



## Governance Chapter

### Vendor Scorecards

*an approach to evaluate vendor relationships*

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## overview

vendor scorecards have been used as an effective tool by many organizations to evaluate vendor relationships, monitor performance, and drive competition amongst vendors

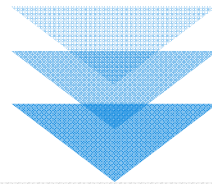
### scorecard benefits include:

- Its a quantitative performance measuring tool that enables the business to provide a centralized view of progress towards objectives and the key performance drivers
- provides an effective way to present and communicate progress towards goals
- monthly evaluations recognize good work and/or identify areas for improvement
- evaluation of vendors on the same scale (as applicable) for competitive comparison, and benchmarking top performers

# what is a vendor scorecard at BSC?

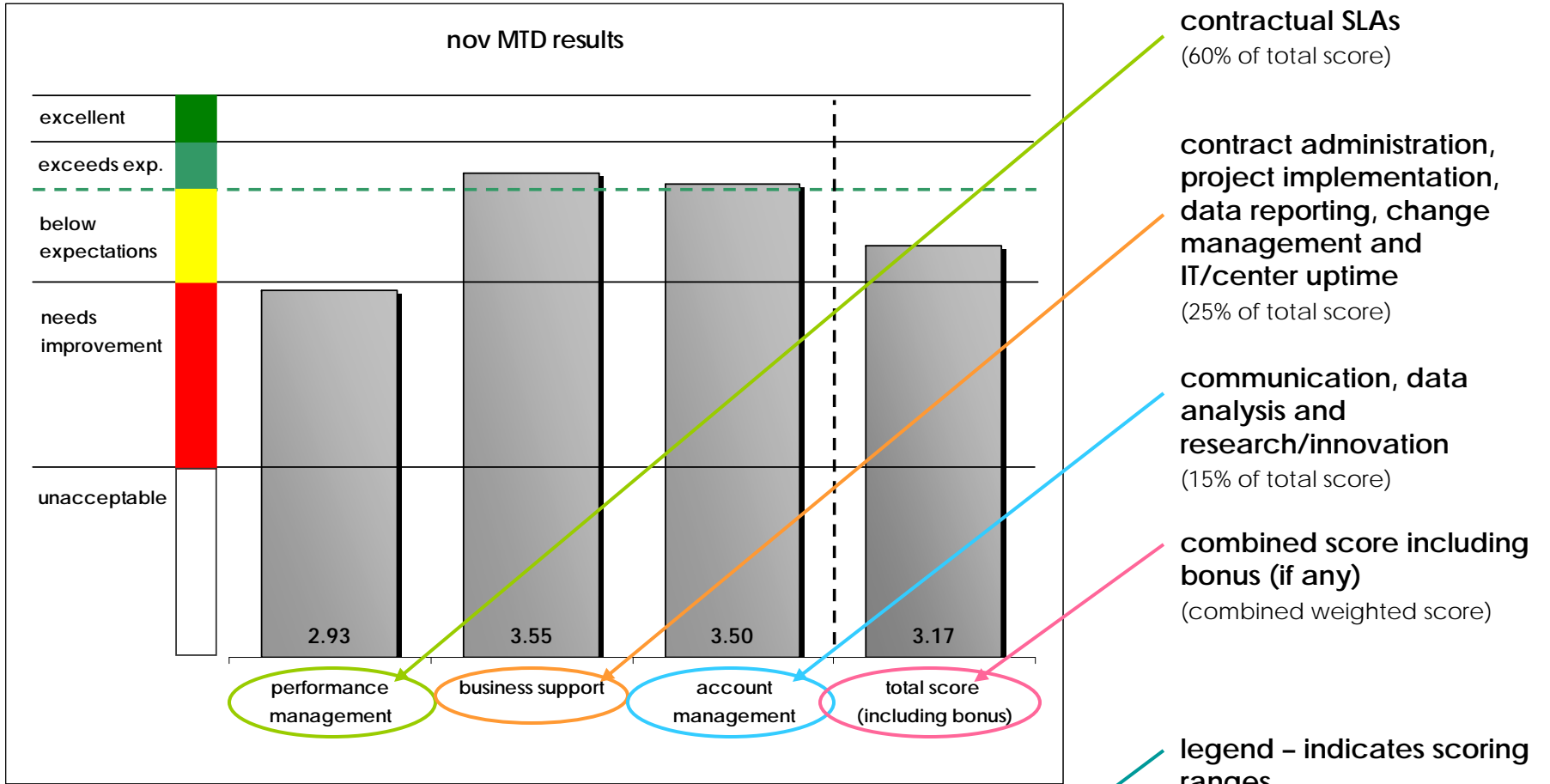


a vendor scorecard combines a vendor's performance to contractual SLAs, their support of BSC's business needs and their overall management of BSC's account into a single reporting tool which is used on a monthly basis to view and report results. each vendor receives 1 scorecard each month and a quarterly rollup at the QBR



- section #1** **performance management** – measures each business process key performance metrics against contractual SLAs
- section #2** **business support** – measures overall vendor support of BSC business and operational needs
- section #3** **account management** – measures overall vendor communication and account support for BSC

# scorecard example – summarized results



legend:	
	excellent (3.75 - 4.00)
	exceeds expectations (3.51 - 3.74)
	below expectations (3.00 - 3.49)
	need improvement (2.00 - 2.99)
	unacceptable (1.00 - 1.99)
	meets expectations (3.50)

# scorecard example – performance management

## objectives may include:

- effectively manages workforce to optimize performance (call abandonment rate, average handle time, staffing to forecast and allocation, and attrition)
- ensure call quality/audit meets or exceeds BSC standards
- improving turnaround time for claims and correspondence
- improve claims and financial accuracy
- build and own training plans/schedules and deliver training (i.e. accent neutralization and product)

