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STRENGTHENING GOVERNANCE & COMPLIANCE

The 7 Principles of VendorOps and How to Apply Them

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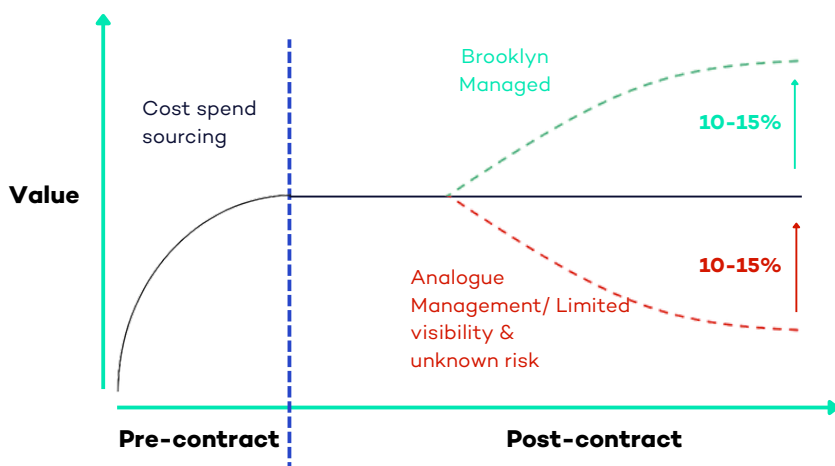
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Introduction

In recent years there has been growing support for Chief Procurement Officers (CPOs) to become greater integration into the business and demonstrating the impact they can have on operating cost and the added value that they can help recognise. In line with this, it is widely accepted that the importance of post-contract management of the supply chain and vendors within it is gaining momentum and becoming ever more important to those looking to not see value eroded after the deal is signed but actually nurtured and increased over to.

Until now the discipline has lacked a consistent approach, in short how to respond to answer this conundrum and how maturity can be measured until now that is!

What is VendorOps?

VendorOps is an approach and methodology that uses a set of defined principles. There are policies, processes, capabilities and platforms that can help to reinforce those principles and put them into practice acting as guide rails for any vendor management function. However,
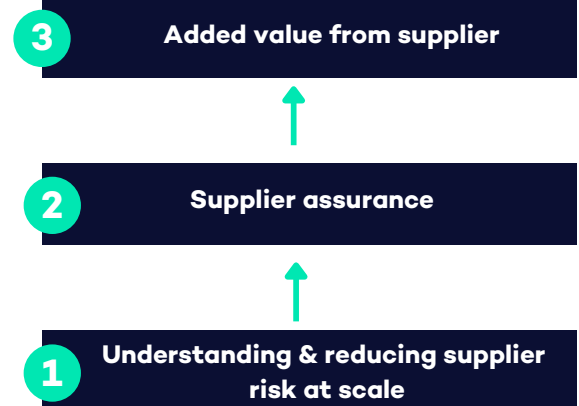
the platforms, policies and processes are just a means to an end. The end itself is VendorOps principles and embedding these into the values and behaviours of not only the vendor management function by the entire business and vendor landscape itself. It won't be easy but it will be worth it and the benefits will start to flow incrementally faster than you might think, I guarantee it.

VendorOps success distills down to the organisation understanding the key VendorOps principles, the operating model helping to foster and reward strong alignment to them whilst identifying the olicies, platforms and processes that enable your team to achieve them. The platforms and processes used to achieve VendorOps can vary from company to company depending on the objectives that the organisation holds and how regulated they are but that said VendorOps principles themselves are universal.

The 7 Principles to VendorOps

The following are the seven essential principles of VendorOps that when applied along with a well-considered vendor management strategy and operating model will unlock the value associated with

Without careful and fully defined post-contract management value will begging to quickly erode over time

The following are the seven essential principles of VendorOps that when applied along with a well-considered vendor management strategy and operating model will unlock the value associated with mature vendor management.

