



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Outsourcing Lessons Learned

3:30 – 4:20 pm

Monday, February 23, 2004

Abe Eshkenazi

Managing Director

American Express Tax & Business
Services



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Abe Eshkenazi, CPA, CHE, CAE
Managing Director
American Express Company
Tax & Business Services Inc.

Mr. Eshkenazi is Team Leader and a Managing Director for American Express TBS Consulting Group, which provides business, operational improvement services, and outsourcing to professional service organizations, education, governmental, and tax-exempt organizations. Mr. Eshkenazi is primarily responsible for business development, project quality and engagement review. His leadership role includes project management, assisting clients in operational efficiencies through business process redesign, individual and organizational alignment, cost containment, and managing implementation of information system enhancements and integration.

Mr. Eshkenazi last position was Principal and Managing Director for Collaborations in Healthcare; a healthcare consulting company he helped create. Mr. Eshkenazi spent four years as Vice President and CFO of the American College of Healthcare Executives and ten years as CFO of non-profit health services organization.

Most recently, Mr. Eshkenazi has led the privatization of:

- City Colleges of Chicago Office of Finance and is currently serving as Vice Chancellor/CFO for the City Colleges.
- Jane Addams Hull House Association Finance Department.

Education/Certifications

MBA, Northwestern University, Kellogg Graduate School of Management (Marketing & Management)

MBA, DePaul University (Finance)

BA, Northeastern Illinois University

Certified Public Accountant

Certified Healthcare Executive

Certified Association Executive



Outsourcing Lessons Learned



The 2004 Outsourcing World Summit

Presenter

Abe Eshkenazi, CPA, CHE, CAE

Managing Director for the Consulting Practice of American Express TBS-Chicago; which provides consulting and outsourcing services to professional service, education, governmental, and tax-exempt organizations.

As a consultant, Abe's primary focus is assisting clients achieve their missions through the development of strategic financial plans and achieving operational efficiencies through workflow analysis, business process redesign, individual and organizational alignment, cost containment, and project management.

Abe's last position was Principal and Managing Director for Collaborations in Healthcare; a healthcare consulting company he helped create. Abe also spent four years as Vice President and CFO of the American College of Healthcare Executives.

Most recently, Abe led privatization efforts for the City Colleges of Chicago and is currently serving as Vice Chancellor of Finance & CFO; and Jane Addams Hull House Association Finance Department

Education/Certifications

MBA Management and Marketing from Northwestern University, Kellogg Graduate School of Management; MBA Finance from DePaul University; a BA from Northeastern Illinois University. Certifications include a Public Accountant, a Healthcare Executive, and an Association Executive.

Outsourcing or Marriage?

...20-25% will fail in any two year period, 50% will fail within five years...

...since 1999 failure rate increased from 43% to 50%...

...more than 25% fail within the first year, more than 50% within three...

...median duration is 7.2 years...

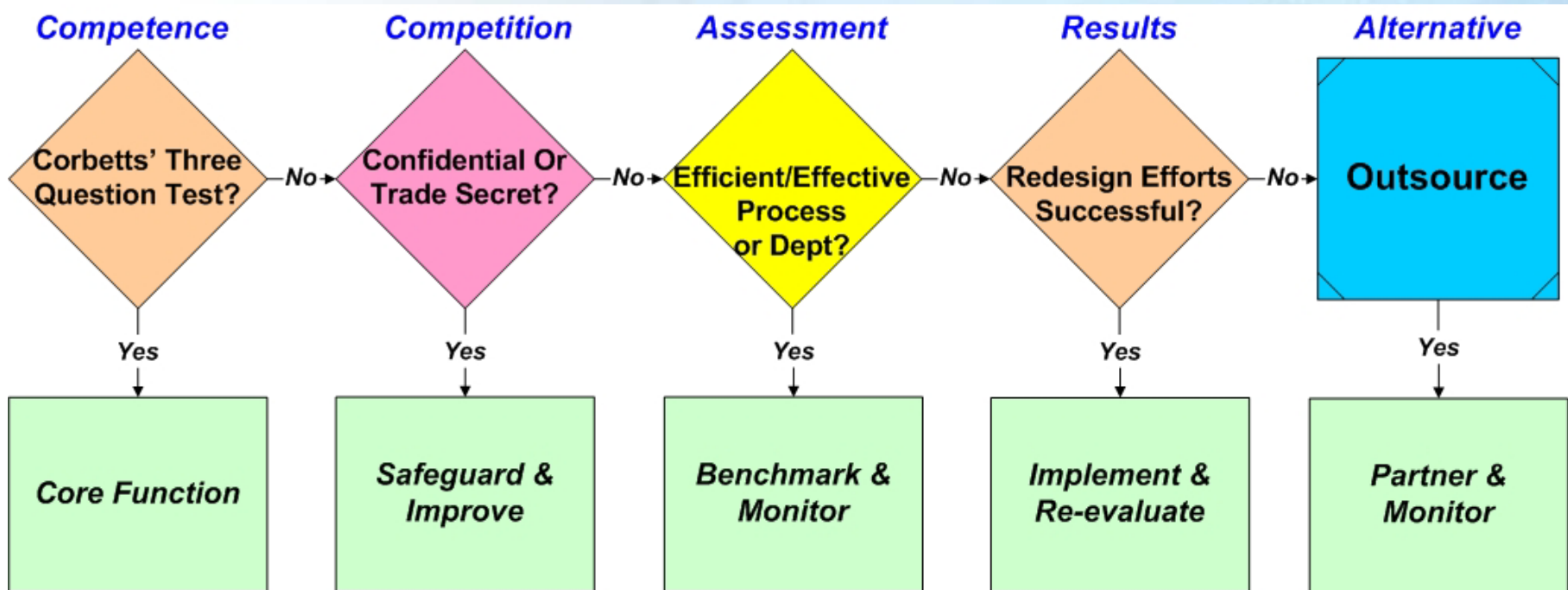


Seven Secrets of a Successful ?

“Successful ”

- 1. ...get the deal straight.”***
- 2. ...don’t feel trapped.”***
- 3. ...don’t take partner for granted.”***
- 4. ...learn to resolve conflicts.”***
- 5. ...anticipate and allow for change.”***
- 6. ...keep working at it.”***
- 7. ...***

Deciding What to Outsource



Outsource is an option for functions/staff that are not performing up to expectations.

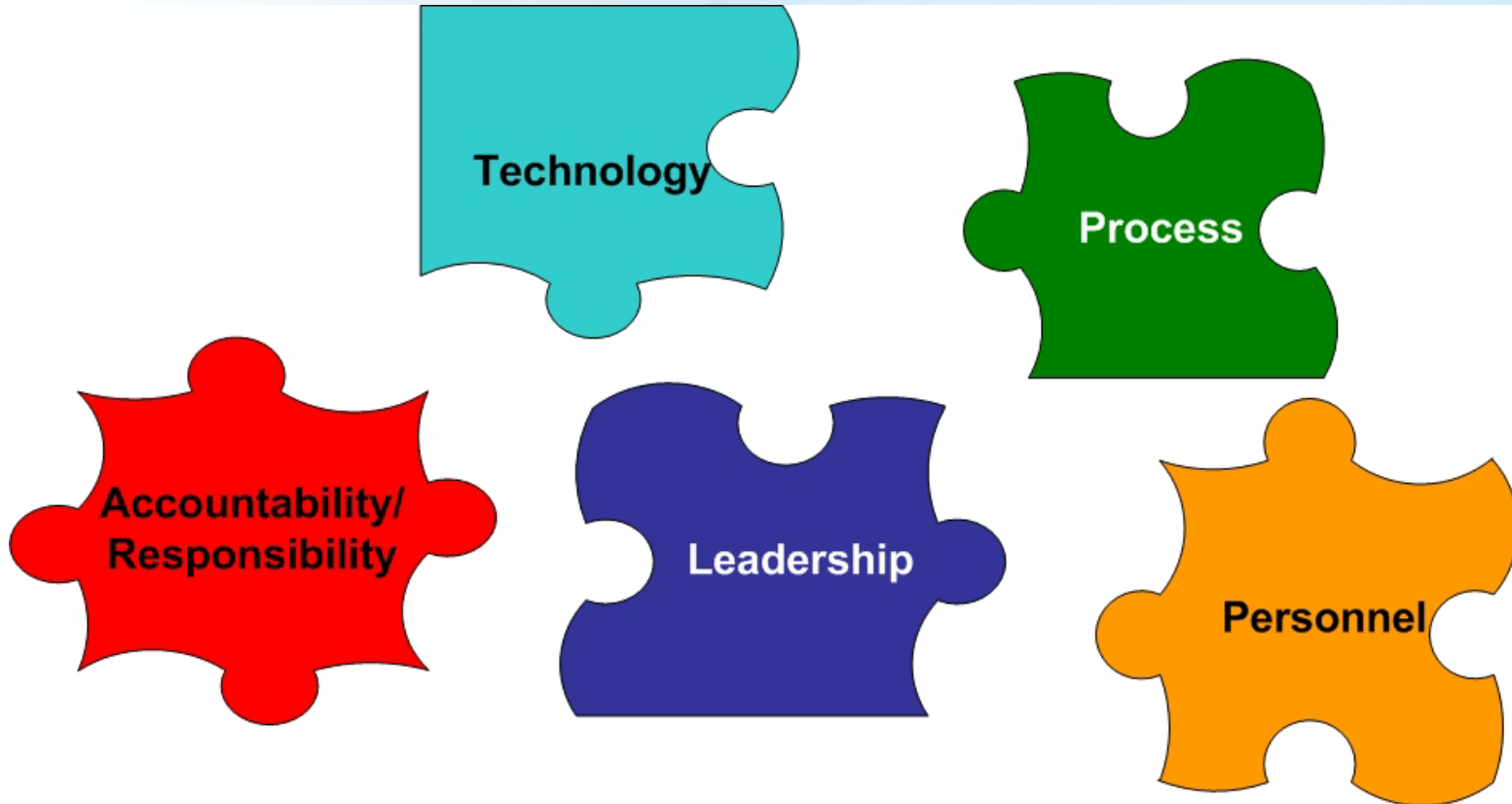
Outsourcing Mantras & Objectives

- Focus on core activities
- Access to specialized management skills
- Reduced costs
- Higher quality
- Improved service
- Superior technology

Key Questions:

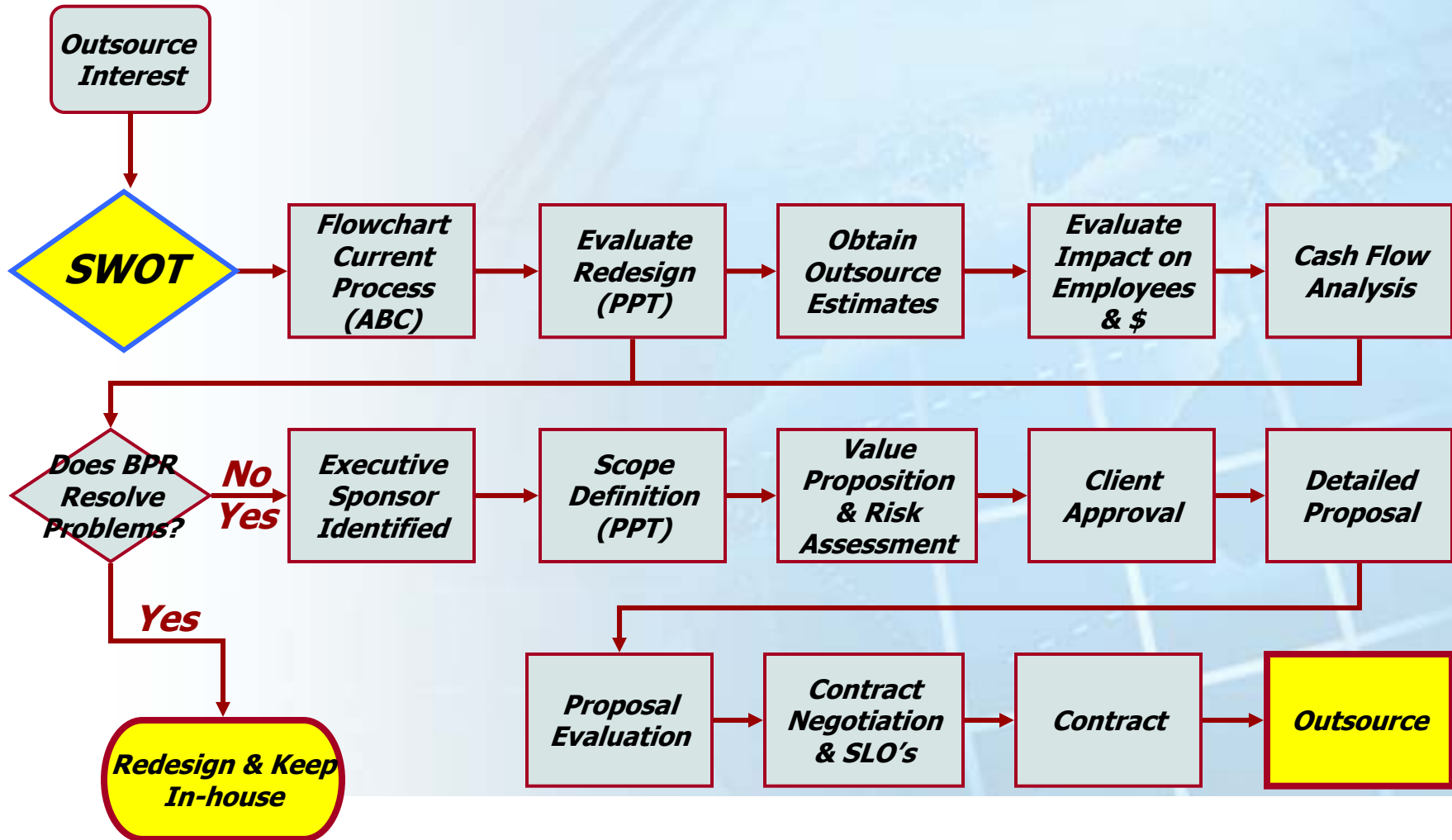
- ***Which are most important?***
- ***Are there unstated objectives?***
- ***How do you find the answers?***

Piecing the Puzzle Together



- *What's stopping the client from being successful?*
- *How does the client become aware of the critical business issues?*

Due Diligence – *Do it Right the First Time*



Case Study 1 – City Colleges of Chicago

Second largest community college in nation

- 7 NCA Accredited Colleges (13 facilities in total)
- 8,000 staff - 160,000 students
- Revenues/Expenses in excess of \$300MM
- Board is appointed by the Mayor
- 6 different CFO's in the past 8 years
- Significant investment loss in 1994

Case Study 1 – Assessment

Strategic & Operational Review

- Cover all studies completed to date
- Prioritize critical business issues
- Review and prioritize stated needs
- Assess the current technology
- Identification of mission critical applications
- Determine status of ongoing and/or planned projects

Initial Consulting Engagement (3 months)

Case Study 1 - Assessment Findings

Critical Business Issues

- Absence of strong leadership at appropriate levels
- Lack of internal documentation or performance metrics
- Confusion among staff about roles and responsibilities
- Low staff morale & related performance issues
- Inefficient organizational structures

Case Study 1 – Outsource Recommendations

Tactical Plan & Risk Mitigation

- Multiple suppliers with differing contract lengths for Finance & IT Dept.
- Address mission critical operations
- Define roles, responsibilities & accountabilities for all divisions and staff impacted by proposed outsource arrangement
- Develop and implement communication plan
- Develop performance measurement and monitoring systems

Case Study 1 - Implementation Steps & Time Frame

| | Dec | Jan | Feb | Mar | Apr | May | June |
|--|-----|-----|-----|-----|-----|-----|------|
| Articulate A Shared Vision | | | | | | | |
| Assume Role of VC/CFO | | | | | | | |
| Legal and Contractual Issues-Ongoing | | | | | | | |
| Coordinate OIT Privatization Efforts | | | | | | | |
| Review Plan/Hiring Process With TBS HR | | | | | | | |
| Agree on Staff Transition Plan | | | | | | | |
| Communication Plan (Internal and External) | | | | | | | |
| Joint Announcement of Privatization | | | | | | | |
| Leadership and Team Training-Ongoing | | | | | | | |
| Transition CCC Team Leaders To TBS | | | | | | | |
| Transition CCC Staff To TBS | | | | | | | |

CITY COLLEGES TEACHERS FEAR THEIR JOBS COULD GO PRIVATE

By J. Linn Allen
Tribune Higher Education Writer

Trail-blazing moves by the City Colleges of Chicago that could lead to privatizing of the system's operations--including teaching--have touched off a furious reaction by unionized faculty members who fear their jobs will be abolished.

The Cook County College Teachers Union is planning to picket outside City Colleges board meeting . . .

THE CHRONICLE OF HIGHER EDUCATION

chronicle.com/money

Money & Management

A Community College Tests the Limits of Outsourcing

Chicago's City Colleges has jettisoned IT workers and accountants. Are professors next to go?

By JAMILAH EVELYN

Chicago

Case Study 2 – National Social Service Agency

Facts:

- Performance management problems in Finance & IT depts.
- Lack of alignment between responsibility and accountability
- Significant reporting breakdowns
- Weaknesses in specific staffs' skill sets and absence performance management system
- Inability to discern margin versus mission issues
- Major revenue decline
- Management unable to respond to rapid changes

Case Study 2 – Assessment & Recommendations

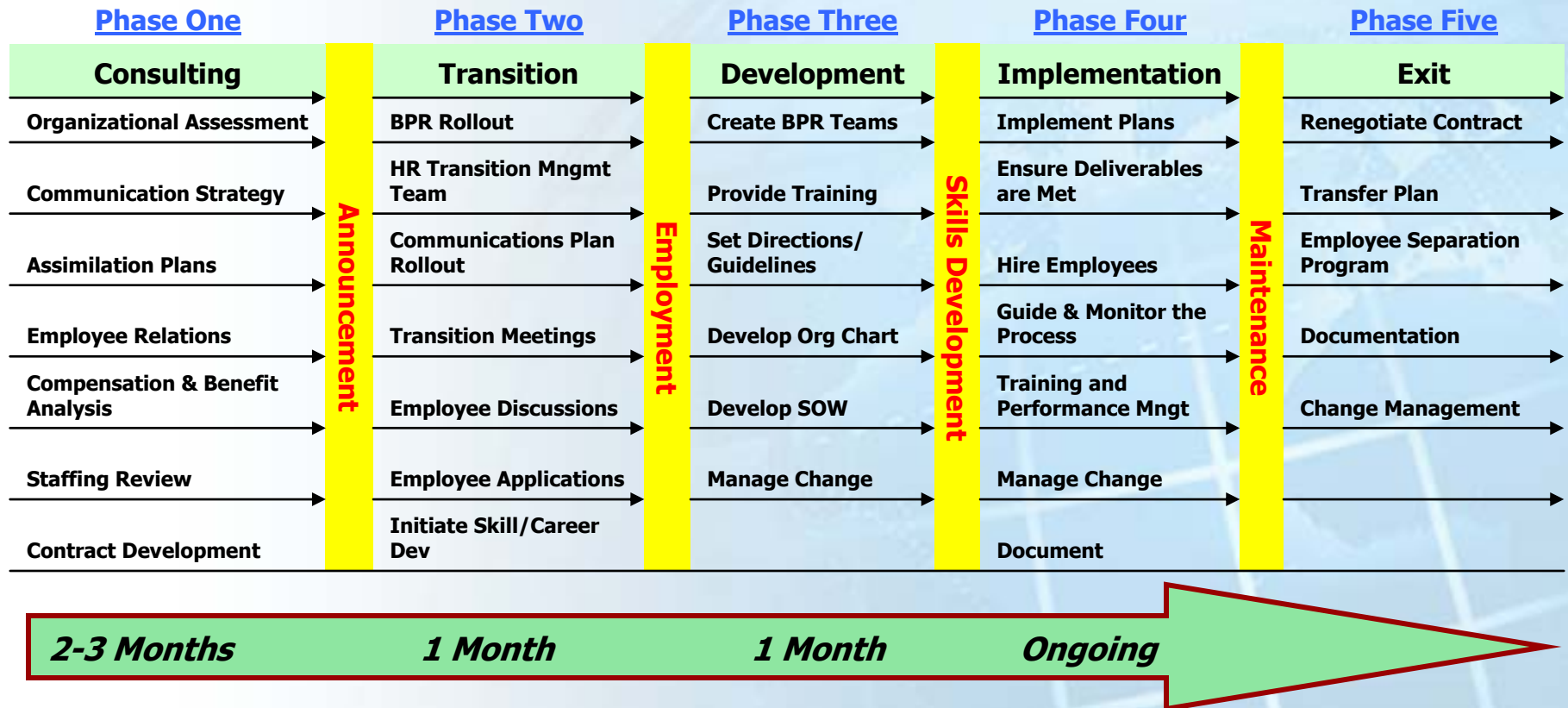
- **Rapid organizational assessment completed**
- **Outsourced IT and financial operations to single provider**
- **Staff transition to provider completed in one month**
- **Five year agreement**

Case Study 2 – Outsource Results

- Internal departments stabilized
- Increased operational efficiencies
- Additional services delivered by provider at market rate
- Second year outsource costs increased sharply
- Lack of formal communication
- No measurement system established

Client in-sourced both departments in third year

Outsourcing Process Flow



- **Shortening Phase One or Two sets the stage for failure.**
- **Consider partnering to perform specific steps.**

Outsourcing Breakdowns

- **Insufficient knowledge about current situation**
- **Lack of visible/active leadership**
- **Scope of outsource is limited**
- **Cost savings overshadow quality**
- **Deficient or inadequate metrics**
- **Inability to adapt to change**
- **Ineffective relationship management**

Lessons Learned

- Separate the due diligence from the outsourcing engagement - *perhaps another provider*
 - Consider short term agreements
 - Invest in the due diligence
 - Determine how and when to evaluate – *then do it*
 - Don't over promise savings
 - Clear scope of services
 - Excellent relationship management could overcome poor performance - *but not visa versa*
- skin in the game*

Outsourcing Paradox

In order to leverage a provider relationship organizations need to clearly understand and value the key variables (People-Process-Tools) prior to outsourcing.