## performance and quality metrics may include:

- abandonment rate, AHT, ASA
- turnaround time
- claim level and financial accuracy
- first call resolution scores
- MTM and routine audits

# scorecard example – performance management

metrics are determined from the contractual SLAs and monthly scores are inserted, weighted and then calculated as illustrated below

illustrative sample - metrics A (40%)

no.	weight	goal	actual	metrics	unacceptable (1.00 - 1.99)	needs improvement (2.00 - 2.99)	below expectations (3.00-3.49)	meet expectations (3.50)	exceed expectations (3.51 - 3.74)	excellent (3.75 - 4.00)	comments
1	40.00%	100.0%	100.00%	Timeliness - 36hr absolute (100%)						4.00	
2	60.00%	100.0%	100.00%	Quality = 100%				3.50			
<b>total score for illustrative sample - metrics A (40%)</b>											<b>3.70</b>

illustrative sample - metrics B (30%)

no.	weight	goal	actual	metrics	unacceptable (1.00 - 1.99)	need improvement (2.00 - 2.99)	below expectations (3.00-3.49)	meet expectations (3.50)	exceed expectations (3.51 - 3.74)	excellent (3.75 - 4.00)	comments
1	40.00%	100.0%	90.91%	Timeliness - 48hr absolute (100%)				3.50			
2	60.00%	100.0%	100.00%	Quality = 100%				3.50			
<b>total score for illustrative sample - metrics B (30%)</b>											<b>3.50</b>

illustrative sample - metrics C (30%)

no.	weight	goal	actual	metrics	unacceptable (1.00 - 1.99)	need improvement (2.00 - 2.99)	below expectations (3.00-3.49)	meet expectations (3.50)	exceed expectations (3.51 - 3.74)	excellent (3.75 - 4.00)	comments
1	40.00%	100.0%	66.67%	Timeliness - 24hr absolute (100%)						3.75	
2	60.00%	100.0%	100.00%	Quality = 100%				3.50			
<b>total score for illustrative sample - metrics C (30%)</b>											<b>3.60</b>

# scorecard example – business support

## objectives include:

- effective and timely management of Non-SLA requirements and governance program requirements
- implement projects with no production issues/defects, meet target dates for testing and implementation and complete testing with minimal/minor issues
- submit reporting/invoices timely per SLAs and ensure they are accurate
- improve turnaround effort for change requests
- no outages

## metrics include:

- contracts administration
- project implementation
- data reporting
- change management
- IT/production uptime

