



The CRE guide to advanced vendor management

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Introduction

It's no secret that maximizing operational efficiency and cost effectiveness remains a top priority for commercial real estate (CRE) professionals. Vendor management is a key part of achieving these goals—a strategic process that, if harnessed correctly, can yield significant competitive advantages.

Vendor management extends beyond mere transactional relationships; it encapsulates everything from procurement to performance evaluation and plays a pivotal role in the seamless functioning and profitability of operations. When managed adeptly, vendor relationships strengthen supply chains, enhance service quality, and ensure that your assets are maintained, all of which are crucial for optimal performance.

Despite its importance, vendor management comes with a set of common yet daunting challenges for CRE professionals:

 **Inconsistent vendor pricing:** Navigating the labyrinth of vendor pricing is no small feat. Inconsistent pricing not only complicates budget forecasting and financial planning but also threatens the transparency crucial to any robust vendor management system.

 **High per-invoice charges from accounting vendors:** Accounting vendors at times levy significant per-invoice charges. This additional financial burden can inflate operational costs unexpectedly, particularly when invoice volumes are high.

 **Fragmented communication:** Clear and cohesive communication channels are the backbone of effective vendor management. Without them, information becomes siloed, and opportunities for synergy and quick resolution of issues are lost.

 **Paying duplicate invoices:** The payment of duplicate invoices represents a glaring inefficiency. This redundant financial drain not only wastes resources but also signals a need for more streamlined, error-proof processing methods.

 **Invoice charges above contracted pricing:** When invoice charges exceed previously agreed-upon pricing, it undermines contractual adherence and can create significant budgetary discrepancies. Such overcharges necessitate vigilant contract management to ensure invoicing accuracy.

 **Late payment fees & poorly managed vendor relationships:** Timely payments are the lifeblood of healthy vendor relationships. Late payment fees and the resultant faltering of vendor goodwill can lead to disrupted services and diminished trust. Additionally, without effective relationship management, the entire vendor ecosystem can become compromised, potentially impacting service quality, loyalty, and support—especially critical during unforeseen business challenges.

In this eBook, we will dive deep into the intricacies of vendor management, exploring the technological advancements—specifically, proptech solutions—that help overcome these challenges and streamline operations. Through a practical lens, we'll empower you with a toolkit for effective vendor management that places you a step ahead.

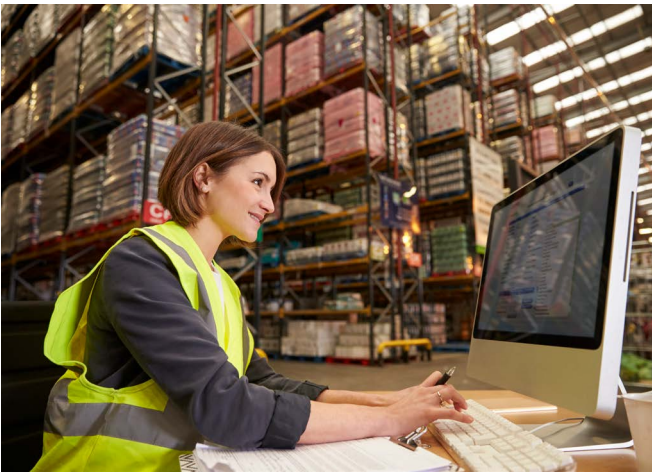
Self assessment: Score your vendor management process

To effectively manage vendors, it's essential to first understand the current state of your vendor management practices. This self-assessment checklist is designed to be a diagnostic tool that provides a snapshot of your vendor management health. Assess your practices against the following statements and score your performance to gain insights into areas that may require attention.

Instructions:

Review each statement carefully and respond with the frequency that each item applies to your current practices: Always (3 points), Sometimes (2 points), Rarely (1 point), Never (0 points). Total your score at the end for an overall vendor management effectiveness assessment.

				Vendor selection and bidding
0	1	2	3	We have a standardized process for selecting and onboarding new vendors.
0	1	2	3	Our bidding process is transparent and ensures that we receive competitive and fair pricing.
0	1	2	3	We consistently analyze vendor performance and value for continuous improvement.
				Contract and relationship management
0	1	2	3	All vendors are operating under current contracts that have been reviewed within the last year.
0	1	2	3	We maintain healthy relationships with our vendors, marked by clear communication and mutual respect.
0	1	2	3	The terms and specifications in vendor contracts are strictly adhered to, with mechanisms in place to address deviations.



				Invoice and payment processing
0	1	2	3	Our system effectively prevents common issues such as duplicate invoices or overcharges.
0	1	2	3	We leverage technology to automate invoicing, reducing the likelihood of human error.
0	1	2	3	Payments to vendors are made on time, using an established, consistent system.
				Compliance and risk management
0	1	2	3	We have protocols in place to ensure all vendors are in compliance with industry regulations and standards.
0	1	2	3	Our vendors provide up-to-date Certificates of Insurance (COIs) confirming adequate coverage.
0	1	2	3	We conduct regular risk assessments to identify and mitigate potential vulnerabilities within our supply chain.
				Technology and integration
0	1	2	3	Our vendor management system integrates smoothly with our accounting software for streamlined operations.
0	1	2	3	We have adopted digital contract management tools for centralized storage and easy accessibility.
0	1	2	3	Our work order processing is automated to prioritize requests and simplify approvals.