Unfortunately, the only way most organizations are able to realize the value is to outsource.



For more information on this topic please contact:

Abe Eshkenazi – American Express TBS
abe.b.eshkenazi@aexp.com

O: (312) 634-4698

C: (847) 778-6296



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

The Search for Talent

4:30 – 5:20 pm

Monday, February 23, 2004

Larry Janis

President

Integrated Search Solutions

Craig Hovda

Principal, Global Outsourcing

Deloitte Consulting

David Schnitt

President

IQ BackOffice

Patrick Moore

Managing Director

Shaw Pittman



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Larry Janis
President
Integrated Search Solutions

Mr. Janis has more than twenty years of experience in the recruitment of senior level business professionals. His area of expertise and focus is outsourcing, specifically IT, BPO, and ASP. His executive search portfolio includes: information technology users and providers; management consulting; financial services; and, healthcare. In addition to being retained to conduct executive searches, Mr. Janis has consulted to clients on issues such as:

- Organizational development
- Competitive strategy and market positioning of new business ventures
- Compensation studies
- Incentive compensation planning for new business ventures/expansion

Speaking Engagements:

- National Outsourcing Conference, December 2003. Presented "*Inside Outsourcing Sales.*" Shared the results of a survey of outsourcing sales professional including compensation and skill set analysis.
- National Outsourcing Conference, October 2002. Presented "*The Right Skill Sets+ The Right Compensation Plan = Sales Success.*" A "how to" from the inception of a hiring need through the on-boarding process.
- National Outsourcing Conference, October 2001. Presented a program on Business Process Outsourcing for Human Resources.
- National Outsourcing Conference, June 2001. Moderated a panel discussion on Outsourcing Issues.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

➤ Publications:

- Currently launching a study in conjunction with Equaterra to define the role of the Sourcing Executive.
- Recently quoted in a *Wall Street Journal* article *There's More to Outsourcing HR Than Trimming Costs*.
- Authored an article for The Shared Services and Business Process Outsourcing Association (SBPOA), on Human Resources BPO.
- Co-authored with G2R (an applied research firm and management consultancy for the professional services information technology marketplace) a groundbreaking study on Benchmarking Outsourcing Sales Executive Compensation.
- Quoted in *American Banker*, *Information Week* and *Communications Week*. Most recently, the *American Banker* sought Mr. Janis's insight on transitioning outsourced staff (December 22, 2002).
- Served as an expert witness on compensation cases involving issues around sales incentive compensation for IT outsourcing providers.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Craig Hovda
Principal, Global Outsourcing
Deloitte Consulting

Mr. Hovda has 20 years in information technology experience related to consulting, systems integration, outsourcing and operations. He directed the development and implementation of Deloitte Consulting's methodology, business case tools, value propositions, and solutions for business process and information technology outsourcing within Deloitte's Operations Sourcing framework that translate business process transformation and information technology costs into quantified business benefits. As an Industry Group Executive at EDS, Mr. Hovda led a 500-person services organization that expanded services from traditional information technology outsourcing into value-added co-sourcing, systems integration and package implementations, resulting in a 200% increase in unit profitability. At EDS, MCI and IBM, he has held various positions in general management, sales management, marketing, financial management and human resources. His experience in structuring, negotiation and re-negotiation of business process and technology outsourcing contracts is valued in excess of \$2.0 billion. He has extensive experience in operations and financial management of information technology within the Energy, Healthcare, and Manufacturing industries.

Mr. Hovda joined Deloitte's Global Outsourcing Practice as a Principle in 1999. He is the lead for the Energy, as well as the lead for Methodology and Tools for Deloitte's Global Outsourcing Services. Mr. Hovda is also responsible for development of our Outsourcing Practice in Japan and Latin America.

BA, Economics, University of Missouri
MBA, Washington University



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



David Schnitt
President
IQ BackOffice

David Schnitt is President of IQ BackOffice, a Finance and Accounting Business Process Outsourcing firm serving large to mid-sized firms. Mr. Schnitt is responsible for the overall strategy and direction of the firm, as well as service line development. IQ BackOffice is a division of R.C. Baral & Company, one of the innovators in the outsourced accounting field, with almost a quarter of a century of service to widely recognized clients such as Walt Disney, Time Warner, Universal, Fox, as well as many other mid-sized firms.

Before joining IQ BackOffice as President, Mr. Schnitt was Co-Founder and Executive Vice President of New Ventures for Resources Connection (NASDAQ: RECN), a spin off from Deloitte & Touche that provides outsourced specialists in the fields of IT, HR, finance and accounting. Mr. Schnitt helped grow the company from scratch to over \$150 million in 4 years. Previous to this position, Mr. Schnitt founded and managed both Resources' Los Angeles office and its National Information Technology practice.

While a Senior Manager with Deloitte Consulting, Mr. Schnitt advised and assisted clients in re-engineering their finance and accounting functions (including the establishment of shared service centers), improving their operations, developing new strategy and business plans, and forming successful joint ventures. Mr. Schnitt has been responsible for the design, development and implementation of several significant consulting projects with budgets of up to \$11 million and staff numbering more than 8,500.

He is considered an industry expert on outsourcing trends and the evolution of the "virtual business", has spoken at numerous conferences, has been quoted extensively on these subjects in both the business and technology press, and is a published author. Mr. Schnitt received a B.A. from Cornell University, an M.B.A. from the University of Michigan, and holds a certificate in Production and Inventory Management (CPIM) from the American Production and Inventory Control Society.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Patrick Moore
Managing Director
Shaw Pittman

Patrick Moore is a Managing Director in Shaw Pittman's Global Sourcing group responsible for marketing and supplier relations. With over thirteen years experience in the technology and business process outsourcing industries, he has a wealth of experience strategizing, architecting and negotiating strategic sourcing relationships from both the client and supplier perspectives. This includes experience with both on on-shore and offshore application development & maintenance (ADM), IT outsourcing (ITO) , network management and Finance & Accounting BPO.

Prior to joining Shaw Pittman, Mr. Moore held several positions in the high technology and consulting industries. Most recently he was with Cap Gemini Ernst & Young's outsourcing division where he had responsibility for leading large ADM, full scope ITO and BPO efforts both domestically and internationally. Previously, Mr. Moore was Regional Sales Manager for Affiliated Computer Services focusing on ITO and BPO opportunities in Western United States. He began his career with IBM in Dallas as a Marketing Representative covering Fortune 500 accounts in the DFW Metroplex. In that role, he was involved in some of the earliest IBM outsourcing successes with a large pharmaceutical distributor, and a Texas-based retailer.

Inside Outsourcing Sales

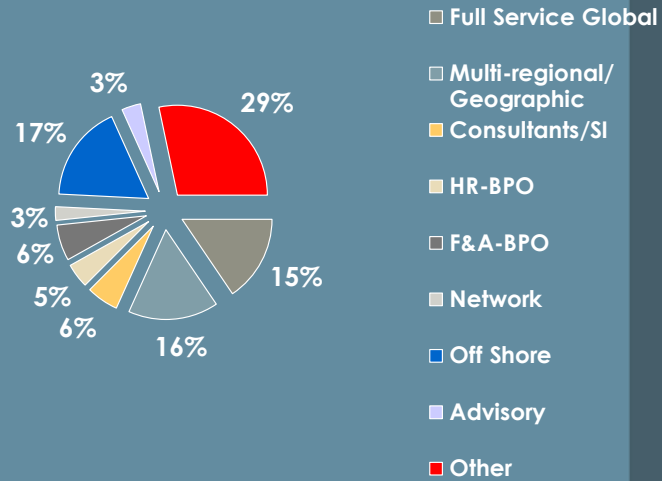


Results of the Michael Corbett
Associates & Integrated Search
Solutions Group Survey

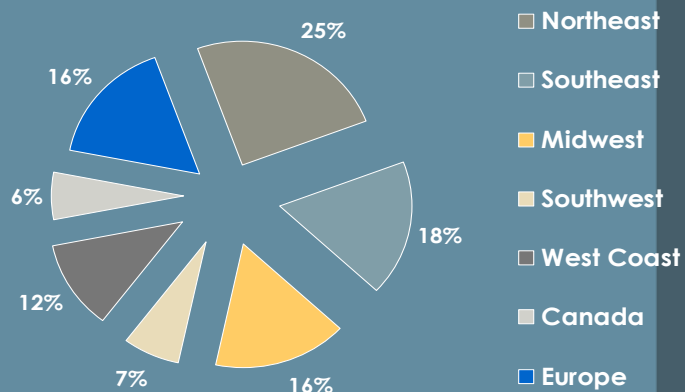
Results of the OI/ISSG Survey

- Population of the Responses
 - Vendor Profile
 - Size of Firm
 - Titles
 - Location
 - Average Deal Size
 - Average Profitability
 - Types of Deals

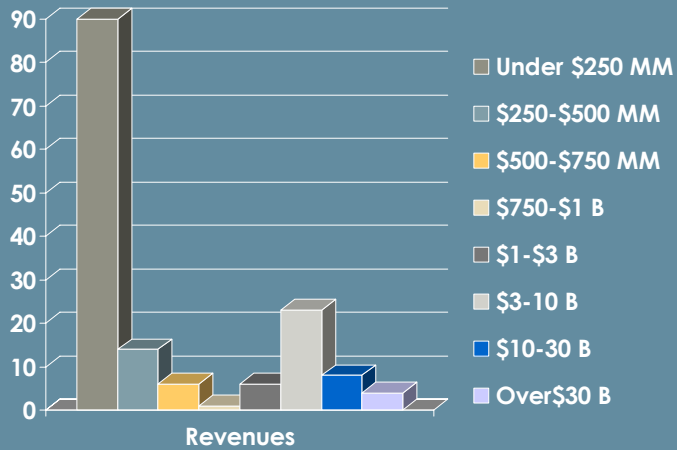
Vendor Profile



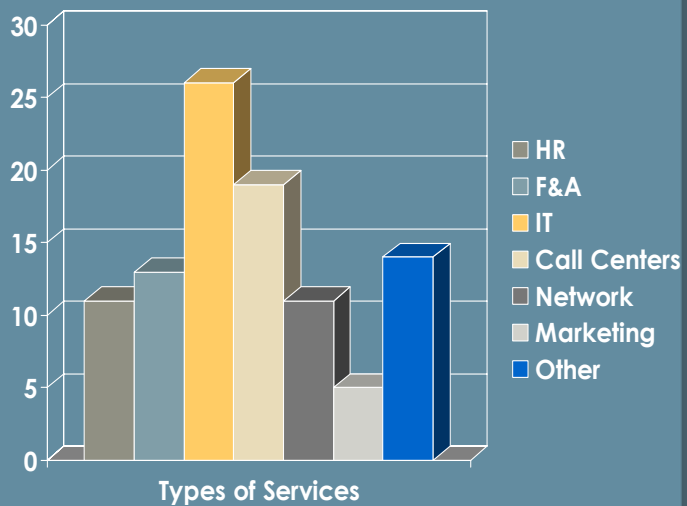
Geographic Distribution



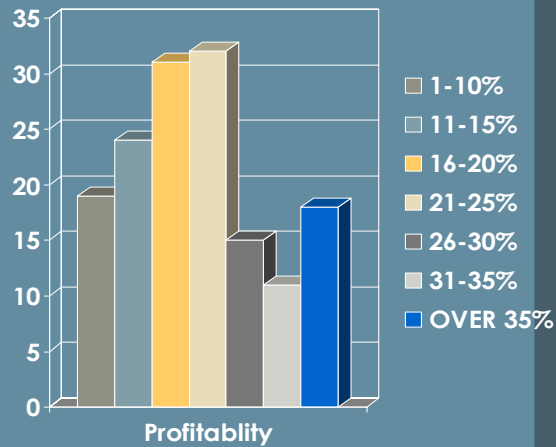
Total Revenues



Services Sold



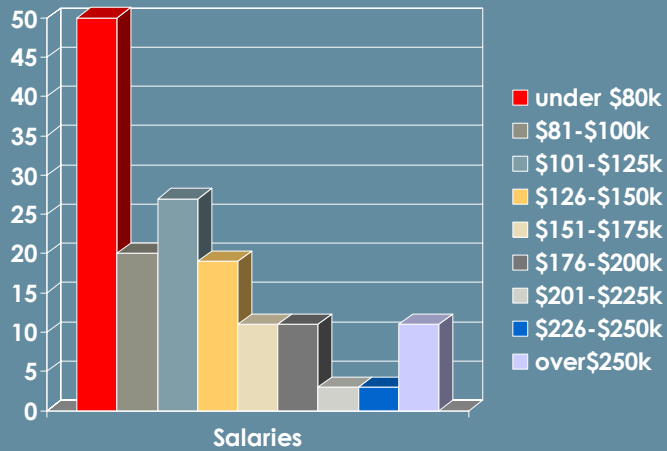
Profitability of Deals Sold



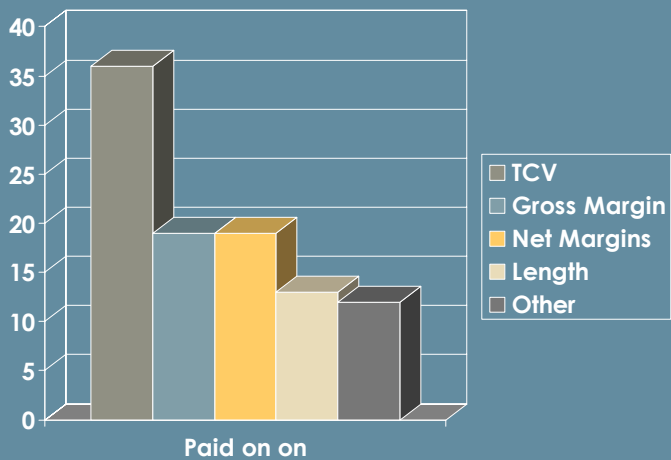
Results of the OI/ISSG Survey

- Compensation
 - Base Salaries
 - Sales Incentive Basis
 - Sales Incentives
 - Pay Outs
 - Deal Team Bonuses
 - Other Incentives

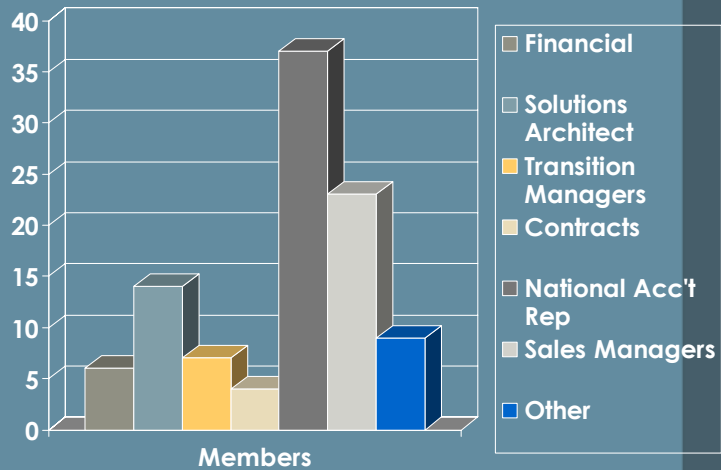
Base Salaries



Sales Incentives Basis



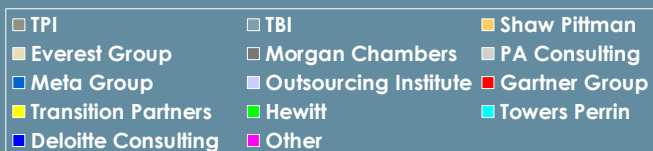
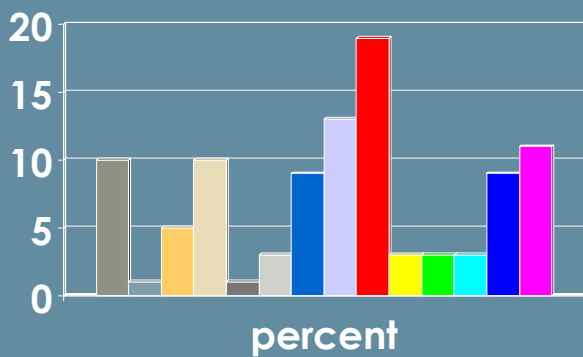
Deal Team Eligibility



