Market Your IT Sourcing, Procurement and Vendor Management Value Using Targeted Stakeholder Communication

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Sourcing, procurement and vendor management leaders provide significant value to the organization, but struggle to communicate their worth in an effective way. Targeted efforts to market the activities and value of your endeavors are key to gaining acceptance and participation.

Key Challenges

- Sourcing, procurement and vendor management (SPVM) leaders struggle to understand why stakeholders do not value them. However, they often fail to define and actively communicate the value of their role in stakeholders' terms. Thus, stakeholders underestimate the importance of SPVM in relation to their objectives.

- SPVM leaders are often mired in tactical tasks, which cause them to miss opportunities for involvement in strategic initiatives. Hence, they are viewed as administrative, tactical resources.

- SPVM leaders struggle to find the time to develop a marketing or communication strategy, weakening their ability to exert strategic influence.

Recommendations

To market the value of sourcing, procurement and vendor management to your stakeholders and business partners:

- Define your roles and responsibilities by clarifying the activities involved in your function.

- Assess your stakeholders' perception and support of your function by interviewing and analyzing their responses. Then, prioritize your efforts accordingly.

- Develop unique value propositions (UVPs) that directly explain how you can support your stakeholders' priorities as they have communicated them to the organization.

- Drive action, commitment and accountability by creating a detailed communication plan that is stakeholder-specific.

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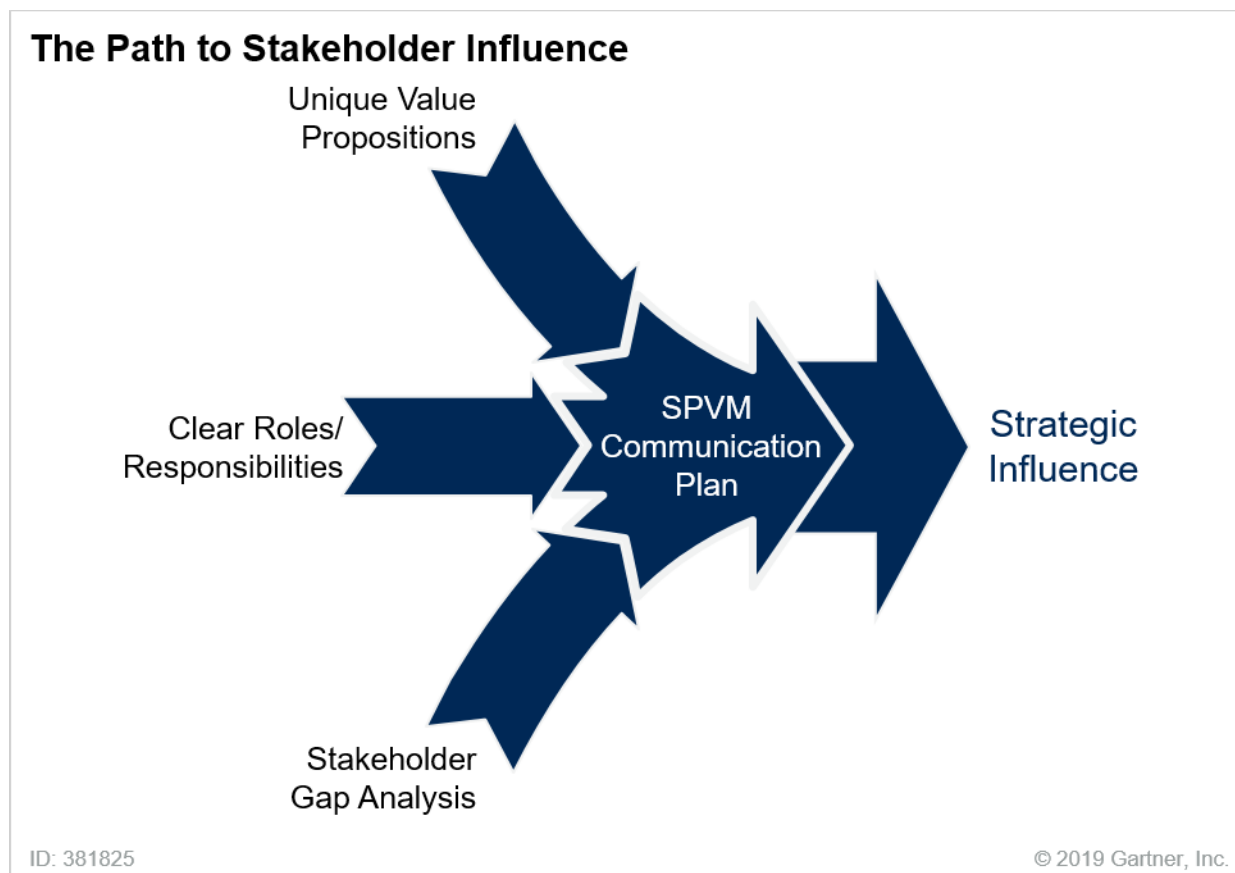
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Introduction