# scorecard example – business support

scores are received based upon vendors ability to meet business support objectives: effective & timely management of non-SLA contract & governance program requirements, manage projects effectively, submit accurate reports, improve turnaround time for change requests and no IT outages or production downtime

no.	weight	goal	actual	metrics	unacceptable (1.50)	needs improvement (2.50)	below expectations (3.00)	meet expectations (3.50)	exceed expectations (3.75)	excellent (4.00)	comments
1	20.0%	requirements are met	[3.50] requirements are met	contract administration				3.50			
2	20.0%	expected results and on schedule	[3.75] expected results and on schedule	project implementation					3.75		
3	20.0%	on time	[3.50] on time	data reporting				3.50			
4	20.0%	7-9 bdays or less	[3.50] 6-9 bdays	change management				3.50			
5	20.0%	99.5%	[3.50] 99.5%	IT/center uptime				3.50			



# scorecard example – account management

## objectives include:

- commitments are met in a timely manner including operational issue resolution
- provide data analysis to maximize BSC business
- proactive and responsive account management
- deliver innovation

## metrics include:

- communication
- data analysis
- service delivery management

# scorecard example – account management

scores are received based upon vendors ability to meet account management objectives: commitments are met in a timely manner, provide data analysis to maximize BSC business and proactive/responsive account management

no.	weight	goal	actual	metrics	unacceptable (1.50)	needs improvement (2.50)	below expectations (3.00)	meet expectations (3.50)	exceed expectations (3.75)	excellent (4.00)	comments
1	40.0%	less than 1 bday to respond and managed resolution	[3.50] 1 bday to respond and managed resolution	communication				3.50			
2	25.0%	provides data analysis as requested	[3.50] provides data analysis as requested	data analysis				3.50			
3	35.0%	provides research and presents ideas as requested	[3.50] provides research and presents ideas as requested	research & innovation				3.50			

# scoring definition – guideline

PERFORMANCE METRICS																
No.	Metric	Unacceptable (1.00 - 1.99)			Needs Improvement (2.00 - 2.99)			Below Expectations (3.00 - 3.49)			Meet Expectations (3.50)	Exceed Expectations (3.51 - 3.74)		Excellent (3.75 - 4.00)		
		1.00	1.50	1.99	2.00	2.50	2.99	3.00	3.25	3.49	3.50	3.51	3.74	3.75	3.88	4.00
1	% Orders Shipped < 12 days after data file receipt	<92%	92.50%	93.00%	93.50%	94.00%	95.00%	96.00%	97.00%	97.50%	98.00%	98.10%	98.50%	99.0%	99.5%	100%
2	% Quality	<96.5%	97.00%	97.50%	98.00%	98.50%	99.00%	99.25%	99.50%	99.75%	99.90%	99.92%	99.94%	99.96%	99.98%	100.00%
BUSINESS SUPPORT																
No.	Metric	Unacceptable (1.00 - 1.99)			Need Improvement (2.00 - 2.99)			Below Expectations (3.00 - 3.49)			Meet Expectations (3.50)	Exceed Expectations (3.51 - 3.75)		Excellent (3.76 - 4.00)		
		1.50			2.50			3.25			3.50	3.75		4.00		
1	contract administration	[1.50] missed more than 2 requirements			[2.50] missed 2 requirements			[3.25] missed 1 requirement			[3.50] requirements are met	[3.75] exceeded contract requirements		[4.00] beyond exceeds contract requirements		
2	project implementation	[1.50] >2 issues (vendor responsible) or over 10 bdays			[2.50] 1-2 issues (vendor responsible) or 5-10 bdays over			[3.25] 1-2 issues (vendor responsible) or 1-4 bdays over			[3.50] 1-2 issues (vendor responsible) but 0 bdays over	[3.75] expected results and on schedule		[4.00] exceeded production expectations and ahead of schedule		
3	data reporting	[1.50] over 5 bdays			[2.50] 3-5 bdays over time			[3.25] 1-2 bdays over			[3.50] on time	[3.75] 1 bdays ahead		[4.00] 2 or more bdays ahead		
4	change management	[1.50] >=15 bdays			[2.50] 12-15 bdays			[3.25] 10-12 bdays			[3.50] 6-9 bdays	[3.75] <= 5 bdays		[4.00] <= 4 bdays		
5	IT/center uptime	[1.50] <98%			[2.50] 98.1-99%			[3.25] 99.1-99.9%			[3.50] 100%					
ACCOUNT MANAGEMENT																
No.	Metric	Unacceptable (1.00 - 1.99)			Need Improvement (2.00 - 2.99)			Below Expectations (3.00 - 3.49)			Meet Expectations (3.50)	Exceed Expectations (3.51 - 3.75)		Excellent (3.76 - 4.00)		
		1.50			2.50			3.25			3.50	3.75		4.00		
1	communication	[1.50] >2 bday and poorly managed resolution			[2.50] 2 bday to respond or poorly managed resolution			[3.25] 1 bday to respond and poorly managed resolution			[3.50] 1 bday to respond and managed resolution	[3.75] less than 1 bday to respond and managed resolution		[4.00] immediate response and actively managed resolution		
2	data analysis	[1.50] reluctant to provide data analysis and is over 5 bdays late			[2.50] data analysis is provided 3-5 bdays late			[3.25] provides data analysis 1-2 bdays late			[3.50] provides data analysis as requested	[3.75] provides data analysis in advance of requested date		[4.00] continually provides data analysis in advance of requested date		
3	research & innovation	[1.50] does not provide research and ideas			[2.50] research and ideas presented are irrelevant and/or not aligned with current work streams			[3.25] rarely provides research and ideas			[3.50] provides research and presents ideas as requested	[3.75] provides research and presents ideas as requested and ahead of schedule		[4.00] provides proactive research and provides innovation updates without being requested		

