than staying involved and trying to keep things moving along.

10.6 THIRTEEN STEPS OF VENDOR MANAGEMENT

Whether you add a vendor through the RFP process or choose to leverage an existing relationship, from a project perspective, you and the vendor need to find a comfortable middle ground from which you can work together effectively. Although you cannot treat them exactly as you would internal subteams, neither can you hold them at arm's length like a mute

Exhibit 5. Thirteen Steps of Vendor Management

1. Maintain a detailed, written audit trail of all discussions and agreements.
2. When documenting vendor tasks, the operative phrase is “the vendor shall.”
3. Get a written commitment on vendor team members, escalation, etc.
4. Roles and responsibilities are clearly written and agreed to.
5. Rules of engagement should include onsite attendance requirements.
6. Implementation strategies are mutually agreed upon.
7. Reserve the right to review vendor designs and request changes.
8. Project plans are submitted in advance for your approval.
9. Test plans are submitted in advance for your approval.
10. Specify documentation required from the vendor, including media and format.
11. Specify support and maintenance to be provided.
12. Prearrange change control processes and pricing to address scope creep.
13. Any training provided by the vendor must be preapproved by you.

porter in a five-star hotel. In the end, your expectations are the same with a vendor as they are with subteams, so you are going to walk through all the processes already documented in this book, as appropriate. This may include requirements and specifications, risk, implementation planning, and scheduling. Exhibit 5 is presented as a checklist to guide you through this vendor management process.

As early as possible, you need to facilitate a target state walk-through wherein both sides agree on project objectives. Then, you can engage them in discussions regarding implementation strategy and risk analysis. These conversations can start as a white board exercise, but the emerging results must be formally documented, preferably before that first shovel full of dirt gets moved. If you need 12 things done or 7 specific functions provided by the new software, spell them out. You should dialog with the vendor and any customers or beneficiaries during this exchange to gain confidence that the project will be a success and that everyone will remain on speaking terms from start to finish. Any scope, performance, or timeline issues should be identified and resolved at this point, when you have the best opportunity to fix things.[1]

Understand your vendor’s processes. By taking the time to understand how he or she does business, you can more readily adapt to, and resolve, issues that are bound to arise. If your vendor is having people or supplier problems, you need to understand this sooner rather than later and escalate or resolve as necessary. Vendors are loathe to blow the whistle on themselves if they are experiencing backorders or performance slippage, but you need to know this as soon as they do so you can keep your project on track. Sometimes this requires managing them more than you would like, but that is life in the big city.

Exhibit 6. General Vendor Guidelines

- Understand any existing vendor terms and, if necessary, change them.
- Do not assume an incumbent vendor will do what you need.
- Always spell things out, leaving nothing to chance.
- Extract confirmations in writing.
- Do not turn checking status into a witch-hunt, but do stay on top of things.
- Be ever vigilant and proactive.
- Make a point of understanding how to trust and manage each vendor.

Build relationships with key vendor personnel. Although you want them to respect your internal protocols and you should do the same for them, it is important that you are comfortable picking up the phone and speaking with more than one person in their organization. To do this effectively, you need to understand the role of each of their key players, and leverage them accordingly. For example, the technical lead is a wonderful person to discuss all the "bits and bytes" with, but do not lean on him or her if you have business issues with the vendor. The salesperson is best for that, but not for griping about delivery schedules if the vendor has assigned you a project manager. Going to the wrong person on the vendor team with an issue can be frustratingly unproductive. If the vendor team is new to you, it is best to ask them who handles which issues along the lines of the descriptions in this paragraph.

Do not forget that somewhere in the background lurks a senior executive or company owner, if the outfit is small enough. Make it a point to check in with that person from time to time. Establish a relationship and provide feedback, being sociable even if you have issues or concerns with vendor behavior. Vendors are not very proactive in this regard and generally do not engage at the executive level until after something untoward has occurred. I have found it helpful to build such relationships before the wheels fall off. Then, when you do need senior management involvement from the vendor side, they already know you. The benefit is that if misfortune puts the professional relationship under duress, they are less likely to feel ambushed at the personal level, which of course would only make them less responsive in ways you would find timely or expeditious. This might appear to be somewhat backward. In fact, I have been known to chide vendors for making me work so hard at being a customer. Still, this is another typical case where, if you understand how things are, right or not, and compensate for them, you will end up far better than if you wait for the world to behave as you would believe it should.

Exhibit 6 summarizes the key principles to follow when you resort to a vendor solution for part or all of your project.

10.7 CONCLUSION

Dealing with vendors can be frustrating. Your vendor representatives do not always have the full weight of their organization behind them. If they are small companies to begin with, or extremely busy or disorganized, the staff assigned to you may be stretched. You may find they have inadequate back end support. Instead of getting angry with that, understand how any such dysfunction is impacting your project and try to work with your management and theirs to resolve that. As was stated earlier, senior management on the vendor side is typically reactive, so no news is good news to them. If you disagree, make them aware of your concerns and lobby for joint, successful resolution.

I have had many positive vendor experiences and been proud of the work done by my colleagues when I was on the vendor side of the IT world. Quality people are the key to successful projects, no matter what logo appears on their paychecks.

Note

1. This is also the time to clearly identify which side (you or the vendor) is going to pay for or provide specific equipment, software, facilities, and other potential logistical costs.