



## **Leadership in Vendor Manager Roles**

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In other articles, I outline the differences between managing employees and managing vendors. Here, we look at specific elements of being a leader in a vendor manager role, how it may differ from leading an internal team, and what must be considered in managing global teams across cultures. In some cases, the team may be made up of employees and vendor representatives in other locations and countries.

In any situation, 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?” There is such a range of situations where someone will lead, so answers to this question are broad. Like the question, “What makes a good vendor manager?” There is not a definitive list of “one size fits all”.

Leadership comes in many forms and levels of responsibility, so there is not just one model of effective 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.

On some outsourced projects, 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 - and using that expertise as the basis for leading. Less complex projects 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. Larger projects and programs may have managers who lead teams with other leaders of parts of the project.

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. But even so, the culture and style presented at the customer interface may be different from the internal culture.
5. Anticipate and manage risks and costs, and decide best courses of action.

How well a person is able to lead can depend on what it is about them in a given context that motivates or drives others to follow. The leader may be expert in the field, knows more than anyone else, and can communicate this expertise to others. It may be problem-solving ability, or reputation for getting results.

As well as a leader being clear on his or her own values, priorities and motivations, it is important he or she understands how others differ - in terms of personality, values, needs, motivations, expertise and culture. Being able to connect with people who are different from oneself is an import strength in a leaders.

A leader may have a strength of presence, charisma and likability, a commanding style, or simply an 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. 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.

At a personal level, being able to wield influence may be linked to how transparent someone actually is, compared with how transparent they think they 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.

Leaders often must work with company politics, to a greater or lesser degree. A leader who misses what is going on may be less effective in influencing others and outcomes. Some leaders overplay politics and get caught up in it. In a highly political environment, this may be inevitable just to survive and succeed. But overplaying the politics, or manipulating others for personal advantage, may undermine a leader in the longer term.

People who come from prior careers, professions, cultures, industries or generations often bring legacy mindsets and leadership styles. For scientists, teachers, technical SMEs, engineers, sales persons, creatives, and those from a larger or smaller company, community programs, government, other countries, small business etc., each background tends to create its own style.

This may be always needing to control, or use formal authority to gain compliance. Some may seek to accommodate and overuse collaboration. Others may use what they see as obvious solutions to problems involving people, based purely on a technical elements.

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People from large structured organizations may be more comfortable using rules and a chain of command. A person with a background in a community organization, a creative agency, or a startup may be comfortable going to who they need to get things done or approved, or making spot decisions.

And if a person from a different background has a style or set of values that is a mismatch for their current environment, such as from another 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.

A leader who has been successful and respected within a company, or operating just within their own culture, may need to earn credibility and respect all over again when managing a newly created vendor relationship, or managing a global cross-cultural team. Success in one situation does not guarantee automatic success in another. It usually is helpful, maybe even a strong asset, but is not a given.

### **Leadership in Vendor Management**

Effective leadership in a vendor management 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, leadership skills are more crucial to the effectiveness of a vendor manager. However, for managing a vendor, with a contract and agreement, deliverables and service levels pre-specified, the vendor manager has these as back up to call on to assert requirements.

With outsourced projects, and the use of external resources, skilled leadership is not always seen within the company as a key requirement for vendor managers. It may be seen more as administrative or project management. As a result, vendor managers (who often don't get trained in the basic managerial skills for the role) sometimes receive little or no preparation for the leadership elements.

Working with and managing an outsourced vendor as an entity is different from engaging teams of contractors or working with an integrated contingent workforce, even if that is part of the outsourcing arrangement. It depends on the reporting structure for those contractors - 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.

There are situations where a high-level vendor manager and leader may have fewer internal direct reports, but manage a high-budget and strategic area of work being done by a large outsourced service provider. The work has high stakes and high impact, and is integral to the business. But the leader's capacity for direct influence on how the work is carried out may be less than when managing a smaller project with a team of internal direct reports. And this may be structured in to the role, where there is a tight vertical chain of command, or a very active and influential governance team.

## **Preparing for Vendor Management**

When looking at how individuals are prepared for a vendor management or leadership roles, it has often been the exception more than the rule for HR or Corporate Training to recognize the need to develop specific skills and competencies for vendor managers.

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

In this area, it is often the outsourcing department that goes outside the company looking for training resources to develop skills in vendor management. This is changing, and over the past five years or so, HR is becoming a more strategic role, and beginning to recognize the importance of skills in managing the work done by external resources. More companies are setting up governance teams to include HR.

If there is an established, corporate-wide governance team in place, with senior representatives from Sourcing, HR, OD, Procurement, IT, and the outsourcing functions, then factoring in the need to developing specific leadership skills for managing vendors and outsourced work, and global teams, is more likely to be part of the business, and a key element of the overall outsourcing strategy.

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

In some situations, a leader of an outsourcing group may be part of the governance team. This typically requires strength, presence to represent, vision, and finesse in collaborating with people from different disciplines representing different (and sometimes conflicting) stakeholder positions.

In some cases, the governance team may have a full time executive-level leader, appointed by and reporting to the CEO, with a clear mandate. A stronger mandate changes how the person in that role will exercise leadership.

And for the individual managing a very large outsourced project or program, skilled leadership can be a crucial element to move projects forward, getting buy-in from a vendor (beyond mere compliance), involving internal stakeholders, balancing competing internal interests, solving problems, fostering innovation, gaining extra quality, loyalty and value from the vendor, and renegotiations of agreements.

