



Leadership in a Vendor Manager Role

*Jim Everett
Principal Partner, Think180
Los Angeles*

In other posts and articles, I have written on the differences between managing employees and managing vendors. In this article, I look at specific elements of being a leader in a vendor manager role, and how it may differ from leading an internal team of direct reports.

In both situations, it is not so much about leadership for its own sake (just being a leader), but what needs to get done, what are the results and outcomes sought, how much these can be influenced positively or negatively by a particular style of leadership, and what are the offsets or costs.

People often ask, “What makes a good leader?”, or “What does good leadership look like?” Since there is such a range of situations where someone will take the lead, the answers to this question are broad. In a similar way is the question, “What makes a good vendor manager?” There is not a definitive list of “one size fits all”.

Leadership comes in many sizes, and there is not just one model of leadership. For most people, leadership is not the higher order that is the subject of books by famous CEOs, national sports celebrities, or leading international figures. And neither is this article about high-level leaders of multi-billion dollar outsourced programs.

For the typical vendor manager, it is mostly about managing the day to day stuff - handling difficult situations and people, keeping projects on track, ensuring that vendors meet standards and deliverables, fixing things that go wrong, working with internal clients and stakeholders, and helping teams buy into and work towards common goals and deadlines.

In some cases, it is enough, or maybe even better, for a vendor manager to simply be the expert, or analyst, to solve a problem by digging into the facts of a situation and arriving at a solution - using expertise as the basis for leading. Or providing direction may simply need someone who is a subject matter expert, or a client stakeholder, to say. “This is how it need to be”.

Where stronger, more skilled leadership is needed to guide teams or vendors through new projects or ways of doing things, leadership still depends on the type of task or project, the size, what is at stake, complexity, budget and duration.

Also, the leadership required depends on what has been agreed in the contracts and ground rules, the parties involved and stakeholders, the culture of the client and the vendor, the business environment, and the overall context of the work being done.

On Being a Leader

Leadership is not a standalone behavior or set of skills. It is not something one “does”, like create or review a proposal. It is complex, variable, and integral to a given situation, the players, the process, and where the power lies. So, what is it that the right leadership can do?

1. Drive initiatives, shape vendor actions and priorities, take corrective action
2. Create business relationships around performance, delivery, quality, innovation, and value, rather than just compliance and driving via the authority of the contract.
3. Solve problems more collaboratively, thus exploring a wider range of options than either party could put forward alone. For example, the vendor may have a depth of experience from similar situations in other industries with other clients.
4. Reinforce company values, ethics and culture. This is important if a vendor is interacting directly with customers, either through sales or support.

Whatever the level of leadership required, from a simple interaction to leading a large team on a high budget international project, there are a few key requirements. One is emotional intelligence - the ability to read a situation, the players, to know oneself, and respond accordingly to all these. Of course, it helps to have good communication skills and the ability to influence others, and convey requirements with an adaptive style to get the outcomes.

How well a person is able to lead can depend on what they bring that motivates or drives others to follow. In some cases, it is because the leader is an expert in the field, knows more than anyone else, and is able to communicate this expertise to others. It may be his or her problem-solving ability, or their reputation for getting results.

Or they may have a strength of presence, charisma and likability, a commanding style, or simply the ability to intimidate others. They may have a combination of all these, and have that ability to gain attention and have others stop and pay attention in a loud and active meeting. And what inner resources does a person have to draw on for robustness and resilience (to roll with the punches and remain calm and focused) when a situation is difficult, time is crucial, decisions need to be made, confrontations handled and conflicts resolved, or a major new direction needs to be forged?

A strong and effective leader in one situation may be less suited in another setting. Imagine Steve Jobs running a large health insurance organization, a union leader managing a large national art museum, or the head of an advertising agency taking over a DMV office.

A less tangible aspect, yet perhaps one of the most important, is to have a sense of one's own presence. We must be able to see ourselves in the situation from the perspective of others, and understand the impact and influence we have, or don't have. As part of this, it is important to understand one's own credibility and influence, and source of authority, in different settings, so as to act accordingly and work from strengths.

