

## Why does outsourcing go wrong?

"Few outsourcing mega deals have been successful in the past 10 years; at least 50% fail in the first year and 80% don't produce any savings." (Osborne-Clarke, The Banker, Mar 03)

"Less than 25% of those that outsourced finance and accounting functions fully achieved their goals of cost reduction, time reduction, or quality improvement". (Government Accounting Office Report, Oct 97)

"Only 37% of outsourced IT arrangements were viewed as successful in achieving objectives". (Gartner Group, Acquisition Review Quarterly, Mar 99)

The roots of failure:

- The buyer's unclear expectations up front compared to its objectives
- The parties' interests are aligned up front but become misaligned as the buyer's business environment or needs change – contract inflexibility
- The provider's poor performance against service level agreements
- The parties do not consider each other's interests to ensure their relationship is mutually beneficial
- Poor governance structure for managing the ongoing relationship
- Poor cultural fit compatibility of the parties
- Poor communication; the parties do not proactively share necessary information with each other
- Challenges arising because of the buyer's multi-supplier environment

(Outsourcing Best Practices - 2004)

## PartnerLink provides:

- metrics for benchmarking, driving performance improvements and corporate governance
- diagnostics to generate detailed change programmes and continuous improvement
- insight into the relationship dynamics that once addressed, will result in mutual improvements to the way customers and suppliers interact
- our management 'know-how' that will provide a definite edge over competitors

## PartnerLink is the answer to realising outsourcing benefits because:

- it allows the partners to adapt by monitoring expectations and objectives and identifying specific change actions to maintain contract alignment
- it identifies the drivers of performance so that creeping problems can be nipped in the bud and good practices can be reinforced
- it prevents misunderstanding by allowing the parties to see the relationship through each other's eyes
- it provides a system of governance to manage the on-going relationship
- it promotes cultural understanding and recognition of behaviours that need to be modified
- it uncovers the full range of relationship communication issues and their drivers
- it promotes closer, more loyal, harmonious relationships and the use of good practice

## PartnerLinks' Strategic Benefits

- Defines opportunities to increase revenue and shareholder value (Growth).
- Increases customer satisfaction from better product/service quality and delivery (CRM).
- Strengthens the bond with your partner making you their first 'port of call' and locking out competitors.
- Reduces administration and production costs (Margins).

- Bridges the hidden gaps in teamwork, thru more cohesion, integration and fulfilment, and increased transparency (Team Spirit).
- Builds joint capability to seize future business opportunities.

## When is Partnerlink used?

- As a 'pre-nuptial' partnership compatibility test.
- As a part of re-negotiation of contracts.
- For day-to-day governance and management.
- As the first part of a management review and performance improvement programme.
- As a relationship intensification or benchmarking exercise.
- As a strategic assessment of key relationships.

## What is Partnerlink?

- An empirical and objective management approach with proven bottom line results.
- Business relationship appraisals, using key relationship performance measurements that look at all sides simultaneously.
- A repeatable scientific process, based upon extensive and ongoing research.
- A tried and tested relationship management support system used in both public and commercial organisations.

## How is it performed?

- It is efficient using short, online questionnaires and telephone interviews.
- It is carried out quickly, with minimal disruption and use of your resources.
- The results are presented in simple, management-friendly reports.
- The practical, prioritised recommendations are presented face-to-face jointly to the Relationship Managers and their teams at a workshop where an immediate action plan is formulated and agreed.

*To go fast, go alone. To go far, go together*

*African proverb*

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