

Achieving Success Through Active Vendor Management



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Design, Deploy, Deliver

1. Introduction

Sponsors enter into a number of strategic alliances, working relationships and other types of contracts with numerous small Vendors. Generally they are attracted to working with a particular Vendor because they have a skill or technology that can make a substantive improvement to their ability to deliver their pipeline or goals. Based on my experience, there often arrives a point at which the relationship between the Vendor and Sponsor becomes strained due to a failure to deliver according to expectations. These “mishaps”, or points of failures (POF), lead to a tremendous amount of wasted effort for both parties in trying to resolve the issue. If the gap between what was delivered and expectations is too large then often the relationship must be ended resulting in complete failure of the project. Or worse, the project continues with no expectation of success.

Preventing these problems from occurring would protect the Sponsor’s investment and greatly reduce the amount of unplanned-time spent resolving crisis. This “white paper” proposes the use of Active Vendor Management in order to proactively prevent these failures.

2. Areas of Focus

There are three components required for the success of an outsourced project, technology, execution, and business planning and a POF can happen in any of these areas.

Technology

Generally the Sponsor is attracted to a Vendor because they have an interesting technology or unique service. Often these Vendors were started by academics, scientists or engineers who are skilled in developing technology and conducting the proof-of-concept. Development of new technology needs to be closely monitored and understood. If a technology does not progress as expected then adjustments need to be made or the project ended to prevent further wasting of resources.

Execution

Operational execution is required to convert technology to a useful and reliably-implemented product or service. Elements of proper execution may include implementing regulatory requirements and processes, such as design controls, 21 CFR part 11 compliance, Good Manufacturing Practices (GMPs) and Quality System Regulations (QSR). Beyond regulatory compliance, process controls can help ensure near-error free delivery to the customer. Based on experience, this is the single greatest cause of POFs. Scientists, academics and engineers may excel at technology development but often do not have the skills and experience required for the execution activities of a project. Generally, it is during the initial delivery that the errors pointing to systemic issues with the Vendor's processes are discovered.

Business Planning

A business must have an appropriate plan in place to ensure that it has enough resources to accomplish its goals. A business that cannot achieve profitability will fail and will be unable to provide any service or technology no matter how useful it may be. Additional issues may arise if the Vendor's business plans are incompatible with the Sponsor's goals.

3. Active Vendor Management

Handing a Vendor a statement of work and then checking at the project's end seldom results in success. Taking an Active Vendor Management approach yields the best chance for delivering results. The first step in this process occurs prior to signing the contract and requires the assembly of the appropriate team to work with the Vendor.

Team Based Approach

Often the Sponsor uses a technical lead to manage these projects who may have limited experience with Vendor oversight. The proposed solution is to form a team consisting of the following roles: Vendor Team Lead, Domain or Technology Expert, Execution or Operations Manager, Business Manager, and a Project Manager. This team will work closely with the Vendor to assist and monitor the Vendors' activities as required. Note that a single person may fulfill multiple roles but the tasks of each role need to be thoughtfully considered and implemented. These roles are defined as follows:

Vendor Team Lead is responsible for assembling and coordinating the Sponsor's activities and to be the primary point of contact for the Vendor.

Domain or Technology Expert provides the knowledge of the deliverables and is able to evaluate the technology.

Execution/Operations Manager is responsible to ensure that regulatory requirements are followed. This person will help in the implementation of process controls QSR, GMP/GCP, Part 11 compliance, etc. Even if there are no regulatory requirements it is still important that there are adequate processes to yield reliable and robust delivery.

Business Manager reviews the business plan and financial status of the Vendor. The Vendor should have a business plan that meets needs of the Sponsor and will lead to a sustainable enterprise. The Business Manager is also responsible for negotiating the contract with the Vendor.

Project Manager is responsible for establishing and tracking the goals, schedules, milestones, acceptance criteria and deliveries in coordination with the Vendor. Risks and other issues should be proactively handled by the team.

Implementation

Once the roles and team are defined the following key points are required for successfully implementing the Active Vendor Management approach:

- Create a tighter working relationship with the Vendor. Actively work with them to ensure success rather than passively monitoring their activities.
- Be proactive, anticipate and solve potential issues at the onset.
- The Sponsor can provide valuable assistance to the Vendor and needs to emphasize that if they are successful both win.
- The Sponsor needs to plan upfront to provide necessary resources to assist with implementation activities. For example, it can be expensive to implement a QSR system, and such an activity may not be on the Vendor's roadmap. Advance discussion of these issues will prevent the Vendor from incurring otherwise unplanned expenses.
- Different points in the Vendor life cycle require different emphasis. For example, quality controls are less important at the proof-of-concept stage while execution management will become the primary focus after the technology is developed.
- All phases should be considered for all projects. A study may be a simple proof-of-concept with an academic site, but what if it is successful? How would this technology move forward towards commercialization? Considering these issues upfront can help plan for success.
- The program should be adapted to the Vendor's needs. For example, a Vendor with an experienced regulatory lead may require very little oversight by the Execution Manager.
- Contracts need to be written with clearly defined objectives and milestones covering scientific, execution and business expectations. Terms need to be written to permit Sponsor to exit should it become clear that the objectives are unobtainable.

4. Conclusion

Vendors provide a deep resource of creativity and energy that can help Sponsors solve real problems. The goal of Active Vendor Management is to increase the chances of success. While this approach may require additional resources, prevention of points of failure will greatly reduce the resources that have traditionally gone into handling the crisis post-hoc. When these relationships work both parties win.

These are just a few ideas. Contact us to discuss other ways we can help ensure the success of your teams and projects.