At a personal level, being able to wield influence may be linked to how transparent we are (in reality), compared with how transparent we think we are. These can be very different, and some people think they are totally open when in fact they are a blank screen, or vice versa - some think they are being unreadable (as in poker-faced), when in fact they are very transparent.

Leadership in a Vendor Manager Role

People who come to vendor management, or other company roles, from prior careers, professions, cultures (geographic or industry) or generations often bring legacy leadership styles. For teachers, police, technical SMEs, scientists, engineers, sales persons, military, creatives, large or small company, community programs, government, other countries, small business etc., each background tends to create its own style.

This may mean always seeking to be in control, or using simple authority to gain compliance. Or it may be that a person has a default tendency to accommodate and seek collaboration over driving for a result. People from large structured organizations may be more comfortable using rules and a set chain of command, whereas a person with a background in a community organization, a creative agency, or a startup may be more comfortable with simply going to whomever they need to get something done or approved, or making spot decisions.

And if a person from a different background has style or set of values that is a mismatch, such as from a different culture, industry, or profession, then they may be less than effective as a leader when using that approach in the new setting. This can be particularly evident when one large company outsources to another with a different style, culture and business model.

Leadership in Vendor Management

Vendor leadership may be easier than leadership in a company setting in some ways, and harder in others. True, in a corporate role, line management does have the backing of the positional authority. But in a mixed team, especially cross-functional or with multiple vendors, then leadership skills are more crucial to the effectiveness of a vendor manager.

For managing a vendor, with a contract and agreement, deliverables and service levels pre-specified, the vendor manager has these as his or her backup to call on to asset requirements.

With managing outsourced projects, and the use of external resources, skilled leadership is often not always seen within the company as a key part of the vendor manager role, which may be viewed more as administrative or project management. As a result, vendor managers (who often do not even get trained in the basic managerial skills for the role) receive little or no preparation for the leadership elements.

Working with and managing an outsourced vendor as a company is different from engaging teams of contractors or working with an integrated contingent workforce, although that may be part of the outsourcing arrangement. It all depends on how the reporting of those contractors is structured - back to the vendor company, or embedded in the client team.

Not all vendor management roles require highly developed leadership skills, especially where strong, prescriptive and high-level contracts are in place, or the job is more checking delivery than shaping it. However, it sometimes may inaccurately appear that leadership is not required, when in fact there is a definite need for leadership, but just not obvious what difference it can make.

Leadership in a Vendor Manager Role

Parties in the outsourcing process who need to place value on the role of leadership in a client-vendor relationship are the vendor managers themselves, the manager of that individual, and the overseeing corporate function such as the Sourcing group (aka Purchasing), or governance team.

When looking at how a vendor manager is prepared for a management or leadership role, it is the exception more than the rule for HR or corporate Training to recognize the need to develop skills and competencies of Vendor Managers. In this area, it is often the outsourcing department that goes outside looking for training in vendor management.

And if the vendor manager does not see or place value leadership and its importance in the business process and relationship, then he or she will not see the value and positive effects skilled leadership can have in managing vendors.

Skilled leadership can be a crucial element to move projects forward, getting buy-in from a vendor (beyond mere compliance), involving internal stakeholders, solving problems, fostering innovation, gaining extra quality, loyalty and value from the vendor, and renegotiations of agreements.

So how is leadership in vendor management different from leadership with employees and company groups? These are some key points I will touch on in this article, and expand in future.

1. Employees and internal teams, partners and vendors, all have different criteria for what they expect from leaders, and tend to respond differently.
2. When a vendor manager is in a problem-solving process with a vendor, who leads? For internal problem-solving, it is often the most senior person, the person with the greatest expertise, or the designated project leader. With vendors, they may be the one in charge of the project and the vendor manager is more of an enabler.
3. Do the skills and experience in leadership that a vendor manager acquires transfer to other jobs and careers? This is listed further in the article.
4. What does leadership look like in practice in different situations working with vendors and internal stakeholders?
5. What is “emotional intelligence” in leadership with vendors, and how important is it?
6. How does leadership play into managing exactly to tightly constructed contracts?
7. How about assumptions (reasonable and unreasonable), and implicit/explicit ground rules in the business relationship and delivery process.
8. What happens if a vendor takes charge when that was not part of the agreement. How can a vendor manager regain leadership?
9. Are penalties a good tool for leaders to use to gain compliance?
10. Should a vendor manager use a collaborative style or one that is controlling?