Your total score:

Scoring:

45-36 points:

Your vendor management practices are robust and likely contributing to enhanced operational efficiency and cost savings. Continue refining and staying up to date with the latest proptech solutions to maintain your competitive edge.

35-26 points:

Your practices are on the right track, but there are areas that need improvement. Focus on identifying the gaps that may be leading to inefficiencies or increased costs.

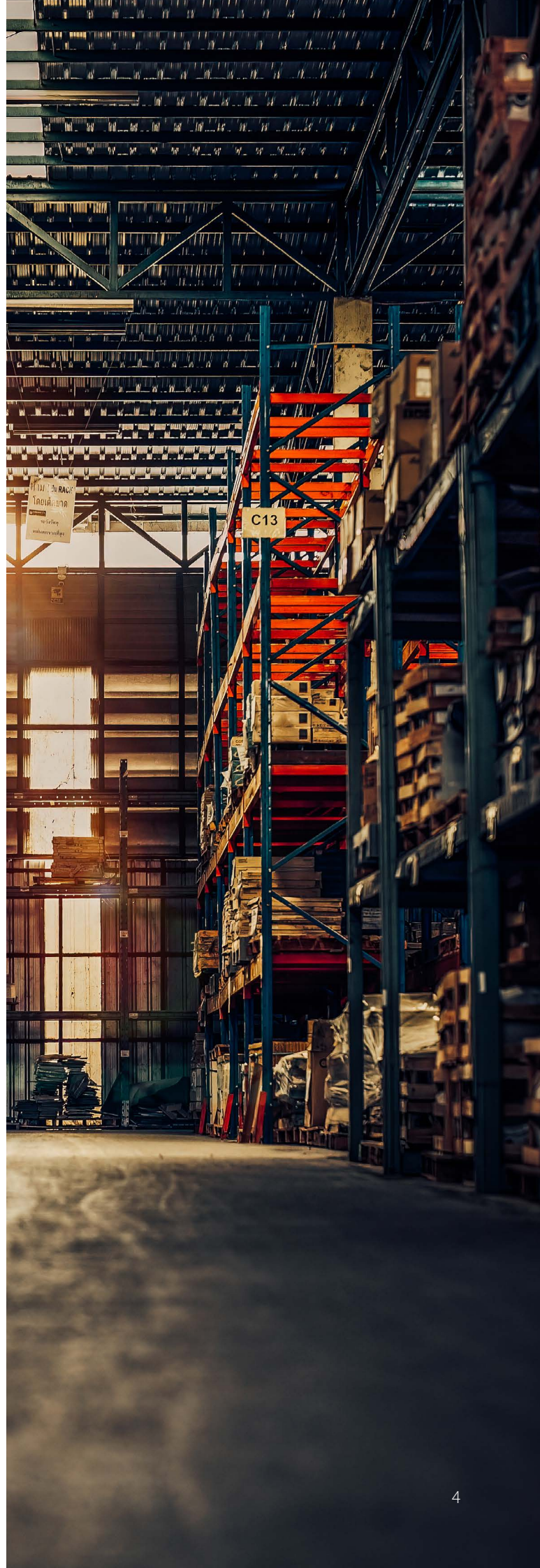
25-16 points:

There is considerable room for improvement in your vendor management practices. It is crucial to address the inefficiencies to avoid unnecessary expenses and strained vendor relationships.

15 - 0 points:

Your current vendor management practices may be putting your operations at significant risk. Immediate action is needed to implement robust systems and processes to manage vendors effectively.

This checklist serves as a starting point for introspection and improvement in your vendor management approach. Regardless of your score, remember that the landscape of industrial operations and proptech solutions is ever evolving. Continuously revisiting and updating your practices is key to keeping pace with industry best practices and technological advances.



Proptech solutions for vendor management

The integration of property technology, or proptech, into vendor management is transforming the way CRE professionals manage and interact with their vendors. Proptech can significantly streamline the multiple facets of vendor management, from bidding to payment processes, thus driving efficiency, transparency, and compliance. For the following, we explore how proptech solutions contribute to each aspect of vendor management.

Bid management

Automated vendor bidding systems revolutionize the procurement process by increasing transparency and efficiency while ensuring compliance with industry standards and regulations.

