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7 Tips to Communicate More Effectively with Vendors

Commercial and Contracts

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Keeping supply chains running smoothly is vital for most organizations, but it can made difficult with all their fast-moving and frequently changing variables. Especially now,
many organizations experienced supply chain disruption due to the COVID-19 pandemic.

As general counsel and associate general counsel, you may be actively involved in helping your company increase its agility, diversity, and resilience in supply chain operations. These seven tips will help you stay attuned to your company's vendor relationships and communicate with vendors more effectively so you can protect your company's future.

1. Understand the nature of the relationship

Before you communicate with a vendor, make sure you completely understand the product or service they will provide as well as the business needs the vendor fulfills. Where do they fit in the larger picture? Are they one of several of the same type of vendor? What is their history for complying with terms and conditions? If you're negotiating a deal, should you expect discounts? What areas are flexible — delivery, scope, or pricing? Have the answers to all of these questions before stepping into the vendor-client relationship.

2. Develop a data-driven approach to understanding the relationship

Technology such as Contract Lifecycle Management (CLM) software or vendor management software can answer many of the aforementioned questions instantly. CLM can track and report on a variety of data points including those that determine vendor performance, risk security scores, and vendor tiering scores. Data puts you in a much stronger position to negotiate. Most importantly, data

provides critical insights that help you make more informed decisions about your vendor relationships.

3. Establish clear communication expectations

So much confusion today boils down to lack of communication and misunderstanding expectations. Companies may require vendors to provide monthly reports, specific invoice data input, RFPs, inspection reports, and other communications. Make sure the vendor understands your expectations for reporting and communicating with you. That includes not just what information you expect them to provide but also when and how to provide it and to whom.

4. Use modern, collaborative communication tools

Emails have a way of piling up and getting lost. Suppliers should communicate with your organization through collaborative procurement, vendor, or contract management software. Technology adds predictability, reliability, and uniformity in relationships and decision-making processes.

Look for software that offers online discussion boards and built-in collaboration tools. Simultaneously collaborating on the same document and communicating in real-time enhances mutual understanding. Everyone should be able to easily access status updates and other important information. It’s also essential to ensure that the software records discussions and can produce on-demand audit trails for future reference.

5. Appreciate the value of cross-departmental vendor relationships

It’s not unusual for a single vendor to work with multiple business units in an organization. In fact, as a company leader with a unique, high-level view of the entire organization, you should keep an eye out for areas where a single vendor can fulfill the needs of multiple departments. This can result in significant cost and efficiency savings as well as increased bargaining power.

Make sure the legal team has its finger on the pulse of each department-vendor relationship and that you take the temperature of those relationships prior to important discussions. Those who work with the vendor on a regular basis can give you valuable ideas that can inform how you approach solving vendor-related issues.

6. Keep an open mind and a friendly approach to problem-solving

Keep an open mind and a friendly disposition. Unfortunately, lawyers are often trained to view vendors as opponents in a competition for valuable resources. In reality, vendor relationships require a give-and-take balance that can benefit all parties.

Suppliers perform a vital role in every company’s success. As such, it doesn’t make sense to force them into making concessions that may affect how well they can serve you. Approach each vendor as a valued business partner to uncover solutions and opportunities for creating more value and mutual benefits from your relationship.

7. Prevent the inadvertent waiver of privilege

Communications between attorneys and vendors are typically protected by the attorney work product doctrine and may be protected by the attorney-client privilege. However, when employees communicate with vendors and service providers, there's a risk for the inadvertent waiver of privilege.

ACC has published helpful guidance on how to work with vendors without waiving privilege in the United States including tips like:

- Hold annual or periodic training of employees to ensure they understand the importance of privilege and how it is waived.
- Add a statement to the emails and documents sent to business clients stating that the communication is covered by the attorney-client privilege and/or contains attorney work product and that the communication should not be forwarded.
- Understand the three exceptions that may be employed to protect communications from waiver.

As organizations increasingly look to the legal department for business guidance, lawyers inevitably become more involved in supplier relationships. It's more important than ever to use the appropriate technological tools and healthy communication approaches to help the company build favorable, long-term relationships with vendors. Follow these tips to create more win-win vendor relationships that strengthen and protect your company's supply chain.

Olga V. Mack



Fellow

CodeX

Olga V. Mack is a fellow at CodeX, The Stanford Center for Legal Informatics, and a Generative AI Editor at law.MIT. Mack shares her views in her columns on ACC Docket, Newsweek, Bloomberg, VentureBeat, Above the Law, and many other publications.

Mack is also an award-winning (such as the prestigious ACC 2018 Top 10 30-Somethings and ABA 2022 Women of Legal Tech) general counsel, operations professional, startup advisor, public speaker, adjunct professor, and entrepreneur. She co-founded SunLaw, an organization dedicated to preparing women in-house attorneys to become general counsels and legal leaders, and WISE to help female law firm partners become rainmakers.

She has authored numerous books, including Get on Board: Earning Your Ticket to a Corporate Board Seat, Fundamentals of Smart Contract Security and Blockchain Value: Transforming Business Models, Society, and Communities. She is working on her next books: Visual IQ for Lawyers (ABA 2024), The Rise of Product Lawyers: An Analytical Framework to Systematically Advise Your Clients Throughout the Product Lifecycle (Globe Law and Business 2024), and Legal Operations in the Age of AI and Data (Globe Law and Business 2024).