EXECUTIVE CASE STUDY · BOARD-SAFE EDITION

A strategic vendor missing milestones, six months from renewal.

An anonymized account of an independent vendor contract review at a mid-to-large omnichannel retailer — a Tier-1 retail technology vendor anchoring store replenishment and omnichannel fulfillment, three of the last five milestones missed, a renewal commitment six months out, and the structural finding that the commercial leverage available before renewal was materially higher than the vendor account-management view had suggested.

SECTOR
Retail & Consumer · Omnichannel

SERVICE
Vendor Contract Assurance

CONTRACT SCOPE
Strategic Tier-1 retail vendor

DECISION HORIZON
Pre-renewal leverage window

01 Executive snapshot

A mid-to-large omnichannel specialty retailer was approaching renewal on a strategic five-year contract with a Tier-1 retail technology vendor — a platform anchoring store replenishment, omnichannel fulfillment, and direct-to-consumer logistics. The vendor had missed three of the last five implementation milestones. The CIO, CFO, and Chief Procurement Officer were not aligned on whether to renew, renegotiate, or begin a replacement evaluation. A four-week independent vendor contract review reconstructed the milestone-miss record, quantified the renegotiable value, and produced a single board-defensible renewal posture inside the pre-renewal commercial leverage window.

ENGAGEMENT AT A GLANCE

Sector	Retail & consumer — omnichannel specialty
Engagement type	Vendor Contract Assurance (pre-renewal review)
Sponsor	CIO · CFO · CPO · Chief Supply Chain Officer
Scope	Strategic Tier-1 retail technology vendor relationship
Duration	Four weeks
Contract envelope	Mid eight-figure five-year contract value
Decision horizon	Renewal in six months; leverage window closes once renewal lands
Decision supported	Renegotiate, renew under existing terms, or initiate parallel replacement evaluation
Final posture	Renegotiate with conditions, backed by a credible parallel-evaluation leverage instrument

02 Context and pressure

The vendor anchored core retail operations — store replenishment, omnichannel fulfillment, exception-handling automation, direct-to-consumer logistics — across several hundred stores and a material digital channel. Switching cost was real; integration depth was material; and the vendor account-management team had positioned the recent milestone misses as episodic, with the next implementation wave expected to catch up.

The pressure was internal first. The CIO wanted to renegotiate; the CFO leaned toward renewing on substantially current terms; the CPO had begun quietly sketching a replacement evaluation. The board would receive a recommendation in approximately ten weeks. The executive team wanted a single defensible position, anchored in evidence rather than in three competing assessments.

> *"Account management tells me the misses are episodic. Procurement tells me the pattern is systemic. I have eight weeks to take one position to the board, and I would like it to be the right one."*
>
> **CFO · INITIAL BRIEFING**

03 The failure mode

The primary pattern was not a vendor performing badly. It was a contract whose commercial structure had not kept pace with the integrated outcomes the retailer actually needed — and a renewal conversation that was being shaped by vendor account-management rather than by the forensic record. Four behaviors had drifted together.

Milestone misses were systemic, not episodic

Three of the last five milestones had been missed. The misses concentrated on milestones tied to integrated outcomes — store-replenishment integration, omnichannel fulfillment cutover, exception-handling automation — rather than on isolated configuration milestones. The pattern was structural; it was not going to resolve through additional vendor effort at the current contract design.

Commercial structure rewarded activity, not integrated outcomes

Milestone definitions in the original master agreement were activity-based — discrete configuration deliverables. Integrated-outcome readiness was not contractually instrumented. The vendor delivered against the activity-based milestones; integrated outcomes systematically slipped. The contract was paying for activity that did not always land as a system.

Pre-renewal leverage was materially under-priced

The sponsor team had assumed renewal leverage was moderate. The vendor depended on the account as a published reference; integrated-outcome milestone-miss documentation, brought to a renewal table, was a leverage factor that account-management conversations had not surfaced. The leverage available before renewal was materially higher than the team had assumed.

Replacement evaluation was treated as binary

The team had framed replacement as a decision to execute or not execute, rather than as a leverage instrument. A parallel evaluation does not require commitment to switch; its existence reshapes the renewal conversation regardless of whether the retailer ultimately switches.

The accumulated exposure was not a single defect. It was the gradual under-pricing of **commercial leverage** in a pre-renewal window where leverage compounds quickly and evaporates the moment renewal lands.

04 What we actually did

The mandate was commercial and time-bound: produce a defensible reading of vendor performance and pre-renewal commercial leverage in four weeks, in a way the board could accept as the basis for a single renewal posture. The work was forensic reconciliation between three sources — the master vendor agreement and amendments, the milestone performance record, and the parallel-evaluation feasibility of two credible alternative vendors.

Reconstructed the milestone-miss record

The master agreement, statements of work, change orders, and milestone definitions were reconstructed in sequence. The performance record across the most recent implementation wave was reconciled against the contracted milestones: dates committed, dates delivered, scope variance at delivery. The pattern emerged clearly when the misses were classified by milestone type — activity-based versus integrated-outcome.

