Vendor Management (VM) Governance Model Charter Template

Introduction: How to Use This Template

This template is to help create your vendor management governance charter. Identify and define the governance committee functions and staff the committee with roles, responsibilities, and enforcement accountabilities.

The examples throughout are not intended to be exclusive or exhaustive and **should be customized to suit the context and needs of your organization.**

The template should be used as follows:

* Replace the bracketed dark grey text (e.g. [ORGANIZATION]) with information customized to your organization. Specifically:
	+ “[ORGANIZATION]” should reflect the group that is sponsoring the vendor management strategy project under which these policies will be held (e.g. company name, department name).
	+ “[Specify …]” or similar instructions indicate the need to add information specific to your organization. In most cases, examples are provided to assist with this.
* Grey text not bracketed serves as an example of appropriate content. This content may be kept or replaced with information customized to your organization.
* When complete, delete all introductory or example text and convert all remaining grey text to black before distribution.

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Overview

|  |  |  |
| --- | --- | --- |
| **VM Governance Committee Chair** | **Title** | **Contact (Email)** |
| Name | Dept Director | name@organizationname.com |

**Version:** 0.0

**Last updated:** MM/DD/YYYY

**Approval Date:** MM/DD/YYYY

# 1. Purpose and Mandate

*Document the purpose of the vendor management governance committee.*

The governance approach is based upon the following principles. Build a high-performing team by drawing on [ORGANIZATION]’s behavioral attributes and guiding principles, including:

* Consider openness and collaboration and assume positive intentions.
* Build the "A" team.
* Create business ownership.
* Empower the project’s core team.
* Ensure the core team drives design decisions.
* Consult stakeholders such as key users, functional managers, and executives.
* Establish a clear definition of what a successful project looks like.
* Ensure strong oversight.

Key activities include:

* Providing status reports from [specify role(s)].
* Ensuring committee updates from [specify role(s)].
* Having a continuous review of [list each applicable vendor management project].
* Discuss and resolve issues as presented by line of business (LOB) representatives.

The goals and objectives of this committee are:

|  |  |
| --- | --- |
| **Goal** | **Goal Statement** |
| Control Costs | Reduce the overall operating cost of the portfolio – directly through license and vendor management and indirectly through process improvements. |
| Consolidate | Aid in determining where the organization has redundant applications/licenses to consolidate for efficiency and reduction of costs. This goal should include vendor classification to prioritize efforts. |
| Protect the Organization | Establish a mechanism to review agreements before execution to hold vendors accountable for performance and eliminate organizational risk. This mechanism should assist in enabling current policies regarding security, risk assessment, financial responsibility, etc. |
| Establish Workflows | Establish consistent workflows and identify responsible parties for managing vendor agreements/relationships, onboarding, ongoing monitoring, termination, and post-termination. |
| Determine Rules of Engagement | Determine agreed-upon rules of engagement for staff when interacting with vendors. These rules should include determining the business and technical owners in each vendor relationship and their individual roles and responsibilities. |
| Develop Performance Metrics | Develop performance metrics in conjunction with vendor relationship owners and the mechanism for measuring and acting upon the established metrics. |

# 2. Governance Structure

The following governance structure defines empowerment of work stream team leads and the core team while ensuring effective oversight of vendor and risk management progress. The table below identifies the high-level responsibility of the committee.

|  |  |
| --- | --- |
| **Roles** | **Responsibilities** |
| Executive Sponsor | * Oversees the committee and advises the Chair on the needs of the organization. Typically, CIO/VP Information Technology. Reports activities to [specify organizational groups for reporting]
 |
| Governance Committee Chair | * This director-level role is designated to oversee the activities of the committee, set the agenda, and monitor follow-up items. Reports to the Executive Sponsor.
 |
| Business Owner Representative | * Director-level representative of the organization’s lines of business
 |
| IT Technical Representative | * Director-level representative of the IT division of the organization
 |
| Information Security Representative | * Representative of the Information Security division of the organization
 |
| Procurement Representative | * Ad hoc member of the committee advising on procedures and requirements of the Procurement group
 |
| Compliance & Risk Representative | * Ad hoc member of the committee advising on procedures and requirements of the Compliance & Risk group
 |
| Legal Representative | * Ad hoc member of the committee advising on procedures and requirements of the Legal group
 |
| [Specify additional roles as applicable] | [Specify responsibilities] |

