



AUSTRALIAN
FACILITIES
PLUMBING

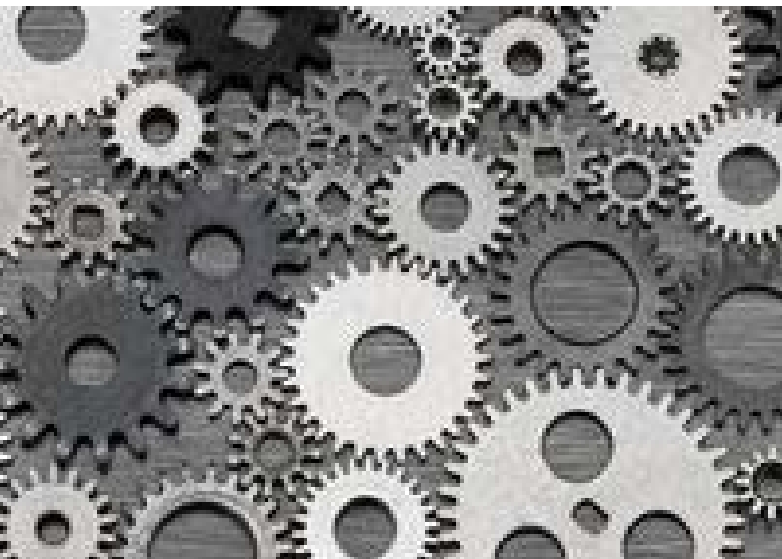
DO YOU NEED A BUSINESS PARTNER OR A SERVICE PROVIDER?

PARTNERSHIP...

It's a term commonly used by both facility managers and service providers when referring to outsourced tasks. However a "partnership" is an elusive quality. Like a marriage, it requires commitment, compromise and an understanding that your partner isn't perfect (and you aren't either).

Flexibility is the key to any partnership and the aspect that most distinguishes it from a typical buyer-seller relationship. Facility management services that are outsourced are by nature complex and the client's corporate needs are constantly shifting.

The hallmarks of a typical buyer-seller relationship - key performance indicators (KPI), strict contract terms and outlined financial obligations - make it difficult for an outsourcing service provider to change gears as the client's needs change. Yet in a partnership, there is a sense of trust and a collaborative spirit that enables the service provider to address the client's issues and needs as they arise, without fear of being punished for having failed to meet a specific KPI.



"THE HALLMARKS OF A TYPICAL BUYER-SELLER RELATIONSHIP... MAKE IT DIFFICULT FOR AN OUTSOURCING SERVICE PROVIDER TO CHANGE GEARS AS THE CLIENT'S NEEDS CHANGE."

DETERMINING WHETHER YOU NEED A PARTNERSHIP OR A SERVICE PROVIDER IS SIMPLE WHEN YOU CONSIDER THESE 4 FACTORS:



IMPACT to the business –

how does the activity you wish to outsource impact the organisation? A general rule of thumb is that high impact tasks will benefit from a partnership. Low impact can be more suited to the buyer-service provider relationship.

UNDERSTAND your corporate goals –

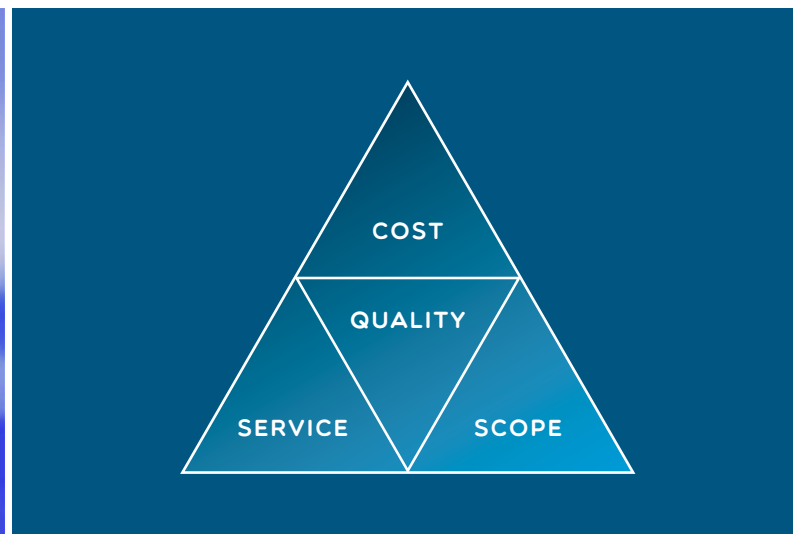
it is essential that you recognise that cost, service level and scope are the triangle of procurement. When you change one, usually it affects the others. The primary goal of the outsourcing effort needs to be clear and understood by both parties. For example if it is to reduce costs and that's it, be realistic and expect your provider to manage it appropriately.

ALIGN your goals -

Service Level Agreements, KPIs and the like are important, however in a partnership you need to consider how your own organisations goals fit with the goals of your chosen service provider. Usually the client's goals are service-level performance and budget objectives, while the service providers' are profitability. Goals must be realistic on both sides. Failing to meet the mutual goals of both your organisation and the service provider can get in the way of a partnership and jeopardise the results you need for your organisation.

The industry is awash with outsourcing companies promising savings and maintained service levels, but one needs to remember that an outsourcing company is also in business to make a profit.

The simple truth is when your outsource-service provider is losing money they won't be able to give you the service you need and this is when a partnership is abandoned and becomes the typical buyer- service provider relationship.



"...COST, SERVICE LEVEL AND SCOPE ARE THE TRIANGLE OF PROCUREMENT. WHEN YOU CHANGE ONE, USUALLY IT AFFECTS THE OTHERS"

THE DEVIL IS IN THE (LACK OF) DETAIL

In most outsourcing contracts, the delivery methods, staffing and other factors are left up to the service provider as part of their bid and can significantly affect costs. However most service providers calculate the bidding based only on what you tell them in an RFP document. So it's important to include as much detail as possible.

Target the service provider with specific questions on how they will achieve cost

reductions and what the impact will be on service levels, including what modifications the service provider would make to specifications, service levels and KPI targets to meet both your financial and your performance goals. If your goal is a partnership, include a flexible process that enables you to discuss objectives and negotiate with the service provider to balance goals and costs cooperatively from the start.



START OUT ON THE RIGHT FOOT...

Stepping through the detail upfront ensures you select the right company, right from the start and create the future foundation for your partnership and outsourcing success.

1. Ask the right questions in your RFP. Proposals will be more meaningful to your organisation and allow you to evaluate each by what matters most.
2. Meet and greet. During the selection process, include meetings with each service provider and build an interview stage into the process. The depth of these interviews will depend on the scope and size of your initiative.
3. Set periodic reviews. By creating a regular forum for discussions, ideas can be exchanged, solutions can be created and both parties work consciously toward a common goals.