1. Collaboration

The DevOps concept, which is a big influence on the VendorOps principles originated in the late 2000s, the driving idea behind it was that developers and IT operations teams should work together more efficiently. DevOps was seen as the solution to the challenge of having developers write code without understanding the needs of the IT engineers who had to deploy and manage it and vice versa. It's a very similar situation today in Vendor X Management space, replace the X with Relationship, Contract, Risk or Compliance etc so VxM.
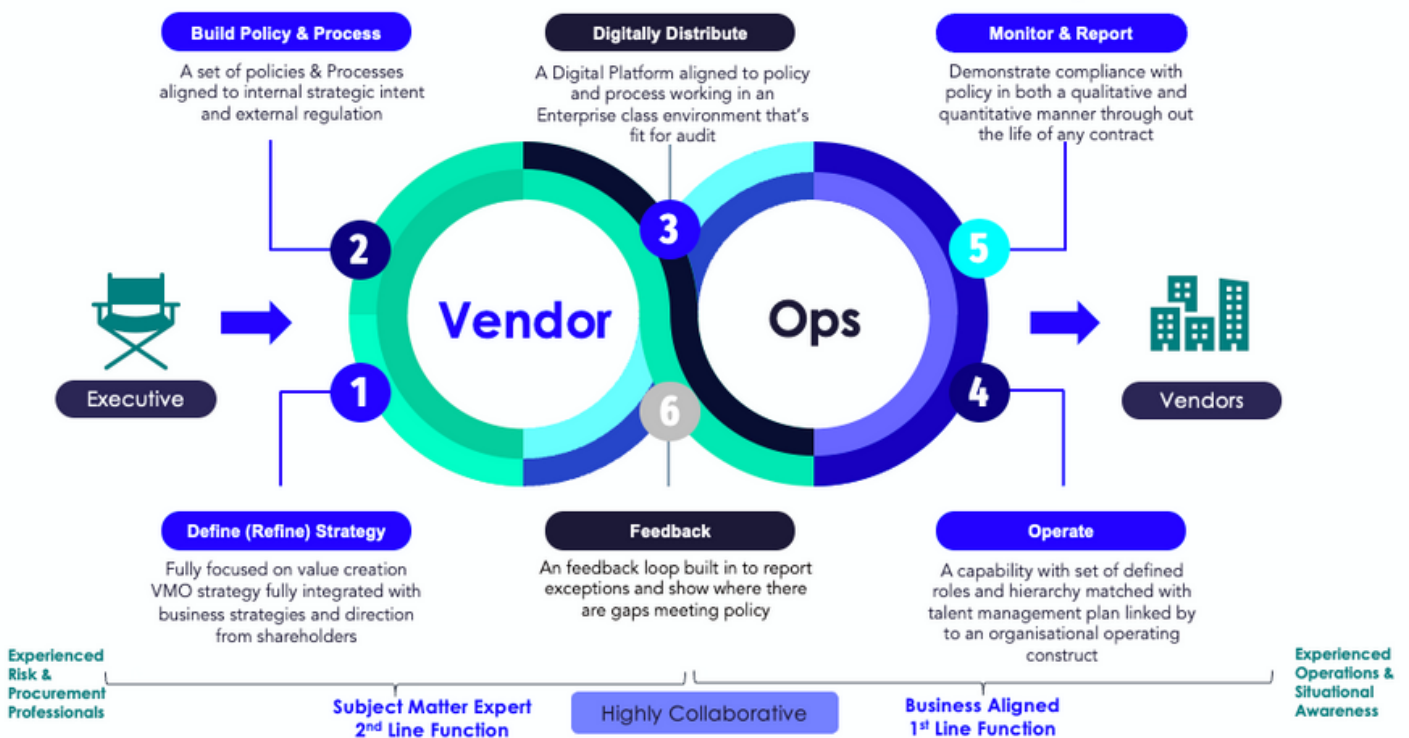
Today, the definition of VendorOps extend these ideas to include those other types of professionals, such as those who create policy, define business process, manage risk and define security standards and the business operations itself so it's no longer something aligned to just those who Develop software and write code. Policies and processes are the business equivalent of code.

Yet the core principle of collaboration has remained unchanged. No matter what your team looks like, VendorOps success hinges in part on your ability to enable all members of your team including the vendors to work together effectively toward a common goal. In this way, you avoid a team of different groups pursuing their own agendas without insight into what other teams are doing. This leads to conflicts and counter-productivity.

