A REFERENCE GUIDE

Vendor
Governance
Guide

How organizations manage a technology vendor relationship — before signing, during delivery, and in the years that follow.

J. Lynne & Co.

The patience to see it. The drive to move it.

CONTENTS

2. Who owns the relationship — the roles, and how small organizations cover them.

3. Before you sign — what gets settled here and is hard to revisit later.

4. The contract — the terms that govern the relationship, and what to ask about each.

5. Running the relationship — meetings, reporting, change control, and escalation.

6. After go-live — the shift from project to service, and the renewal calendar.

7. When your leverage is limited — what remains available to smaller buyers.

8. Common problems — what they look like and how they are usually corrected.

About this guide

This is reference material for anyone responsible for a technology vendor relationship — selecting one, managing one, or answering for one. It assumes no procurement or legal background.

What follows is common practice, not a set of rules, and none of it is legal advice. Organizations differ, and a smaller purchase can reasonably use a lighter version of any of it.

01 DEFINITION

What vendor governance is

Vendor governance is how an organization manages its relationship with a supplier once a decision to buy has been made: who decides what, how performance is judged, what happens when something goes wrong, and how the arrangement can end.

It sits alongside two related activities that are often confused with it. Procurement selects and buys. Contract management administers the document — dates, renewals, filing. Vendor governance is the ongoing work of making sure the organization actually receives what it agreed to buy.

Why it matters

Three things make this work worth doing deliberately rather than informally.

1. Most of the value arrives after signature. The contract sets the terms; governance decides whether those terms are ever used. A well-negotiated acceptance clause that nobody invokes has the same effect as no clause at all.

2. Interests overlap without being identical. Both sides usually want a successful implementation. They may still differ on what counts as finished, on how a delay is absorbed, or on whether a request is in scope. Governance is how those differences get settled deliberately rather than by whoever presses hardest.

3. Someone has to hold the relationship. Where no one is named, it tends to fall to whoever happens to take the call — which places the organization's position in the hands of whoever is available that day.

A note on tone

None of this assumes a difficult vendor. Most vendor relationships are cooperative, and a capable implementation partner is worth a great deal. Governance is not a defense against bad faith; it is a way of keeping two organizations aligned when their incentives differ in ordinary ways.

02 ROLES

Who owns the relationship

Four responsibilities need a name attached. In a large organization these are four people. In a small one they are often the same person wearing different hats, which is fine — what matters is that each is held deliberately rather than by default.

RESPONSIBILITY	WHAT IT COVERS
Relationship owner	Accountable for whether the vendor delivers what was bought. Usually a business leader rather than a technologist, because the question is whether the organization got value.
Contract owner	Holds the agreement itself: obligations on both sides, notice periods, renewal and termination dates. Often finance, legal, or procurement.
Day-to-day contact	Handles operational traffic — questions, tickets, scheduling. The person the vendor speaks to most.
Escalation contact	Named on both sides in advance, and senior enough to change something. Used rarely, which is why it has to be agreed before it is needed.

The two worth separating even in a small organization are the relationship owner and the day-to-day contact. The day-to-day contact builds a working rapport with the vendor, which is valuable and also makes it harder for the same person to raise a formal concern. Splitting the roles keeps that rapport intact.

Authority to say no

One practical question is worth settling early: who on your side can tell the vendor that something is not acceptable, and will the organization back them? Where that is unclear, disagreements tend to resolve in the vendor's favor — not through pressure, but because nobody has standing to hold a position.

03 BEFORE SIGNING

What gets settled here

Before signature, most terms are still open. Afterward, changes are possible but usually cost something — so it is worth knowing which questions belong to this window.

COMMONLY SETTLED BEFORE SIGNATURE

1. What counts as finished. Written acceptance criteria per phase, and how long you have to test before something counts as accepted.

2. What happens when work is late. Not a penalty for its own sake, but an agreed consequence and a route for raising it.

3. Who approves a change, and what it costs. Change control is where budgets are decided long after the price is agreed.

4. What you can take with you. Your data, in a usable format, on a defined timescale, at a price agreed now.

5. The total cost across the full term, including the annual increases in later years.

6. Who is actually doing the work. Whether the named people in the proposal are committed to your project, and what happens if they change.

