Vendor-User Relations: Strategic Partner Index Insights – The Wrap

By Ana Hidalgo
CEC Contributing Writer

On January 21st 2016, the [CIO Executive Council](#) *(CEC) hosted a webcast that presented findings from the CEC/IDC Strategic Partner Index, an in-depth analysis of the traits that make vendor partnerships work. The research is based on a survey of 121 IT leaders with hiring authority.*

Taking part in the discussion were: **Ken Piddington**, *CIO, MRE Consulting, Ltd;* **Kevin Steele**, *CIO, Cars.com;* **Richard Treglown**, *Director Information Technology, Hines; and* **Brent Waechter**, *Manager, Vendor Management, Toyota Motor Sales. The virtual session was moderated by* **Brendan McGowan**, *CEC Global Media Bureau and Client Research Manager.*

One of the most important concerns of IT leaders in companies of all sizes is establishing and maintaining strong relationships with their vendor partners. According to the CEC/IDC Strategic Partner Index survey of 121 IT leaders with hiring authority, 36% believe that one of the most important characteristic in a strategic vendor is responsiveness, followed by collaboration (25%). IT leaders admit that 50% of their vendors were unable to identify challenges within their business without explicitly mentioning them, which is a key factor in a strategic vendor-user relationship.

"How satisfied are you with all of your strategic vendors?"

Highly Satisfied	10%
Moderately Satisfied	55%
Low Satisfaction	27%
Not Satisfied	7%

Base: 121 IT leaders
(Percentages may not total 100 due to rounding)

CIO Executive Council & IDC Strategic Partner Index Survey, 2015

The following is a summary of key points made during the Webcast, which can be viewed in its entirety by clicking here: Vendor-User Relations: Strategic Partner Index Insights.

Key points from the research:

- There are five foundational components which make up the building blocks of a strategic vendor: responsiveness, collaboration, flexible pricing and interest in shared risk/reward, communication, and client & market knowledge. 36% of the IT leaders polled believe one of the most important characteristic in a strategic vendor is **responsiveness**, followed by **collaboration** (25%).

- Only 10% of IT leaders are highly satisfied with all of their strategic vendors; however more than half (55%) rated their satisfaction a score of three on a four-point scale, indicating general satisfaction.

- 57% of IT leaders believe that the relationship with their vendors is somewhat better or much better now than it was in the past three years.

- 53% of IT leaders stated that 26-50% of IT spending is devoted to external IT/service providers such as staffing, products, services, telecom, etc., the most common response in the survey.

- 51% of IT leaders occasionally use outside advisors when picking vendors

- 64% of IT leaders sometimes allow strategic vendors to bypass competitive bids, indicating a level of trust that helps accelerate business.

How do you identify a strategic vendor?

Strategic vendors...

...engage in high value capacities within the organization, work on high exposure initiatives for the organization, and have a decent breadth of product usage.

...have a good cultural fit, are flexible, and are able to accommodate some of the idiosyncrasies while being comfortable doing so.
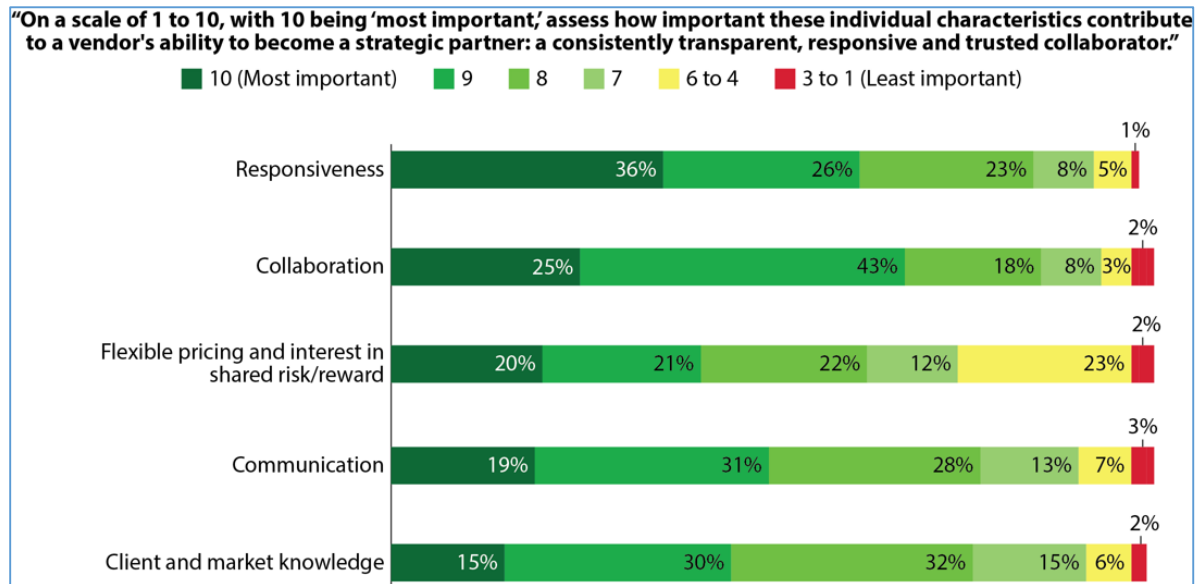
...should be able to respond to direct criticism proactively and should be able to redress the balance.