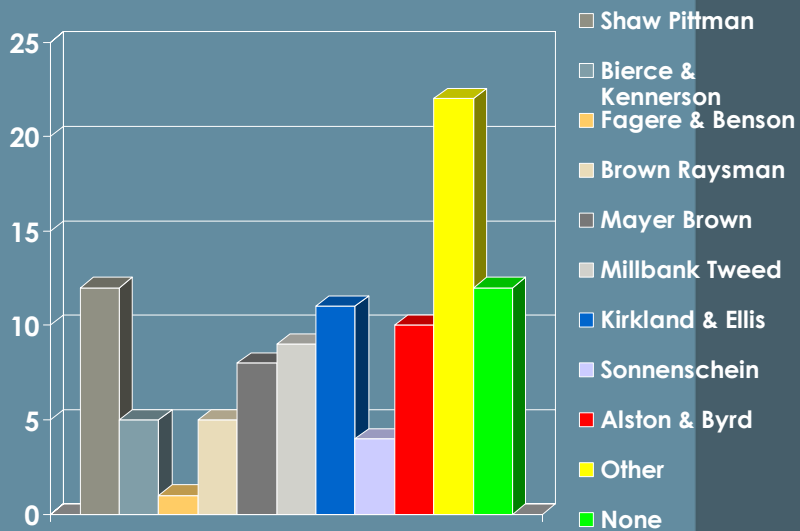
Results of the OI/ISSG Survey

- A view of the Advisory Firms
 - Outsourcing Advisors
 - Law Firms

The Advisors



The Lawyers



Results of the OI/ISSG Survey

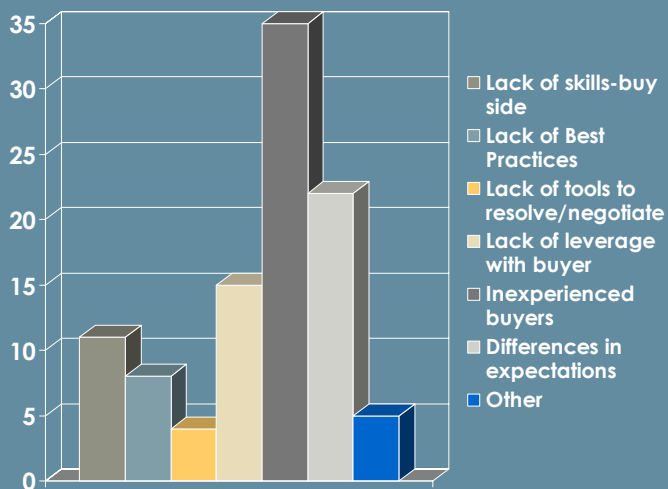
- Joys and Frustrations

Biggest “Headaches” with Buyers

Best parts of a compensation plan

Worst parts of a compensation plan

“Biggest Headaches”



Results of the OI/ISSG Survey

- The three most important skills

Results of the OI/ISSG Survey

- Questions

Thank You

Larry Janis
Managing Partner
Integrated Search Solutions

Tel: 516-767-3030
Email: janis@issg.net
www.issg.net



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Standing Out from the Outsourcing Crowd, or, How to Look Like an Orange when Customers Are Used to Seeing Apples□□

Tuesday, February 24, 2004

3:50 – 4:40 PM

Stuart Kliman

Partner

Vantage Partners, LLC



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Stuart Kliman
Partner
Vantage Partners, LLC

Stuart Kliman is a founding partner of Vantage Partners, LLC. As a management consultant, Mr. Kliman's practice focuses on helping clients build the capacity to negotiate, build and manage stronger and more mutually valuable customer, vendor and partner relationships. He has worked with clients in the I.T., pharmaceuticals, financial services and manufacturing industries. Mr. Kliman is a former member of the Harvard Negotiation Project, and practiced as an attorney with the law firm of Arent, Fox, Kintner, Plotkin & Kahn in Washington, D.C. Mr. Kliman is a member of the Maryland Bar and received his J.D. cum laude from Harvard Law School and his B.A. magna cum laude from Franklin & Marshall College. Mr. Kliman is a frequent writer, lecturer and speaker on issues of negotiation and relationship management. His latest article "*Mending Broken Relationships: Foundations of Success*" in Cutter Consortium's Executive Update.

**The 2004 Outsourcing World
Summit
February 23 – 25, 2004**

Lake Buena Vista, Florida

Stuart Kliman, Partner

Vantage Partners

skliman@vantagepartners.com



Session Purposes

- **Share / discuss challenges to effective outsourced relationship management**
- **Share / discuss some key components of an outsourced relationship management capability**
 - **Relationship management as a process**
 - **Some relationship management tools and technology**
 - **Key skills of and mindset for effective relationship management**



© 2003 Vantage Partners, LLC. All rights reserved.

About Vantage Partners



- Spin-off of the Harvard Negotiation Project
- Expertise in building corporate negotiation and relationship management capability
- Extensive Experience
 - Exclusive focus on negotiation and relationship management since 1984
- Recognized thought leaders
 - Co-authors of *Getting to YES: Negotiating Agreement Without Giving In*
 - Three-year study on Alliance Relationship Management
 - Cross-industry study of Best Practices for Supplier Relationship Management
 - Partnering Handbook for relationship managers
 - Frequent keynote speakers on negotiation and relationship management
 - Two day program on Alliances at CalTech
- Leaders in international dispute resolution through CMG

© 2003 Vantage Partners, LLC. All rights reserved.

What is Relationship Management Capability?



**"It's the next level of real-time vendor relations.
But we're still beta testing."**

Copyright 2000 by Supply Chain Technology News and www.totalsupplychain.com Used with permission.



© 2003 Vantage Partners, LLC. All rights reserved.

Traditional outsourcing – clear challenges to address

- **Adversarial, procurement-driven, customer-vendor mindset**
 - Low value to customer; little profit to service provider
 - Focus on low cost / pricing drives out creativity, exploration of opportunities for mutual gain, and strategic thinking
 - Contract becomes a straightjacket
- **Customer measures of success are really business outcomes, not SLAs – but all too often contract management, governance, etc. focus is on the latter**
 - "Don't blame us, the network was up" reduces trust and satisfaction
 - Management to meet SLAs misses the point - Driving strategic business goals with innovative IT requires a partnering relationship, close coordination and a "single team" mentality across multiple functions and reporting lines and the ability to work as a single team
- **In a business environment characterized by rapid changes in technology, competitive threats, and customer priorities, contract terms can quickly become obsolete**
 - Relationship management, not contract management, is needed to ensure the business needs of customer and provider are met



© 2003 Vantage Partners, LLC. All rights reserved.

In any outsourcing relationship, service provider and customer will have to manage two types of issues

| Substance | Relationship |
|---|---|
| <ul style="list-style-type: none">▪ Service levels▪ Pricing▪ Replace/refresh hardware▪ Terms of employee transfers▪ Third-party software▪ Timely performance reporting | <ul style="list-style-type: none">▪ Understanding each other's objectives▪ Building trust/mutual respect▪ Feeling fairly treated/not coerced▪ Consulting with other party in timely way▪ Open, quality communications |



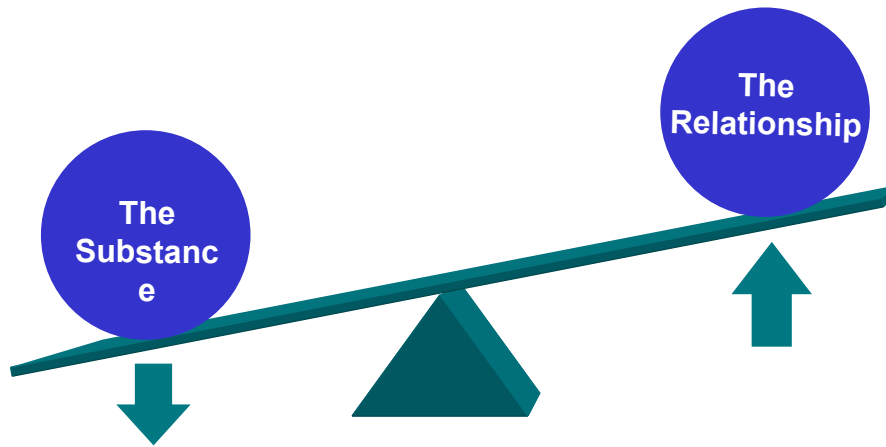
© 2003 Vantage Partners, LLC. All rights reserved.

In the absence of effective relationship management, service providers and customers fall into some predictable loops



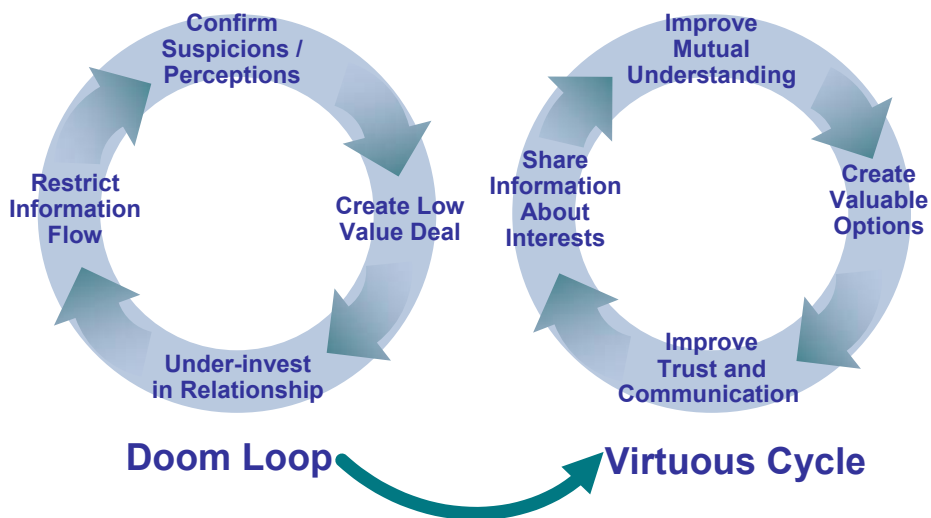
© 2003 Vantage Partners, LLC. All rights reserved.

A common assumption about relationship management



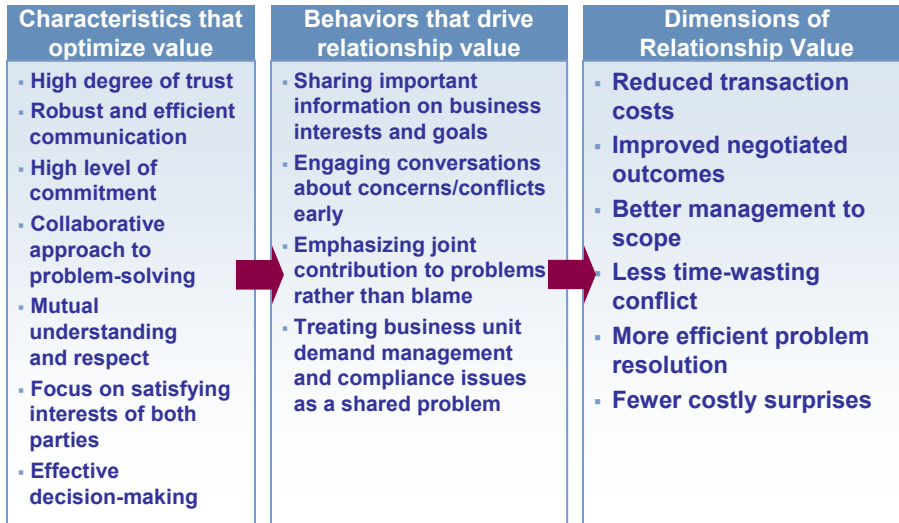
© 2003 Vantage Partners, LLC. All rights reserved.

A more realistic view of relationship management



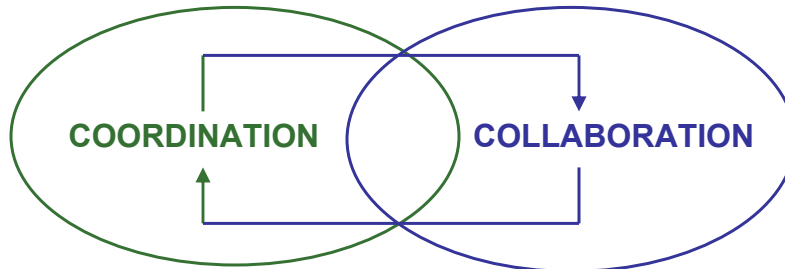
© 2003 Vantage Partners, LLC. All rights reserved.

Value created in a relationship can be traced back to specific behaviors, and the characteristics that promote those behaviors



© 2003 Vantage Partners, LLC. All rights reserved.

Value creation through relationship management is a function of two related sets of capabilities



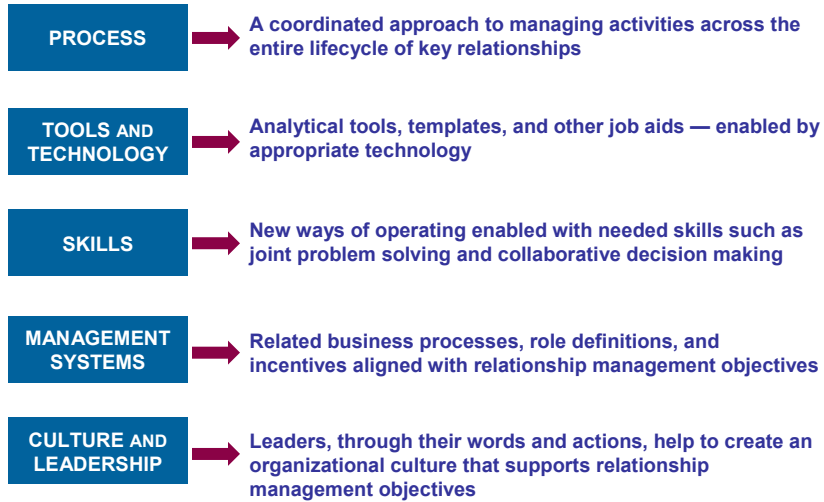
Without visibility to relevant data (from different touch points across different points in time), the most skilled people will make poor decisions.

Access to the right information isn't enough. Different goals, different competencies, different ways of operating, all create barriers to spotting and capitalizing on opportunities to create more value with/through providers.



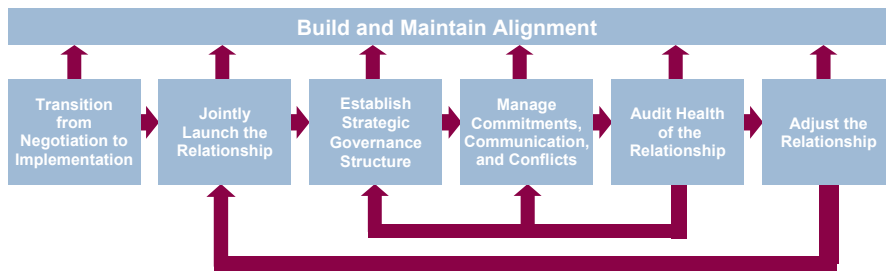
© 2003 Vantage Partners, LLC. All rights reserved.

To build a differentiated capability to manage relationships, consistently and continually, requires working across multiple levels



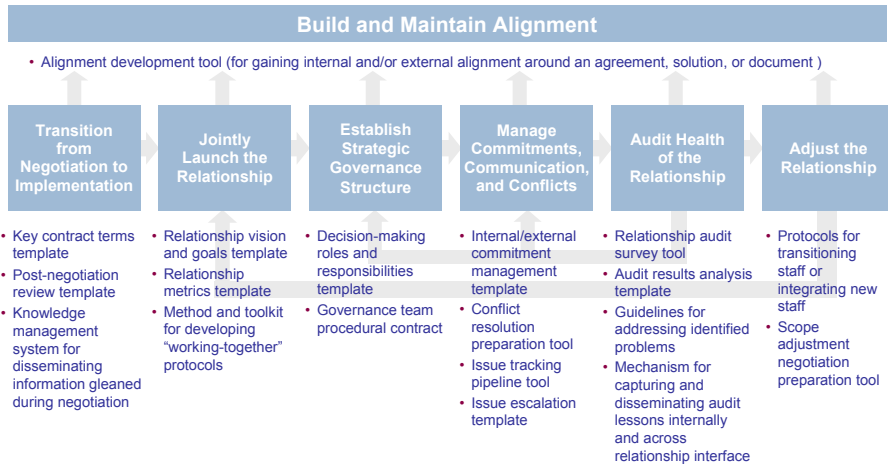
© 2003 Vantage Partners, LLC. All rights reserved.

A process for effectively managing the post-signing relationship



© 2003 Vantage Partners, LLC. All rights reserved.

Illustrative tools for effectively managing the post-deal relationship



© 2003 Vantage Partners, L.L.C. All rights reserved.

A Key Component of Capability: Launching Complex Relationships



© 2003 Vantage Partners, L.L.C. All rights reserved.



© 2003 United Feature Syndicate, Inc.



© 2003 Vantage Partners, LLC. All rights reserved.

Launching Complex Relationships: Some Key Challenges

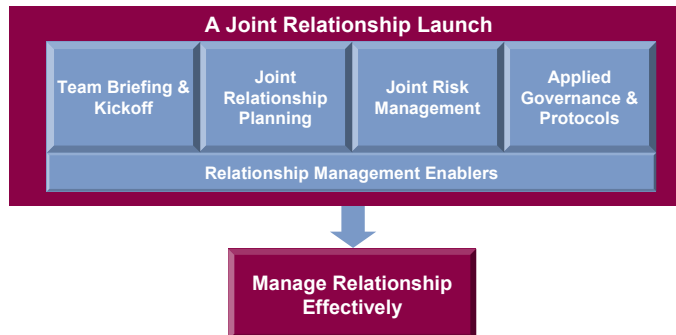
- Facilitating a smooth transition from negotiators to implementers
- Ensuring alignment on a clear value proposition and business objectives
- Aligning around a vision of how the parties need to work together
- Anticipating likely challenges and jointly devising approaches for overcoming those challenges
- Building, committing to, and operationalizing an appropriate governance process and structure
- Equipping individuals on the relationship interface with a common vocabulary, toolkit, and skill base for collaboration



© 2003 Vantage Partners, LLC. All rights reserved.

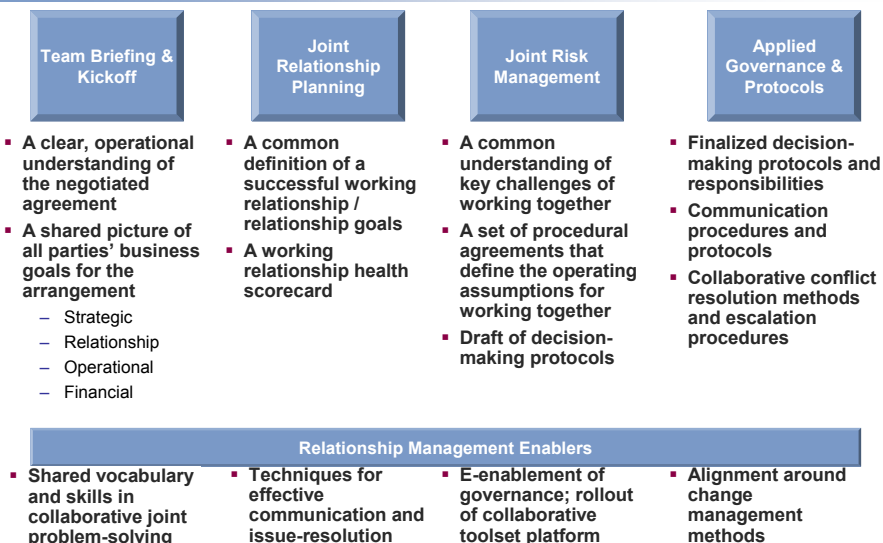
Outsourcing relationship launch: overview

An **Outsourcing Relationship Launch** includes a series of activities designed to systematically plan and implement a foundation for coordination and collaboration between buyer and provider. During the Launch, deal partners **set goals, build protocols and mechanisms, and build skills** to ensure that they are equipped to effectively work together in to achieve their desired business outcomes.



© 2003 Vantage Partners, LLC. All rights reserved.

Outsourcing relationship launch: outputs



© 2003 Vantage Partners, LLC. All rights reserved.

