

4 steps to manage third-party vendors efficiently



List & Identify



Compile the Lists:

This may be the hardest part. There isn't normally an easy place like a CRM/ATS to go to pull a quick report of who they are. Unfortunately, it's manual but putting the time in here pays off.

Identify Active Partners:

- Start with current headcount on billing – which suppliers have placements currently working.
- Next would be any suppliers with headcount over the past one to three years but that don't have headcount today.
- Last and ideally you never get to this place, is to survey and pull all distro list your recruiters are using today – you know the bcc lists they send to that you have no idea who is getting your reqs (yes, we see your competitors in those lists all the time).



Effective Communication



Lack of communication is holding you back...

How to establish robust communication channels with your vendors:

- **Dedicated Liaison:** Select a single point of contact within your organization for vendors. This person ensures all vendors are uniformly managed and briefed.
- **Regular Updates:** Send standardized updates via newsletters or specialized platforms. This ensures that all vendors get the same information at the same time.
- **Feedback Loops:** Create a mechanism for vendors to ask questions and provide feedback. Your Vendor Management System (VMS) must have this.



KPIs

3

Choosing the Right KPIs

- **Turnaround Time (TAT):** The speed at which a vendor can fulfill a request and submit a candidate
- **Quality of Talent:** Metrics around the performance, longevity, and adaptability of the talent provided.
- **NPS** (Net Promoter Score): Measures vendor satisfaction and predicts business growth potential.

Implementing KPI Tracking

- **Dashboard Overview:** Create a real-time dashboard using a platform like iLabor360 and BI tools like Tableau.
- **Regular Audits:** Monthly or quarterly reviews to adjust KPIs and expectations.
- **Transparency:** Share these KPIs with your vendors. Transparency cultivates trust and drives performance.

When KPIs Show Red Flags

- If a KPI consistently misses the mark, it may be time to reassess or even 'promote out' the vendor.
- Alternatively, poor KPIs can be a chance to recalibrate and provide targeted feedback for improvement.



Scorecards

4

What to Include:

- **Quality of Candidates:** Grade the relevance, skills, and longevity of candidates supplied.
- **Response Time:** Measure the speed of vendor responses to your queries or requisitions.
- **Compliance Rates:** Track the frequency of adherence to policies and contractual obligations.
- **Engagement Metrics:** How focused is your vendor on your business, are they consistent in their engagement.
- **Customer Feedback:** Include internal ratings and feedback from teams who interact with the vendor.



Scorecards

4

How to Implement the Scorecard

- **Automate Data Collection:** Use a Vendor Management System (VMS) like iLabor to automate the collection of scorecard metrics.
- **Quarterly Reviews:** Dedicate time each quarter to review the scorecards with key stakeholders.
- **Vendor Feedback Sessions:** Transparently discuss the scorecard results with your vendors to encourage a two-way street for improvement.

Actioning Scorecard Results

- **Underperformers:** Address areas for improvement with targeted action plans.
- **High Performers:** Consider these vendors for strategic partnerships or increased workload.
- **Consistency Check:** If a vendor consistently ranks low or high, it's time for strategic decision-making.



Transform your Vendor Management Process

By **implementing these steps**, you can **transform vendor management from a reactive process into a proactive and strategic endeavor, while building better relationships.**

With clear objectives and measurement criteria, you're not just managing vendors—you're strategically aligning them with your business goals.

Let's redefine Vendor Management.

We can turn challenges into opportunities, making partnerships more agile, customer-centric, and innovation-driven.

