



# Tracking Vendors and Reducing Expenses

Are your vendors costing you more than they should?



# Introduction:

## Why effective vendor management is critical

**Grocery and convenience store retail environments require a huge amount of equipment to run effectively and help keep revenue flowing, from fridges and HVAC systems to lighting and vending machines, all the way down to slushies and coffee makers.**

Every asset plays its role in elevating the customer experience. However, all this equipment requires maintenance and repairs.

As supporting a large in-house team is becoming less viable, retailers increasingly rely on multiple vendors for delivery of maintenance to ensure equipment functions correctly.

That is why vendor management is such a critical aspect of facilities management (FM) in the retail sector. From onboarding and contract management to performance evaluation and offboarding, managing and tracking multiple vendors can be complex. Yet today, many companies still use traditional methods like paperwork, spreadsheets, and email chains.

These outdated practices require manual intervention, physical data input, and time-consuming clarification phone calls, which can lead to errors, increased costs, and poor decision-making. Not to mention, the risk of lost revenue and damage to a company's brand image.

So, with effective vendor management now more important than ever, it's vital that you get the right strategies in place for long-term success.

Below, we'll share actionable insights for retailers to improve oversight, foster stronger partnerships with vendors, and reduce costs. We'll also discuss how to improve outcomes and quality of service through smarter vendor management strategies.



# Shedding light on vendor performance

In order to keep their stores operational and provide a pleasant shopping experience for customers, facilities managers in grocery and convenience store retail typically juggle a large number of service vendors simultaneously. These vendors cover a wide range of essential services, including routine maintenance, HVAC repairs, refrigeration upkeep, supplies replenishment, and more.

The challenge of managing these vendors is amplified for those with extensive store networks. For example, one Nuvolo customer - a regional supermarket chain with over 330 locations - manages a network of over 1,600 vendors across 19 states.

Given this complexity, an effective vendor management strategy is crucial to the success of retail organizations that outsource asset and maintenance management work to external vendors or service providers.

To establish a solid foundation for such a vendor management strategy, increased transparency and better accountability are absolutely key. Ensuring and maintaining this transparency around vendor performance can help build trust and foster more productive vendor partnerships.

Moreover, clear communication encourages better collaboration and can help streamline problem resolution. This ensures that expectations are met and any equipment downtime issues are quickly addressed—therefore enhancing customer experience and increasing revenue potential.





# Practical steps for implementing a vendor management strategy

It's all well and good outlining the benefits of transparency and accountability within vendor performance, but how do you get the right processes in place to start with? Let's explore practical steps retailers can take to build an effective vendor management strategy.

## 1 Establish clear KPIs

The first step in getting an effective vendor management strategy in place is developing a comprehensive set of key performance indicators (KPIs). Some examples of performance metrics you might wish to track in a retail environment include:

- MMTR (Mean Time to repair)
- Ratio between planned and reactive maintenance
- Service Level Agreement (SLA) compliance
- Work order travel cost per vendor
- Breached SLAs by vendor
- Work order parts cost per vendor
- Life cycle contracts spend
- Asset downtime
- Repair cost compared to replacement cost

These specific KPIs enable FMs to quantify key aspects of the vendor partnership that may be challenging to understand without numerical values. As such, these KPIs serve as a guiding light for retail business operations.

## 2 Implement a centralized facilities management platform

In order to track and measure the KPIs that have been set, retailers must implement the right tools to monitor service quality, cost, and other key metrics in real-time.

A centralized facilities management platform makes it much easier to gather and manage vendor-related information, including contracts, contact details, service level agreements (SLAs), and compliance documents.

In addition, combining vendor and maintenance management in a single system creates a unified approach to handling facilities operations.

When facility teams and vendors share the same data, it leads to:

- Increased data reliability and accuracy
- Enhanced accountability
- Mitigated costs
- Reduced risk
- Improved visibility and reportability

This integrated approach ensures that processes such as service requests, work orders, and repair/maintenance updates are recorded once, meaning there's no duplication of effort. The result is a reduced risk of inaccurate information and miscommunication.

Plus, consistently tracking performance against predefined KPIs and SLAs can quickly reveal overcharges, contract breaches and areas for improvement. Implementing the right tools as soon as possible is crucial to realizing these benefits.

## 3 Establish regular review meetings

Beyond using tools to track vendor performance, it's also a good idea to establish regular performance review meetings with key vendors. This can support vendor relationships, collaboration, and transparency.

During these meetings, both parties will have the chance to raise any issues or queries, as well as highlight any problems if vendors aren't meeting expectations.

This provides the opportunity to implement new strategies and tackle emerging problems if necessary. It also enables FMs to make informed decisions about which vendors to continue working with in the future.

# Driving data-driven vendor selection

**In the retail environment, work orders for refrigeration, HVAC, lighting, plumbing, and hot foods and preparation equipment represent some of the most substantial operational expenses for facilities managers.**

These critical systems demand significant maintenance attention and can quickly become costly cost centers if not managed strategically.

