SECRETS OF SUCCESSFUL OUTSOURCING

Inside this guide you'll find helpful insights compiled by service team leaders to share with facility leaders.

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The Secret's More Than Teamwork

It's teamwork with the right team. Data shows that buyers rate business to business purchases as complex or difficult 77% of the time, and that purchase regret rises with purchase difficulty. The RFP (Request for Proposal) process controls complexity, but the clearest RFP ever written won't lead to success if it doesn't capture all your needs.

A successful service contract can't happen without an effective RFP. To effectively communicate what you need, that RFP must be written by the right team. Titles and totals will vary, but the right team will represent all your stakeholders.

RFP Team Input Checklist

- ✓ End users
- ✓ Procurement
- ✓ Legal
- ✓ Executive management
- ✓ Subject matter experts
- ✓ Finance
- ✓ Human resources
- ✓ Clients and customers
- ✓ Internal stakeholders

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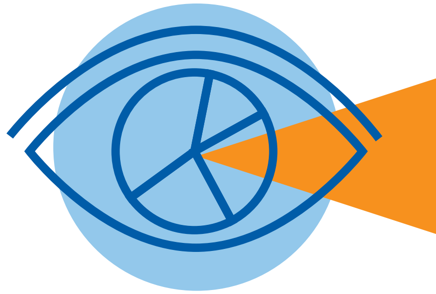
A Great Long Game Starts Early

Rushing decisions risks bad decisions. Your team is about to make a lot of decisions, from RFP content to transition planning. Your stakeholders want to devote meaningful, informed attention to every step of this process, and that takes time – time your team members need to schedule alongside other responsibilities. Coordinating everyone's input and building consensus also takes time. Give yourself and your team healthy breathing room by starting early. Block out a realistic timeline so later stages don't end up rushed by earlier delays – especially if your team faces an expiring contract.

Make sure the team has time to:

Prospective service partners also need time to best address your needs and wants. Allow reasonable time to address complex needs or create custom solutions.



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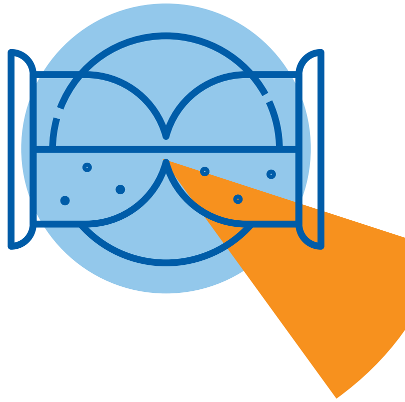
Before Your RFP, Try an RFI

More proposals mean a better chance of the best solution at the best price, right? Maybe not. Too much competition can make providers think twice about investing in their answer, or worse, introduce price pressures that push the best solutions off the table. There's also your own proposal review period to consider – too many options can make due diligence impossible. You'll want to carefully research prospective service partners.

Since you don't want to pre-emptively exclude that best proposal, your team may want to try a Request for Information, or RFI. This simpler request can be sent to a broader base of potential providers to help you narrow the field. There's another bonus: information you receive in an RFI can help inform your team and refine your RFP.



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Prioritize Transitions Properly

Service transitions are the foundation of a long partnership, setting the stage for the results you're aiming for. After committing time and resources to a selection process, it's important for both sides to properly invest in realizing a successful outcome. Proper funding should be realistic, with training and other costs allocated to ensure a smooth transition.

To lock in the KPIs and cost reductions you've contracted for, don't shortchange the transition process. Service partners with dedicated resources for transitions, such as training and on-site project leads, can help transitions go more efficiently.

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Price by Outcomes, Not Assets

Facilities services impact everyone that matters to your team, including customers, employees, and clients. Pricing a facility service like a physical commodity ignores the real values you're targeting.

If price is a dominant part of your decision process, pricing by asset could force you to make decisions that hampers success. Replace pricing by asset with pricing based on solid KPIs that your procurement and operations teams agree on. Price by totality of the program and you'll not only compare apples to apples, you'll avoid buying a lemon just because the price seemed right.