SPVM leaders need to develop a "marketing mindset" to effectively promote their capabilities. One of the ways to promote their work is to continuously communicate how SPVM policy, process, governance and robust commercial due diligence help stakeholders realize their own objectives. Such a targeted communication effort can be effective in building rapport, creating credibility and ensuring that SPVM leaders are sought-after resources.

Organizations spend an average of 64% of their technology budgets on vendor products, services and outsourcing.[1] However, when it comes to promoting the purpose and expected benefits of adopting the appropriate policies and processes, SPVM leaders too often fail to develop a communication and change plan. SPVM leaders must consider the communication activities that, along with delivering to their services, can drive strategic influence.

In this note, we show you how to drive strategic influence by marketing your value proposition through a targeted communication plan (see Figure 1).

Figure 1. The Path to Stakeholder Influence

The Path to Stakeholder Influence

Unique Value
Propositions

Clear Roles/
Responsibilities

SPVM
Communication
Plan

Strategic
Influence

Stakeholder
Gap Analysis

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Analysis

Define Your SPVM Organizational Role and Responsibilities

An SPVM leader's role is not simply defined by a job description. SPVM leaders must reinvent their roles within the organization to meet changing business demands.[2] At the same time, SPVM leaders have to be very clear about which activities they support and what is beyond their scope. Our research and client inquiries have shown that IT vendor management, IT sourcing and IT procurement mean many different things for different organizations.

At the end of the day, you want to be your stakeholders' trusted advisor, and you can do that only if what you will be delivering them is very clear. Create one page that defines your team's role and scope. Such a document can support your communication plan as a function reference guide.

Evaluate Your Key Stakeholders' Perceptions and Expectations of Your Role and Value

Before you can implement a communication plan, you must understand the perceptions and expectations of your stakeholders. The critical success factor in delivering an effective program is getting all stakeholders to recognize the importance of, and the reasons for, the policies and processes of the program. You can accomplish this by developing a set of stakeholder-specific value propositions directly related to their business objectives:

- Identify your key stakeholders. Bear in mind that key stakeholders might be individuals that you are not serving. However, they are key in supporting your function's mission, and you need them to be aware of your value and your work.

- Consult with your stakeholders to establish their current perception of your role and responsibilities. Ensure you have material ready that clarifies your scope of responsibilities, as it is very important to eliminate any misunderstanding.

- Leverage your "champions" to further communicate your value, and have them share what you did for them.

Figure 2 provides an example list of the most common stakeholders that would have interest in, and engagement with, SPVM leaders. The figure also provides a method for noting the stakeholders' perceived level of support for your role. This analysis is a representative example and may not mirror the perceptions within your environment. Use this model to assess how your key stakeholders perceive the need for a formal SPVM function.

Answering the following three questions can help you determine stakeholders' current perceptions:

- Is there a personal rapport and relationship between you and the organization or team you are trying to influence?

- Is there alignment between organizational goals (yours individually or your team's) and your stakeholders' (individual, team or organizational) goals?

- Do stakeholders have and/or lead a team with a mandate to deliver results that are business-critical and influenced by the strategic performance of their vendors?

The analysis of stakeholder support levels that we show in Figure 2 can help you not only prioritize your communication strategy, but also devise very targeted and focused communication efforts.