...are those who create unique value to the organization. They are also able to have and build strong relationships in the organization

...need to understand the depth of the business outcomes outlined in the service learning agreements (SLAs) in order to be effective.

Tips on building a strategic partnership:

- Understand the difference between an expectation and a demand. The client should provide their expectations and hold the vendor accountable against those whether it is within the contract or on a day-to-day basis.

- A strategic partner is someone who does not just follow orders, but someone who is willing to lean in and work across the divide that sometimes exists between a vendor and a company.

- Respect for people is crucial. Vendors should know how to treat others and the client should also remember to treat their vendors as people.

- Having a single point of contact is critical when creating a strategic partner program that manages multiple regions.

- The relationship between a client and a vendor should always be a two-way street. A successful relationship has to be mutually beneficial for both parties.

- Active communication is key. The client has to be able to talk about the "hard stuff" as well as point out what is going well and what is not and how these issues can be resolved as a group.

- Be completely transparent and upfront at the beginning at the relationship to delineate what working with your IT organization really means.

- Adding value to the vendors themselves is important and you do that by acknowledging their work and working together to improve what needs to be improved.

- The organization should provide opportunities for the vendors (both internally and externally) to promote innovation and reward them for their hard work. (For example, Toyota hosts an annual Innovation Fair that focuses on vendors bringing their ideas forward about how they can solve unique or different business problems around process improvements.)

"On a scale of 1 to 10, with 10 being 'most important,' assess how important these individual characteristics contribute to a vendor's ability to become a strategic partner: a consistently transparent, responsive and trusted collaborator."

■ 10 (Most important) ■ 9 ■ 8 ■ 7 ■ 6 to 4 ■ 3 to 1 (Least important)

Characteristic	10	9	8	7	6 to 4	3 to 1
Responsiveness	36%	26%	23%	8%	5%	1%
Collaboration	25%	43%	18%	8%	3%	2%
Flexible pricing and interest in shared risk/reward	20%	21%	22%	12%	23%	2%
Communication	19%	31%	28%	13%	7%	3%
Client and market knowledge	15%	30%	32%	15%	6%	2%

Final Thoughts:

Ken Piddington, *CIO and Executive Advisor, MRE Consulting*

'Put in the effort in to have a plan and create what the vendor management program needs to look like in the organization.'

Brent Waechter, *Manager, IT Vendor Management, Toyota USA*

'Strategic partnerships are about a relationship, and as with any relationship the most important thing is not to be right but move forward. Look for the best possible outcome for going forward and not so much about who said what.'

Richard Treglown, *Director Information Technology, Hines Interests*

'Invest in the relationship, acknowledge mistakes, and establish trust.'

Kevin Steele, *CIO, Cars.com*

'Don't let vendors guess what their needs are, the client has to be clear and has to communicate their expectations.'

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The CIO Executive Council, an IDG Brand and a business unit of IDG Communications, was founded to serve the evolving, challenging and demanding role of the Chief Information Officer (CIO). Now in its eleventh year, the CEC has expanded its highly regarded leadership services beyond the realm of the CIO to include professional advisory services for any executive charged with strategic technology leadership.

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CIO Executive Council | CXO Media Inc. | 492 Old Connecticut Path, Framingham, MA 01701 | idgcec.com | 508.766.5696 | cec_info@cio.com