

# Creating Trusted Partnerships

## The Keys to A Successful Outsourcing Relationship

A successful outsourcing relationship hinges on clearly defined objectives and effective communication, ensuring mutual understanding of goals and performance metrics. Additionally, a culture of trust, respect, and flexibility facilitates adaptability, innovation, and long-term partnership success.

In 2022, the outsourcing industry reached \$86 billion, which means that it has almost doubled in size in the last two decades. However, nearly 20% of organizations that opt for outsourcing do not succeed in establishing a fruitful partnership with their outsourcing provider, which can result in the squandering of millions of dollars. Companies in their Series A stage are particularly vulnerable to significant financial losses as they may have limited capacity to rebound from such setbacks.

**30%**

of new employees quit their jobs.

**\$617B**

how much companies in America lost  
in 2019 as a result of turnover

### Be Prepared for Change

Outsourcing generates change that has the potential to disturb organizational culture, significantly modify the implementation of crucial business operations, and cause significant disruption to the workforce.

The management of change in outsourcing should operate concurrently with the outsourcing project, guaranteeing that the provision of services remains uninterrupted throughout the project's execution. It should also aim to sustain or enhance employee engagement and productivity.

### Make Your Expectations Clear

Numerous Series A companies adopt outsourcing practices without comprehending the specific goals they aim to achieve. In the absence of a clear understanding of their own motives and priorities, these companies face challenges in identifying the most suitable outsourcing partner and leveraging their distinctive abilities, knowledge, and expertise to supplement their in-house competencies.

Once a business determines their precise reasons for outsourcing, what aspects to outsource, and the budgetary constraints for cost savings, they need to articulate their expectations in a formal manner and communicate them unambiguously.

## **Know Your Strengths and Weaknesses**

A common expectation among Series A companies is for their outsourcing vendor to conduct due diligence, which typically results in the vendor discovering that the company is more disorganized and challenging to manage than anticipated, leading to a negative start to the outsourcing relationship.

To mitigate the possibility of interruptions and conflicts in outsourcing arrangements, customers should carry out a comprehensive evaluation of their assets, competencies, shortcomings, and existing operational protocols and guidelines.

## **Communication (Not Micromanagement) is Key**

Companies frequently overlook the fact that outsourcing partners are specialists who provide substantial value and do not require micromanagement. In reality, it is advisable to allow an outsourcing partner to handle the implementation details while the company monitors the delivery of agreed-upon results.

If an organization desires a genuine strategic partner, communication is a far superior option to direct management. It is unreasonable to expect that any external partner will conform to an organization's strategy without granting them access and communicating transparently. The outsourcing contract should include provisions covering the ramifications of both intentional and unintentional breaches of trust.

## **Implement the Right Toolset for Communication**

The presence of an appropriate toolset to facilitate communication and collaboration between employees and outsourcing teams is imperative to create a successful outsourcing partnership.

Series A companies have access to several communication tools tailored to meet the specific needs of outsourcing such as Slack, Asana, Trello, and SharePoint, among others. Face-to-face meetings still retain some importance, but owing to the global nature of modern outsourcing, their significance has diminished considerably.

## **Be Skeptical of the Lowest Offer**

A common mistake made by many Series A companies when outsourcing is to solely consider the cost factor and engage the outsourcing partner offering the lowest price. In outsourcing, as with many things in life, you really do get what you pay for.

It is essential to keep in mind that outsourcing involves compensating strategic partners for their services. If the remuneration provided to the partner is insufficient, it is unreasonable to expect them to deliver outstanding service, particularly over an extended period.

Of course price will always be an important factor when choosing an outsourcing provider but it shouldn't be the most important one.