2. Communication

In addition to working together, different individuals and groups within a VendorOps team must be able to communicate. Communication may seem to fall under the umbrella of collaboration, but it's important

Build Policy & Process
A set of policies & Processes aligned to internal strategic intent and external regulation

Digitally Distribute
A Digital Platform aligned to policy and process working in an Enterprise class environment that's fit for audit

Monitor & Report
Demonstrate compliance with policy in both a qualitative and quantitative manner through out the life of any contract

Executive

Vendor Ops

Vendors

Define (Refine) Strategy
Fully focused on value creation VMO strategy fully integrated with business strategies and direction from shareholders

Feedback
An feedback loop built in to report exceptions and show where there are gaps meeting policy

Operate
A capability with set of defined roles and hierarchy matched with talent management plan linked by to an organisational operating construct

Experienced Risk & Procurement Professionals

Subject Matter Expert 2nd Line Function

Highly Collaborative

Business Aligned 1st Line Function

Experienced Operations & Situational Awareness

Source: Brooklyn Solutions, 2022

and complicated enough to be a VendorOps principle in its own right.

After all, vendor managers, risk managers, operational teams, compliance officers and account managers across a company and its supply base all have different types of expertise and speak different languages and that's not in the geographic sense. For example, an business operations lead who knows how to implement and monitor a critical service or product may not be familiar with the lingo a regulator uses to determine how a vendor helping provide the said product or services needs to be managers even if teams can speak to each other effectively, it can be difficult for one group to know how to open a conversation with others in the first place.

Therefore, promoting seamless communication between all stakeholders in the VendorOps team is a core principle of VendorOps. Communication is facilitated by, among other practices, having central communication platforms that all team members use, and aggregating relevant data into a central location where everyone can access it.

3. Observability (Clarity of task)

Observability refers to the ability of the VendorOps team to track, monitor and measure the state of their work pipeline and operations. Without observability, VendorOps colleagues end up shooting in the dark, unaware of what is working and what is not or more importantly what is required, when things need to be done and what are the gaps. . Essentially making ineffective use of the resource that is allocated to the team something which in most of not all cases no department or company can afford to be doing.

Observability is achieved through a variety of policies, platforms and monitoring practices. Communication is one facet of observability. It is only by communicating that one part of the VendorOps team knows what others are doing. Digital audit and event log collection, aggregation and analysis are critical to, ending up in reports and dashboards built around the capabilities and role types deployed because they reveal deep insight into the availability, reliability, performance and compliance of any vendors providing or augmenting product and or services based on data derived from multiple sources.

4. Continual Improvement

One of the most important VendorOps principles is the concept of constant improvement and not holding out for perfection. A number of quotes such as "perfection is the enemy of progress" - Winston Churchill or Confucious who said "better a diamond with a flaw than

a pebble without". In short, if you look to achieve perfection in any endeavour then you have already failed!

VendorOps successfully means always finding ways to make the policies and underpinning processes associated with Vendor Management better, and any platform that is in use to support this itself better in terms of reliability, performance, security and any other factors that improve the experience of the VendorOps team or the end-users it supports.

An important caveat is that striving for constant improvement is not the same thing as being a perfectionist as indicated earlier, I mention it twice as it is so important and the most common cause of Suboptimal performance we see today.

An effective VendorOps team doesn't wait for the policies or process to be perfect, this is impossible at the design and build stages as you are operating in a vacuum, you need real use, real data, to improve it beyond its first iteration before releasing it again and again. A strategy looking too much toward excellence or perfection in its first few cycles harkens back to the days of "waterfall" project delivery when changes took months or years to arrive. No one has the time or patience for this anymore and it's hard to believe that they ever did!
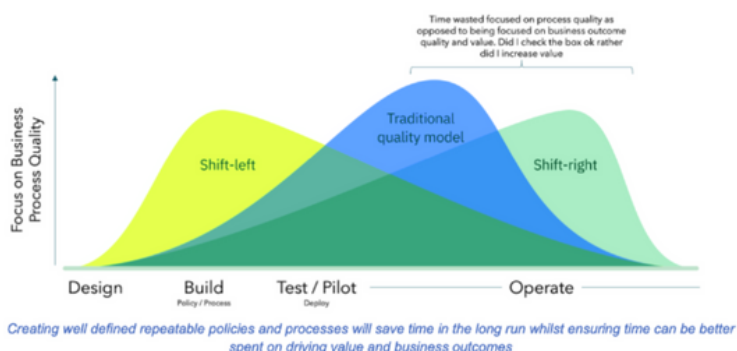
Instead, a healthy approach to VendorOps is to release new process features early and often, monitor them to gain insight into what works well and what doesn't, and then use subsequent release cycles to improve.

5. Shift Left

Having a background and long career in

both dev and operations the Shift-left principle has always played a big role. It is also the practice of performing processes as early in the VendorOps pipeline as possible. In other words, you shift them "to the left" of the pipeline or to a point where the most resources are to deal with it.

