

BEST PRACTICE

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The Ultimate Guv'nor

Time for a new breed of relationship manager: strong yet flexible, smooth communicator and negotiator – every end-user needs a human focal point who knows every play in the book.

Recent research by the International Association of Outsourcing Professionals (IAOP) found that 63 percent of companies surveyed believe they lose an average of 25 percent of contract value due to poor governance.

Deals can be smartly constructed, but if the actual running of them is neglected, they won't deliver the value they should. This is a skills issue – and to protect your investment, it's vital to get as smart as your contracts.

As the industry matures, you need to mature with it. Become one of the next-generation of informed, empowered relationship managers. You see, governance is not merely a piece of paper, it's a mindset. Train your mind and success will follow. You can be the Ultimate Governor.

The One with the Iron Fist

"Business is war without bullets", says CEO of Nike, Phil Knight. Outsourcing, done badly, is more like the Cold War, with parties full of mistrust and jockeying for position, ready (but hoping not) to push the button and go totally nuclear.

So the Ultimate Governor is strong in times of war and aware that things may not always be what they seem. For example: you'll get what you pay for, but you might not be paying for what you expected. Beware 'pursuit teams,' – the sharpest, most able people in the supplier's company: the slickest of sales consultants, chirpsing all the lyrics, his high-tech über-nerdy wingman ready to blind you with the science behind the systems. Buyer beware!

Peter Dickinson, an outsourcing specialist lawyer with Mayer Brown says: "the guys who are tasked with winning the big contracts, they're incredibly bright, able people who can sell very strongly the proposition, which the large global IT company

can offer and provide. Those pursuit teams, once the contract's signed, normally move on to try and win the next contract, and the people who come in to do the day-to-day operation aren't necessarily of the same calibre."

But the Ultimate Governor is wise to this. When it comes to continuity, lay down the law from the get-go: be forthright in discussions about day to day contact points, and key roles. Get people you know and respect responsible for your contract all the way through.

The One with Internal Discipline

Lack of fulfilment of expectation, and its derivative problems is not just a supply side problem. Much-vaunted hyper-innovative transformational outsourcing can fail to deliver. As Peter Dickinson says, "the customer will need to do stuff in relation to its retained environment, to enable transformation to occur. Customers don't necessarily do what they should do. The supplier then can't conclude the transformation. And you then get into a mutual blame game, where the supplier says, "The reason I didn't transform the environment is because you failed to do X, Y and Z," and the customer says, "No, no, no, no, that's not the cause. You never got to the point where what I might have done or not done would ever be relevant."

The Ultimate Governor gets their own house in order, making sure they know exactly what is required their end...with the ability to make things happen to maximise the chances of outsourcing success.

The One with the Velvet Glove

Effective social interaction drives process and pragmatism. To achieve this, you need a little R.E.S.P.E.C.T and it's due if everyone's micro-scale social skills are up to scratch. And if they're not, learn. More and more companies are providing training in soft skills such as conflict resolution, creative problem solving and

strategic thinking. And, in many cases, seemingly elementary stuff such as developing the ability to actually listen properly.

Outsourcing, by definition, is a sociological paradigm. Social interaction between distinct groups is at the heart of it. As is power and control. Seminal sociologist Max Weber coined a theory: the 'tripartite classification of authority.' Leaving aside 'traditional authority' – unless you happen to be royalty, or outsourcing to your offspring, this isn't valid – the other two parts of Weber's triangle represent cornerstones of sourcing deals. Get your 'rational/legal authority' mapped out in the contract, and rely on your 'charismatic authority' to drive home the value.

Think of outsourcing as a cult of personality. The Ultimate Governor exhibits a high level of emotional intelligence, isn't afraid to say what he/she thinks, but has the tact, diplomacy and charisma to ensure the message is received positively, without the need to wield the contract as a weapon. Blessed are the peacemakers. Nowhere more so than in a complex web of multi-sourcing!

The Wise One with The Wisdom of the Past

Outsourcing has been around long time – but humans are traditionally not good at learning from their forefathers. The Romans had a recession bought about by institutions investing recklessly in foreign markets, where distance and over-optimism blinkered them to the risk. Sound familiar?