Figure 2. Example Analysis of Stakeholder Support Levels

Analysis of Stakeholder Support Levels

Stakeholder	Supportive		Indifferent		Opposed	
	Champion ⟷ Compliant		Adaptive ⟷ Hesitant		Uncooperative ⟷ Hostile	
CIO	▲					
IT Divisions					▲	
Business Strategy				▲		
Finance			▲			
Business Units				▲		
Legal		▲				
Enterprise Architecture					▲	
Risk and Security			▲			

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Develop Unique Value Propositions to Communicate Your Worth

Developing your marketing and communication plan should start with creating a set of SPVM unique value propositions (UVPs) targeted to each stakeholder's unique objectives. A UVP is a clear statement that describes what benefits the program can offer, how stakeholders will be supported, and what the opportunity costs will be without your involvement.

The process for creating UVPs should follow these three actions:

- Meet with the stakeholders, collect their key challenges, and discover how those key challenges tie back to the stakeholders' individual and organizational responsibilities and accountabilities.

- Map those key challenges to the activities that will be performed within the SPVM function — and, if appropriate, to the activities that will be performed by others outside of a defined SPVM role.

- Document the UVP that specifically addresses how you will engage with these challenges, and how you can help stakeholders resolve them as part of your function's role.

Table 1 provides examples of key challenges by stakeholder role, and examples of SPVM-specific UVPs that tie directly to those challenges.

Table 1. Stakeholder Challenges and UVPs

Stakeholder	Challenge	IT Sourcing and Procurement UVP	IT VMO UVP
CIO	Support digital initiatives while reducing the IT budget.	Explore the market to support the creation of sourcing strategies and models that drive the initiatives. At the same time, incorporate agile procurement methodologies as needed to focus on speed while delivering optimal agreements.	Manage an ecosystem of vendors that can develop digital capabilities for the organization with optimal pricing.
IT Divisions	Improve the SLAs of the overall services.	Identify the right vendors that can meet our expectations and drive operational excellence.	Drive overall vendor performance by creating an appropriate governance structure.
Business Strategy	Develop new products balancing speed, risk and cost.	Support the creation of effective, data-based sourcing strategies. At the same time, incorporate agile procurement methodologies as needed to focus on speed while delivering optimal agreements.	Identify, through effective vendor management, vendor resources that can bring innovation, speed and reduced risk.
Finance	Improve savings and cash flow.	Enable finance to reap the benefits of a contract negotiation through effective sourcing strategy and execution.	Enable finance to reap the benefits of a contract negotiation through effective contract management post-contract-signature.
Enterprise Architecture	Prevent late involvement and inconsistent participation in organizational technology decision making.	Serve as both the "gatekeeper" and the "whistleblower" for EA as SPVM gets involved in more and more EA activities. Risk migration is part of the SPVM value proposition.	Serve as both the "gatekeeper" and the "whistleblower" for EA as SPVM gets involved in more and more EA activities. Risk migration is part of the SPVM value proposition.
Legal	Handle an ever-growing number of agreements.	Create policies and training materials that allow for legal workload reduction.	Build a legal risk management approach to prioritize what needs extra focus and what doesn't.
Risk	Ensure vendor risk is managed effectively.	Incorporate vendor risk management into our precontract and vendor performance management (postcontract) processes.	Incorporate vendor risk management into our precontract and vendor performance management (postcontract) processes.
Security	Prevent late involvement and failure to assess cybersecurity risk.	Create vendor evaluation approaches as part of the sourcing strategy.	Create vendor onboarding processes that incorporate security questionnaires.

Stakeholder	Challenge	IT Sourcing and Procurement UVP	IT VMO UVP
EA = enterprise architecture; SLA = service-level agreement; VMO = vendor management office			

Source: Gartner (February 2019)

Create a Communication Plan

Effective communication can create better business outcomes by driving action, commitment and accountability. Building a communication plan to promote your role provides a framework for delivering messages and tracking issues, as well as for advancing the adoption of SPVM policies and processes.