The goal of shift-left is to start and define processes sooner so that problems arising from them can be identified and addressed more quickly – ideally before any impact is felt from an arising issue. Starting sooner with well defined incremental processes that are focused on driving out exceptions methodically alerting you will ultimately give yourself operational scale as well as greater resilience.

Creating well defined repeatable policies and processes will save time in the long run whilst ensuring time can be better spent on driving value and business outcomes

For example, regular governance practises can be shifted left by triggering automated surveys and reviews based on either time-bound or data-driven events as soon as they are integrated. This practise diverges from the conventional approach to some governance, which was to wait until regular intervals to conduct mass spot checks or supplier assessments which is a huge time drain on both organisations and commonly a logistical nightmare. The latter approach is problematic because if a problem is acknowledged it could have been around for a good whilst waiting for the review to happen. Breaking this

down into smaller bite-sized chunks increases the chance of navigating any issues highlighted successfully and significantly reducing the cost of impact, this is why early warning systems are considered to be vital to many functions so why not vendor management.

The longer an issue is left unmanaged by extension, the more delays as the cost will naturally arise. With a shift-left approach, however, governance can be undertaken early and often, simplifying the process of addressing issues.

6. Declarative management through policy and process (Digitised Documentation)

Declarative management refers to the practice of writing policy and process configuration files that define how a process should operate or the end result should look, then using automation platforms (such as those that have native digital orchestration capability out the box) to not only enforce those configurations but provide irrefutable an audit trail that can be reviewed at any time.

The advantages of declarative management include consistency and scalability. Once written, and deployed it can be applied and reapplied as many times as is needed, across as large an environment as desired and easily updated incrementally without a large and cumbersome business change process on the basis that the next time it's put to good use it's just the next version.

7. Automation, Automation, Automation

Last but not least among the principles of VendorOps is, as anyone would

expect, automation.

You could argue that it's theoretically possible to achieve the other VendorOps principles without automation. But you'd be hard-pressed to build a VendorOps governance and operating model without the ability to differentiate management and automate the application of it in practice that works consistently and scale to thousands of vendors. You could therefore say that Automation is either a foundational or overarching principle of the previous 6.

For VendorOps teams, automation is a central principle that reinforces all of the other principles of VendorOps (which is why, make no mistake, it is the final principle on this list). It promotes better collaboration and communication by allowing teams members to automate redundant low value / high volume tasks so that they can spend more time working with each other and less time doing tedious manual work. It also facilitates observability, improvement and shift-left practices by ensuring that processes are smooth and consistent. And it goes hand-in-hand with declarative configuration management.

In practice, it's usually not possible to automate every aspect of a VendorOps function and where you can't look to augment it with digital tooling that as ai, RPA and machine learning capabilities to speed up parts of the process. Teams should strive to automate, augment and accelerate processes to capture greater insight with each evolutionary increment.

Getting Started with VendorOps via a Vendor Management function that is powered by these principles is now easier than ever.

Brooklyn Solutions helps put VendorOps principles into practice by collecting and analysing existing data in order to improve observability and in parallel automate the ability to manage, manicure and govern it. However, Brooklyn's VendorOps-centric functionality extends far beyond this and aligns to an industry-leading methodology to help define strategy and measure maturity in a repeatable manner. This is a first for all post contract VxM functions.

Brooklyn Solutions enables VendorOps by streamlining and automating various

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data management and analytics across disparate systems via modern API and Ai enabled orchestration technologies. No matter which applications or operating systems that create your data be it pre-contract or external research, where it is stored private, public cloud, or on-premise or which teams manage it, Brooklyn makes it easy to aggregate the data into a central location and driving decisions from it. It also lets you analyse and visualise the data in a way that makes it actionable for all stakeholders. And because configurations for Brooklyn collector processes are written into standard easy to recognise capabilities and events types such as a review, survey, contract scanning or a workflow and policy builder, they can be reused consistently as your organisation scales.

Get Started

Our Brooklyn Solutions SaaS platform is built on ensuring businesses stay ahead of the curve when it comes to all things Vendor Management. Brooklyn can store, organise and segment groups of vendors effectively and store all associated data in a well-structured manner that can be easily recalled and reported on.

Brooklyn helps to automate and operationalise the best practice required to ensure they can not only meet their vendor management needs but also iteratively increase the effectiveness in which they do whilst being able to ensure consistent governance which can be easily adapted to the ever-changing requirements from their respective businesses and industry.

Get in touch for your obligation free demo today.