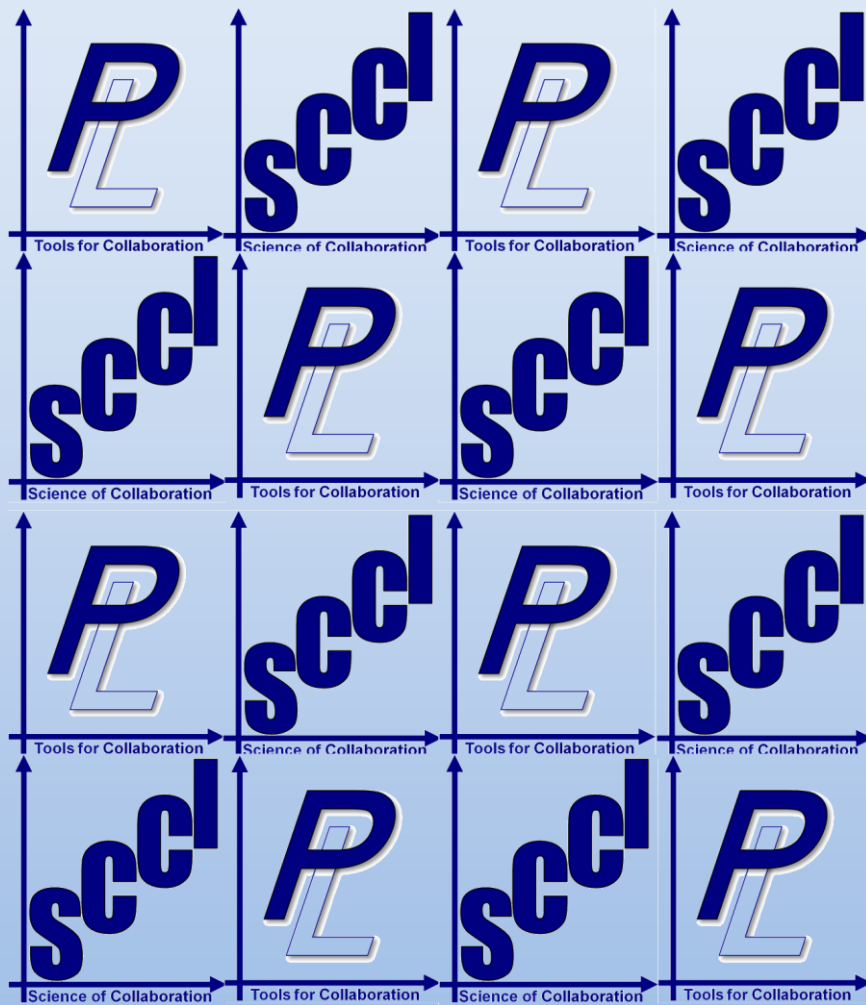


Case Study: Good Intentions are not Enough



Andrew Humphries & Linda McComie



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Case Study – Good Intentions are not Enough

By Andrew Humphries & Linda McComie

2 Year Global Relationship – value \$350m pa:

- Customer – Information Technology Services Department
- Supplier – IT Infrastructure Services Provider

Objectives:

- Work collaboratively with fewer partners
- Prepare for Collaborative Working Standard accreditation

Issues Revealed:

- Operational leadership on both sides failed to implement collaborative working effectively
- Despite re-training, Vendor Managers continued to use traditional contract management
- At the working level response was enthusiastic but uncoordinated
- Lack of clearly defined joint value objectives and inappropriate performance measures resulted in reduced incentives to innovate
- Poor communication channels led to poorly defined requirements, weak solutions and inadequate problem solving

