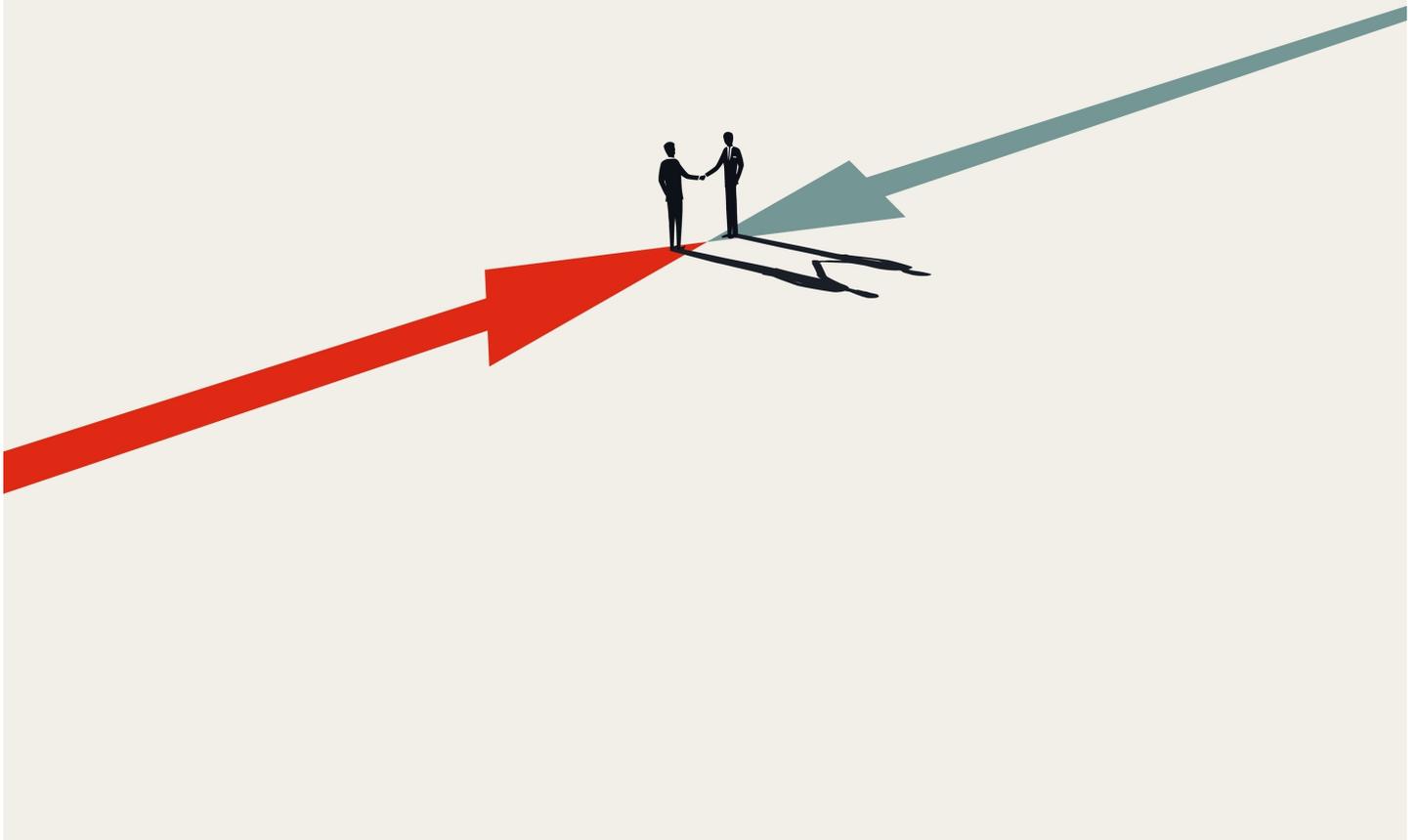




The In-house Counsel's Strategic Opportunity to Foster Strong Vendor Relationships

Commercial and Contracts

Litigation and Dispute Resolution



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In today's complex business landscape, vendors are no longer mere service providers; they are strategic partners who can significantly impact a company's success. When managed effectively, vendors can play a crucial role in driving growth and innovation, whether from strategic alliances to routine operational needs.

In-house counsel and their legal departments are uniquely positioned to oversee vendor relationships, by ensuring compliance with company standards as well as legal obligations, mitigating

risks, and fostering collaborative relationships between the two organizations. The in-house lawyer's role is not just to support the relationship manager, but to provide distinctive insight into the cross-functional impacts of any given action. From crafting thoughtful contracts, implementing monitoring systems, and developing effective dispute resolution strategies, in-house counsel are in the right seat to partner with vendors to bring solutions and success to their organizations.

Key strategies for minimizing vendor disputes

Counsel should adopt a proactive approach to optimizing vendor relationships by minimizing the risk of disputes. The likelihood of conflicts can be reduced significantly through these simple steps:

- Establishing clear expectations for the scope of work, deadlines, and any component of the vendor relationship that directly impacts the company's operations;
- Fostering strong communication between the organization and the vendor; and
- Monitoring compliance and results.

However, even with the most diligent efforts, disputes can arise. When they do, they must be addressed promptly and professionally — both informally through effective communication and with a predetermined dispute resolution mechanism.

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As former legal department leaders, we've experienced firsthand the detrimental impact of traditional litigation on businesses. When a dispute takes 12-24 months to resolve, acrimony inevitably sets in. That's why we always encourage our peers to seek out ADR forums designed to provide efficient and amicable solutions to legal disputes. Be sure any such forum provides experienced mediators and arbitrators, technology support and remote options, and thoughtful rules and pricing that specifically address gamesmanship — for example, in discovery. In this way, any potential tactics to create delays and pain, which inevitably sour critical relationships, will be mitigated.

With ADR, parties can create a path to a more amicable resolution. By thoughtfully defining the process, an organization and its vendor can resolve a dispute without pointless posturing and letter writing and potentially without even needing to engage outside counsel.

[The ACC Cybersecurity Summit will be hosted in Los Angeles, CA, March 24-25. Register here.](#)

Effective approaches for addressing vendor disputes

In-house counsel are also well positioned to establish and enforce basic principles that maintain positive relationships, even after disputes arise. When things don't go as hoped, in-house counsel can take the lead on:

Acknowledging the impact

Acknowledge the impact of a dispute on the vendor relationship and the company, including personnel.

Taking responsibility

If appropriate, take responsibility for any holes in the contract or missed prevention opportunities.

Rebuilding trust

Take steps to rebuild trust with the vendor and find room for compromise or other business opportunities.

Maintaining open communication

To avoid future misunderstandings, continue communicating openly and honestly with the vendor and coach others involved in doing the same.

Learning from the experience

Use the experience as an opportunity to tighten contracts and agreements, prepare your business counterparts, and proactively consider how you will develop agreements for future vendor relationships.

Account for the contract lifecycle

Proactively approaching vendor management that accounts for the entire lifecycle of a vendor relationship, including accounting for inevitable disputes, provides in-house counsel with the opportunity to help their organizations foster strong, long-lasting relationships with vendors. Ultimately, this leads to increased efficiency and cost savings. It also preserves important relationships with vendors who can aid in your company's success.

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