Speaking to other customers

Reference conversations are standard practice, and two things make them more useful. Choose organizations of similar size and complexity, since performance at ten times your scale says little about yours. And ask about a period when something went wrong — most vendors perform well when a project does, and behavior in a difficult month is hard to learn any other way.

Total cost

Purchase decisions are often compared on license cost alone. A fuller comparison usually includes:

– Licenses or subscription across the full term, including scheduled increases.

– Implementation and configuration.

– Integration with the systems you are keeping, and moving your data into the new one.

– Your own staff time, including backfill for people pulled onto the project.

– Training and retraining as staff turn over, plus annual support and upgrades.

04 THE CONTRACT

Terms that govern the relationship

Reading a contract as a lawyer is not the point here. The useful skill is knowing which handful of clauses determine how the relationship will run day to day, and being able to ask whether each one exists.

TERM	WHAT TO ASK ABOUT IT
Acceptance	Who decides a phase is complete, against what written criteria, and how long do we have to test before it counts as accepted?
Payment	Is payment tied to work we have accepted, or to time passing and steps the vendor marks complete itself?
Change control	Who approves a change, at what cost threshold, and can work begin before we have approved it?
Key personnel	Are the named people in the proposal committed to us, and what happens if they are replaced?
Service levels	What is promised after go-live, how is it measured, who measures it, and what follows when it is missed?
Data and exit	What can we take, in what format, how quickly, and at what cost — agreed now rather than later?
Price increases	What is the cap on annual increases, and does it apply to every component or only to licenses?
Subcontracting	Can the vendor subcontract our work, and do we get to know who is doing it?
Liability	What is the vendor responsible for, and how does that compare with what we would lose?

TERM	WHAT TO ASK ABOUT IT
Dispute resolution	What is the agreed process before anything becomes formal, and how long does each step take?
Sales material	Are the capabilities, timelines, and named resources that were central to our decision written into the agreement, or only in the proposal?

05 DURING DELIVERY

Running the relationship

Governance meetings

Vendor governance meetings are usually separate from project status meetings, and are held less often — monthly or quarterly is common. Where a project status meeting asks whether the work is on track, a governance meeting asks whether the relationship is working: obligations on both sides, open changes, performance against what was agreed, and anything either party wants to raise.

Both organizations attend, and both bring items. A standing agenda usually covers open changes and their cost, performance against agreed measures, obligations coming due on either side, and items escalated since the last meeting.

Reporting

Reporting supplied by the vendor is useful and incomplete by nature — it reflects the vendor's definitions of complete, on track, and acceptable, which are not wrong so much as theirs. Many organizations supplement it in one of two ways: a short internal view produced by their own team, or a periodic look from someone who does not report to the project and is not paid by the vendor.

Change control in practice

Change control tends to fail quietly rather than dramatically. A common pattern is a steady flow of small chargeable changes, each reasonable on its own, which together move a fixed price a long way. Two habits address it: recording the running total of approved changes against the original figure, and requiring that any change above an agreed size be approved before work starts rather than after.

Escalation

An escalation path is worth agreeing while the relationship is comfortable. It usually names a contact at each level on both sides, states how long each level has to respond, and describes what happens if a matter is not resolved. Using it early and routinely tends to work better than reserving it for serious problems, because a first escalation that arrives after months of silence reads as a much larger event than it may be.

06 AFTER GO-LIVE

From project to service

Go-live changes the nature of the relationship. The implementation team disperses, the vendor moves the account to a support model, and attention inside the organization drops sharply. This is also the period during which most of the value is either realized or quietly not.

USUALLY SETTLED BEFORE THE PROJECT TEAM DISPERSES

1. A named owner for the system in the business, accountable for how well it performs rather than only for keeping it running.