Team briefing and kickoff

A Joint Relationship Launch

Team Briefing & Kickoff

Joint Relationship Planning

Joint Risk Management

Joint Governance Protocols

| Objective | Illustrative Activities |
|---|--|
| Gain a clear understanding of the negotiated agreement | <ul style="list-style-type: none"> Reverse-engineer operational term sheet from contract Brief teams on key deal terms and scope boundaries Educate on SLAs and pricing |
| Build a shared picture of all parties' business goals for the arrangement | <ul style="list-style-type: none"> Using diagnostic survey as input, test and develop high-level understanding of each other's goals and explore questions of alignment Articulate implications of meeting and missing goals Define metrics to track progress towards goals |

20

Joint relationship planning

A Joint Relationship Launch

Team Briefing & Kickoff

Joint Relationship Planning

Joint Risk Management

Joint Governance Protocols

| Objective | Illustrative Activities |
|---|--|
| Construct a common definition of a successful working relationship and essential relationship goals | <ul style="list-style-type: none"> Using diagnostic survey as input, determine what attributes / characteristics would define a "good working relationship" for each party Explore assumptions and expectations underlying definitions Describe placement of relationship on maturity model and discuss implications of such a relationship |
| Define a working relationship health scorecard | <ul style="list-style-type: none"> Clarify relationship goals and metrics; distinguish end-state goals and means for achieving them Determine observable indicators of progress to measure Determine measures of success to track; agree on means and frequency of health check |

21

Joint risk management

A Joint Relationship Launch



| Objective | Illustrative Activities |
|---|---|
| Gain a common understanding of key challenges of working together | <ul style="list-style-type: none"> Understand typical pitfalls of outsourcing relationships Evaluate what could go wrong and implications for each party Develop risk management plan (prevention and mitigation strategies) |
| Establish a set of procedural guidelines for working together | <ul style="list-style-type: none"> Plan for managing various challenging scenarios Draft principles to guide day-to-day interactions and handling of exceptional issues |
| Anticipate and plan for key decisions | <ul style="list-style-type: none"> Draft list of anticipated decisions and decision rights and responsibilities to be reviewed and revised by core team |

22

Joint governance protocols

A Joint Relationship Launch



| Objective | Illustrative Activities |
|--|--|
| Establish key decision-making protocols and responsibility definitions | <ul style="list-style-type: none"> Review joint decision-making rights to build common understanding of decision-related roles and responsibilities Share internal decision-making rights with counterpart; brief on timeframes for key decisions and discuss implications |
| Define communication procedures and protocols | <ul style="list-style-type: none"> Based on joint planning activities, determine communication requirements and access levels – what each party needs to know about the other and how can that be shared |
| Implement collaborative conflict resolution method and escalation procedures | <ul style="list-style-type: none"> Jointly define method for collaborative conflict resolution Share templates and tools for effective escalation Define escalation policies and procedures |

23

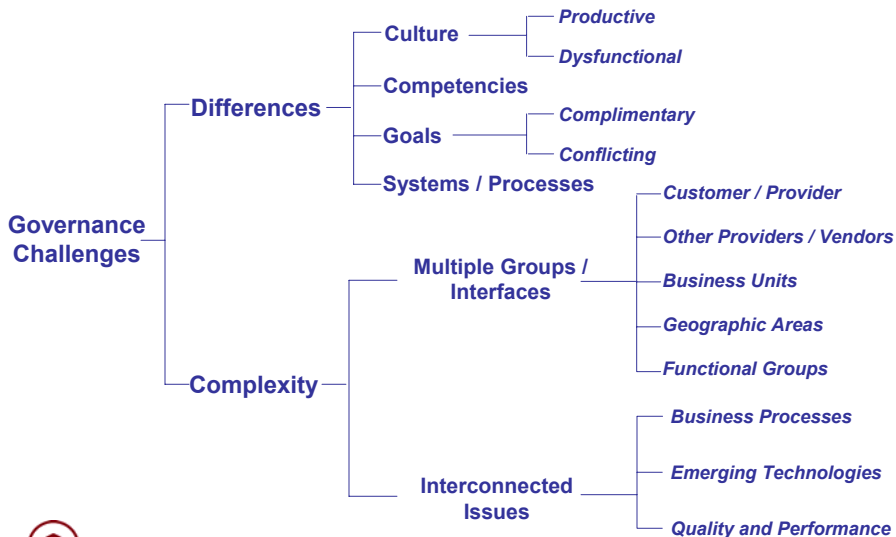
Activities in an outsourcing relationship launch: Illustrative plan



Some Thoughts on Relationship Governance



In complex outsourcing relationships, governance is both critical and difficult

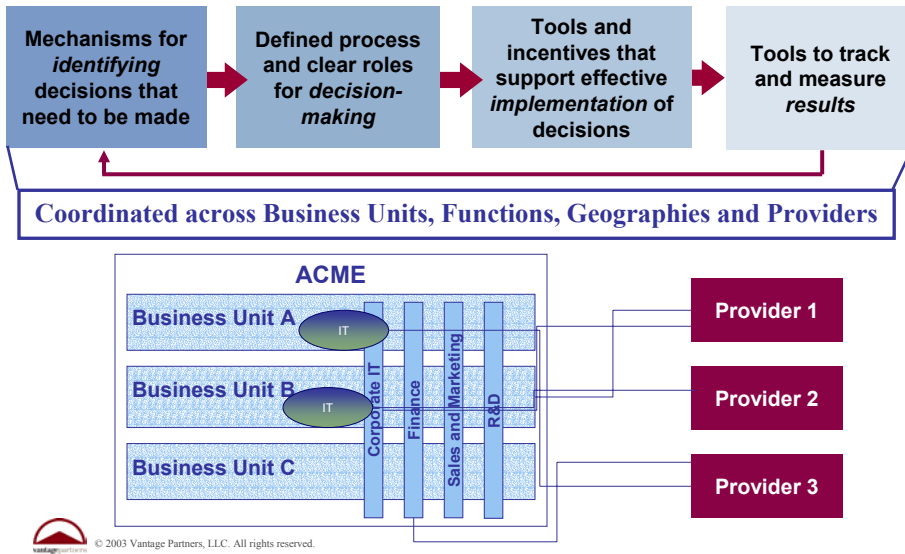


Common governance challenges facing complex outsourcing relationships

- Coordinating management and operations among provider and customer resources across numerous geographies
- Effectively diagnosing provider and customer contributions to complex problems
- Managing day-to-day decision-making among multiple parties and constituencies in a way that balances efficiency and inclusiveness
- Balancing the need for cost savings with the need to drive innovation and exploit sources of strategic value
- Managing interdependencies among customer and provider third party vendors
- Identifying and addressing cultural differences, misperceptions, and underlying tensions that can lead to conflict and breakdowns in business performance
- Establishing and executing against common goals, and managing conflicting goals and objectives
- Spotting and responding to changes: in technology, in customer and/or provider strategy, in the external marketplace



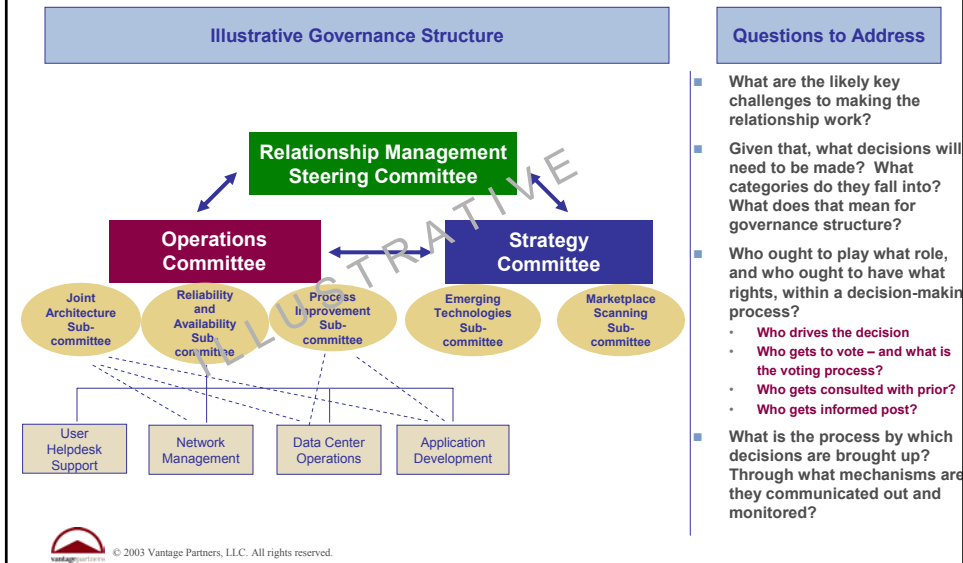
Dealing well with challenges – avoiding the relationship problems inherent in dealing with them poorly - requires a focus on identifying and making necessary decisions



Effective decision-making requires clarifying what are the various decisions and who will be involved in what ways – taking into account relationship complexity

| Types of Decisions | Driver | Negotiate | Consult | Inform |
|----------------------------------|--------|-----------|---------|--------|
| Opportunities | | | | |
| Pursue New Major Initiatives | | | | |
| Alter Current Major Initiatives | | | | |
| Stop Current Major Initiatives | | | | |
| Contract | | | | |
| Recommend Change to Strategy | | | | |
| Recommend Major Contract Adds | | | | |
| Recommend Major Contract Removes | | | | |
| Personnel | | | | |
| Recruit Senior People | | | | |
| Hire Senior People | | | | |
| Replace Senior People | | | | |
| Financial | | | | |

Governance structures ought to therefore be designed to support the various kinds of decisions that need to be made



Operationalizing governance requires detailed work, tools and process and role clarity

- Clear definitions of the responsibilities of managers, teams, board committees
- Standard agendas and tools (planning, problem-solving, decision-making) to enable the work of governance committees
- Clearly defined decision-making roles and procedures within each level of the governance structure
- Clearly defined escalation conditions and procedures across all levels of the governance structure
- Standard relationship performance reporting tools and procedures
- Alignment of individual performance evaluation criteria and incentive compensation with relationship objectives and success factors
- Design of roles that resolve accountability for conflicting priorities at the lowest practical level of management



© 2003 Vantage Partners, LLC. All rights reserved.

Relationship Management Mindset and Skills

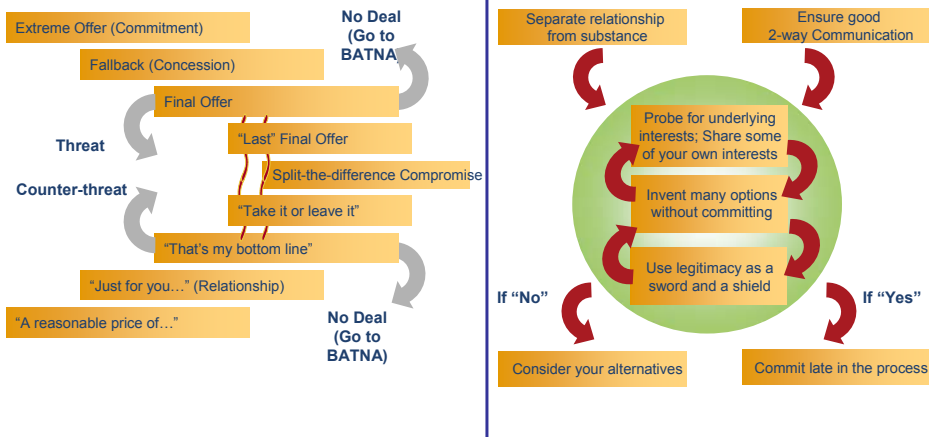


© 2003 Vantage Partners, LLC. All rights reserved.



© 2003 Vantage Partners, LLC. All rights reserved.

Contrasting behavioral models of ongoing relationship management



© 2003 Vantage Partners, LLC. All rights reserved.

Discuss joint contribution when having conversations with customers about performance issues

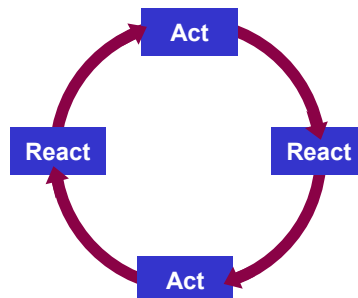
| Mine | Theirs |
|------|--------|
| • | • |
| • | • |
| • | • |
| • | • |

Look for Joint Contribution

- What is each organization/party contributing to the situation?
- Take responsibility for your contribution early
- Help them understand their contribution

Map the System

- Are there reinforcing loops?



© 2003 Vantage Partners, LLC. All rights reserved.

The Enabling Role of Technology



© 2003 Vantage Partners, LLC. All rights reserved.

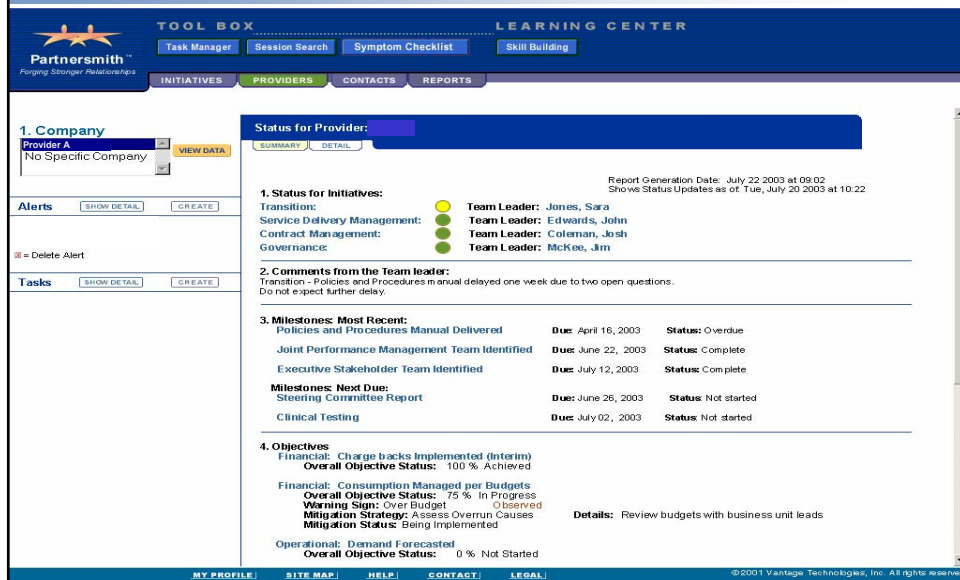
Coordination and collaboration are increasingly supported through relationship management technology

- **Executive dashboards** with customized reports of individual relationship managers, multiple relationships with one partner, and overall relationship portfolio
- **Role-specific workspaces** and dashboards from which to monitor and manage relationships
- Collaborative **behavioral tools** for coordination, performance management, problem-solving, issue tracking, and more
- **Milestone management** capability for creating, tracking and reporting status of critical relationships, contracts, and project milestones
- **Objectives management** capability for defining and tracking relationship scorecards and goals
- Automatic generation of **company profiles** that capture all interactions with and knowledge of partners
- Automated **surveys** to support internal and external performance assessments

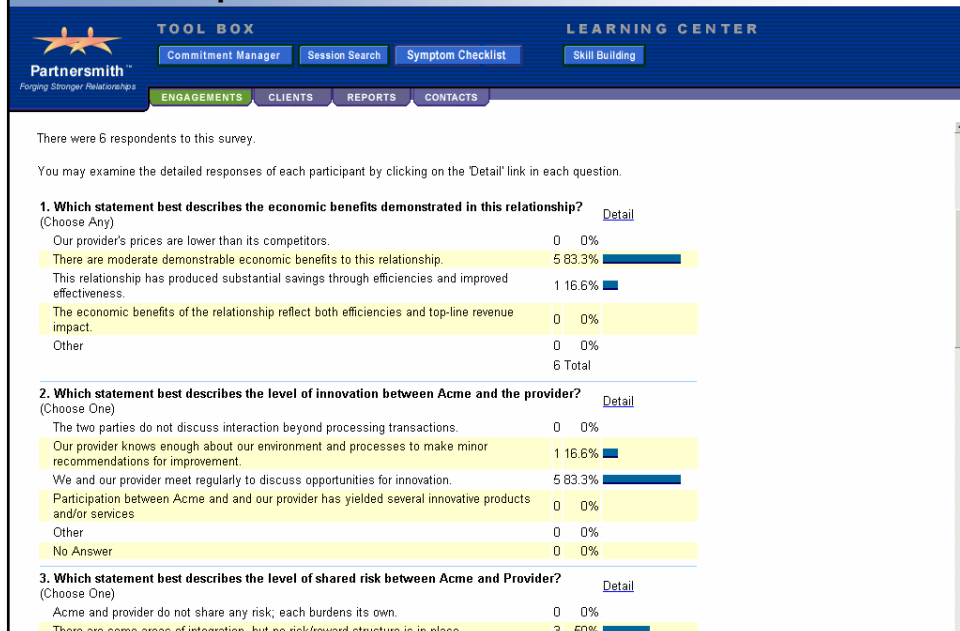


© 2003 Vantage Partners, LLC. All rights reserved.

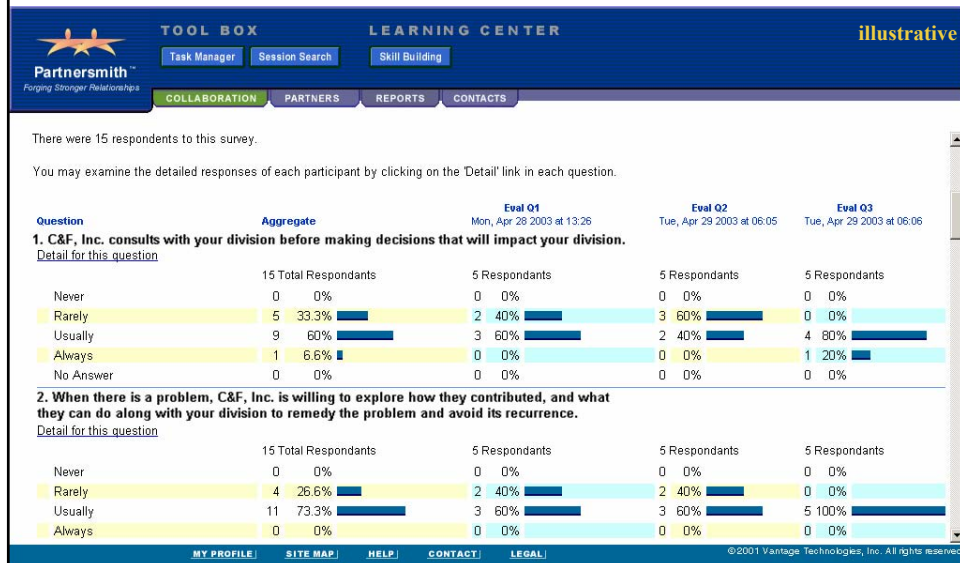
Illustrative dashboard for status reporting of, objectives, performance metrics, milestones, etc.



Illustrative tool for monitoring key performance and relationship health indicators



Illustrative tool for monitoring key performance and relationship health indicators (con't)



For further information

Vantage works with service providers to build the relationship management capabilities that will differentiate them in the marketplace.

- Assessing a service provider's relationship management capability and the effectiveness of current processes, methods, and tools, and making recommendations for improvement
- Building and deploying a systematic, scalable relationship management process and tools
- Enabling effective relationship management with behavioral skills training and coaching, and with technology, using Vantage Technologies' Partnersmith® software

Email skliman@vantagepartners.com



© 2003 Vantage Partners, LLC. All rights reserved.