# roles & responsibilities – delivering scorecards

in the BSC governance model the role delineation for necessary action items to complete the monthly scorecard are as listed below:

	actions	dependencies
<b>vendor governance management team</b>	<ul style="list-style-type: none"> <li>manage and implement governance program with vendor</li> <li>provide scorecard templates and process/guidelines</li> <li>provide support and input for monthly scorecard where applicable</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>
<b>strategic and operations vendor relationship team</b>	<ul style="list-style-type: none"> <li>manage scorecard template once available</li> <li>draft and finalize scorecards (including all working drafts)</li> <li>validate bonus (if applicable)</li> <li>circulate scorecard to key BSC team for internal review and finalization</li> <li>circulate final scorecard to vendor account team for review</li> </ul>	<ul style="list-style-type: none"> <li>governance program established with vendor partner</li> <li>scorecard template</li> <li>vendor contract for SLA point of reference</li> <li>data / metric availability</li> </ul>
<b>vendor account team</b>	<ul style="list-style-type: none"> <li>review scorecard and ask any necessary questions / seek clarification where needed</li> </ul>	<ul style="list-style-type: none"> <li>completed scorecard distributed for review</li> </ul>
<b>BSC stakeholders</b>	<ul style="list-style-type: none"> <li>review scorecard and ask any necessary questions / seek clarification where needed</li> </ul>	<ul style="list-style-type: none"> <li>finalized scorecard distributed for review</li> </ul>

# customizing the scorecard



## what one needs to know ...

### an automated solution already exists:

- there are a few different models to leverage depending upon the size of the vendor operations
- tools are automated for ease of use and are all customizable

### BSC owns the scorecard process, not the vendor:

- while vendors are allowed time to review the scorecard and provide their insight, the scorecard is owned and managed by BSC
- since most of the vendors provide for regular reporting and results and BSC is actively engaged with its vendors, none of the results should come as a surprise