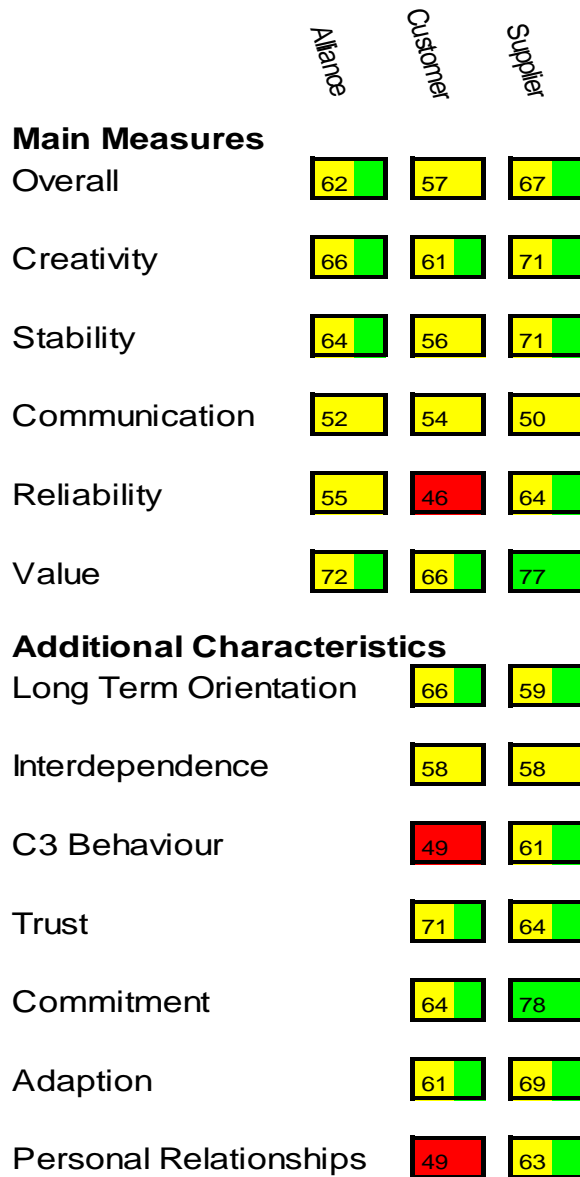
Notes

Over a 2 year period the Customer's Information Technology and Services department (\$1bn p.a.) implemented a collaborative, partnership based approach with seven key service providers appointed after an assessment of their collaborative ability. This included adopting industry good practices including Collaborative Working Standard. Strategic oversight was provided by the CIO, internal customer executives and the service providers' senior executives.

Day-to-day management was the responsibility of the Vendor Management (VM) organisation. This supplier was a global information technology, consulting and outsourcing company with posted revenues of \$6.9bn p.a.

SCCI Ltd was tasked with providing an understanding of this collaborative relationship and advice on performance improvement in parallel with the project to prepare for Collaborative Working Standard accreditation.

Performance at a glance



- **Innovation** – the leap of faith, being creative, flexible and resilient
- **Investment** – Alignment of objectives, investment in people, know-how, infrastructure and management effort and, long-term vision
- **Communication** – open and transparent, frequent and extensive, learning, planning and anticipating
- **Operations** – focusing on service and product delivery, lowering joint costs and risks, building trust
- **Value** – perceived and actual benefits, satisfaction
- **Long-term Orientation** – encouraging stability, continuity, predictability and long-term, joint gains
- **Interdependence** – loss in autonomy is compensated through the expected gains
- **C3 Behaviour** – Collaboration, Co-operation, Co-ordination, joint resourcing to achieve effective operations
- **Trust** – richer interaction between parties to create goodwill and the incentive to go the extra mile
- **Commitment** – the relationship is so important that it warrants maximum effort to maintain it
- **Adaption** – willingness to adapt products, procedures, inventory, management, attitudes, values and goals to the needs of the relationship
- **Personal Relationships** – generating trust and openness through personal interaction

Bandings	Colour	Response
0-49%	Red	Urgent Action Required
50-59%	Amber	Corrective Action Required
60-74%	Amber Green	Corrective Action Recommended
75-100%	Green	OK Unless High Priority

These traffic lights show that the customer (centre column) is generally pretty satisfied with the relationship but, the supplier (column on the right) is not nearly so optimistic. The red and yellow indicators suggest serious differences of opinion and issues between the parties.

Recommendations

- The senior leadership, relationship managers, functional managers and commercial staffs from both organisations should be involved in the management of this relationship.
- Establish joint working groups to identify and recommend ideas for continual improvement in service delivery, Commercial, Finance, HR and administration to include
 - Identifying all participants and their role/activities
 - Identifying potential points of weakness / failure
 - Consider overall service management / integration
 - Identify bottlenecks in approvals and payments
 - Propose improvements in process/staffing to minimise workload on key personnel
 - Suggest renaming Vendor Management function
- Define an innovation process and measurements
- Review and agree the objectives and expectations for the relationship including the critical success factors and KPIs
- Carry out a reporting and escalation review considering business imperatives and cultural aspects
- Develop an Enterprise Relationship Management Plan to create and sustain a collaborative relationship that is responsive to the needs of the joint business. It should include:
 - Joint Market Strategy
 - Concise expectations / roles /contribution from each party
 - Responsibilities and Accountability
 - Rules for engagement and cross partner working
 - Joint Account Planning & Business Development
 - Skills development and resourcing
 - Key Performance metrics

“Our partner tries to resolve problems locally but escalates very late because I think they view escalation as failure. We would prefer to know there is a problem early.”

Notes

At Board level there was disappointment that the original high expectations were not being realised. They were expecting to get more from each other through deeper involvement but as time passed problems dominated.

As a result of the project they achieved the accreditation.

The partners changed the way that they worked to a more collaborative operation.

“There is a real will to succeed with open and honest relationships, a clear and joint way forward and common objectives.”



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