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Go from Transition to Transformation

Let's assume your service transition is a great success. Once your first goals are met, how will the program continue to play out? How will you keep your service contractor on their toes? One answer is to build financial incentives for performance into your contract. Plan beyond the service transition for a real service transformation.

Build a partnership that's constructive and facilitates change, and the right contractor will rise to the challenge, providing value that grows with you and creates more opportunity.

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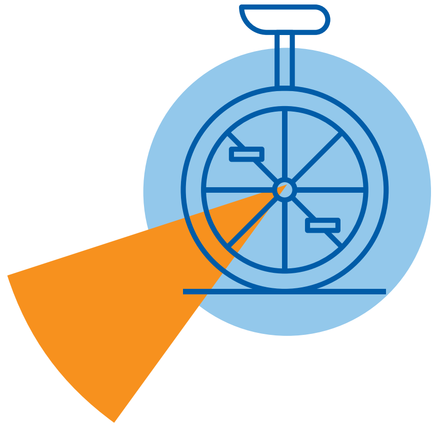
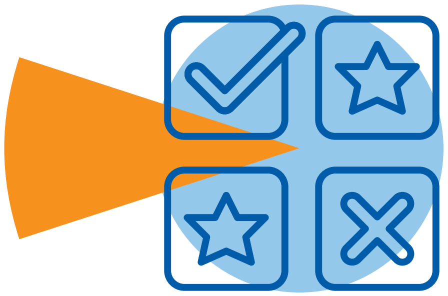


Cost Reduction, Not Benefit Reduction

Reducing costs is a clear benefit, but it's not the only benefit on the table. A holistic analysis should look at benefits across the board. Impacts on customer service or client relations should be weighed carefully against cost cuts. Employee engagement, retention, and productivity are all affected. Account for energy savings and other sustainability metrics. Look at lifecycle costs, total costs of ownership, and your asset depreciation.

While considering cost reduction for your current contract, also think about the cost of having to change contracts constantly. A narrow focus on cost reduction can lead to provider churn, increasing cost and disruption over time. A more comprehensive analysis of costs can help you select a provider that delivers reliable value and helps you avoid provider churn.



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Plan for Labor Turnover

67% of decision makers reported they were more concerned about turnover than just a year ago, and for good reason. The unemployment rate has reached record lows. Job opening rates are up overall, and the number of unemployed persons per job opening fell below 1 in 2018 – that's less than one unemployed person per job opening. Since voluntary turnover mostly increases as unemployment falls, controlling the costs of turnover should be a key focus. The total costs of replacing an employee have been estimated at 90% to 200% of an employee's annual salary. Plans to deal with turnover should focus both on controlling the turnover costs and retaining employees through engagement programs.

Number of unemployed persons per job opening, seasonally adjusted

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
Source: U.S. Bureau of Labor Statistics.

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Training, Training, Training

Training plans aren't just a major factor in your turnover costs. Training new employees (and training during your service transition) will have a high impact on your KPIs, service quality, and costs.

Ongoing training in safety issues is key to risk mitigation, and continuing education for employees is a noted factor in engagement and retention. Decide who is responsible for training and set the focus early, including any unique requirements or compliance issues.

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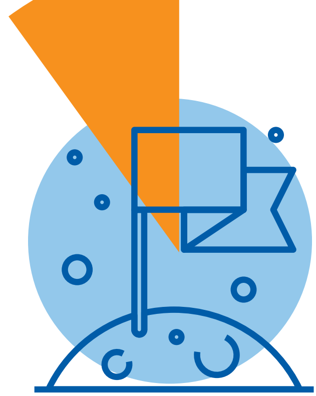

Ask for the Secret Sauce

Great service providers aren't afraid of giving away their secrets for successful service contracting, because they are always improving, always solving that next problem for their clients.

Talk to a service provider about the success your seeking. The right partner can offer advice that helps you lead an effective process.

With special thanks to

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