Some people think “driving a hard bargain” (forcing a vendor to lower their price or deliver faster or more), automatically equates to strong leadership. It can be, if a hard-nosed vendor is over-pricing their services, and their capacity to deliver is not compromised by reducing their margin. But if the vendor priced fairly with a lean operating margin, and is more collaborative and accommodating, then simply beating them on price may put their capacity to deliver at risk, compromise the quality of the work done, as well as souring the relationship and stifling innovation.

Leadership in a Vendor Manager Role

When vendors take control, and the client feels compromised or disempowered, something was not done right in the selection, negotiation and engagement process. Either that or the vendor manager was not adequately prepared for or supported in the role. In another scenario, the vendor may be the only shop in town, knows it, and can call the shots.

Even so, there is a range of ways the client can take or regain control over time. Typically this should not be left just to the individual vendor manager, but done in conjunction with more senior managers, Sourcing/Purchasing, governance teams, or designated more senior vendor relationship managers.

As a last resort, penalties, withholding bonuses, or making it clear the contract will not be renewed unless there is a better balance of power is an option. This approach does not always work, but is worth considering and possibly giving a try. If so, there can be positive payoffs.

But in any relationship, heavy-handedness often comes with a price. Fixing issues and problems by issuing threats of additional penalties may work in dire situations with problem vendors, but is not a universally successful mode of operating.

Resorting to the “letter of the law” is different from managing according to the contract. It suggests that the vendor has been allowed to “drift” away from what is set out in the agreement. Adaptation to change may be a valuable thing, but in a well managed vendor relationship, that adaptive change would have been assessed, agreed, integrated and documented in a change order or addendum to the agreement.

Where a functional team uses vendors extensively and members of the team each have a vendor to manage, the leader of that team not only has to understand the processes of outsourcing, and be able to manage vendors, but he or she also needs to know how to develop team members in vendor management, and assess their performance in the role.

Meetings with a team of vendor managers take on a different dimension, in that team members are reporting on the extended work done by vendors. Where there is a partnering relationship with any of the vendors, there will be times that vendor representatives actually participate in those client team meetings. So this takes an extra layer of leadership skill and complexity for the manager of that team using and managing vendors.

In a world of social media and networks, a leader can use these (instant text communications, emails, tweets, Facebook, chats, and knowledge-base flashes) as a useful way to keep a wider range people up to date on events unfolding, or seek input and ideas.

And these are things a good leader does, especially with 3rd parties who value the latest information about new products, company directions, new procedures, and the latest company knowledge. In a global world of different time zones, some at 12-hour differences, these media can be a useful asynchronous way of managing communications without immediate contact.

But many social subtleties cannot come across in brief text, even with emoticons. You cannot read the other person's tone (or if in person, the visual cues). If it is important and personal, or a difficult communication, in person, by phone, or videoconference is the better method.

Written communications do, however, provide a documentary record of agreed courses of action, and commitments to action. They also help prevent drift from planning and discussions where no written record was kept or shared.

So, what part does "leadership" play, and how is it different from "management"? Is there a role for "leadership style" as there is for "management style" when managing vendors and leading outsourced projects?

Some of the Leadership Qualities for Vendor Managers

Whenever leadership is required, whether at a small immediate level, or in a large and complex situation, some qualities and skills tend to be universal. What varies is how well-developed these need to be, and how crucial they are to success. These are just a few.

1. A vision of the outcomes, and a style that conveys that vision so others can grasp it
2. Strong communication abilities to create understanding and clarity
3. Emotional intelligence to read situations, and strength to take a stand as needed
4. Ability to connect and work with a range of people, professions and styles
5. A sense of deadlines and project timelines
6. An ability to gain buy-in from others
7. Good negotiating skills, for overall work agreements, and for day-to-day issues
8. Planning skills and the ability to articulate the plan and steps to others
9. Problem-solving skills, and the ability to engage others in the process
10. Dealing with change, and flexibility to adapt and help others to adapt

Even physical attributes that create a commanding presence can play a part in how others perceive an individual as an effective and credible leader. Height, physical size and fitness, a deep and articulate voice, strong looks, intense eye contact, or a genuine winning smile. Not rational, but this influence is real and does happen.