However, by using data, FMs and operations teams can transform vendor management from a reactive expense to a proactive strategic opportunity. They can evaluate vendor performance to ensure the right company is being used for the job, guaranteeing the best possible price and making it possible to set more accurate budgets.

Yet better visibility into vendor service delivery offers more than just greater cost control. These insights can be used to drive greater efficiency, mitigate operational

risks, and enable retailers to make informed decisions about vendor relationships and procurement strategies.

Additionally, this approach plays a crucial role in compliance assurance, helping track and evaluate whether vendors adhere to relevant regulations and standards.

Here is how retailers can make data-driven vendor selection more effective in order to ensure the best service, quality, cost, and reliability.

## Comparing vendors and making informed decisions

Retail businesses need to harness performance analytics to evaluate and compare vendors based on key considerations like service quality, cost, and reliability. This data-driven approach enables them to increase selection accuracy.

What's more, by implementing a vendor scoring system, businesses can objectively assess each vendor based on these core factors.

This data can also support informed decision-making, but in order to make this possible, FMs must equip all decision-makers with comprehensive vendor performance dashboards for at-a-glance insights.

These visual tools make it easier to simplify comparisons and highlight the best options, empowering the team to make informed choices about vendors quickly and confidently.



## Unlocking greater operational efficiency

By using vendor performance insights, businesses can streamline operations and direct work orders to those best suited to the task. For example, work might be allocated to specific vendors based on their fair prices, track record of meeting deadlines, or ability to handle reactive maintenance.

A key component of this efficiency is smart dispatch management – ensuring technicians are deployed effectively based on proximity, skill set, and priority level.

Through data-driven dispatch management and route optimization, FMs can reduce downtime, minimize unnecessary travel time, and enhance first-time fix rates. Implementing automated dispatch through a centralized platform can also provide real-time visibility into ongoing work, enabling teams to proactively manage delays and emergency requests.

This streamlined approach to vendor dispatch reduces inefficiencies and enhances overall workflow, ultimately improving service outcomes while controlling costs.

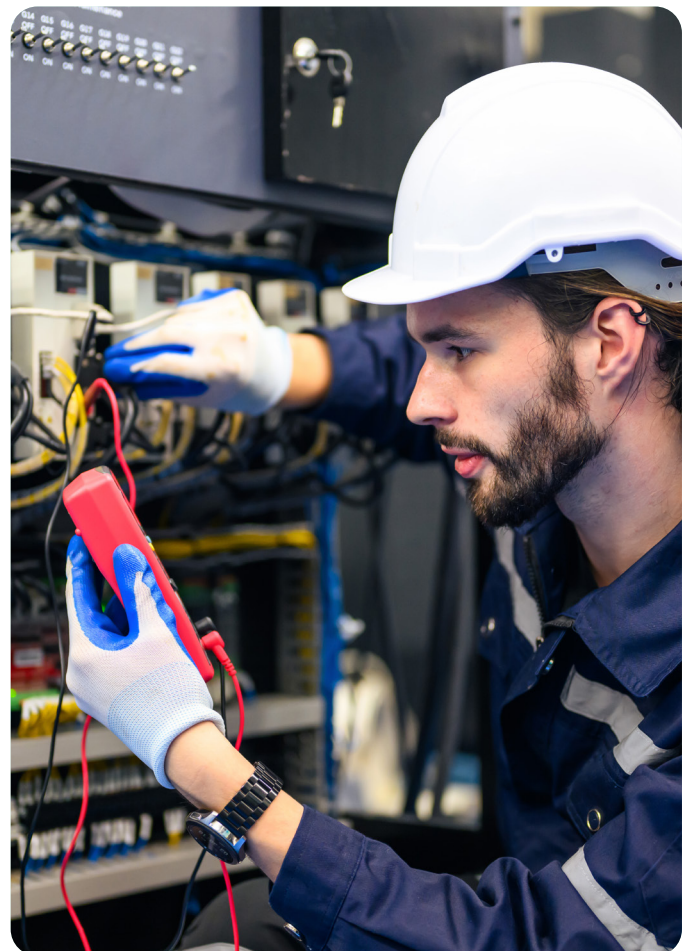
“ A key component of this efficiency is smart dispatch management – ensuring technicians are deployed effectively based on proximity, skill set, and priority level.

## Evaluating vendor performance

Businesses can track and review vendor performance through SLAs and contract cost benchmarks. This will intelligently inform future contract negotiations and ensure that the chosen vendors consistently meet expectations, delivering value aligned with contractual terms.

On top of this, it's important to foster a structured and transparent bidding process; this ensures that retailers secure the best combination of value and long-term partnership potential. By requiring vendors to submit detailed proposals, businesses can assess bids against data-driven performance metrics and accurate asset lists.

