

Reskilling Governance Teams for Outsourcing Success

Problem

Without effective governance and relationship management, outsourcing buyers fail to achieve the value they sought, and providers cannot be profitable. Recent research confirms what experienced buyers and providers have known for years — there is a great deal of real money at stake in how outsourcing relationships are managed. For example, in our recent study, *Managing Outsourcing Relationships: Essential Practices for Buyers and Providers*, Vantage Partners found that well over half of the respondents to four recent surveys (buyers and providers alike) agreed that *30% of annual contract value* is at stake simply based on how well or how poorly the relationship is managed.

Dealing with the many transitions involved in a complex outsourcing arrangement requires individuals to acquire new skills, to exhibit new behaviors, and make some significant changes in mindset and assumptions. Those charged with working with the provider have to be able to transition from accomplishing results by *directly managing the team doing the work*, to accomplishing those results by *managing the relationship with the provider*. They also must be able to navigate the changing and ambiguous territory inherent in many complex outsourcing arrangements.

Recent research by the Gartner Group, the Corporate Leadership Council, and the Research Board all confirm that governance teams and retained staff often lack critical skills for their changing roles. Compounding the problem, “re-badged” employees, who have moved from the buyer to the provider, face similar challenges adjusting to new roles and to working with former colleagues in new ways. Asking individuals to exhibit new behaviors, under the stress of an outsourcing transition, is a recipe for failure if they are not provided with appropriate training and coaching to help them learn those behaviors. Gartner even goes so far as to say that internal IT teams may be the “weakest link” in IT outsourcing deals, as they are often “overworked and undervalued, and lack the skills and tools to perform business-critical roles.” Absent skills for joint problem solving and effective communication in an outsourced environment, managers default their old hands-on management style and behaviors, which leads to duplication of effort, role confusion, mistrust, and frustration.

Solution

Vantage Partners helps outsourcing buyers “reskill” their extended governance teams, improving their ability to move from hands-on internal management to *relationship* management, and to effectively deal with the ambiguity and change commonly involved in outsourcing deals. Offering such training to *joint buyer-supplier service delivery teams* improves the way they work together, their efficiency at solving problems and resolving issues, and their ability to help their respective organizations build the kind of relationship necessary for success.

Vantage Partners’ skill-building, behavior-changing training program includes a series of courses for joint problem solving and communication, helping joint governance teams to:

- Develop joint diagnosis skills
- Begin to understand and focus on contribution rather than blame
- Jointly develop remediation plans and options
- Select and apply objective standards to determine appropriate solutions
- Develop skills needed to define clear commitments, and manage to them
- Use effective communication as a pathway to problem solving
- Clearly and effectively communicate, even in the face of strong emotions
- Manage through influence (without direct authority)

Skill building can proceed through a combination of learning activities, including:

- Standard workshop-style skills training: small group training with two instructors, including role playing and practical application

- Education sessions: larger group, single instructor training focused on sharing models and tools, rather than on practicing behaviors
- Individual coaching
- Distance-learning reinforcement

Sessions can be structured in part-day, full-day or multi-day format, and “mini-curricula” can be recommended for individuals with particular roles or responsibilities.

Participation in these sessions can be limited to buyer staff or can be carried out jointly with the provider, which has the benefit of allowing for a shared vocabulary and set of tools, a common vision for what working together means, and confidence that all team members have heard the same messages and learned the same skills.

Benefits

“Reskilling” extended outsourcing governance teams benefits both buyers and providers by driving:

- More efficient decision making and problem solving
- Development of more creative solutions
- Improvement in trust between and among the parties
- Greater collaboration
- Reduction of recurring problems and poorly-managed conflict
- Increased clarity and efficiency in communication (less frustration)

About Vantage

Vantage Partners builds on the work of the Harvard Negotiation Project, and its 20-year legacy of research and innovation in the field of negotiation and conflict resolution. For the past 15 years, we at Vantage have pioneered the application to the corporate context of theories and tools for negotiating, managing organizational conflict, and building effective partnerships. We have also worked to address some of the world’s most divisive conflicts in the Middle East, Africa (where we assisted with the negotiations that led to the new South African Constitution), Eastern Europe, and Central America (where we were involved in the negotiations that produced the Arias Peace Accord).

We are a firm committed to the development of new ideas and to their pragmatic application in a business environment where collaboration is increasingly critical to success. Works we have written or co-authored include:

- *Getting to YES: Negotiating Agreement Without Giving In*
- *Getting Ready to Negotiate: The Getting to YES Workbook*
- *Beyond Arbitration: Designing Alternatives to Securities Litigation*
- *Negociación 2000: La Colección de Conflict Management*
- *Difficult Conversations: How to Discuss What Matters Most*
- *Intelligent Business Alliances: How to Profit Using Today’s Most Important Strategic Tool*
- *Measuring the Value of Partnering: How to Use Metrics to Plan, Develop, and Implement Successful Alliances*

and articles published in the *Harvard Business Review*, *Sloan Management Review*, and the *Negotiation Journal*. We also recently completed and published the results of a three-year, cross-industry study, *Managing Alliance Relationships: Ten Key Corporate Capabilities*, as well as *Making Partnerships Work*, a handbook for relationship managers.

For more information, please email info@vantagepartners.com

