

7 SPEEDY

VENDOR OVERSIGHT TIPS TO KNOW

If your organization is outsourcing a product or service to a third-party vendor, then you must maintain proper vendor oversight. Vendor oversight includes tasks like the following:

- Periodically gathering and analyzing vendor due diligence
- Frequent monitoring of vendor service level agreements (SLAs)
- Evaluating and addressing vendor risk
- Revisiting the contract to ensure it still meets your organization's strategic and operational objectives

Accomplishing ample vendor oversight is a big task. It takes a vendor management team that is focused, diligent, organized and on the top of their third-party risk game.

Here are 7 quick vendor oversight tips:

1 Document vendor oversight requirements.

This helps your team be more efficient and dedicated to vendor risk management. They need to really understand their part in the overall program and the vendor oversight processes. As a best practice, add oversight requirements into your policy, program and procedures documents.

1

Tier your vendors. Oversight can be a nightmare if you try to do everything to every vendor. Align your oversight with the criticality and risk of the product or service your vendor is providing. This means that you won't perform the same oversight activities on every vendor.

2

Evaluate the vendor's business. Don't wait until the contract is nearing expiration to look at how the vendor is performing as a company. Adequate oversight means keeping your finger on the pulse of the industry and how the vendor is performing in that industry as well as the overall corporate health of the vendor.

3

Ensure your vendor management team is adequately staffed. Staffing is often an issue when it comes to vendor oversight. Too little staffing will cause you to cut corners and miss important risk factors.

4

Share vendor oversight plans with senior management and the board. Your executive team will appreciate being actively involved and, therefore, more supportive of your program.

5

Keep in mind that risk fluctuates. Keep your risk assessments current. It's not a one-and-done exercise. If a vendor is underperforming and/or posing a significant risk to your organization, you may have to complete assessments more frequently than originally planned.

6

As you assess risk, consider multiple areas of risk that may impact your organization.

Strategic, compliance, operational, reputational, financial and transactional are basic risk areas. However, take it a step further and consider any other risks, such as country, liquidity and interest rate risk.

7

Vendor oversight encompasses all the tasks you perform throughout the vendor relationship to examine and mitigate risk. It doesn't conclude unless you've terminated the contract and fully executed your exit strategy. Don't let your guard down.



Download free sample assessments of vendor controls and see how Venminder can help you reduce your third-party risk management workload.

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