## **How leadership works in practice in managing vendors**

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 some projects, vendors may be the one driving the work, and the vendor manager is more of an enabler.
3. What happens if a vendor takes charge when that was not part of the agreement. How can a vendor manager (or even the client company) regain leadership?
4. Do the skills and experience in leadership that a vendor manager acquires transfer to other jobs and careers? This is touched on further elsewhere in the article.
5. What does leadership look like in different situations working with vendors and internal stakeholders? Should a vendor manager use a collaborative style or one that is controlling?
6. What is the role of “emotional intelligence” in leadership with vendors, and how important is it?
7. How does leadership play into managing to tightly constructed contracts? Is it just a matter of holding the vendor to the letter of the law, or does it require a more skilled approach?
8. How about assumptions (reasonable and unreasonable), and implicit/explicit ground rules in the business relationship and delivery process.
9. In what situations are penalties a good tool for leaders to build into contracts, and use to gain compliance? And when are rewards and bonuses effective and a good investment?
10. For global relationships, what is the impact of cultural differences on a given project, and how do these get factored into the management of the vendor, and back into the company?

Some people think 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 down on price may put their capacity to deliver at risk, compromise the quality of the work done, sour the relationship, and stifle innovation.

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. Clients have actually said “The vendor is bullying us.”, or “The vendor won’t follow our way of doing things, and just does it their own way.”

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 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.

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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 to a 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.

### **Communications in the outsourcing relationship**

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 communicate with and 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 - team members are reporting on the extended work and completions by vendors, rather than what specific individuals have done since the previous meeting. The measurement and control process is fundamentally different.

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 technologies and resources (instant text communications, emails, tweets, videos, Facebook, chats, blogs, and knowledge-base flashes) as a useful way to keep a wider range of 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 asynchronous media can be a useful and timely way of managing communications without immediate contact.

But many social subtleties can't come across in brief text, even with emoticons. You can't read the other person's tone or visual cues. If it is important and personal, or a difficult communication, the best method is in person, by phone, or videoconference. If it is crucial the other person understands, and there are subtleties and complexities, that must be ensured through direct, spoken communication and immediate clarification. This is particularly important when working between different cultures.

Written communications do, however, provide a written record, confirmation and important documentary record of agreed courses of action, and commitments to action. They also help prevent drifting from plans and spoken agreements in discussions where no written record was kept or shared.

So, with outsourcing relationships, 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?

## **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, styles and cultures
5. A sense of deadlines and project timelines, priorities and workloads
6. An ability to gain buy-in from others - internally, externally and globally
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. Capacity for dealing with change, and flexibility to adapt and help others to adapt

Even physical attributes that create a strong presence can play a part in how others perceive an individual as an effective and credible leader. These may include: height; physical size; 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.

Strength in leadership is reliant on what inner resources a person has that they are able to draw on for robustness and resilience. Can they roll with the punches and remain calm and focused when a situation is difficult, time is crucial, decisions need to be made? Can they handle confrontations and resolve conflicts, or forge a major new direction as needed?

Leaders must be able to see themselves in situations from the perspective of others, and understand what impact and influence they have. As part of this, it is key to understand one's own credibility and influence, and source of authority, in different settings, so as to act accordingly and work from strengths.

Whatever level of leadership is required, from simple interactions that guide actions, to leading a large team on a high budget international project, there are key requirements. A central quality is emotional intelligence - the ability to read a situation, the players, to know oneself, and respond accordingly to all these. Of course, good communication skills and the ability to influence others are key, as well as the versatility to convey requirements with an adaptive style to get the outcomes.

And in any situation a leader must be able to envision implications and consequences of decisions, actions and directions taken, beyond and more broadly than the goal or desired outcome. This includes risks and odds, ripple effects, and collateral impact (positive and negative).

There is, of course, a much broader set of leadership skills, and many courses and books have been written 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 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 manager, one of the key skills they need to develop is how to use influence and exert leadership, without an over-reliance on their subject matter expertise alone, or simply becoming prescriptive. Now they have to be able to listen to alternative perspectives, assert themselves in terms of strategic direction, company priorities, and established agreements.

Many companies actively value leadership skills, and place emphasis and resources towards developing these. Leadership is not simply attending a scheduled training class, reading a prescribed book, or watching video programs (although these may be elements of a broader program). Leadership development programs typically have a number of integrated elements, and are part of the overall business plan and talent management strategy.

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. These are most effective when they are part of a plan that has been developed specifically for the individual and their career path.

Sometimes it is simply seeing what needs to be done, who is involved, then applying the techniques. In other cases, especially with difficult situations or confrontations, qualities such as emotional intelligence, resilience, confidence and robustness are crucial. These deeply embedded attributes 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 that serve the company and enhance the value of the individual:

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 - 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 or leadership role can help a career are:

1. Opportunity to pursue a career in outsourced work and managing larger projects
2. Skills to manage 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, and build a reputation
6. Visibility and access to broader parts of the organization, build networks by dealing with stakeholders and client departments - getting more exposure for successes (or failure)
7. Gain broader knowledge of industry and companies, through the vendor and 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 stronger and broader resumé.

For an individual in a vendor manager role to make the most of it as a career opportunity, it is important to document successes, initiatives taken, differences made, problems solved, examples of leadership and management in action.

Where possible, an individual and the manager should keep emails as testimonials for his or her work, from the vendor, internal stakeholders, or other involved in the process. This needs to be captured as part of the formal assessment of individual performance, career, and company development plan.

This article aims to provide an introduction and overview and framework of key areas that need to be reviewed and addressed. The next stage is taking each applicable point, expanding it, and using it to create specific plans and actions that will develop the specific structures, skills and capabilities needed to achieve the business outcomes required.

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*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.*

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