The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Standing Out from the Outsourcing Crowd, or, How to Look Like an Orange when Customers Are Used to Seeing Apples

Tuesday, February 24, 2004

3:50 – 4:40 PM

Stuart Kliman

Partner

Vantage Partners, LLC



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Stuart Kliman
Partner
Vantage Partners, LLC

Stuart Kliman is a founding partner of Vantage Partners, LLC. As a management consultant, Mr. Kliman's practice focuses on helping clients build the capacity to negotiate, build and manage stronger and more mutually valuable customer, vendor and partner relationships. He has worked with clients in the I.T., pharmaceuticals, financial services and manufacturing industries. Mr. Kliman is a former member of the Harvard Negotiation Project, and practiced as an attorney with the law firm of Arent, Fox, Kintner, Plotkin & Kahn in Washington, D.C. Mr. Kliman is a member of the Maryland Bar and received his J.D. cum laude from Harvard Law School and his B.A. magna cum laude from Franklin & Marshall College. Mr. Kliman is a frequent writer, lecturer and speaker on issues of negotiation and relationship management. His latest article "*Mending Broken Relationships: Foundations of Success*" in Cutter Consortium's Executive Update.

**The 2004 Outsourcing World
Summit
February 23 – 25, 2004**

Lake Buena Vista, Florida

Stuart Kliman, Partner

Vantage Partners

skliman@vantagepartners.com



Session Purposes

- **Share / discuss challenges to effective outsourced relationship management**
- **Share / discuss some key components of an outsourced relationship management capability**
 - **Relationship management as a process**
 - **Some relationship management tools and technology**
 - **Key skills of and mindset for effective relationship management**



© 2003 Vantage Partners, LLC. All rights reserved.

About Vantage Partners



- Spin-off of the Harvard Negotiation Project
- Expertise in building corporate negotiation and relationship management capability
- Extensive Experience
 - Exclusive focus on negotiation and relationship management since 1984
- Recognized thought leaders
 - Co-authors of *Getting to YES: Negotiating Agreement Without Giving In*
 - Three-year study on Alliance Relationship Management
 - Cross-industry study of Best Practices for Supplier Relationship Management
 - Partnering Handbook for relationship managers
 - Frequent keynote speakers on negotiation and relationship management
 - Two day program on Alliances at CalTech
- Leaders in international dispute resolution through CMG

© 2003 Vantage Partners, LLC. All rights reserved.

What is Relationship Management Capability?



**"It's the next level of real-time vendor relations.
But we're still beta testing."**

Copyright 2000 by Supply Chain Technology News and www.totalsupplychain.com Used with permission.



© 2003 Vantage Partners, LLC. All rights reserved.

Traditional outsourcing – clear challenges to address

- **Adversarial, procurement-driven, customer-vendor mindset**
 - Low value to customer; little profit to service provider
 - Focus on low cost / pricing drives out creativity, exploration of opportunities for mutual gain, and strategic thinking
 - Contract becomes a straightjacket
- **Customer measures of success are really business outcomes, not SLAs – but all too often contract management, governance, etc. focus is on the latter**
 - "Don't blame us, the network was up" reduces trust and satisfaction
 - Management to meet SLAs misses the point - Driving strategic business goals with innovative IT requires a partnering relationship, close coordination and a "single team" mentality across multiple functions and reporting lines and the ability to work as a single team
- **In a business environment characterized by rapid changes in technology, competitive threats, and customer priorities, contract terms can quickly become obsolete**
 - Relationship management, not contract management, is needed to ensure the business needs of customer and provider are met



© 2003 Vantage Partners, LLC. All rights reserved.

In any outsourcing relationship, service provider and customer will have to manage two types of issues

| Substance | Relationship |
|---|---|
| <ul style="list-style-type: none">▪ Service levels▪ Pricing▪ Replace/refresh hardware▪ Terms of employee transfers▪ Third-party software▪ Timely performance reporting | <ul style="list-style-type: none">▪ Understanding each other's objectives▪ Building trust/mutual respect▪ Feeling fairly treated/not coerced▪ Consulting with other party in timely way▪ Open, quality communications |



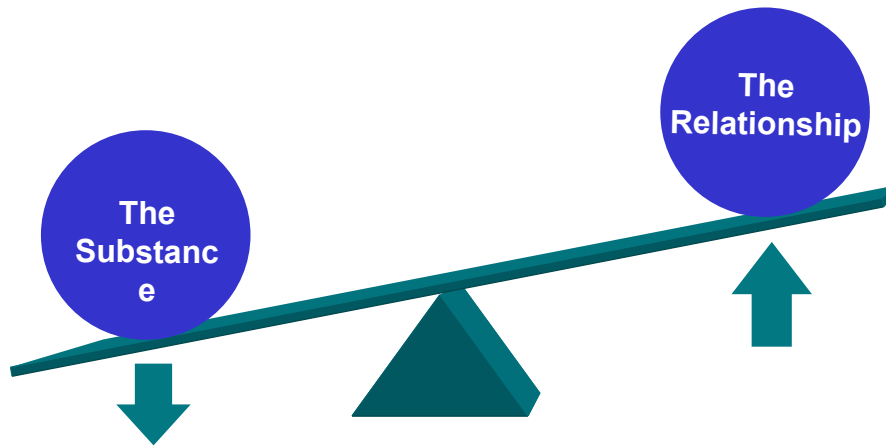
© 2003 Vantage Partners, LLC. All rights reserved.

In the absence of effective relationship management, service providers and customers fall into some predictable loops



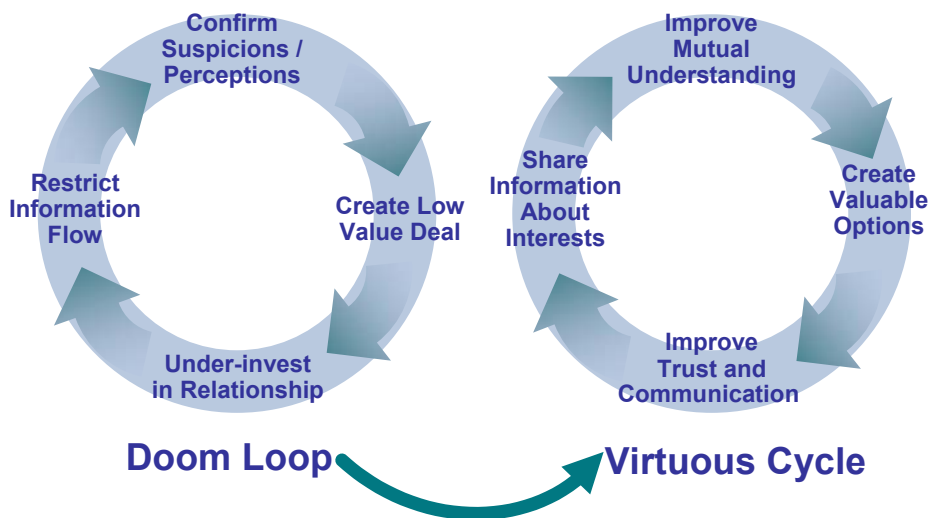
© 2003 Vantage Partners, LLC. All rights reserved.

A common assumption about relationship management



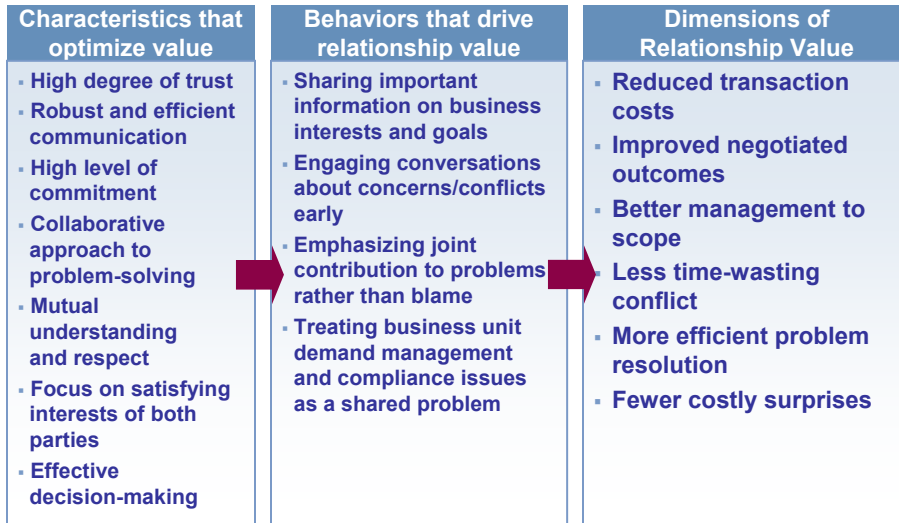
© 2003 Vantage Partners, LLC. All rights reserved.

A more realistic view of relationship management



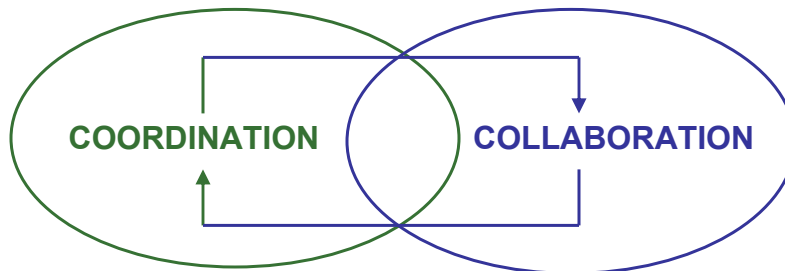
© 2003 Vantage Partners, LLC. All rights reserved.

Value created in a relationship can be traced back to specific behaviors, and the characteristics that promote those behaviors



© 2003 Vantage Partners, LLC. All rights reserved.

Value creation through relationship management is a function of two related sets of capabilities



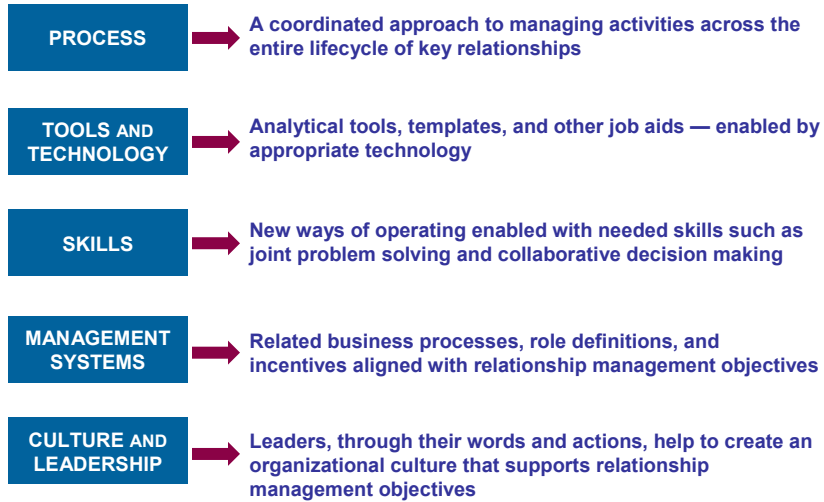
Without visibility to relevant data (from different touch points across different points in time), the most skilled people will make poor decisions.

Access to the right information isn't enough. Different goals, different competencies, different ways of operating, all create barriers to spotting and capitalizing on opportunities to create more value with/through providers.



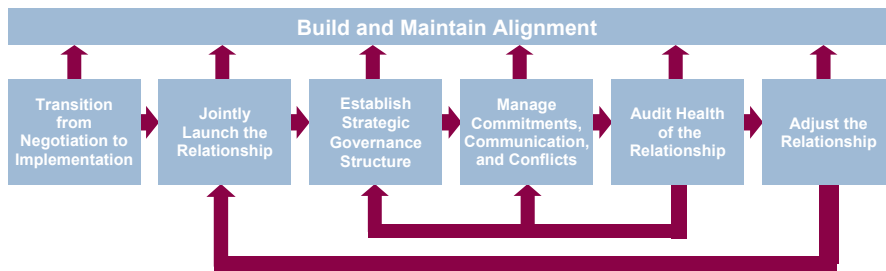
© 2003 Vantage Partners, LLC. All rights reserved.

To build a differentiated capability to manage relationships, consistently and continually, requires working across multiple levels



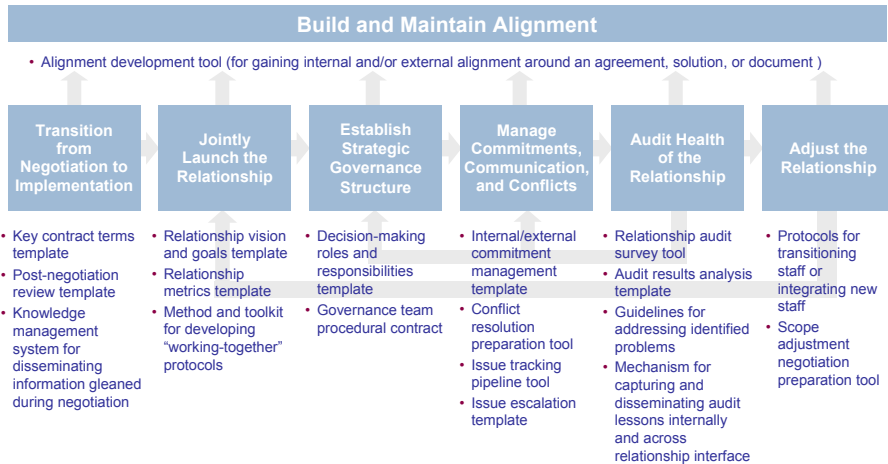
© 2003 Vantage Partners, LLC. All rights reserved.

A process for effectively managing the post-signing relationship



© 2003 Vantage Partners, LLC. All rights reserved.

Illustrative tools for effectively managing the post-deal relationship



© 2003 Vantage Partners, LLC. All rights reserved.

A Key Component of Capability: Launching Complex Relationships



© 2003 Vantage Partners, LLC. All rights reserved.



© 2003 United Feature Syndicate, Inc.



© 2003 Vantage Partners, LLC. All rights reserved.

Launching Complex Relationships: Some Key Challenges

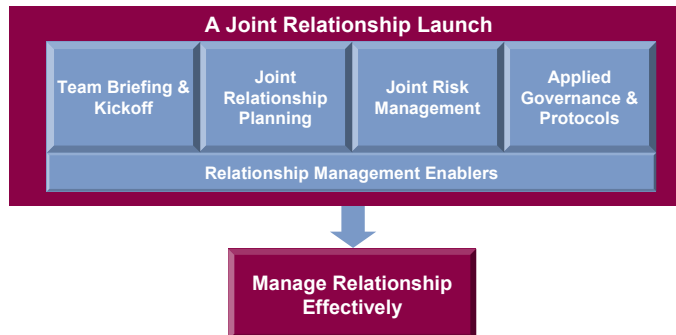
- Facilitating a smooth transition from negotiators to implementers
- Ensuring alignment on a clear value proposition and business objectives
- Aligning around a vision of how the parties need to work together
- Anticipating likely challenges and jointly devising approaches for overcoming those challenges
- Building, committing to, and operationalizing an appropriate governance process and structure
- Equipping individuals on the relationship interface with a common vocabulary, toolkit, and skill base for collaboration



© 2003 Vantage Partners, LLC. All rights reserved.

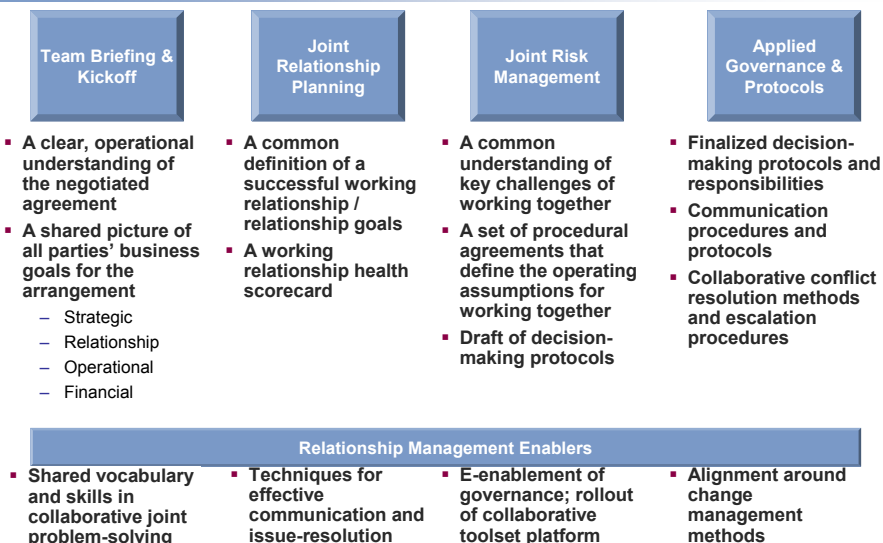
Outsourcing relationship launch: overview

An **Outsourcing Relationship Launch** includes a series of activities designed to systematically plan and implement a foundation for coordination and collaboration between buyer and provider. During the Launch, deal partners **set goals, build protocols and mechanisms, and build skills** to ensure that they are equipped to effectively work together in to achieve their desired business outcomes.



© 2003 Vantage Partners, LLC. All rights reserved.

Outsourcing relationship launch: outputs



© 2003 Vantage Partners, LLC. All rights reserved.

Team briefing and kickoff

A Joint Relationship Launch

Team Briefing & Kickoff

Joint Relationship Planning

Joint Risk Management

Joint Governance Protocols

| Objective | Illustrative Activities |
|---|--|
| Gain a clear understanding of the negotiated agreement | <ul style="list-style-type: none"> Reverse-engineer operational term sheet from contract Brief teams on key deal terms and scope boundaries Educate on SLAs and pricing |
| Build a shared picture of all parties' business goals for the arrangement | <ul style="list-style-type: none"> Using diagnostic survey as input, test and develop high-level understanding of each other's goals and explore questions of alignment Articulate implications of meeting and missing goals Define metrics to track progress towards goals |

20

Joint relationship planning

A Joint Relationship Launch

Team Briefing & Kickoff

Joint Relationship Planning

Joint Risk Management

Joint Governance Protocols

| Objective | Illustrative Activities |
|---|--|
| Construct a common definition of a successful working relationship and essential relationship goals | <ul style="list-style-type: none"> Using diagnostic survey as input, determine what attributes / characteristics would define a "good working relationship" for each party Explore assumptions and expectations underlying definitions Describe placement of relationship on maturity model and discuss implications of such a relationship |
| Define a working relationship health scorecard | <ul style="list-style-type: none"> Clarify relationship goals and metrics; distinguish end-state goals and means for achieving them Determine observable indicators of progress to measure Determine measures of success to track; agree on means and frequency of health check |

21

Joint risk management

A Joint Relationship Launch



| Objective | Illustrative Activities |
|---|---|
| Gain a common understanding of key challenges of working together | <ul style="list-style-type: none"> Understand typical pitfalls of outsourcing relationships Evaluate what could go wrong and implications for each party Develop risk management plan (prevention and mitigation strategies) |
| Establish a set of procedural guidelines for working together | <ul style="list-style-type: none"> Plan for managing various challenging scenarios Draft principles to guide day-to-day interactions and handling of exceptional issues |
| Anticipate and plan for key decisions | <ul style="list-style-type: none"> Draft list of anticipated decisions and decision rights and responsibilities to be reviewed and revised by core team |

22

Joint governance protocols

A Joint Relationship Launch



| Objective | Illustrative Activities |
|--|--|
| Establish key decision-making protocols and responsibility definitions | <ul style="list-style-type: none"> Review joint decision-making rights to build common understanding of decision-related roles and responsibilities Share internal decision-making rights with counterpart; brief on timeframes for key decisions and discuss implications |
| Define communication procedures and protocols | <ul style="list-style-type: none"> Based on joint planning activities, determine communication requirements and access levels – what each party needs to know about the other and how can that be shared |
| Implement collaborative conflict resolution method and escalation procedures | <ul style="list-style-type: none"> Jointly define method for collaborative conflict resolution Share templates and tools for effective escalation Define escalation policies and procedures |

