SOP Template: Vendor Management and Service Coordination

This SOP details **vendor management and service coordination** processes, including vendor selection and evaluation, contract negotiation and compliance, service level agreement monitoring, communication and relationship management, payment processing, and performance review. The goal is to ensure efficient coordination of services, maintain strong vendor partnerships, and optimize service quality and delivery for organizational success.

1. Purpose

To establish standardized procedures for effective vendor management and service coordination in order to maximize value, control risks, and promote long-term, beneficial relationships with vendors.

2. Scope

This SOP applies to all departments and staff involved in procuring, managing, or coordinating services provided by external vendors.

3. Responsibilities

Role	Responsibility
Vendor Management Team	Oversee vendor partnerships and evaluate vendor performance
Procurement/Finance	Negotiate contracts, process payments, ensure compliance
Department Managers	Identify service needs, monitor SLAs, report issues
Vendors	Provide contracted services, adhere to agreed standards

4. Procedures

4.1 Vendor Selection & Evaluation

1. Identify requirements and draft specifications.
2. Collect and review vendor proposals against criteria (experience, cost, quality, capacity, compliance).
3. Evaluate shortlisted vendors through scoring/ranking.
4. Conduct reference checks and due diligence.
5. Select and approve vendor.

4.2 Contract Negotiation & Compliance

1. Draft, review, and negotiate contract terms and conditions.
2. Ensure inclusion of service level agreements (SLAs), confidentiality, warranties, and liability clauses.
3. Secure necessary approvals and obtain signatures.
4. Store signed contracts in a centralized repository.

4.3 Service Level Agreement (SLA) Monitoring

1. Define clear KPIs and performance metrics within SLAs.
2. Monitor service delivery regularly versus agreed metrics.
3. Document and address deviations or failures promptly.

4. Maintain communication logs and performance reports.

4.4 Communication & Relationship Management

1. Establish clear communication channels and escalation paths.
2. Schedule regular, structured meetings (e.g., quarterly reviews).
3. Address and resolve issues collaboratively and constructively.
4. Document agreements and disputes, and share feedback.

4.5 Payment Processing

1. Receive and verify vendor invoices against delivered services and contract terms.
2. Obtain necessary departmental approvals for payment.
3. Process payment within agreed timelines.
4. Resolve discrepancies swiftly with both vendor and finance team.

4.6 Performance Review

1. Conduct routine performance evaluations (e.g., semi-annually).
2. Measure vendor performance against SLAs and KPIs.
3. Provide constructive feedback and action points for improvement.
4. Decide on contract renewal, renegotiation, or termination based on review outcomes.

5. Documentation & Records

- Maintain all correspondence, contracts, evaluations, and payment records in authorized systems.
- Ensure records are accurate, up-to-date, and securely stored.

6. Review & Continuous Improvement

- Review this SOP annually or as needed based on organizational or regulatory changes.
- Incorporate lessons learned and feedback from stakeholders to enhance processes.

7. References

- Procurement Policy
- Contract Management Guidelines
- Finance SOP for Invoice Processing