2. A short list of the benefits expected, with owners and a date on which someone reports whether they arrived.

3. A record of what the vendor is still obliged to deliver, and by when.

4. A regular forum, even a monthly hour, where the people who use the system decide what to improve next.

5. Confirmation of who to contact for what, now that the implementation team has gone.

The renewal calendar

Renewal and notice dates are worth recording somewhere the organization will actually look, with a reminder six to twelve months ahead. Renewals that arrive unnoticed tend to be renewed on the vendor's terms, simply because there is no time left to consider anything else. The months before a renewal are also one of the few periods after signature when terms are genuinely open again.

Periodic review

An annual review of the relationship is common practice: what was promised, what was delivered, what it cost against what was budgeted, what the organization would do differently, and whether the arrangement still suits what the organization needs. It takes an hour or two and is usually the only structured occasion on which the question gets asked at all.

07 LIMITED LEVERAGE

When you cannot negotiate everything

Much of the standard advice on vendor governance assumes a buyer with room to negotiate. Many organizations do not have it. A small institution may be a minor account. A regulated sector may have three qualified suppliers and no fourth. A replacement running against a deadline removes the option of walking away.

That does not leave you without a position — it changes which questions are worth spending your limited influence on.

TERMS THAT OFTEN REMAIN AVAILABLE

1. Acceptance criteria. Writing down what finished means costs the vendor nothing, which is why it is frequently negotiable even when price is not.

2. Data and exit rights. Vendors confident in their product are usually willing to agree these, and reluctance is itself informative.

3. Named personnel, or at least notice and a say when key people change.

4. Payment tied to work you have accepted rather than to elapsed time.

5. The right to bring in an independent reviewer without it being treated as a hostile act.

6. Attaching the sales material that was central to your decision to the agreement.

When a term cannot be changed

Where something genuinely cannot be moved, the common practice is to record it as an accepted risk: what the exposure is, who accepted it on the organization’s behalf, and why. That is a legitimate governance outcome. A known risk that someone owns behaves very differently from the same risk nobody has written down.

Sharing leverage

Smaller buyers sometimes improve their position collectively rather than individually — through purchasing consortia, shared service organizations, sector associations that negotiate master agreements, or informal peer groups that compare terms. A peer who has signed with the same vendor can often tell you in ten minutes which terms that vendor will move on.

08 COMMON PROBLEMS

What to watch out for

These patterns appear often enough to be worth knowing by name. None is proof of a problem on its own; two or more together usually means the relationship needs attention before the next milestone rather than after it.

PATTERN	WHAT IT LOOKS LIKE, AND THE USUAL CORRECTION
Everything is standard	Requests are met with the explanation that this is simply how it is done. Sometimes accurate. As a pattern, it suggests requirements are being fitted to the product rather than the reverse. Usually addressed by asking which requirement each answer relates to, and recording the ones being set aside.
The named team changed	The people in the proposal are no longer on the work, and you learned it incidentally. Usually addressed by a key-personnel clause, or failing that, by asking for the change in writing with an introduction to the replacement.
Testing gets compressed	When the schedule slips, time comes out of your validation rather than the vendor’s build. Usually addressed by fixing the testing window in the plan as a fixed duration rather than an end date.
Changes arrive in clusters	A steady flow of small chargeable changes, each reasonable alone. Usually addressed by tracking the running total against the original figure and reviewing it at every governance meeting.
No clear answer on exit	Questions about what leaving would involve produce vague responses. Usually addressed by asking for the answer in writing during negotiation, when it is easiest to obtain.
Nobody owns the relationship	Several people speak to the vendor and none is accountable for the outcome. Usually addressed by naming the four roles in section 02.
Renewal arrives unnoticed	A notice period passes and the agreement renews on existing terms. Usually addressed by a dated reminder six to twelve months ahead, held by the contract owner.

ABOUT J. LYNNE & CO.

J. Lynne & Co. is an independent governance advisory firm working with organizations to lead major transformations with confidence. We take no vendor commissions and hold no reseller agreements.

We publish reference material of this kind for executives, boards, and program sponsors. If it is useful, you are welcome to adapt it for your own organization.

If you would like to talk

We are happy to answer questions about anything in this guide, or to look at an agreement or a relationship you have underway.

Website: jlynne.co

Book a conversation: jlynne.co/contact