Yet leaders can be equally and more effective without these obvious (and seemingly irrelevant) advantages. Strength, presence, toughness, intensity, likability, humor, credibility of track record, reputation, presentation and explanatory power, skills in decision-making, problem-solving and negotiating can be powerful leadership assets.

There is, of course, a much broader set of leadership skills, and many courses and books on the subject. For this article, it is enough to highlight these simply to support the idea that a vendor manager also needs to be a leader to a greater or lesser extent.

Learning to Lead

People in new situations and new roles use approaches and behaviors that have worked for them in the past, and that they are comfortable with or where they have strengths. Or they may look around for a role model and seek to copy those skills and behaviors.

When professionals and specialists move from being an individual contributor or subject matter expert to a management role, one of the key skills they need to develop is how to use influence and exert leadership, without over-reliance on their subject matter expertise alone.

Now they have to be able to listen to alternative perspectives, assert themselves in terms of strategic direction and company priorities, and established agreements.

Leadership skills can be strengthened or learned through coaching in the role, appropriate training or classes, behavioral modeling programs, structured feedback from others, learning from a role model, and self-study with practice for the more straightforward techniques.

Sometimes it is simply seeing what needs to be done, who is involved, then applying the techniques. In other cases, especially difficult situations or confrontations, then emotional intelligence, resilience, confidence and robustness are crucial.

These are deeply embedded attributes that may have limited capacity to be developed, and require intensive and careful mentoring.

What skills and areas expertise are built or strengthened in the process of managing and leading vendors? Here are just a few...

1. Integrating work of different parties, and balancing needs and expectations
2. Skills to run meetings with a range of interests and people from different areas
3. Working with internal and external stakeholders
4. Working with contracts and agreements is a broadly applicable business skill
5. Seeing performance in terms of outcomes and final results, not just behaviors
6. Analyzing and interpreting data and performance metrics
7. Negotiation skills, and effective communication of needs and expectations
8. Managing remote and mixed teams, other companies, countries and cultures
9. Serving and communicating with stakeholders - internal and external
10. Planning and problem-solving, working to deadlines

Leadership with Vendors and Career Considerations

When working as a vendor manager, or having responsibilities for the work done and delivered by a vendor, the individual should look at how that role serves and helps his or her career. It may hinder the career if the role is a relatively dead-end area, with little visibility, learning or scope to demonstrate skills. Or it may be a boost if the person develops and applies leadership skills.

Some positive ways a vendor manager role can help a career are:

1. Opportunity to pursue a career in outsourced work and managing larger projects
2. Bridge to managing other areas of leveraged work, such as partner programs or reseller sales networks
3. Greater responsibilities sooner than being promoted to line manager
4. Gain business experience, build management and leadership skills for other career moves
5. Opportunity to demonstrate those management skill and leadership to a greater extent than possible as a subject matter expert and individual contributor
6. Visibility and access to broader parts of the organization, build networks through dealing with stakeholders and client departments
7. Gain broader industry knowledge through the vendor and their networks
8. Gain experience working with other business models, countries and cultures
9. Add vendor management and leadership to their repertoire of skills
10. Build up a resumé.

It is important for a vendor manager to document successes and his or her role in that, initiatives taken, differences made, problems solved, examples of leadership and management in action. Where possible, keep emails as testimonials for his or her work, from the vendor, internal stakeholders, or other involved in the process.

So, with all this in mind, a vendor manager, or their manager, need to do a stocktake of their job, the leadership component and potential, levels of expertise in leading others, and from that identify what further development is needed and how that will be best done.

Think180™ is a consulting and training partnership, based in Los Angeles, specializing in equipping employees with skills and understanding to more effectively manage vendor relationships and delivery.

Website: www.think180.com

Blog: www.managingvendors.com

Podcast on iTunes: Managing Vendors

Phone: 310.694.0414