

## Vendor Governance Maturity Model

Maturity grouping	① Initial	② Managed	③ Defined	④ Qualitatively managed	⑤ Optimised
Vendor management	Vendor management structure, tools and process are ad hoc. Order placement is minimal function.	Some structure to address major vendors. No formal governance or rules for engagement.	Vendor performance tied to costs and risks to ensure performance is managed. Regular meeting structure in place.	Use of business measure to manage vendor performance. Senior executive engagement to manage business outcomes.	Strategic vendor management – focus on innovation and collaboration to meet ICT strategy.
Contract management 1	No organisation-wide contract management processes.	Basic contract processes established for key vendor but not organisation-wide.	Contract management processes and standards that are fully established, institutionalised and mandated throughout the entire organisation.	Contract management processes that are fully integrated with other organisational core processes.	Contract management process streamlining initiatives are part of its continuous process improvement program.
Relationship management 2	Ad hoc use of the vendor products and/or services.	Order taker – Transaction-based products but with very little inclination to deliver.	Service provider – Ability to manage routing functions but capacity to deliver innovation is challenging.	Trusted advisor – Cooperation based upon mutual respect and a clear understanding of strategic business goals.	Strategic partner – Takes on board innovation and collaboration that benefit the organisation.
Process maturity 3	Basic checklists inconsistently used.	Established processes, but inconsistently used.	Established processes consistently used.	Multiple external service providers are effectively governed.	Operations efficiency has been increasing year after year.
Business impact	Frequent failures to vendor performance impacting business operations.	Governance lacking but basic procurement functions operate.	Vendor management enables cost savings and risk management to be achieved.	Constant commercial evaluation delivers improved performance and value for money.	Vendors are providing leading service options to increase competitive advantage.

1. [“Benchmarking contract management process maturity”](#), Project Management Institute  
 2. [“The Business Relationship Maturity Model”](#), ITSM Professor  
 3. [“Process maturity model can help give a business an edge”](#), iSixSigma