23

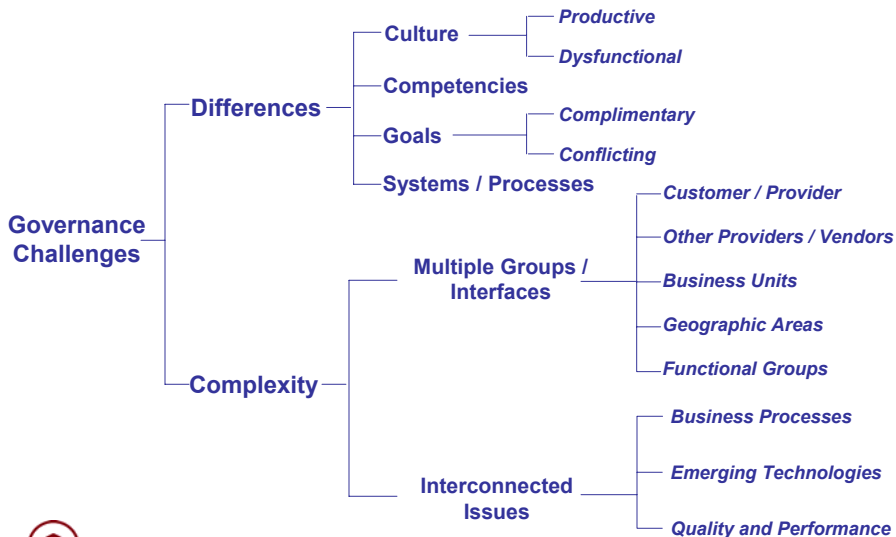
Activities in an outsourcing relationship launch: Illustrative plan



Some Thoughts on Relationship Governance



In complex outsourcing relationships, governance is both critical and difficult



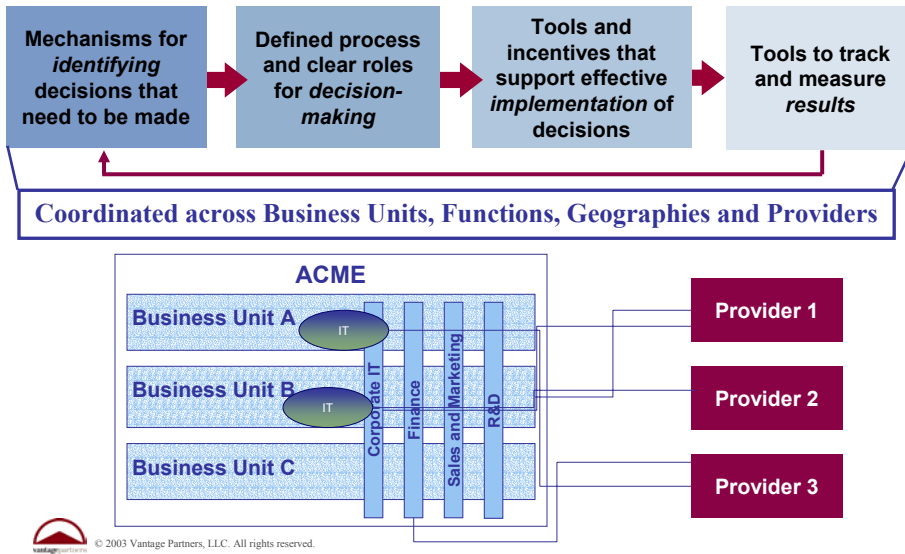
Common governance challenges facing complex outsourcing relationships

- Coordinating management and operations among provider and customer resources across numerous geographies
- Effectively diagnosing provider and customer contributions to complex problems
- Managing day-to-day decision-making among multiple parties and constituencies in a way that balances efficiency and inclusiveness
- Balancing the need for cost savings with the need to drive innovation and exploit sources of strategic value
- Managing interdependencies among customer and provider third party vendors
- Identifying and addressing cultural differences, misperceptions, and underlying tensions that can lead to conflict and breakdowns in business performance
- Establishing and executing against common goals, and managing conflicting goals and objectives
- Spotting and responding to changes: in technology, in customer and/or provider strategy, in the external marketplace



© 2003 Vantage Partners, LLC. All rights reserved.

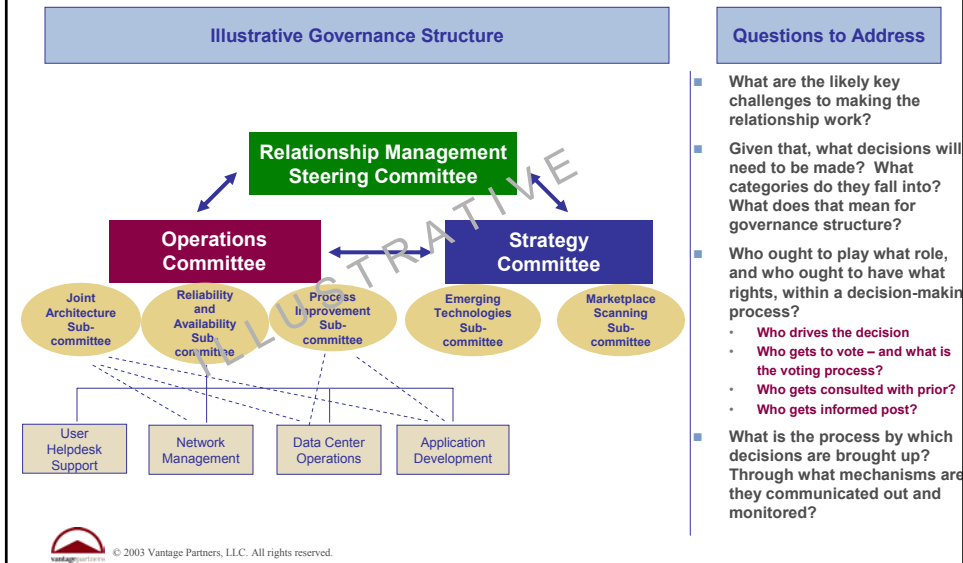
Dealing well with challenges – avoiding the relationship problems inherent in dealing with them poorly - requires a focus on identifying and making necessary decisions



Effective decision-making requires clarifying what are the various decisions and who will be involved in what ways – taking into account relationship complexity

| Types of Decisions | Driver | Negotiate | Consult | Inform |
|----------------------------------|--------|-----------|---------|--------|
| Opportunities | | | | |
| Pursue New Major Initiatives | | | | |
| Alter Current Major Initiatives | | | | |
| Stop Current Major Initiatives | | | | |
| Contract | | | | |
| Recommend Change to Strategy | | | | |
| Recommend Major Contract Adds | | | | |
| Recommend Major Contract Removes | | | | |
| Personnel | | | | |
| Recruit Senior People | | | | |
| Hire Senior People | | | | |
| Replace Senior People | | | | |
| Financial | | | | |

Governance structures ought to therefore be designed to support the various kinds of decisions that need to be made



Operationalizing governance requires detailed work, tools and process and role clarity

- Clear definitions of the responsibilities of managers, teams, board committees
- Standard agendas and tools (planning, problem-solving, decision-making) to enable the work of governance committees
- Clearly defined decision-making roles and procedures within each level of the governance structure
- Clearly defined escalation conditions and procedures across all levels of the governance structure
- Standard relationship performance reporting tools and procedures
- Alignment of individual performance evaluation criteria and incentive compensation with relationship objectives and success factors
- Design of roles that resolve accountability for conflicting priorities at the lowest practical level of management



© 2003 Vantage Partners, LLC. All rights reserved.

Relationship Management Mindset and Skills

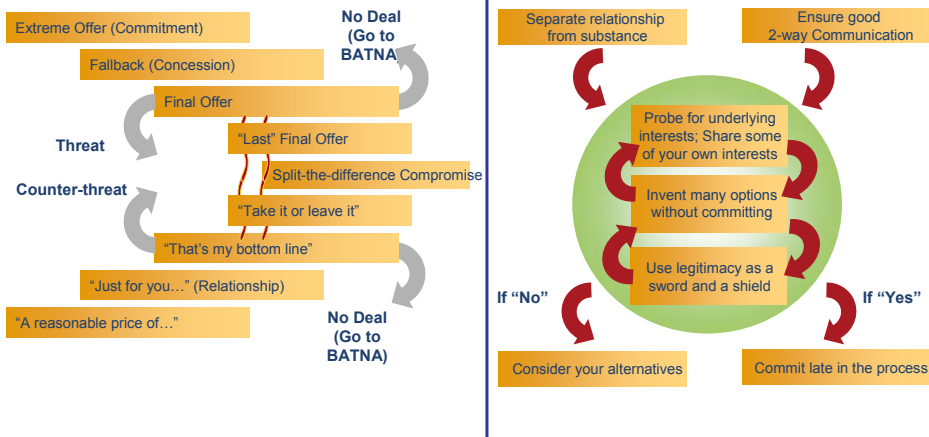


© 2003 Vantage Partners, LLC. All rights reserved.



© 2003 Vantage Partners, LLC. All rights reserved.

Contrasting behavioral models of ongoing relationship management



© 2003 Vantage Partners, LLC. All rights reserved.

Discuss joint contribution when having conversations with customers about performance issues

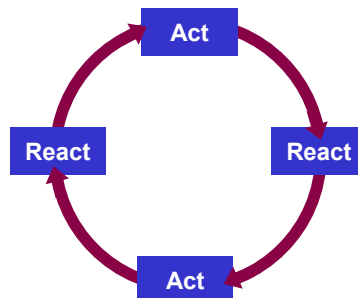
| Mine | Theirs |
|------|--------|
| • | • |
| • | • |
| • | • |
| • | • |

Look for Joint Contribution

- What is each organization/party contributing to the situation?
- Take responsibility for your contribution early
- Help them understand their contribution

Map the System

- Are there reinforcing loops?



© 2003 Vantage Partners, LLC. All rights reserved.

The Enabling Role of Technology



© 2003 Vantage Partners, LLC. All rights reserved.

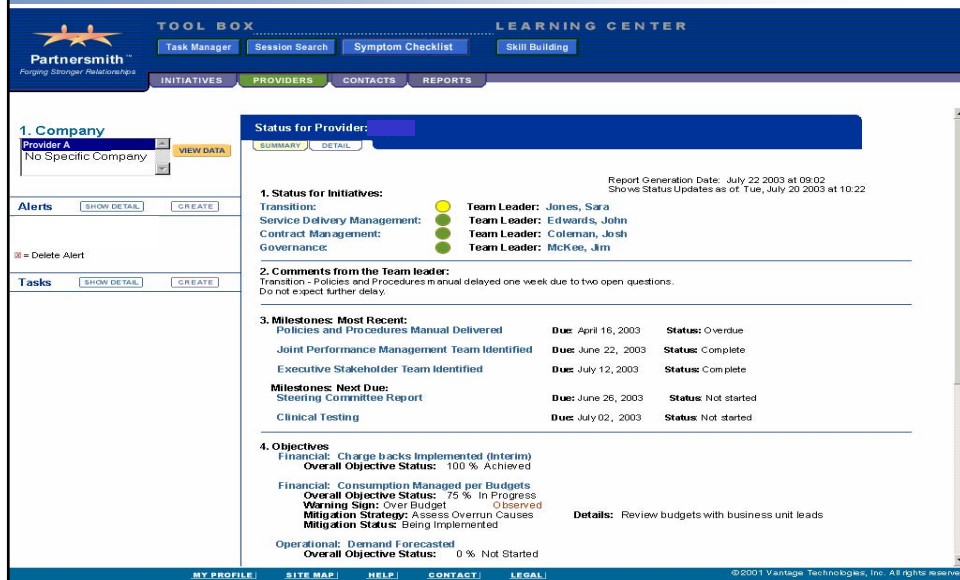
Coordination and collaboration are increasingly supported through relationship management technology

- **Executive dashboards** with customized reports of individual relationship managers, multiple relationships with one partner, and overall relationship portfolio
- **Role-specific workspaces** and dashboards from which to monitor and manage relationships
- Collaborative **behavioral tools** for coordination, performance management, problem-solving, issue tracking, and more
- **Milestone management** capability for creating, tracking and reporting status of critical relationships, contracts, and project milestones
- **Objectives management** capability for defining and tracking relationship scorecards and goals
- Automatic generation of **company profiles** that capture all interactions with and knowledge of partners
- Automated **surveys** to support internal and external performance assessments

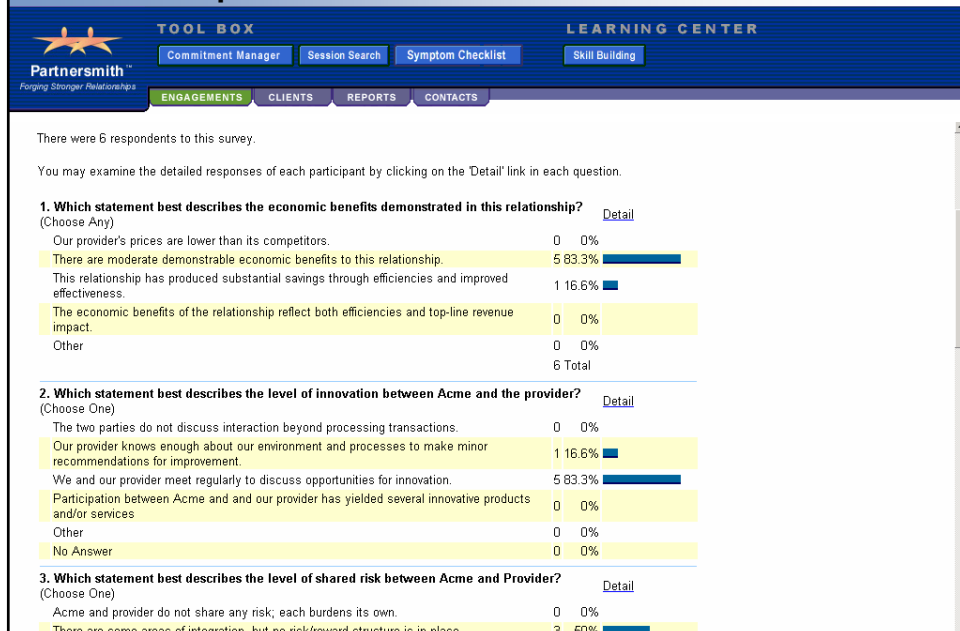


© 2003 Vantage Partners, LLC. All rights reserved.

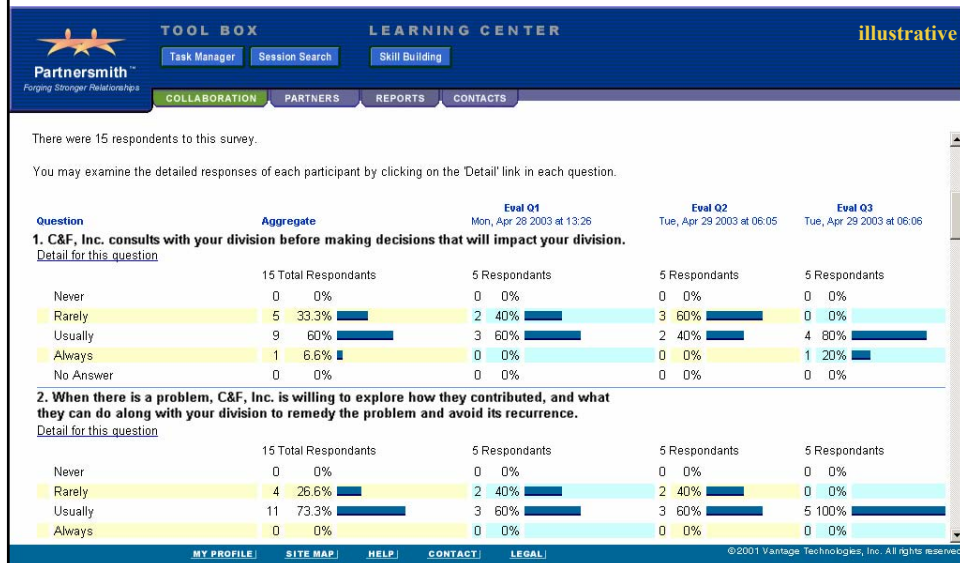
Illustrative dashboard for status reporting of, objectives, performance metrics, milestones, etc.



Illustrative tool for monitoring key performance and relationship health indicators



Illustrative tool for monitoring key performance and relationship health indicators (con't)



For further information

Vantage works with service providers to build the relationship management capabilities that will differentiate them in the marketplace.

- Assessing a service provider's relationship management capability and the effectiveness of current processes, methods, and tools, and making recommendations for improvement
- Building and deploying a systematic, scalable relationship management process and tools
- Enabling effective relationship management with behavioral skills training and coaching, and with technology, using Vantage Technologies' Partnersmith® software

Email skliman@vantagepartners.com



© 2003 Vantage Partners, LLC. All rights reserved.





The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Can Anyone Be an Outsourcer? Getting Started in International Outsourcing

Wednesday, February 25, 2004

11:10 – 12:00 PM

William B. Bierce

Attorney

Bierce & Kenerson



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



William B. Bierce
Attorney
Bierce & Kenerson, P.C.

William B. Bierce is an internationally recognized lawyer based in New York City concentrating on complex commercial transactions involving information technology. He has studied and practiced law in Europe, is fluent in French and has published, in English and five other languages and on five continents, several dozen articles on law, tax, business and technology. He is founder and senior lawyer of Bierce & Kenerson, P.C., a corporate and technology law boutique in New York. Bill is also publisher of *Outsourcing Law & Business*, a monthly e-letter, and www.outsourcing-law.com, the premier website for CEO's, in-house lawyers, CIO's and CTO's on outsourcing practices. Bill has spoken at leading outsourcing conferences throughout the United States and has also been a legal speaker in France, England, Switzerland and elsewhere in Europe.

Bill's legal practice requires him to practice comparative law of outsourcing. He advises American, European, Latin American and Asian clients on structuring, marketing, legal compliance and contract issues for international outsourcing transactions. Bill's firm, Bierce & Kenerson, P.C., runs various websites, including www.biercekenerson.com and www.techvisas.com.

Bill has been recognized for distinguished service in the promotion of outsourcing. PricewaterhouseCoopers and Michael F. Corbett & Associates nominated Mr. Bierce for their prestigious Outsourcing World Achievement Award of the Year in 2000. In late 2002 and early 2003, his website www.outsourcing-law.com was listed as number 1 on www.google.com and www.yahoo.com in the field of outsourcing.

Bill graduated from Yale University (AB 1971), Univ. of Grenoble (Law Degree, with honors, 1972) and NYU School of Law (JD 1975). He is former Adjunct Asst. Professor of Legal & Tax Aspects of International Business, Pace University Graduate School of Business (New York, 1982-1987). He serves as Director of the American Foreign Law Association. He is a member of the Computer Law Association and is former Chairman of the Committee on Foreign and Comparative Law, Association of the Bar of the City of New York, which has over 20,000 members.

Can Anyone Become an International Outsourcer? Getting Started

© 2004 William B. Bierce, Esq.
Attorney at Law, New York
Licence en Droit (Grenoble, France) with honors
www.biercekenerson.com
www.outsourcing-law.com

—
Outsourcing World Summit
Orlando, Florida
Feb. 23-25, 2004

Copyright 2004 William B. Bierce



Overview



- What is Outsourcing Anyway?
- Key Drivers for Becoming an OO Service Provider
- Different Operational Models
- Organization and Structure
- Dissonance in the Models
- Best Practices

Copyright 2004 William B. Bierce



What is Outsourcing Anyway?