To maintain the integrity of the vendor selection process, retailers must regularly validate the accuracy of data collected from their chosen vendors. Reliable data is critical for performance comparisons and contract negotiations. Therefore, it's vital that vendors offer accurate insights.



# Building strong vendor partnerships

**A strong partnership model is a collaborative approach where both facilities managers and vendors can work together toward mutual goals rather than maintaining a purely transactional relationship.**

Adopting a partnership mindset like this can significantly enhance business outcomes. It is a key driver of mutual success and continuous improvement that can increase efficiency and cost savings while also leading to trust, transparency, and long-term stability.

On top of that, collaborative relationships can give retailers a stronger negotiation position and possibly even a competitive advantage, such as exclusive deals or products.

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## Practical steps for encouraging collaboration

In order for vendors to become collaborators rather than mere suppliers, there are some practical steps retailers can take as part of their vendor management strategy:

- 1 Align goals with shared KPIs**  
Work with vendors to identify mutually beneficial goals. For example, maintaining 99% uptime on refrigeration units can result in a 5% increase in perishable goods revenue by reducing spoilage. To support this, retailers and vendors can establish a reward-based SLA that incentivizes uptime on refrigeration units.
- 2 Foster open communication**  
Schedule regular reviews and establish a feedback loop with your vendors. Leverage collaborative software or vendor portals to centralize communication and track progress.
- 3 Implement initiatives for mutual process improvement**  
Collaboratively identify bottlenecks or inefficiencies in areas like order processing, inventory management, or logistics and implement training, pilot programs, and new processes to tackle these together.
- 4 Establish fair and flexible agreements**  
Include clauses that outline how risks will be shared and managed and ensure contracts allow for adjustments as the partnership evolves or new opportunities arise.
- 5 Build trust through transparency**  
Always be transparent and provide vendors with access to any relevant data or information they may need to help them plan their maintenance schedules.
- 6 Leverage data and technology**  
Use modern facilities management system analytics to provide real-time visibility and to implement automated work orders, invoicing, and reporting that improves efficiency.

Let's explore how vendors and retailers can leverage data and technology to achieve shared goals, using smarter vendor management solutions from Nuvolo.

# How Nuvolo can help

**Nuvolo provides a modern facilities management solution featuring essential vendor management capabilities.**

The connected platform enables facilities teams to update work orders, inventory information, and asset history all from one central location. It also makes financial management more efficient with the ability to tackle invoicing and vendor expenses.

The key to success is sharing the platform with all vendors. With Nuvolo, they complete the assigned work directly from the mobile application, submit invoices, and track their performance.

Vendors can also create subcontractor access to the portal, consolidating all work (and data!) into a single location, whether it's completed by the vendor or the vendor's vendor.



Having internal and external technicians working from the same platform captures all equipment work history in real-time and results in overall better vendor management. Vendors will be more efficient, equipment work order history will be more accurate, and key data will be available for performance review.

This up-to-date, centralized data makes it possible to identify discrepancies and potential issues, as well as provide transparency that leads to trusted partnerships.

## But don't just take our word for it: A well-known convenience store case study

Our customer operates in 20 countries and has roughly 85,000 stores as of August 2024. In 2019, they decided to start their rollout of Nuvolo to over 10,000 stores across the US in order to simplify problem resolution, automate routine tasks, and improve service quality.

With 1.2 million work orders a year to contend with, they chose to work with Nuvolo on a way to auto-dispatch all their work orders. In doing so, 99.9% of their work orders are now auto-dispatched without human intervention.

Not only this, but the level of reporting available in Nuvolo has offered complete transparency for their employees and their chosen vendors.

### **Business Process Owner of Maintenance Systems, said:**

"Not only do we have complete transparency between our internal team and our external vendors, but we're also able to see data in real-time for better performance, so there are no surprises. There's no waiting until the end of the month when a vendor scorecard comes out for vendors to realize that they've missed the ball. We actually have vendors running pilot programs with us because they're able to see these real-time insights and readjust their performance accordingly."



# In summary:

## Building long-term success in vendor management

**Achieving long-term success in vendor management requires a clear focus on performance transparency, effective data utilization, and collaborative partnerships with vendors. These key themes are drivers for greater cost savings and operational efficiency.**

By embedding these vendor management strategies into broader retail operations, organizations can unlock sustained performance improvements and reduce costs while also fostering more productive vendor relationships.

In order to build these vendor relationships and deliver measurable results, retailers must:

- Establish detailed KPIs to ensure accountability
- Foster open communication to build trust and ensure alignment between internal teams and vendors
- Provide training to empower relevant staff to utilize collaborative tools and manage vendor relationships effectively
- Make deliberate investments in relationship-building to strengthen collaboration over time

Of course, retailers should also choose Nuvolo's vendor management solution to streamline operations and centralize vendor data.

By taking these steps and partnering with Nuvolo, they can set themselves up for long-term success, ensuring their vendor management practices not only meet today's challenges but also create a foundation for continued growth and collaboration in the future.





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