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# Outsourcing Journal

December 2001 Issue

## JOURNAL

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## Everest Best Practices

### How to Maximize the Alliance Factor in Outsourcing Defining Moments for Exult and Bank of America

By Kathleen Goolsby, Senior Writer



Like a swashbuckling pirate with swords in both hands and a saber clenched in his mustached mouth, many outsourcing partners begin their relationships armed to the teeth. While it's a foregone conclusion those alliances will see an untimely end, it's surprising how often people fail to realize that successful relationships (like marriages) don't 'just happen.'

Despite their initial potential, they can fail miserably unless the alliance partners learn how to create an 'us' without destroying the 'me' of either partner. Successful relationships are the result of long-term thinking, for that' the mindset that will navigate troubled seas and

help to maintain perspective.

The outsourcing relationship between [Exult](#) and Bank of America is a paragon of that mindset. "I find outsourcing relationships often are more difficult for partnering," says Stephen Dent, founder of Partnership Continuum, Inc. and author of "Partnering Intelligence: Creating Value for Your Business by Building Strong Alliances" (October 1999, Davies-Black Publishing, Palo Alto, CA). "That's because somebody in the relationship has a mindset that it's all about the contract and that the value is a transaction between the provider's service and the money the buyer pays for it." That's simply not the case.

To capture the ultimate value in outsourcing, the parties need to build a strategic framework for their alliance, as Exult and Bank of America have done. Dent says he counsels potential partners that each company's leaders must spend time upfront figuring out what their mutual vision, mutual values and the culture of their new alliance are going to be.

"Those are the human energies that are going to make it either fail or succeed," he explains. "It's not necessarily the strategies and the products and the services - you can finesse those to be successful. But unless you get the human energies aligned, you are not going to be able to have a successful alliance. I have just seen too many times that organizations come together in a sort of smash dance, and they fall apart very quickly because the cultures are just not compatible to achieving their objectives."

### Shrinking a Gorilla

When Mary Lou Cagle, Bank of America's senior vice president, called Dent to discuss his becoming a partnership coach for the bank and Exult, she explained the problem. "We know how to gobble up companies, but we don't know how to partner." The bank's history of growth through excellence in

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mergers and acquisitions didn't include a model for creating win-win relationships. Likewise, outsource supplier [Exult](#), a start-up company at the time, saw the bank as an 800-pound gorilla that could potentially pounce on the outsourcer. Both parties recognized the need for a level playing field.

"They wanted me to help them understand what it would take to build a really strong alliance," Dent recalls. "It was an unusual situation. Most organizations come to me and say, "We're a great partner - but can you fix the other people, because they are lousy partners!"

He put the leadership teams of both parties through a daylong exercise where they each came up with their individual vision, mission and strategies for the alliance. "It was important for each to see what the other needed," explains the partnership coach, "because partnerships are about satisfying needs." The next step was to build a joint strategic framework representing the best thoughts for their alliance.

### **Concentrate on the Culture**

Dent maintains that the underpinning of mutual trust is what creates success in an organization. One of the key measurements that [Exult](#) and Bank of America use to determine the success of their alliance is their ability to form sustainable and mutually beneficial trust in the alliance. They've learned to trust each other so well that they are expanding the scope of their alliance. It happened because they were willing to act on Dent's advice on how to build a "partnering culture."

That type of culture is created from six attributes he believes must be developed in both parties. They include:

1. Being able to self-disclose and offer feedback to each other.
2. Being able to create win-win outcomes.
3. Having the ability to trust.
4. Having a future orientation (versus a past orientation) and a commitment to being comfortable with change.
5. Having a commitment to interdependence.

Why is trust such a vital component in a relationship's foundation? Dent explains its role: "Being in the Information Age, and information being abundant, the people who are able to creatively use information to their advantage are going to be successful in the marketplace. In order to be creative, you have to take risks, but you can't take risks if you are living in fear. And there is no trust in the organization if there is fear in the organization. So, if you want to really free people to achieve the objectives and the visions of the alliance, you can't have an atmosphere of fear and no trust because they will never be able to use information creatively to serve the marketplace."

How can a buyer recognize the trust attribute in the potential suppliers it's evaluating as a partner? Dent suggests the buyer should ask to see a vendor's company vision, mission and strategies it uses, as well as references of current and past customers and partners. "Then look to see their reaction," he advises. "If they are uncertain, not forthright, and don't want to give you the information, there is something wrong. In a strategic alliance, you really have to understand where your vendor organization is going."

### **Bottom Line Basics**

Most people don't spend the right amount of time developing their relationship upfront, according to Dent. "They move right to task, and that's a downfall." Mary Lou Cagle agrees: "We have dedicated resources to building this framework for our alliance. I have a business integration team, and that team leader is the day-to-day person helping this alliance run. For every process, we have a business integration person at the bank matched with an equal person

from Exult. We know we can get the tasks done; but the relationship is the key thing for, in the long run, it will cause us to be successful."

Their framework makes them both equal partners in their new business. "That's not the easiest thing in the world to do," says Cagle. "Stephen has helped us to build trust, to express what we both need from the partnership. It's about self-disclosure and feedback. Is it perfect? No. But we have a process by which we can resolve conflict because we are learning to talk the same language. Stephen helps us to stay focused on treating our alliance as a new business that is going to have its own culture and is going to have principles and strategies that we have agreed to for this alliance."

"What I'm excited about - and what has proven so successful in the example of Bank of America and Exult," exclaims Dent, "is that when you invest the time upfront creating the right relationship, the tasks become a no-brainer. When you get partners set up with this kind of mindset, incredible things start to happen because they understand each other's business."

#### ***Lessons from the Outsourcing Journal:***

- Mutual trust must exist between alliance partners in order to be able to take risks, thus maximizing the value of the alliance.
- Each alliance partner must make an effort to understand each other's needs and build a framework based on that strategy.
- Both partners must monitor trust throughout a relationship, not just at the outset.

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