# 3. Scope

*Document the vendor management governance committee's scope of influence.*

The vendor management governance committee is responsible for the management, approval, monitoring, and enforcement of:

* Periodic audits of the workflows identified in vendor management.
* Adherence of the vendor management initiative to the various policies of the organization.
* Identification and classification of the organization's vendors.
* Developing performance metrics with business owners.
* Documenting workflows in the vendor management initiative.
	+ Including vendor lifecycle management, contract lifecycle management, etc.
* Documenting business and technical owners of the organization’s IT vendors.
* Assisting business owners with business alignment meetings with their assigned vendors.
* [Specify additional items as they pertain to the committee's scope of responsibilities]

# 4. Agenda

*List the mandated agenda items that will act as objectives for the vendor management governance committee.*

The vendor management governance committee will govern the vendor management initiative with the following agenda:

Typical Meeting Agenda

* Introductory Items
	+ Introduction and review agenda.
	+ Review minutes and open action items from the last meeting
* Executive Leadership Feedback (Executive Sponsors)
* Review Current Status Old/Ongoing Business (Chair)
* Ad Hoc Members Advisement (representatives of each group)
* Consideration of New Items (All)
* Review and Summarize New Actions From This Meeting (Chair)

# 5. Meeting Attendance and Voting Protocols

*Specify the meeting attendance and voting protocols.*

## Committee Attendance

The committee members should attend in person or remotely as designated by the Chair setting up the meeting. If a committee member cannot attend, then the committee member will not have a vote on the item(s) covered during the meeting.

## Committee Voting Protocol

* A minimum of # voting members is required to vote – in person or by proxy.
* Proxy votes can be assigned to another member or an assigned designee.
* Voting can be called at any time (ad hoc meetings or calls will be scheduled when votes cannot be aligned with committee meetings).
* The following voting method will be used:
	+ Approved unconditionally: Agree the idea/decision is the best solution and support it.
	+ Approved, conditionally: Agree, but there is a factor that must be corrected or addressed by a specified date.
		- This is a useful device to keep the team progressing but provides a stop if the condition is not corrected within an agreed-to timeframe
		- If conditions are not corrected by the specified date, the team must be brought back to the steering team.
	+ Not approved – Don't agree:
		- Rarely used if the team is on track and communicating any challenges well.
		- Can be overridden by the executive sponsor, or if a majority approves (51%).
		- Executive sponsor helps mediate in these cases.

# 6. Key Success Metrics

The following table contains the implementation key success metrics.

|  |  |  |
| --- | --- | --- |
| **Goal or Objective** | **Goal Statement** | **KPI** |
| Maintain Vendor Catalog  | Annually verify that IT vendors have been identified, classified and a Business and Technical owner assigned. | The annual evaluation shows no gaps. |
| Leverage Efficiencies | Vendor management aims to enhance efficiency in managing vendors and their contracts. | Establish baseline turn-around times to show progress over time. |
| Quality Improvement | Ensure the quality of goods and services provided by the vendor. | Establish accountable performance metrics. |

# 9. Exceptions and Restrictions

* An exception to this policy must be authorized by [ORGANIZATION]'s [specify role].
	+ Typically, executive sponsor or relevant committee (e.g. Security/Risk Governance)
* No exceptions have been identified. [If exceptions have been identified, replace this clause.]

# 10. Revision History

This policy document has undergone the following revisions:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Version** | **Author** | **Reviewed By** | **Description/Notes** |
| [Release date] | 1.0 |  |  | Initial release |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

# 11. Approval

The vendor management governance committee and the content of this charter have been approved by:

[Sponsor Name]

[Date Approved]
[Position, Organization's Name]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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