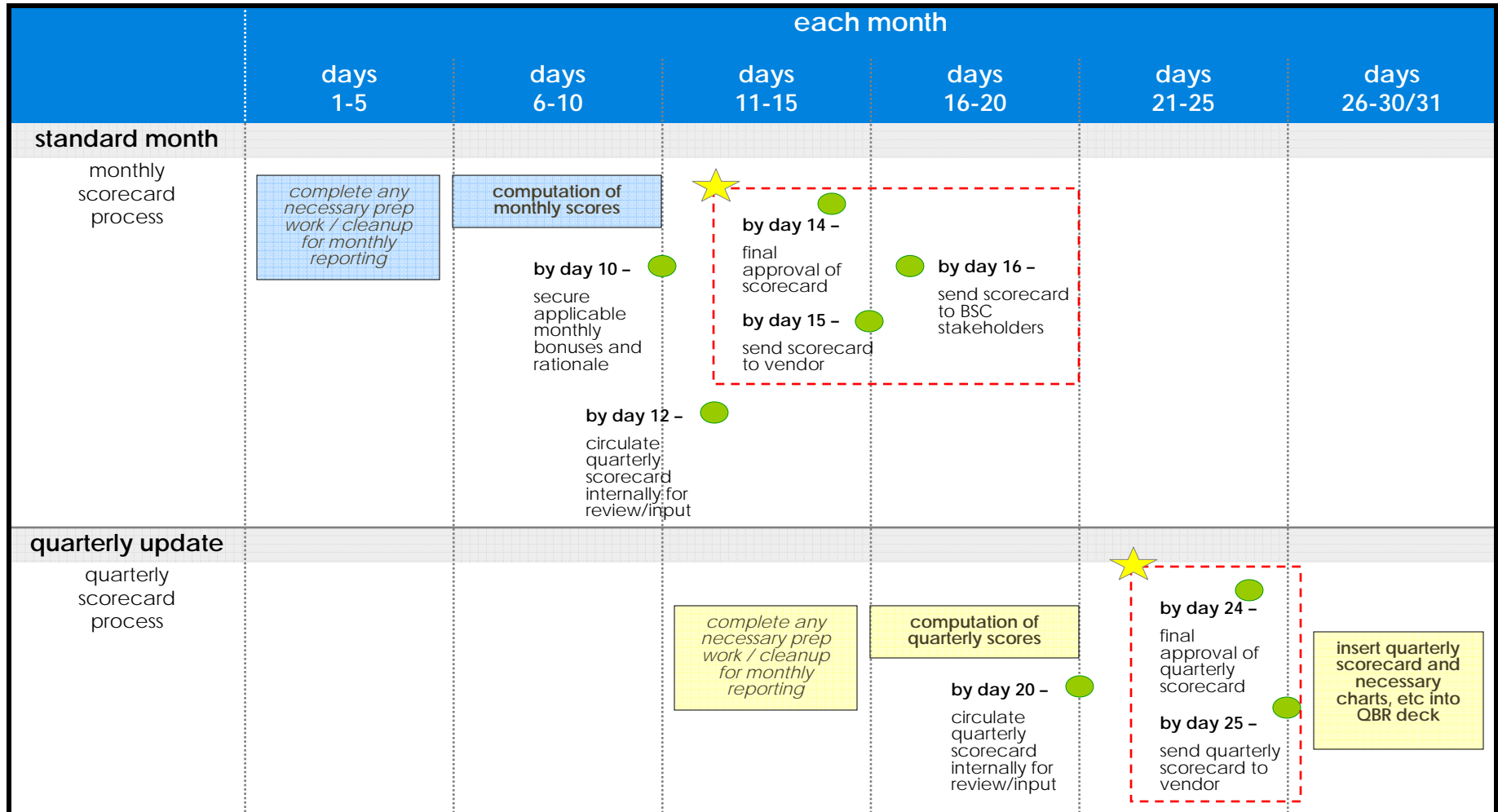


## necessary steps

- secure all contractual SLAs for your respective vendor(s)
- check frequency or reporting for vendor performance
- ensure reporting is made available for monthly scorecard process
- customize scorecard for your respective vendor(s)
- schedule meeting with vendor to review upcoming scorecard procedure
- begin scorecard process and continue with that process on a monthly basis


# monthly and quarterly timelines

illustrated below are the standard operating timelines for generating monthly scorecards



## in summary

- align on strategy and use
- evaluation categories to business objectives (i.e. performance and quality management, business support, account management, etc.)
- within those categories define the objectives and the purpose, then determine the sub-categories and metrics to be used
- determine evaluation criteria and measurement scoring methodology
- decide on how performance evaluations will be conducted (what environment, how often)
- determine the reward/bonus for top vendor performers as a part of the supplier expectations program

 means business  
thank you





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