



Case Study: A Story provided by an Executive of a Fortune 500 company

What Makes an Outsourcing Partnership?

The following white paper, written by an Insurance Executive at a Fortune 500 company, describes how they've applied Advance Consulting's partnering comfort factors to partner with an external vendor.

We are entering the fifth month of a seventeen-month partnership with a large Technology Service Provider and as I reflect on what we are learning, I want to share some observations.

We knew this would not be a typical vendor/customer relationship, yet that is the only reference we have experience with when working with our vendors. We're learning how to partner with external assistance, and I am confident we will continue to get better as we go. We're also developing a new model for Information Technology to use in providing business function to our business partners. This means we may not follow all the existing processes in our more traditional project work. We will see what works well and keep it in the model. We will learn what doesn't work so well, and find alternative ways.

In this outsourcing partnership, both parties have much to gain if we succeed, and much to lose if we don't. As a company, we have business functionality and competitive advantage to gain. Our partner has economic opportunities and business relationship growth to gain. Our organization risks ineffective use of a large amount of money and resources, along with potential risk to the company brand. Our partner risks loss of some of their economic gain, as well as significant loss of business relationship. That's the basis of this partnership approach to delivering Information Technology work--neither party can be successful if both are not.

Developing A Partnership Attitude

The outsourcing partnership is not just between two companies. In order to be effective, it must be an attitude of partnership between you, me, and anyone we work with toward the business objectives. I recently read a book titled **The Consultative Approach: Partnering for Results!**, authored by Virginia LaGrossa and Suzanne Saxe. It identified several partnering comfort factors, which I have listed below, and applied to this large initiative.

- Partnering is multidimensional. Trust, integrity, mutual respect, honesty, open communication, collaboration, and joint accountability are essential to working as a partner. Without these attributes, a partnering relationship cannot exist.

Every team member (both internal and external) deserves respect for what they bring to the table. They must be willing to have open, frank discussion about expectations. They must be willing to hold each other accountable for commitments.

- **Partnering is not a result or a destination**--you must continually work toward partnership. The better the relationship, the more trust, respect, and open communications you have.

Partnering takes work, especially in the area of clear, frequent, and frank communications.

- **Partners share a common goal**, even though they may have individual goals. The shared goal is a higher, overarching goal that keeps the commitment alive. When goals conflict or are not clearly understood, the ability to partner is in jeopardy.

We must continually re-examine the goals. If we do not understand, or things seem to be changing--we must seek clarification or correction.

- **Partners seek to understand** what is important to each other and to share a mutual spirit of ethics and appropriateness.

We should always seek to know what each other's expectations are, and if we don't understand them--seek further.

- **Being open** with one another can be uncomfortable at times, but it is absolutely critical to the survival of the partnership.

This is more difficult in a traditional vendor/customer relationship--and even more so in our organizational culture where we typically do not like confrontation. Yet, we can be open and frank without being confrontational. It's a matter of expectations, and a partnership cannot exist if we don't have a common understanding of each other's expectations and a willingness to be open with one another.

- **Trust**, which depends on integrity and reliability, is often the deciding factor in determining if one person is comfortable partnering with another. Trust is earned and acquired over time. If trust is lost, so is the partnership.

Trust is difficult to develop in a short-term relationship. Yet we can build trust in every daily action and interaction we have with one another. Being dependable about commitments, not promising more than can be delivered, doing what we say we will when we said we would--these are all trust builders.

- Successful partners have an **attitude of generosity** and a **willingness to follow through** on commitments.

An attitude of generosity means being there when needed, even if it's inconvenient or uncomfortable. The same is true for a willingness to follow through on commitments.

- And finally there has to be a "**positive gut feeling**" about the overall partnership and the results being produced.

This is tough to define. We have metrics to help show progress and success. Yet the "positive gut feeling" is something you either feel or you don't. If you don't, you should be seeking why and what is wrong. Generally, that means exercising all the partnering comfort factors detailed above.

Areas To Apply Partnering Comfort Levels

There are two major areas where we can apply these partnering comfort levels to the benefit of our partnership--and ultimately to the successful delivery of our business initiatives.

Issue Management

Whether it's a minor issue at a task level within a project team, or a major one being addressed at the Program Management Office level, we must be willing to hold each other accountable for resolution.

A minor issue can often be resolved between two people, and usually it's a relatively simple matter of expectation or understanding. Yet, often they go unresolved because we do not want to be too demanding, or we don't want to risk alienation, or we just don't feel comfortable following up. Most major issues begin as minor ones. As they age and eventually get escalated, they become more difficult to easily resolve.

In this partnership, we must hold each other accountable for commitments needed to keep things moving. We should expect answers to our questions and requests within 24-48 hours, and even sooner when appropriate. If an issue cannot be resolved within 24-48 hours, there should always be an owner with a commitment for some follow-up action within the next 24-48 hours.

Scope Management

Scope management may be one of the most difficult parts of a project to manage. It is so easy to rationalize changes as we proceed. It just always seems to make sense, and in fact often seems downright dumb not to include the change. Our current business initiatives are based on a very clearly defined charge from our business partners —more rapid progress on several business needs. We cannot make rapid progress and allow scope changes along the way. Rapid progress and scope change are two mutually exclusive terms. If we ask our partner for a scope change, they should challenge it.

Scope change can be defined as a change to the business functionality promised to our business partners and bid in the contract. It can also be defined as an increase in the fixed bid contract dollar amounts for work that was defined in scope. We cannot afford for any to happen as a result of "being nice" or "this isn't that big" attitudes, even though they are well intended. We have procedures for reviewing (and potentially approving) scope changes.

These areas, Issue and Scope Management, are challenging and often will require us to step back and remember we are partnering here. It's not about me or you, or which one wins the issue--it's about moving forward to our common goal.

I challenge us all to practice these partnership comfort factors in all our day-to-day activities. And above all--seek further information when we don't understand each other. That can go a long way to proactively avoiding uncomfortable situations, and ensuring success.

Thanks.

Client Executive Sponsor

For more information about this article or how Advance Consulting, Inc. can assist you in developing your people as consultants and business partners, contact us at advanceinfo@advanceconsulting.com or 415.927.5401.