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# A More Innovative Way to Outsource

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# A more innovative way to outsource

Is there a better way? No other question encapsulates the drive for continuous improvement permeating today's business environment. It is what drives people such as Albert Einstein, Bill Gates and Thomas Edison to challenge the status quo to create not only better products, but also better solutions.

It is what drives business people to solve complex problems for their customers.

Finding a better way is what challenges the recording industry to reinvent how the industry delivers music to users, shifting from delivering its products from albums to eight track tapes to cassettes to CDs and MP3 files.

But finding a better way is not just a question that inventors, technologists and engineers are asking.

Today's outsourcing professionals are starting to ask themselves the same question. The challenges are so significant that Frank Casale, CEO of the Outsourcing Institute, describes the 21st century as the tipping point for companies to begin to explore alternative approaches and tools for outsourcing — what he calls Outsourcing 2.0.

## So what is the better way to outsource?

During the past three years, a small team (of which I was a part) has studied progressive companies that were exploring more innovative approaches to outsourcing. The result is a book being published by Palgrave Macmillan before the end of the year.

We found several common themes in the companies we researched regardless of the types of services outsourced. One of these was the shift away from a conventional customer-supplier relationship to a highly collaborative relationship aimed at developing a broad, true win-win solution.

We have distilled these lessons learned into a systematic model to improve outsourcing. The model is called Vested Outsourcing™ because the core principle is creating outsourcing relationships where companies and their suppliers

become vested in each other's success.

It is a fresh approach to outsourcing that will drive benefits for both the outsourcing company and its outsource providers.

At the core of Vested Outsourcing is the notion that customers can work more efficiently and effectively with their core supplies.

When done correctly, both parties gain significant benefits, be they reduced costs and improved services for the customer, and increased business and better profit margins for the service provider. Instead of thinking about "What's in it for me" partners start thinking about "What's in it for We?"

## Does it work?

We've seen it in action, both in the military and in industry-leading organizations. Consider the discount airline jetBlue. In an effort to bring humanity back to air travel, the company decided to outsource the things that do not touch their customer so as to better focus on the customer experience.

As a result, they entered into a 10-year agreement with MTU Aero Engines to do heavy maintenance on their jet engines. JetBlue was able to reduce its maintenance risk because of unforeseen repairs and to develop a more predictable cost, as maintenance fees were determined by such factors as flight hours, engine type and age.

MTU benefited by knowing they had a predictable volume of maintenance over a decade and could invest in training, equipment and processes that would yield a return over the life of the contract.

Was it a good deal? Within 18 months of signing the original contract, jetBlue and MTU inked a five-year extension.

JetBlue and MTU are not alone. We have found leading-edge firms such as Microsoft and GE successfully implementing these principles with their vested service providers.

Clearly, there is a better way to outsource. It takes time and an investment in understanding what's best for "we."

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Karl Manrodt

## manufacturers appreciation breakfast

The Savannah Area Chamber of Commerce hosted the 2009 Manufacturers Appreciation Breakfast on Thursday at the Savannah Civic Center. About 150 manufacturing representatives attended. Three local companies received awards during Thursday's ceremony. The chamber also recognized 23 companies celebrating 10-year anniversaries in Savannah.

**SAFETY AWARD:** Given to the company that sets the standard on ensuring their employees work in a safe environment. The award is based on the company's 2008 Occupational Safety and Health Administration total incident rate combined with the total number of hours worked at their Savannah facility.



Photos by Steve Bisson/BiS

Rick Winger, second from left, gives the Safety Award to Gulfstream Aerospace representatives Ricky Johnson, Gabriell Washington, Ana Olivarria and Kenneth Hibbs (not pictured). Gulfstream's employees worked 14,227,417 hours with an incident rate of 0.6.

**GULFSTREAM COMMUNITY INVOLVEMENT AWARD:** Given to the manufacturer or supplier that consistently supports community activities outside their company. Activities could include, but are not limited to, fundraising events for a charitable organization, ongoing community relations efforts and projects that encourage interaction between the company and the community.



INTERCAT-Savannah representatives Robin Lippert, Marlon Douse and Bruce Keener accept the award from Winger. INTERCAT was honored for its work with the Savannah STARS (Striving Towards Academic and Recreational Success) program, a Little League sports organization that teaches youths ages 5-12 how to participate in partnerships, teamwork and group activities.



Winger hands the award to Stage Front Presentation Systems representatives Paul Mazo and Steve Stephens. Stage Front received the award for donating in-kind services to help ensure the success of multiple charitable events within our region. Stage Front, which designs and installs technical production systems, provided audio, video and lighting equipment and services at no charge at several area nonprofits and charitable groups.