

TILL DEATH US DO PART (Part 2)

In the first part of this article, we explored ten common causes of friction in outsourcing relationships, covering issues that tend to crop up on the client side. Now it's the service providers' turn. Where do things tend to go wrong?

1. Service provider is totally sales focused and doesn't perform sufficient due diligence on the client environment prior to contract closure Getting the sales versus delivery balance wrong can lead to significant problems further down the line, with consequences for the implementation and delivery teams. If project timeframes and costs aren't achievable, relationships can deteriorate, delivery is put at risk, profitability squeezed and the roll out jeopardised.

2. Service provider's delivery model is too inflexible to suit a complex international client Many providers offer a standard 'one-to-many' model, expecting customers to configure the service to their needs within certain parameters, but not expect heavy duty customization to personalize it. This is all logical, practical and commercially compelling – but it does require flexibility and a healthy dose of realism. The client will understand the 'configuration is good, customization is bad' argument, but they will rarely be able to live up to it in reality, and their demands will grow. As a consequence, service provider processes can sometimes be stretched to breaking point, making it hard to accommodate client uniqueness and putting pressure on both price and delivery. You have to live in the real world, and the balance has to be right.

3. Service provider doesn't invest sufficiently in client relationship management Stakeholder management can go very wrong, very quickly if you don't really understand your client management/leadership team and match up appropriately. The client sponsor is under huge pressure to deliver on time and we all know payroll cannot be 'approximately' right. But this is a long-term journey and it has a better chance of success if the relationship between the client and the service provider is working properly.

4. Service provider's project management skills are insufficient or inadequate in terms of experience or numbers (see points 1 and 2) Global clients require heavyweight, experienced project managers with several full lifecycle implementations behind them, who understand the end-to-end service provider capability. They need to be able to reach out and influence within and across the service provider implementation and delivery teams.

5. Service provider covets major global clients but doesn't understand the nature of these client cultures and likely issues Winning the business, project scope, price, resourcing and timing are all at risk if the service provider doesn't fully understand the nature of a global client. The client wants to deal with one global point of contact and not be passed around the organization. The client will have M&A activity, competing projects, multiple solutions in the current landscape and a large procurement and legal engine. The client is unique and complex and can't squeeze into 'one size fits all'. This goes with the territory of international service delivery.

6. Service provider project pricing and resource models assume remote implementation, with very limited on site support Such a scenario can work, but only if it reflects the client's understanding. If not, it can lead to delivery, cost and client relationship issues. This has to be raised and resolved in the contract process otherwise it will surface within days of project launch. It's very difficult to overcome the misalignment of expectations.

7. There are multiple service providers operating within or close to the payroll space - IT/technology provider, HR service provider and payroll provider This is a scenario

which can arise if, for example, the HR transformation journey is on a different timeline to that of payroll. A concurrent HR transformation project can raise danger signs - it will inevitably drive complexity and cost, and may cause confusion. Unless there are very clear demarcation lines, there will be finger pointing throughout the transformation journey at global, regional and country levels. Absolute clarity on roles and responsibilities is required, particularly at the 'hand-off' points between providers.

8. Transformation journey has a long history and is suffering project fatigue A journey which has too much 'history' and a lead time which has stretched over a long period can lead to a loss of key skills and increased cynicism. Client sponsors need to get the job done – energy, skills, funding, and appetite for change only last for so long. The rest of the company operations that rely on the outcomes of these projects - treasury, finance, tax - will only support HR for so long. Service providers need to try to assess the client's track record with these projects and where there have been many false starts, find out what has derailed them before.

9. Transformation journey is under resourced throughout Let's be honest here, how many projects really deliver to original budget? How many even have an adequate budget taking into account all aspects? Often the 'eyes are bigger than the belly!' This is a highly significant risk to on-time and flawless delivery – as cuts are made and shortcuts occur, errors and gaps appear. There therefore needs to be very detailed planning and absolute realism from the outset.

10. The client is confusing outsourcing with outright abdication This might appear to be an issue for the client but in fact the service provider needs to heed these warning signs early. The responsibilities matrix should contractually protect the service provider - but a client who doesn't understand this and fails to step up to the mark is a high-risk client. Keep in mind that it's not a sign of weakness for clients and service providers to conduct themselves with honesty, trust, mutual respect, partnership and teamwork. Rarely do long-term business relationships thrive in the absence of these behaviours. Payroll outsourcing should never become a commodity – it will always be a complex service delivery, making these behaviours all the more vital.