Quantified the renegotiable value

Renegotiable value across the remaining commitment was sized at the standard pre-renewal renegotiation band — 15 to 25 percent of remaining commitment under a documented milestone-miss pattern. An additional layer of implementation contingency, currently carried on the retailer's balance sheet, was identified as available for re-allocation to vendor-side risk pricing in renegotiated terms.

Tested replacement-evaluation feasibility

Two credible alternative vendors at the same tier were identified. Switching cost was modeled across implementation, data migration, integration, change, and operational disruption. The conclusion was direct: replacement is materially more viable than account-management discussions suggested — primarily because the commercial leverage of running a parallel evaluation does not require executing one.

Aligned the sponsor team on a single posture

The four executives were brought into a closed working session to test the three competing positions against the same forensic record — to produce a single board-defensible posture they could carry into the recommendation meeting together.

05 The decision

The validated position was not vendor failure. It was a contract whose commercial structure had not kept pace with the integrated outcomes the retailer needed — and a renewal window where the leverage available was materially higher than the team had assumed. Two trajectories were placed in front of leadership.

ASSUMED TRAJECTORY

Renewal proceeds on substantially current terms; commercial leverage at renewal is moderate; replacement is impractical. Three executives carry three competing positions to the board.

VALIDATED POSITION

Milestone-miss pattern is systemic; commercial leverage is materially higher than account-management discussions suggested; parallel replacement evaluation is a credible leverage instrument independent of intent to switch. A single board-defensible posture is available.

Three options were placed on the table — renew under existing terms with formal residual-risk acceptance; renegotiate with conditions; or initiate replacement. Renewing under existing terms was ruled out as undefensible to the board on the milestone-miss record. Full replacement was ruled out as disproportionate to the actual structural issues. The defensible path was **renegotiate with conditions**, backed by a parallel replacement evaluation as a standing leverage instrument — credible because the evaluation is being executed, not merely contemplated.

RENEWAL POSTURE

Renegotiate with conditions · Backed by parallel-evaluation leverage

VALIDATED · DEFENSIBLE · BOARD-READY

Renewal proceeds on renegotiated terms anchored in integrated-outcome milestones and vendor-side risk pricing. Parallel replacement evaluation continues as a standing leverage instrument independent of intent to switch.

06 What changed

The review did not pick the answer for the executive team. It produced the evidence that let four executives pick the same answer.

Commercial leverage protected

Renegotiable value across the remaining commitment was surfaced before renewal landed — value that would have evaporated the moment renewal closed for the next contract cycle.

Vendor accountability reset

Milestone definitions were reframed from activity-based to integrated-outcome-based. Vendor-side risk pricing was introduced for integrated outcomes. The contract continued; the basis for paying under it changed.

Sponsor alignment restored

The CIO, CFO, CPO, and Chief Supply Chain Officer arrived at the board on a single defensible posture rather than three competing ones. The recommendation carried because the four executives carried it together.

Replacement option preserved as real

The parallel replacement evaluation continued as a standing leverage instrument — credible because it is being executed, not merely contemplated. The threat is real only if the evaluation is real.

None of this was framed as a vendor split. It was framed as the restoration of commercial discipline in a contract that had quietly drifted away from the outcomes the retailer needed.

07 Lessons for leadership

Four observations the engagement left with the executive group. Each is offered for reflection, not prescription.

Account-management cadence is not the same as commercial evidence.

Quarterly business reviews and account-management discussions are designed to maintain the relationship. They are not designed to produce the forensic record a renewal renegotiation requires. The two should not be confused with one another inside a pre-renewal window.

Pre-renewal leverage is calendar-driven; commercial conversations rarely are.

The leverage window has a hard close. Once renewal lands, the leverage available evaporates for the next contract cycle. Most internal commercial conversations move at a pace that is not aligned to that calendar.

"We cannot replace them" is operationally true and commercially relevant in opposite directions.

High switching cost is a fact. It is also exactly why the renegotiation conversation matters more, not less. A parallel evaluation as leverage does not require commitment to switch — its credibility is in its execution, not in its outcome.

A new contract will not, on its own, repair structural conditions.

Process misalignment, data quality, adoption, and governance issues follow organizations across vendor changes. A renewal that does not address the underlying conditions — by anchoring milestones to integrated outcomes and introducing vendor-side risk pricing — will simply rerun the existing pattern under a fresh signature.

VALIDATION POSITION · POINT-IN-TIME RECONCILIATION

Forensic snapshot of vendor performance and commercial leverage at the time of engagement. Material changes to vendor performance, replacement-evaluation outcomes, or competitive landscape require renewed reconciliation. All detail generalized for board-safe publication. **Independent IT Delivery Assurance** conducts pre-renewal vendor contract reviews typically in three to five weeks, without disruption to the live vendor relationship.