Benefits:

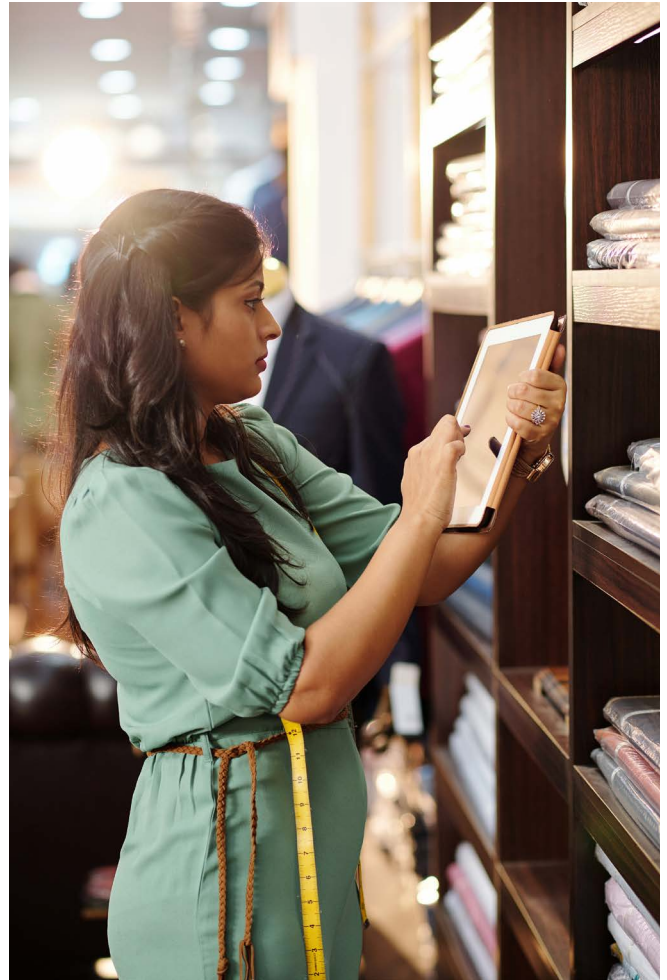
- Facilitates unbiased vendor selection through algorithm-based evaluations, enhancing fairness and competition
- Decreases administrative workload by automating the bid invitation, documentation, and comparison process
- Improves compliance monitoring by incorporating checks directly into the bidding process
- Offers real-time updates and notifications, ensuring that procurement timelines are met
- Aids in maintaining a comprehensive database of vendor performance and cost metrics, promoting informed decision-making

Contract and purchase order management

Digital contract and centralized agreement storage solutions ensure that all contracts are securely executed and managed, offering accessibility and organization.

Benefits:

- Enables electronic signing of contracts, reducing the turnaround time and paper waste
- Facilitates better organization and retrieval of documents with centralized digital storage
- Enhances the visibility of contract terms, making it easier to maintain compliance and manage renewals or terminations
- Integrates purchase orders with work orders, thereby linking procurement directly to the task at hand, improving efficiency and traceability



Work order and invoice processing

Proptech tools prioritize service requests and simplify the approval process, saving time and reducing the risk of errors.

Benefits:

- Prioritizes service requests based on pre-defined criteria such as urgency, vendor availability, or cost, ensuring efficient resource allocation
- Tracks tenant satisfaction on work orders so you know which vendors are doing a good job, allowing you to make better vendor decisions and increase occupant satisfaction
- Simplifies the approval process with electronic workflows, speeding up operations and reducing manual intervention
- Ensures work stays within budget by setting a not-to-exceed (NTE) limit
- Offers better tracking and reporting capabilities to monitor work order statuses and vendor performance

Accounting integrations

Seamless integration of vendor management systems with accounting software allows for efficient and accurate financial operations.

Benefits:

- Streamlines the payment process by ensuring that all vendor payments are directly tied to respective invoices and work orders within the accounting system, reducing manual entry
- Mitigates the risk of overpayment or duplicate payments with automated invoice matching
- Provides a clear audit trail for financial compliance and reporting purposes
- Enhances financial forecasting with more accurate and accessible vendor payment data

COI management

Managing Certificates of Insurance (COIs) for vendors is a critical component of risk management within vendor operations. The process of managing COIs is streamlined with proptech.

Benefits:

- Ensures all vendors comply with insurance requirements before entering the premises, mitigating financial and legal risks
- Automates the tracking and verification of COI expiration dates, prompting timely renewals to maintain continuous coverage
- Centralizes COI data storage, making it easy to access and manage vendor insurance information

By embracing these proptech solutions for vendor management, you can significantly enhance operational efficiency, reduce risks, and pave the way for stronger vendor relationships—ones built on a foundation of transparency, reliability, and compliance.



Conclusion

It's time to be proactive and not just adapt to change, but to transform. By harnessing proptech solutions outlined in this guide, you have the opportunity to architect a new standard for vendor management—one that is marked by precision, efficiency, and resilience.

Envision a world where every invoice aligns perfectly with its contract, where bids are not just managed but optimized in real time, and where relationship management with vendors transcends transactional interactions and becomes a strategic asset.

Looking ahead, the landscape of CRE operations will be shaped by those willing to lead with innovation. Join in this forward charge, a pursuit fueled by the power of proptech, where your mastery of vendor management becomes a beacon for the industry's progress.

Discover a faster, simpler, more cost-effective way to work with vendors and keep your commercial properties running at their best. And learn how Prism by Building Engines can help you cut your vendor spend up to 30%. Schedule a demo now to learn more about the proptech solutions outlined in this guide.

Request a demo →