The extreme pressure placed on technology professionals to deliver with speed and agility so that a business can be successful is pushing technology leaders to demand value through strategic partnerships. SPVM leaders have to work toward removing barriers of effective communication in order to establish reasonable expectations and goals for vendor relationships. Communicating the value of your policies and processes to your stakeholders is critical in order to create the right level of transparency, commitment and rapport.

Therefore, the following considerations will allow you to build a communication plan and cadence that will be used on an ongoing basis with the different stakeholders after the initial campaign:

- How can we help the stakeholder to succeed (UVP)?

- What is the right method of communication for the different groups and individuals?

- Who is the right individual to communicate with a given group and/or individual?

Table 2 shows an example of an initial communication plan specific to vendor management, based on a stakeholder gap analysis, an analysis of challenges and a UVP messaging approach.

Table 2. Vendor Management and UVP Communication Plan

Communicator	Stakeholders	UVP/Message	Delivery Method	Feedback
Head of SPVM	CIO, senior IT division leaders	■ Manage an ecosystem of vendors that can develop digital capabilities for the organization, yield a competitive advantage and reduce IT costs. ■ Explore the market to support the creation of sourcing strategies and models that drive digital initiatives. At the same time, incorporate agile procurement methodologies as needed to focus on speed while delivering optimal agreements.	One-to-one	Immediate and verbal
Head of SPVM, senior IT division leaders	IT divisions	■ Build processes and a service integration approach to improve performance. Create additional resource availability through partnerships. ■ Identify the right vendors that can meet our expectations and drive operational excellence.	Lunch and learn	Printout survey
CIO, head of SPVM	Business strategy	■ Identify, through effective vendor management, vendor resources that can bring innovation, speed and reduced risk. ■ Support the creation of effective, data-based sourcing strategies. At the same time, incorporate agile procurement methodologies as needed to focus on speed while delivering optimal agreements.	Roadshow	Printout and online survey
CIO	CFO	■ Enable finance to reap the benefits of a contract negotiation through effective performance management. Facilitate ongoing financial management. ■ Enable finance to reap the benefits of a contract negotiation through effective sourcing strategy and execution.	One-to-one	Immediate and verbal
Head of SPVM, CPO, CIO	EA teams	■ Partner to provide two-way feedback and to effectively manage the whole contract life cycle with distinct roles and responsibilities.	Open forum	Printout survey

Communicator	Stakeholders	UVP/Message	Delivery Method	Feedback
		▪ Serve as both the "gatekeeper" and the "whistleblower" for EA as SPVM gets involved in more and more EA activities. Risk migration is part of the SPVM value proposition.		
Chief legal officer, CIO	Legal teams	▪ Build a legal risk management approach to prioritize what needs extra focus and what doesn't. Collaboration is needed. ▪ Create policies and training materials that allow for legal workload reduction.	Roadshow	Immediate and verbal
Head of SPVM	Risk team	▪ Incorporate vendor risk management into our vendor performance management processes.	Roadshow	Immediate and verbal
Head of SPVM, CIO	CISO, security teams	▪ Incorporate all risk management into the vendor performance and vendor onboarding process. ▪ Create vendor evaluation approaches as part of the sourcing strategy.	Workshop	Immediate and verbal
CISO = chief information security officer; CPO = chief procurement officer				

Source: Gartner (February 2019)

Merely hoping that your efforts will be recognized and adopted without appropriate communication is not a strategy, and it will not lead to strategic influence. Investing the time and energy to build a marketing and communication plan per the above recommendations is tough and demanding, but it will bring very positive results with the right level of commitment.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"ITScore for IT Vendor Management"

"ITScore Overview for IT Sourcing and IT Vendor Management"

"IT Vendor Management and Procurement Must Become Collaborators, Not Competitors"

"Toolkit: Use Gartner's S-M-A-R-T Methodology to Create a Technology Sourcing and Procurement Transformation Roadmap and Action Plan"

"Effective Communications: Stakeholder Analysis"

Evidence

[1] See "Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2015-2021, 1Q17 Update."

[2] See "Leadership Vision for 2019: Sourcing, Procurement and Vendor Management Leader."

More on This Topic

This is part of an in-depth collection of research. See the collection:

- Use Our Checklist to Evaluate and Enhance Your Readiness for the Dynamic Sourcing of Digital Business

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