- Control without Ownership
- Temporary Delegation of Responsibility
- Operation of a Business Process
- Integration in to Existing and Future Core Operations
- Defined Standards of Performance
- “Variable Annuity” Pricing Model
- Client’s Retained Management Prerogatives

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Key Drivers for Becoming an OO Service Provider

- Business Process Automation
- Capability Maturity Model, Six Sigma, ISO – “Quality”
- Centralization of Control over Global Process
- Consolidation – M&A, downsizing, restructuring
- E-Commerce and Telesourcing post “Dot Com”
- Self Service
- Integration of Customer and Supplier via SCM
- Wage Arbitrage

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Stages in Organizational Development

- Startups
- “Service Product” Expansion as Vertical Integration
- In-House and Shared Services Organizations
- True Joint Ventures

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Methods of Service Delivery

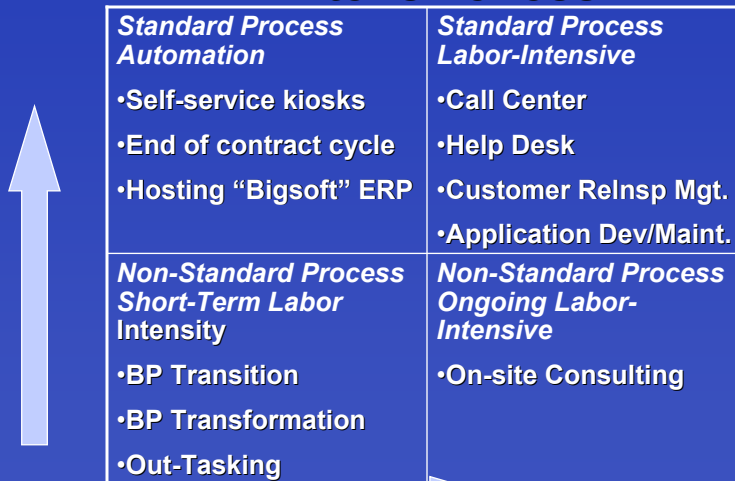
- Complete BPO
 - Global Sourcing Model (“Best Shoring”)
 - Remote Control: ASP Model
- Partial BPO
 - Infrastructure Hosting with Self Service
 - Web Enablement and Operational Support
- Transitional Sourcing

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Scalability and Labor Intensiveness



| | |
|--|--|
| Standard Process Automation <ul style="list-style-type: none"> • Self-service kiosks • End of contract cycle • Hosting "Bigsoft" ERP | Standard Process Labor-Intensive <ul style="list-style-type: none"> • Call Center • Help Desk • Customer Reinsp Mgt. • Application Dev/Maint. |
| Non-Standard Process Short-Term Labor Intensity <ul style="list-style-type: none"> • BP Transition • BP Transformation • Out-Tasking | Non-Standard Process Ongoing Labor-Intensive <ul style="list-style-type: none"> • On-site Consulting |

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Organizational Structure

- Jurisdiction of Incorporation
- Legal Form and Structure
 - Entity (Inc., LLC)
 - Inter-Company Transactions with Affiliates
- Proximity to Customer:
 - Legal, Physical, Cultural, Technical
 - Transparency of Processes

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Organizing the Team



- Internal Management Team
 - CEO
 - Marketing / Sales
 - Service Delivery
 - Customer Liaison
 - Administration: HR, Legal, F&A, Facilities
- Critical Business Alliances
 - Software Providers
 - Specialist Service Providers

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Risk Management



- Risk Management Policies
- Process Management
- Performance Monitoring and Oversight Procedures
- Expertise in-house
- Legal Techniques

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Branding: Pillars of Trust

- Financial Strength
- Maturity of Basic Operational Process
- Security, Disaster Recovery and Business Continuity
- Privacy and Data Protection
- Process Integrity/ Auditor Independence
- Visibility - “a` la OEM”



Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Failed Deals



- A Proposition of “No Value.”
- “What we have here is a failure to communicate.”
 - Buyer does not understand what buyer is buying.
 - Seller does not understand what seller is selling.
- Buyer’s new liaison manager sets a new agenda that contradicts the letter and spirit of original negotiation.

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Trouble Spots



- Capability Immaturity
- Immaturity in Contract Development Process
- Inattention to Relationship Governance
- Liability without Control: Client Prerogatives

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Best Practices (Part 1)



- Commitment at CEO Level
- Designing Your Process Around the “Vendor Selection Criteria” of the Consultants and Advisors
- Small Wins, Walk to Run
- Strategic Decisions on Competing in RFP’s
- Customer Satisfaction – Knowing the Variables
- Value Proposition Constantly being Reassessed

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Best Practices (Part 2)



- Choice of Provisioning Model
- Choice of Business Partners
- Choice of Law
 - Legal Environment
 - Legal System
 - Ongoing Management of Conflicts of Law

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law



Questions



Thank you!

wbierce@biercekenerson.com
wbierce@outsourcing-law.com

Copyright 2004 William B. Bierce

Bierce & Kenerson, P.C.
Infrastructure Services Law





The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Proving the Value of Your Outsourcing Solution

Wednesday, February 25, 2004

1:10 – 2:00 PM

Bill Hall
President
Pretium Partners

Kyle Andrews
Vice President
Pretium Partners



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



William P. Hall
President
Pretium Partners,
Inc.

William P. Hall is a founding partner of Pretium Partners, Inc., a firm dedicated to helping high technology companies sell the business impact of their solutions; thus increasing sales effectiveness.

Mr. Hall has spent nearly 20 years dedicated to selling and marketing technology solutions and services. His expertise was developed in systems sales, worldwide services marketing and services management. The most recent nine years focused on developing methodologies for improved sales performance.

His training experience crosses a broad array of industries and companies in over 10 countries. Clients are from a wide set of industries such as telecom, information technology, payroll/human resource, medical, manufacturing, financial technologies and document management. Notable clients include Verizon Information Technologies, Diebold Incorporated, Logical USA, ABB, Hewlett Packard, Xerox, Siemens, ADP, NCR, International Billing Services and Philips Medical Systems.

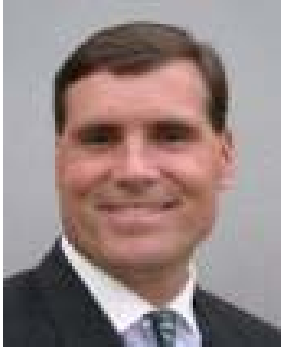
Mr. Hall was co-author of "Value Assessment in Outsourcing, A Study of Outsourcing Justification Practices." The study was conducted by Pretium and The Fisher College of Business at The Ohio State University.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Kyle J. Andrews
Vice President
Pretium Partners,
Inc.

Kyle J. Andrews is a founding partner of Pretium Partners, Inc., a firm dedicated to assisting high technology companies in raising their value proposition and selling the business impact of their solutions; thus increasing sales effectiveness.

Mr. Andrews enjoyed an 11½-year career as a U.S. Marine Corps Officer where he began his instructional career as an attack jet flight instructor. During a four year period as the AV-8B Harrier Program Analyst, his research, presentations and recommendations were highly influential on decisions for operational improvements to the AV-8B aircraft and the training of its pilots.

During his nine years of selling experience in the high technology marketplace, he helped many companies develop and institute business recovery plans. The most recent 7 years have been devoted to developing, selling, delivering and facilitating solution selling and return-on-investment programs and seminars for companies such as Cranel, Diebold, Logical USA, NCR, Philips Medical Systems and UUNet Worldcom.

Mr. Andrews was co-author of "Value Assessment in Outsourcing, A Study of Outsourcing Justification Practices." The study was conducted by Pretium and The Fisher College of Business at The Ohio State University.

Mr. Andrews has been a speaker on value assessment in selling for technology solutions, outsourcing and services at Michael F. Corbett & Associates' *Outsourcing World Summit*, The Outsourcing Institute's *Vendor Summit*, the *Information Technology Council*, *AFSM International World Conferences*, *Federal Sourcing Partnering and Privatization Conference* and other events.

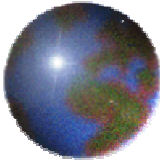


The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

The 2004 Outsourcing World Summit



*The 2004 Outsourcing World Summit
February 23-25, 2003
Lake Buena Vista, Florida*

*Proving the Value of Your
Outsourcing Solution*

Pretium Partners, Inc.



Pretium Partners, Inc.

Custom Sales Training & Consulting
Solution, Software, Services and Outsourcing Marketplaces

**Sharpen
Yourvalue
knowlEdge**

Differentiating Sales Forces Worldwide



© Copyright 2004 Pretium Partners, Inc. All rights reserved.



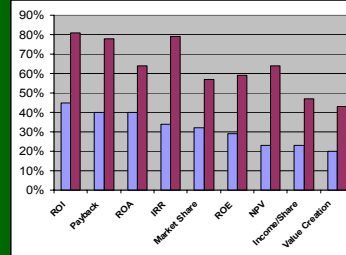
Outsourcing Justification

Source: Outsourcing Justification study by Pretium Partners, Inc.

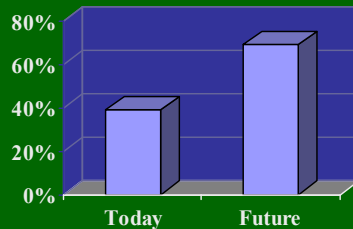
Consistency with Strategy



Financial Measures



Evaluation of Risk



Benefits Analysis

| Most Important Benefits <small>Ranked on a scale of 1 to 5 where 5 is the most important</small> | | Most Often Quantified <small>Ranked according to the percent of respondents that quantified the benefit</small> | |
|---|------|--|-----|
| 1. Improve Productivity of department or function | 4.04 | 1. Reduce operating cost | 78% |
| 2. Reduce operating cost | 3.84 | 2. Improve Productivity of department or function | 59% |
| 3. Upgrade, introduce or transform skills | 3.57 | 3. Better manage the department or function | 52% |
| 4. Better manage the department or function | 3.52 | 4. Improve cash flow | 45% |
| 5. Make resources available for core areas | 3.38 | 5. Implement business change | 39% |

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Value Assessment Defined

Value Assessment is the consultative process of identifying the business impact of an investment, according to the buyers' decision-making criteria, and assembling the business case that explains it.

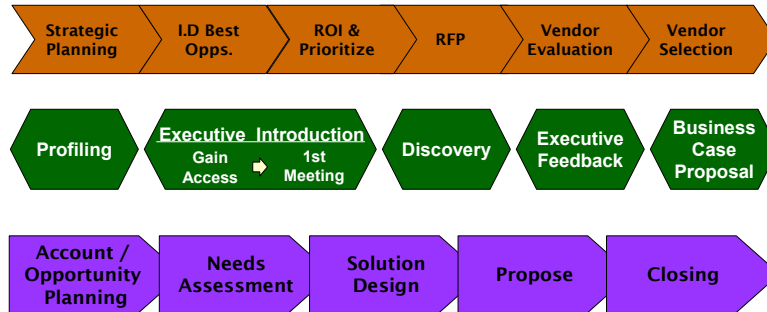


A document that advocates a solution based on its ability to improve the customers business and is framed according to executive decision making criteria.

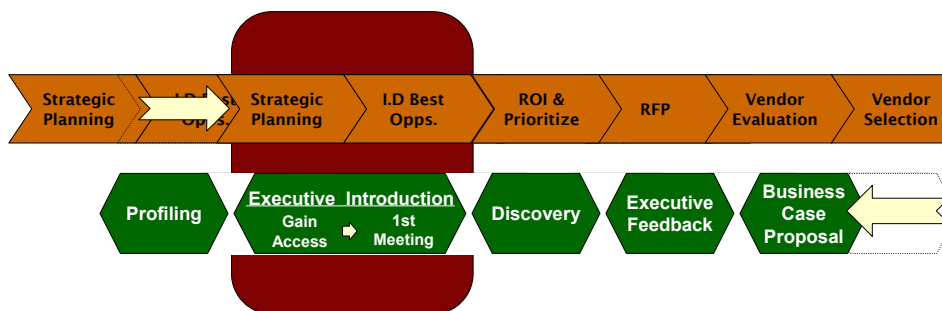
© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Aligning Value Assessment and Your Sales Process



© Copyright 2004 Pretium Partners, Inc. All rights reserved.



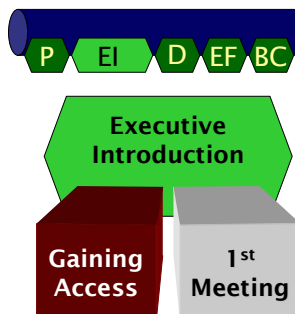
© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Executive Introduction

Credibility, Viability, Control

- ✦ What: All activities necessary to launch a **high level relationship** in the account.
- ✦ Objective: Establish your **credibility**; plant the seed of **viability** of your solution; assert **control** over the sales process.
- ✦ Outcomes: Gain **access**, obtain **commitment**, build **sponsorship**



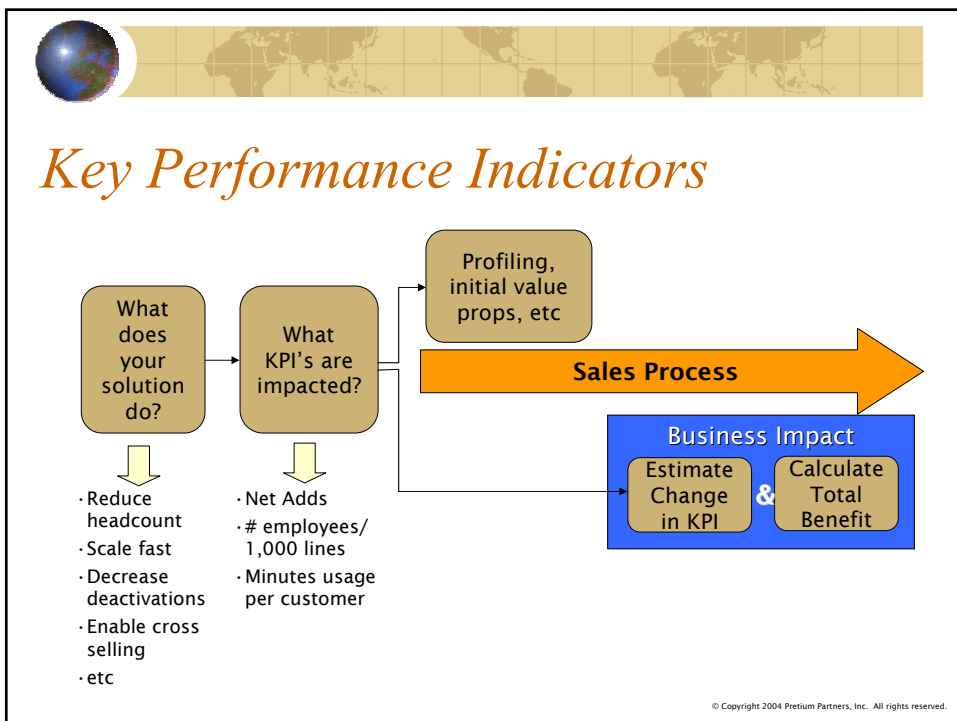
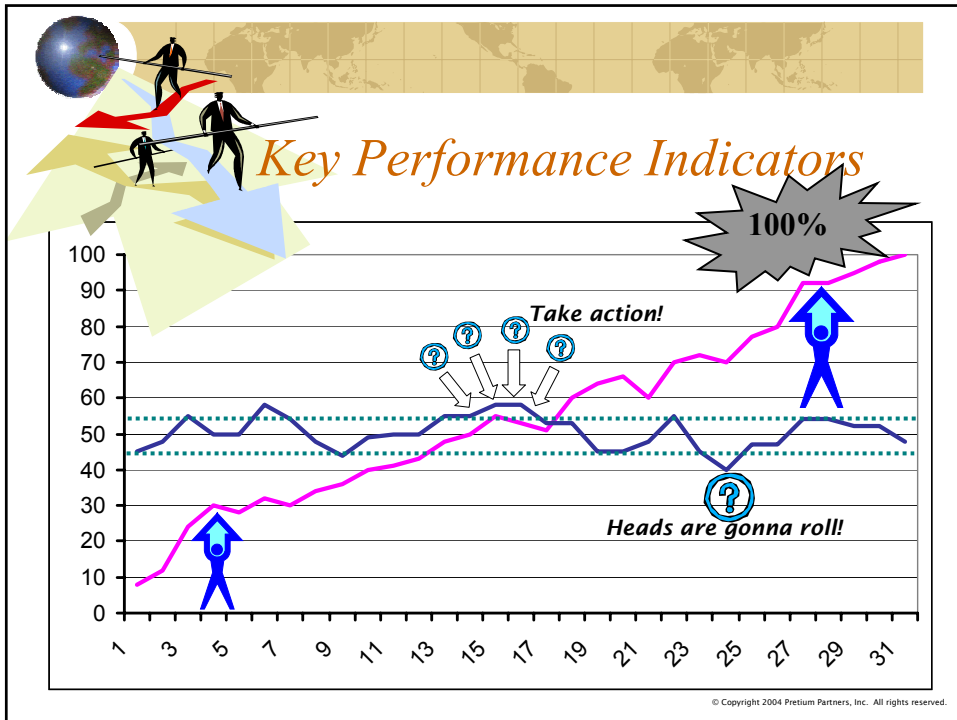
© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Selected Keys to Executive Introduction

- ✦ Key Performance Indicators
- ✦ Strategic Alignment
- ✦ Risk Assessment
- ✦ Initial Value Message

© Copyright 2004 Pretium Partners, Inc. All rights reserved.





Using KPI's Early in Sales Process



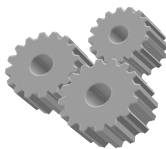
Compare them
to industry
targets



Look at
company
trends

- ✦ Profiling
- ✦ Gaining Access
- ✦ Executive Dialogue Questions
- ✦ Initial Value Message

© Copyright 2004 Pritium Partners, Inc. All rights reserved.



Strategic Alignment

Customer's Business Strategy
Top Business Priorities

**Industry
Influences**
*Trends and
Drivers*

**Outsourcing's
Common
Strategic
Benefits**

**Your
Top X**

Your Outsourcing Solution
What It Does

© Copyright 2004 Pritium Partners, Inc. All rights reserved.



Risk Assessment

1. Engagement Risks

- Particulars/politics of releasing/transferring employees
- Investment Return
- Cultural/Organizational Impact
- Track Record (of ATS and of total maintenance outsourcing)
- Transition Troubles
- Size of the investment

2. Outsourcing Risks

See "18 Common Risks of Outsourcing"

3. Business Risks

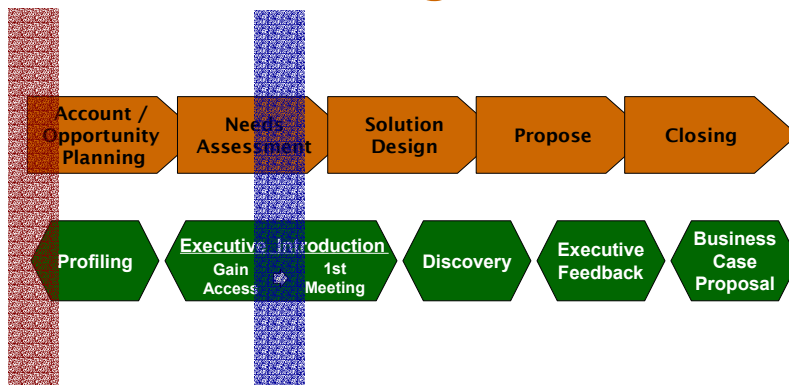
- Currency exchange rate fluctuations
- Competition (new ones, major moves by)
- Weather effects
- Changing consumer preferences
- Economy
- Labor unrest/Labor costs
- Disasters
- Disgruntled employees

© Copyright 2004 Pretium Partners, Inc. All rights reserved.





