The Hidden Cost of Managing Multiple Vendors
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You Need to Streamline Your Vendor Relationships

At first it may seem logical to employ multiple vendors that fit your needs. You outsource parts of your business to save in other areas, but eventually, the cost and resources spent on managing those multiple vendors starts to add up and lose what you hired them for—their efficiency. When an entire department uses a system regularly, someone has the unfortunate responsibility of making the support calls to the vendor when something stops working. You call their help desk, wait until a support person is available, vent your frustrations, and wait for the follow-up fix. And that’s just one vendor.

At the end of the day, the task of communicating, troubleshooting, and following-up with different vendors is not only time consuming and costly, it’s distracting. When an employee has to take time out of their job everyday to manage vendor performance and handle administrative tasks, you are shifting their focus from core business operations or customer interactions.

Take a step back from the systems you use on a regular basis and consider the impact managing vendors can have on your business. Here is what can happen when you are juggling different vendors for every kind of system, from enterprise resource planning (ERP) to support and reporting.

**Misalignment of Goals**
With every vendor working in a silo and on their own individual goals, not one of them is invested in your enterprise level goals and overall success.

**Meeting Fees**
If you manage 4 vendors who expect 30 minute meetings (at $150/hour) every 2 weeks, you’re looking at $15,600 per year in meeting fees alone!

**Administrative Work**
Vendor management is non-billable work that can be added stress to another employee with a full-time job already.

**Licenses and Contracts**
You’re not leveraging all of the potential discounts you could be getting because there isn’t one vendor responsible to manage those details.

**Accountability**
When something goes wrong, there isn’t one vendor to take full responsibility of the situation. Its easy for them to simply “pass the buck.”
The Business Impact of Juggling Multiple Vendors

A number of our client engagements begin with an IT strategy assessment. In many cases, it is at this stage that we uncover a misalignment between how much they are spending on IT and the actual results they are seeing. We are hired to identify opportunities to consolidate their processes and improve operational efficiency. The IT strategy assessment evaluates every aspect of a client’s systems and infrastructure, including resources, support staff, and overall business impact.

When a client is managing multiple vendors, here are the typical issues we uncover:

- Disconnected systems
- No centralized accountability
- Excess administrative costs
- Redundant vendor tasks
The Business Impact of Juggling Multiple Vendors

Example:
Disconnected Systems

We were hired to complete an IT assessment for one of our clients in business development consulting. When we audited their systems, there were separate vendors and project managers for almost everything, from ERP and CRM to helpdesk and marketing. When month-end rolled around, their accounting department was sinking days into gathering data and invoices. We spoke to the staff about the impact this was having on their daily tasks and heard frustration after frustration on disjointed efforts, confusion of who is accountable for what, and a general burden of not being able to get their jobs done.

Example:
No Centralized Accountability

Another company we worked with is a non-profit who was spending exorbitant fees on vendors for systems that didn’t sync. After completing their IT strategy assessment, we uncovered that the open source ERP system that they were paying large sums to customize was inoperable for 3 days of every month and no vendor was taking responsibility for it. They were also paying for 2 different meeting software systems without realizing they were duplicating vendor costs. They were losing thousands of dollars every month because there was no single party taking full control to spot the discrepancies.
The purpose of using business management and productivity enhancement systems is to bring valuable data together and use it to drive a better customer experience. One of the most important questions to always ask before you introduce a new system into your business is, “Does this system integrate with my current technology stack?” If you don’t know the answer to that, a single vendor can help you do this.

When you work with a vendor who has the expertise in-house to deliver all the services you need to run and manage your business, they know what red flags to look out for. They have the knowledge to streamline your services and bring everything under one roof. With this, you gain one fully responsive vendor with unified accountability to reach out to whenever a need arises. Even if they can’t provide a specific service, a centralized vendor knows your systems and can negotiate on your behalf to find the best solution, instead of you starting from scratch.

8 Reasons why a single vendor is more efficient:

1. Lower support and testing costs
2. Increased discount potential
3. Simple administration, operations and training
4. Integrated tools for optimal reporting
5. Reliable and efficient infrastructure
6. Closer vendor relationship
7. Reduced downtime
8. Increased employee productivity
Take Control of Your Business with an IT Assessment

Your business is a network of processes and functions that require interoperability. When you look for a solution provider, make sure they are able to offer you a solution to the big picture, not just one view. A strong vendor is one that provides a one-stop shop to your technology needs. Their role is to know your systems front to back, and be able to provide insight and guidance as your business grows and requires new systems.

Managing your operations doesn’t have to be a burden. At Rand Group, our full-spectrum, centralized business and technology services deliver exceptional results and convenience. We offer the single source you need to ensure your business is carefully managed and properly controlled, and that time is not wasted chasing people for the help you need. By looking at the big picture, we look for new ways to meet your needs and provide smart solutions for the toughest of problems.

Signup for an IT Assessment
Technology for Business Success

Rand Group is a professional services firm that delivers overall business improvement and business management software solutions to growing businesses. We believe a software system that is aligned with a business and works as promised reduces frustration, increases usability, and makes the company and its people more connected and productive. Partnering with Rand Group offers the single source you need to ensure your project is carefully managed and properly controlled by employing a proven methodology to ensure smooth transitions and ultimate results.

*Software Delivered as Promised. No Surprises.*