

Sutton Enterprises Inc.

Selecting good vendors is as easy as:

- 1 Identify
- 2 Prioritize
- 3 Integrate

**SBC Project Management Network
14 July 2004**

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Note: Slides do not contain complete content and are intended for delivery with accompanying verbal presentation.




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Managing Vendors Successfully

- Starts *before* developing an RFP
- Requires understanding Buyer's & Seller's Perspectives
- Integrates a decision to purchase with:
 - The project and business needs
 - Communications
 - Procurement procedures
 - Supply management staff

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... What else? (List on your own)

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Agenda

- Why start early
- 3 key steps
 1. Identify
 2. Prioritize
 3. Integrate
- Supply Management – Foes or Allies?
- Questions

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Why Start Early

- Ties the vendor's work to the project goals
- Improves relationship & performance
 - Establishes needs & expectations up front
 - Reduces misunderstandings
 - Saves time in execution
- Professional Responsibility
- Manages Risk and Liability
 - For *both* parties



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Step 1 - Identify

- Requirements
- Risks & Opportunities
- Approaches & strategies
- Procurement policies & practices

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Step 1 – Identify Requirements

- Technical
 - Critical functionalities
 - Need to service/change later
 - Source Code vs. license
- Performance
 - Acceptance Periods
 - Service levels
 - Measurements

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Step 1 – Identify Requirements

- Project Management
 - Schedule
 - Dependencies
 - Vendor relationship
- Financial Management
 - Discounts
 - Refunds / compensation if not up to par
 - Damages
 - Performance Incentives

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Step 1 – Identify Requirements

- Intellectual Property
 - Work for Hire
 - Grants Copyright
 - vs.
 - Rights, title, interest
 - Grants all
 - Rights to manage and change it after delivery
 - Source Code
 - Electronic Copies

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Step 1 - Identify

- Risks & Opportunities
 - What could constrain or prevent
 - meeting requirements
 - attaining project goals
 - What could help exceed expectations
 - How important?
 - Magnitude or type of impact
 - What will you need vendor to do for risk management?

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Step 1 - Identify

- Approaches & strategies
 - Project management philosophies compatible?
 - Technical approaches
 - Collaborate or Partner vs. traditional buy-sell
 - Risk sharing, Risk transfer

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
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Step 1 - Identify

- Procurement policies & practices
 - Vendor choices
 - When limited or pre-defined
 - When flexible
 - Helps manage risk
 - Reduce liability
 - Provide compliance
 - Incorporate past lessons learned
 - Provide mechanisms for change and dispute resolution
 - Identifies level of authority
 - Master Agreements

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Step 2 - Prioritize

- Selection Criteria
- Terms & Conditions

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
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Step 2 - Prioritize

- Selection Criteria
 - Do these before the RFP or any demo's
 - Rank and apply weighting factor to:
 - Requirements
 - Qualifications
 - Communicate at least the rating criteria and ideally the weightings or relative importance

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Step 2 - Prioritize

- Terms & Conditions
 - Decide what you must have for project to succeed.
 - Think about where project does or does not have flexibility.
 - Know what standard terms may support or impede success
 - Relate to priorities set for requirements.

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Step 3 - Integrate

- RFP
- Communications
- Risk management
- Purchase/procurement process

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Step 3 - Integrate

- Request for Proposal (RFP)
 - Requirements
 - Qualifications
 - Selection Criteria
 - Terms and conditions
 - Methodologies & PM Practices
 - Expectations

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Step 3 - Integrate

- Communications
 - Project Plans
 - Roles
 - Status Reporting
 - Performance reporting

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Step 3 - Integrate

- Risk management
 - Performance measurements
 - Contract terms
 - Transfer
 - Mitigation
 - Remedies
 - Damages
 - Insurance

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Step 3 - Integrate

- Purchase/procurement process
 - Contract Negotiations
 - Statement of Work
 - Special needs
 - Evaluation criteria
 - Lines of communication

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Supply Management → Foes or Allies?

- Why procurement groups exist
- How they help you
- Tips on working with them



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Supply Management → Foes or Allies?

- Why procurement groups exist
 - Reduce purchasing costs
 - Increase Consistency & Equity
 - Manage Organizational Liability

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Supply Management → Foes or Allies?

- How they help you
 - Spread the work
 - Provide expertise
 - Reduce your learning curve
 - Help with purchasing process
 - Provide established vendor contacts and relationships

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
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Supply Management → Foes or Allies?

- Tips on working with them
 - Involve them
 - Talk to them
 - Understand roles
 - Do your part
 - Manage expectations

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... What next? (List on your own)

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Wrap Up / Questions



Follow-up questions / contacts afterwards:

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