Initial Value Message



Overall Value Proposition
✓ Create Awareness

Initial Value Message
✓ Create Interest
✓ A reason to listen

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Initial Value Message

Based on our expertise in Expertise,
(what you do)

and validated through our work with Experience,
(direct or indirect references to customers)

we have proven our ability to Business Impact,
(business problems you solve)

resulting in Value Created.
(value you create)

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Initial Value Message example

© Copyright 2004 Prelium Partners, Inc. All rights reserved.



Initial Value Message Made Stronger

- ☐ Proof points/Statistics
- ☐ KPIs
- ☐ Specific to solution
- ☐ Publicly available information about the company
- ☐ Specific to the buyer or buyer's role

© Copyright 2004 Prelium Partners, Inc. All rights reserved.



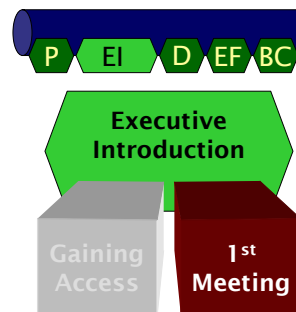
Initial Value Message example

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



The First Meeting

Credibility, Viability, Control



Gain commitment for building a business case and securing an executive feedback session

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



Proving the Value of Your Outsourcing Solution

Thank You!

**Pretium Partners, Inc.
1631 Northwest Professional Plaza
Columbus, Ohio 43220
1.614.457.1726**

**Bill Hall - BHall@PretiumPartners.com
Kyle Andrews – KAndrews@PretiumPartners.com
www.PretiumPartners.com**

© Copyright 2004 Pretium Partners, Inc. All rights reserved.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Using Your Brand to Shorten the Sales Cycle

Wednesday, February 25, 2004

2:10 – 3:00 PM

Richard Crespin
Managing Director
The Delve Group

Brenna Garratt
Managing Director
The Delve Group



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Richard Crespín
Managing Director
The Delve Group

Richard Crespín is one of the founders and managing directors of The Delve Group, Inc. Throughout his career, Mr. Crespín has gained extensive experience assisting clients to improve the way they interact with customers and the market as a whole to increase profitability, customer loyalty, sales, and operations. Founding the Delve Group caps an over 13-year career consulting to organizations in the public and private sectors. Delve dedicates itself to working with clients to build their organizations to last, around strong brands, taken to market across all customer touch points. Specifically, Delve works with clients "on the cusp". Organizations on the cusp have reached a certain level of growth and recognize their existing ways of doing business may either hinder future growth, or limit their potential. Mr. Crespín's clients include companies in the Global 1000, international and non-governmental institutions, non-profit organizations, and agencies of the US Federal Government.

Immediately prior to founding Delve, Mr. Crespín served as a Senior Principal at American Management Systems where he headed the company's Customer Relationship Management Practice. Mr. Crespín is an alumnus of both the George Washington University and the Harvard Business School. At Harvard, he graduated from the School's prestigious General Managers Program. At George Washington, he graduated from the Elliott School of International Affairs with a degree in International Affairs. He has completed post-graduate work at the Elliott School focused on international economics and global security policy. Mr. Crespín is also an active member of the community serving on the executive committees of several associations and philanthropic organizations.



The 2004 Outsourcing World Summit

Conference & Exposition

February 23–25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



Brenna Garratt
Managing Director
The Delve Group

Brenna Garratt is one of the founders and managing directors of The Delve Group, Inc. Delve dedicates itself to working with clients to build their organizations to last, around strong brands, taken to market across all customer touch points. Specifically, Delve works with organizations having reached a certain level of growth and recognize their existing ways of doing business may either hinder future growth, or limit their potential. Founding The Delve Group culminates a 15-year career consulting to organizations on behalf of their branding, marketing, sales and communications strategies.

Prior to founding The Delve Group, Ms. Garratt was Vice President of Branding for Red Sky – a leading interactive marketing firm. In this role, she was instrumental in working with senior executives to either extract or establish their company's brand value and how it should be expressed to their marketplaces. Ms. Garratt has successfully helped reshape existing brands as well as invent and position new ones. She has led multi-disciplinary teams in a wide range of assignments such as brand strategy/name development programs, and marketing and sales collateral systems.

Ms. Garratt is an alumni of The Cleveland Institute of Art. Upon graduation, she was awarded the Institute's top honor, the prestigious Agnes Gund Memorial Scholarship. Ms. Garratt's earlier work as a designer has been internationally recognized and published in Graphis, American Corporate Identity, Communication Arts Magazine (CA), Mead Annual Report Show, Print Magazine, ARI00, Graphic Design: USA, American Typography, and International Trademarks and Logos. She is a past board member of the American Institute of Graphic Arts and has spoken at creative and business conferences.

Using Your Brand to Shorten the Sales Cycle

The 2004 Outsourcing World Summit
Educational Track Session – Round 9

February 25, 2004

Take a moment and ask yourself...

- **What is your corporate brand?**
- **Does your company have a brand strategy?**
- **If so, what does your brand stand for?**

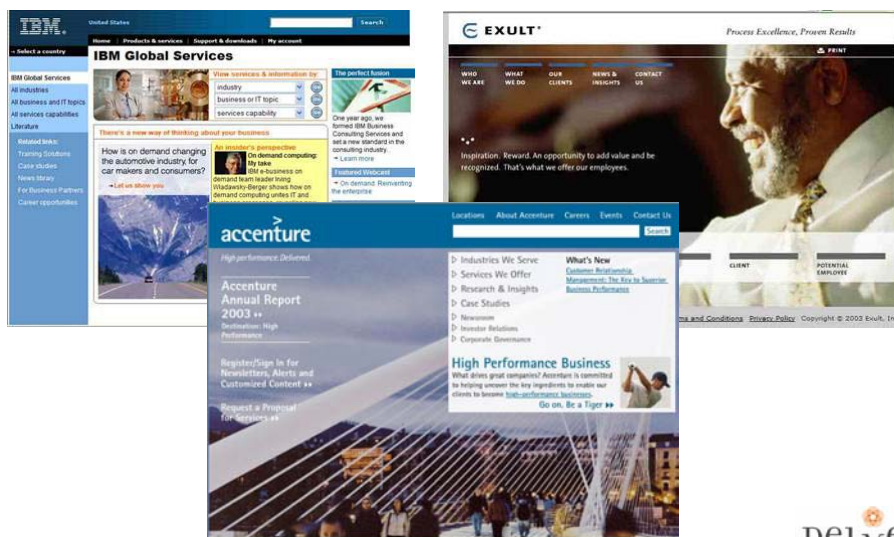
2



What is a brand?... More than just the tactile & the tactical



What is a brand?... More than just the tactile & the tactical

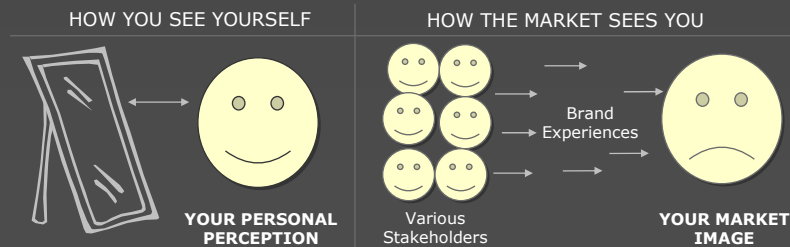


deLye

What do we mean by "a brand"?

Everything about how your company is perceived.

- Marketing elements of brand expression – colors, logos, and names are elements of corporate identity and are ways to help build your brand, but they are not *the brand*.



- More important than your self-image is how your image and character play out in relationships.

5

Confidential & Proprietary - The Delve Group © 2004

delve



The 2004
Outsourcing World Summit
Conference of Executives
February 23-25, 2004 • Orlando, Florida • Booth 1000 • 1000+ Attendees • 1000+ Exhibitors

Building a Brand that Sells

delve

A B2B brand that sells:

- Delivers consistently high quality and value to clients;
- Is perceived as unparalleled relative to the competition;
- Ultimately results in deep trust-based relationships, and;
- Eventually garners greater loyalty & profits.

Characteristics of a B2B Brand that Sells

Great brands resonate internally & externally.

- Call center agents consistently handle mishaps
- Operations teams develop service innovations
- Sales teams understand the brand promise and model
- Senior management understands how to leverage the brand
- HR knows exactly how to recruit to support the brand

Powerful brands can be summed up in a few words.

FedEx > Guaranteed **Volvo** > Safety **Intel** > Speed



How to Build a B2B Brand that Sells

Think deliberately, act iteratively.

Every interaction shapes perception of your brand... don't just let them happen. Plan ahead by knowing:

- I. Purpose of a Brand: Buyer and Seller's Perspective**
- II. Five Permissions of Good Brands**
- III. Action Items to Build a Brand**

8



**The 2004
Outsourcing World Summit**
Compendium of Expertise
October 20-22, 2004 • Hyatt Regency • New York, New York

I. Purpose of a Brand: The Buyer's Perspective

Brands act like an insurance policy.

- B2B brands insure against needing to know everything *before* the buy and against risks *after* buying.

SODA



"I am going to taste the same every time"

CLOTHING



"Even if you don't have taste, you're still in fashion"

OUTSOURCING



"Even if you don't know what you are buying, we'll help you figure it out"

9

I. Purpose of a Brand: The Seller's Perspective

Educate potential buyers on your unique brand.

- Reduce the impact of price on the purchasing decision.
- Assurance can justify greater margins.

PREFERRED EXPENSIVE BRANDS



B2B BRAND



B2C BRAND

LESS POPULAR CHEAPER BRANDS



B2B BRAND



B2C BRAND

10

II. Five Permissions of Strong Brands

Clients give well-branded firms greater allowances.

- Compared to their lesser-known competitors, buyers give well-branded firms more opportunities.

1. **Access** – Getting in the Door
2. **Latitude** – Gain Client Trust
3. **Recovery** – Room to Experiment with Forgiveness
4. **Scale** – Freedom to Expand and Grow
5. **Set Standards** – Use Brand to Influence the Industry

11

II. Five Permissions of Strong Brands

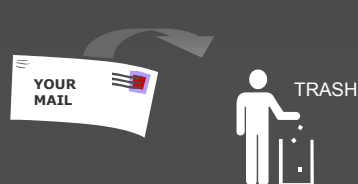
1. Access – Getting in the Door

- C-suite executives set up rules for their staff to use to filter out people vying for attention.
- When a company is recognized, their attitude changes and the assistant makes an effort to put things in front of the boss.

BRANDS THAT MAKE AN IMPACT



BRANDS THAT MAKE LITTLE OR NO IMPACT



12

II. Five Permissions of Strong Brands

2. Latitude – *Gain Client Trust*

- Being well known encourage clients to trust companies with more projects and greater scale.

WELL-KNOWN FIRMS

Trust, an intangible quality, is directly related to the level of brand permission these firms enjoy.

EXAMPLE

Fortune 50 company puts out an RFP with exact specifications. One well-known doesn't adhere to the strict guidelines, but gets selected any way because of its reputation.

13

II. Five Permissions of Strong Brands

3. Recovery – *Room to Experiment with Forgiveness*

- Clients give better known firms greater room to recover from the inevitable failures that occur.

WELL-KNOWN FIRMS

Room to recover from mishaps because client forgives and offers you other chances.

EXAMPLE

A renowned bank acquires some small firms and integrates their products into their entire service offering...they fail miserably. But, their long standing clients allow them to fix the failed software with their budget.

14

II. Five Permissions of Strong Brands

4. **Scale** – *Freedom to Expand and Grow*

- The buying decision comes down to trust and perception. Great brands have trust built in.

SMART BRANDS

Know how and when to leverage experience to build trust. Track record in one area doesn't automatically translate into permission in another – except when used correctly.

EXAMPLE

Oracle successfully entered the public sector financial market causing other more experienced brands to fight for their lives.

15

II. Five Permissions of Strong Brands

5. **Set Standards** – *Use Brand to Influence the Industry*

- The market as a whole can give branded companies the ability to set the rules for everyone else.

SAMPLE COMPETING BRANDS

Beta vs. VHS

BRAND "WINNER"

Although Beta was a better technology, VHS was the winner because consumers believed it set a standard for home entertainment.

16

III. Action Items to Build a Brand

How do I get started on building my brand?

- Get ahead of your competition, start planning your brand strategy around your business strategy.

1. Be Deliberate *and* Iterative
2. Be Consistent.
3. Think about sales last...and first
4. If you hate risk, start early

17

III. Action Items to Build a Brand

Be Deliberate *and* Iterative

- Stake your position and prove it. Implement over time.
- Identify your audiences and communicate your brand.



18

III. Action Items to Build a Brand

Be Consistent.

Have a corporate story and an "elevator pitch"! All employees – *from the CEO to the receptionist* - are endorers of the brand.

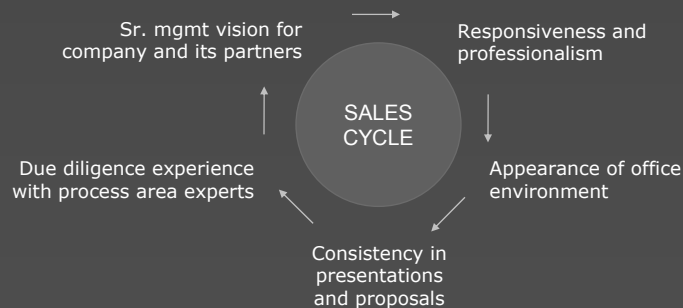
| SALES & MARKETING | OPERATIONS | FINANCE |
|--|--|--|
| <ul style="list-style-type: none"> • Advertising and website • Direct mail efforts • Sales presentations & proposals • Event sponsorships/speaking | <ul style="list-style-type: none"> • Monthly billing • Call center trouble shooting • Process expert communication • Off-shore co-branding | <ul style="list-style-type: none"> • Investor relations • Call center trouble shooting • Process expert communication • Annual shareholder mtg/reports |
| HUMAN RESOURCES | | GLOBAL COMMUNICATIONS |
| <ul style="list-style-type: none"> • Employee pride by mouth • Recruiting job fairs/college • Employee alumni | | <ul style="list-style-type: none"> • Community service programs • Executive team publicity • Global sponsorships • Sales force selling "story" |

19

III. Action Items to Build a Brand

Think about sales last...and first.

- Sales are vital for B2B brand building because many times brand impressions begin during the sales cycle.

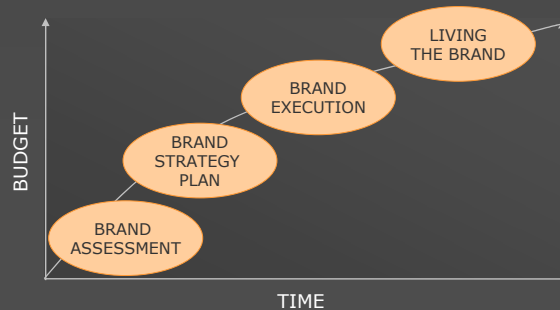


20

III. Action Items to Build a Brand

If you hate risk, start early.

- Small investments made now, will pay exponential dividends.
- The secret: define your brand before the market does it for you.
- Avoid wasting money to save your brand.



21

Confidential & Proprietary - The Delve Group © 2004

DELYE



The 2004
Outsourcing World Summit
Convergence of Expertise
October 20-22, 2004 • Hyatt Regency Suite & Ballroom • Las Vegas, Nevada

Follow the example of successful brands

Nike Maxims: A Case Study

Nike believes that sport is a universal activity that resonates with nearly everyone regardless of age, culture, or socioeconomic situation.

"Sport" evokes authentic, meaningful, emotional responses from people as both participants and observers.

By developing a core set of value statements and operating beliefs, now known as the Nike Maxims, Nike decided to build direct connections between employees, the company, and the brand...anchored on the belief that Nike's mission is "to bring inspiration and innovation to every athlete (if you have a body, you are an athlete) in the world."

Nike Maxims

- 1 – It is our Nature to Innovate.
- 2 – Nike Is a Company.
- 3 – Nike Is a Brand.
- 4 – Simplify and Go.
- 5 – The Consumer Decides.
- 6 – Be a Sponge.
- 7 – Evolve Immediately.
- 8 – Do the Right Thing.
- 9 – Master the Fundamentals.
- 10 – We are on the Offense. Always.
- 11 – Remember the Man. (founder)

Source: Building the Brand-Driven Business, Davis/Dunn, 2002

DELYE

Summary

10 Things a Brand Can Do For You.

1. Give You Better Access
2. Provide You With Latitude
3. Let You Recover
4. Allow You to Scale
5. Permit You to Set Standards
6. Speed Up the Sale
7. Reduce the Cost of Sales
8. Weed Out Unlikely Buyers
9. Show You How To Focus Your Energy & Communications
10. Build-up Good Will in the Market

23

Make a place for your company before the market does.

Why? Because Buyers Care About Brand.

Buyers turn to brands as insurance policies and serve as a short-hand for trust. Buyers consistently grant greater levels of permission to well-branded companies than they do to less well-branded firms.

"Brand recognition and reputation, along with experience in our verticals, are factors that help us make the purchasing decision..."

- Dennis Callahan, EVP & CIO, Guardian Life Insurance Company

Source: Why Buyers Care About Brand, Richard Crespin 2003

Identifying the Leaders of the Pack

Diagnostic Summary

This chart summarizes the findings of the Delve Brand Diagnostic™.

US-Based Brands

● BPO/ Offshore BPO

■ PEO/ Customer Care

India-Based Brands

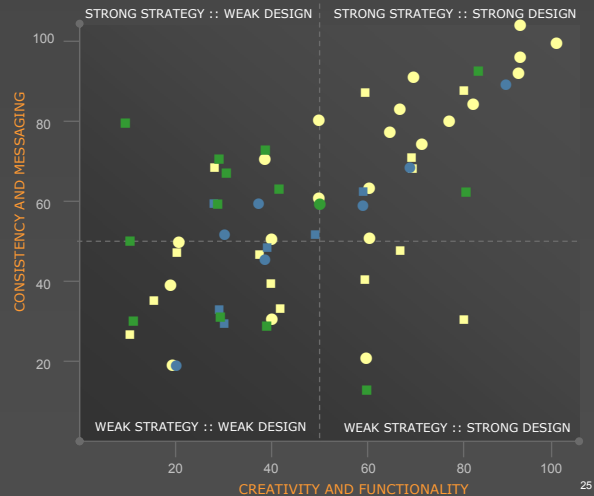
● BPO/ Offshore BPO

■ PEO/ Customer Care

Other Global Brands

● BPO/ Offshore BPO

■ PEO/ Customer Care



Confidential & Proprietary - The Delve Group © 2004

deLve



The 2004
Outsourcing World Summit
Conglomerate of Organizations
February 23-25, 2004 • Atlantic City • Boardwalk Casino • Las Vegas, Nevada

Find Out What the Brand Leaders Do That You Should Also Do

Think Deliberately, Act IterativelySM

- Create and endorse the budget from the "board" and "C-level".
- Research the competition and leverage their weaknesses.
- Identify stakeholders and advocates of the Company.
- Define the new brand: yesterday, today and tomorrow
- Promote the brand consistently by using the most effective methods to reach key audiences.
- Live the values of the brand from the inside out.

deLve

Conclusions

Create a self re-enforcing loop to define your brand.

- Assess, define, and plan your brand strategy
- Define your brand incrementally through each sale, and
- Use each sale to in turn strengthen your brand.

By being deliberate and iterative, you can make incremental improvements that will give you the five permissions characteristic of great selling brands.

This is just the beginning.....

27

Confidential & Proprietary - The Delve Group © 2004



**The 2004
Outsourcing World Summit**
Conference & Exposition
February 23-25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida



**The 2004
Outsourcing World Summit**
Conference & Exposition
February 23-25, 2004 • Disney's Yacht & Beach Club Resorts • Lake Buena Vista, Florida

Thank You. The Delve Team.

For more information,
contact us at 212.255.3870.