1720's South Sea Company speculative bubble was very similar in circumstance to the irrational exuberance of the dot.com bubble at the end of the 1990s. . .and then, investors reprised the same trick with the real estate bubble that followed. Crash, bang, empty wallets. Did we learn nothing?

Point is, outsourcing has a known track record. It often excels. Sometimes it goes spectacularly wrong. Learn from these things. It goes wrong for the same reasons – under-supervision, neglecting the relationship, shockingly intermittent, un-productive communication and inevitable blame-throwing.

To avoid an outsourcing deal that booms then busts, you need to learn from your tribal elders. Sourcing works best when you're experienced, so don't just communicate well with your suppliers, devote time to sharing in the experience of the collective consciousness.

The one who can see the future

Not content with being a trend-spotting, smooth-as-a-mirror networking, news/gossip hound, with their finger bang on the pulse, the Ultimate Governor is future-facing to the point of obsession.

Change is the only constant – the one thing you can be sure of. Products, processes, people will all move on. So get your lawyers to build your contract so that you can enjoy the benefits of advances in technology, without incurring a raft of extra costs. The best way to prepare for change is to become a truly intelligent business and get the whole organisation thinking as one united super-brain. For non-intelligent businesses, too much information is stored 'up top' in various different minds around the company. Sometimes with questionable accuracy, sometimes in disagreement...

The Ultimate Governor truly understands their estate and how it's being run. Keep your outsourcer up to date, allowing them

access to the same knowledge that you have. That way, innovation can flourish and you can build a brighter future together. . . .and with your contract constructed flexibly, same as a skyscraper is built to swing a little as it weathers storm, extra benefits shouldn't incur extra costs. Innovation breeding VFM. Bargain.

The Outsourcing Prophet

As well as being a master orator, and powerful presenter, the Ultimate Governor has all the requisite internal comms ducks in a row.

Whether high- or low-tech, cutting edge or traditional, people need to learn from one another, and in times of transition and change, internal comms is more important than ever. You need to spread the word. Convincingly.

It's vital to know your audience. When services are delivered by a mix of employees and outsourced service providers it can prove a challenge to communicate goals and values to a diverse audience. Communications need to recognise this complexity, and rely less on hierarchical delivery. The best way to do this is make sure all information is honest, accurate and timely, with the facilitation of genuine discourse built in. That's when you end up with credibility. And in comms, credibility is king.

Doctrine and Documents

"A single version of the truth" is the Ultimate Governor's holy grail, according to the NOA's Dr Bharat Vagadia. That can be difficult to find, as, according to a Gartner survey, 53percent of organisations don't believe that "they have any experienced outsourcing governance." When nearly half of end-user organisations don't rate themselves as governors, the whole industry has a problem.

When people think governance, they tend to think meetings, and briefings and conference calls. Whilst popular, they are not conducive to a single version of the truth, as recording their output is so hit and miss.

In an age of high-tech solutions to everything, management of efficiency and effectiveness, the backbone of outsourcing is left to Microsoft Office packages like Outlook and Excel. Whilst useful to some extent, capacity for effective decision making is limited by difficulty of data capture, and the potential for misinterpretation, which can waste time and impinge upon value. Especially as the prevalence of multi-sourcing, global delivery and new commercial models make governance ever more complex.

Tools such as the software-as-a-service Governance Director, a unique activity, risk, compliance and communications platform will help drive the benefits to 100percent+ of those cited in the original business case. As well as refocusing management time, it encourages apt decision making by allowing managers to work consultatively with the whole network of employees and partners – every step tracked, traced and fully accountable.

The Enemy of Value Leakage

So there you have it – to be the Ultimate Governor, you have to be a suspicious yet open, trusting yet mean, forthright yet diplomatic, informed yet inquisitive, strong yet flexible, technologically empowered yet old skool people person. . .with their eye on everything and their finger on the pulse. Is that you? Let's hope so – your company, and your industry is depending on it! Good luck and Godspeed!