

White Paper

The background of the top half of the page is a halftone-style image of two hands shaking. The hands are positioned in the center, with fingers interlaced, symbolizing a partnership or agreement. The background is a dark, textured blue-grey.

Build Trust & Drive Value: The Partnership Approach

Providing you with:

- ✓ Insight into the importance of partnerships
- ✓ Evidence of real business benefits
- ✓ Advice on choosing the right supplier for this approach



Introduction

The connection you have with the suppliers you deal with is critical in determining how successful you can be as an organisation. However, this vital element of operations is often overlooked in favour of higher priority or more visible internal issues, such as product launches, campaign management or simply the day-to-day running of your business.

With organisations today having to co-ordinate increasingly numerous and complex tools, systems, technologies, processes and market demands, developing a partner relationship with suppliers (and the insight this brings) is becoming increasingly important.

Characteristics of a partnership

- Two-way communication
- Flow of ideas between supplier and client
- Long-term involvement or retainer model
- Shared development of strategic direction

Apple, Nike, American Express and Procter & Gamble are just some of the big-name brands illustrating the rewards available from strategic supplier partnerships, while organisations of all sizes are seeing the benefits of adopting a more responsive, iterative and integrated approach, facilitated by a long-term and mutually beneficial relationship with lean and nimble supplier teams.

In this white paper we explore some of the reasons behind the movement towards valuing suppliers as partners, looking at five key areas in which such partnerships can provide significant business value. Also included are techniques you can use to foster strong, positive and productive working practices and deliver long-lasting benefits that go beyond the bottom-line:

- Increased efficiency
- Greater returns
- Minimise risk
- Improved satisfaction
- Faster deliveries
- Increased trust
- Greater innovation



A partner is as invested as you in your success

As the technology and frameworks available to organisations become more sophisticated and intelligent, the demand for individuals with the skills to unlock the potential of these tools is also increasing. This is a trend being mirrored by a growing demand for outcome-based metrics by which to measure success, beyond traditional statistics that can sometimes misrepresent the true effect of activities on business objectives.

In this environment, being in a partnership where the intricacies of your goals, hierarchies, systems and more are understood is vital. In addition to driving cost and time savings by avoiding the training overheads that typically accompany the introduction of a new supplier, you'll also reap the benefits of having a strategic, joined-up and centralised approach rather than ad-hoc, poorly communicated and fragmented activities across numerous disparate teams.

If you've chosen your supplier based not just on their ability but their approach and attitude and fostered a partnership founded on transparency and communication, you can also be confident in the direction of your strategy. With such suppliers increasingly being trusted as "brand guardians", they are taking on responsibility not just for the execution of activities but for representing their client's interests throughout the decision-making process.



“ Agencies must aim to be brand guardians. It’s only then that clients trust them and they become indispensable.”

Chairman, Agency Assessments International

Encouraging a partnership by involving your supplier in the more strategic aspects of your business and facilitating frequent communication integrates tightly with the increasingly-adopted Agile approach to project management. Originally intended for software development projects, the principles of Agile – collaboration, flexibility, communication and incremental improvements – can be applied to a variety of industries and areas of business management. This approach is particularly relevant today; when multiple stakeholders, remote teams and demands for proof of ROI are prevalent, a long-term partner relationship with your supplier is vital to manage these considerations successfully.

Takeaways

- Don’t simply invest in tools and technology, but in people and processes too
- Avoid taking on a new team for each new project and focus instead on developing long-term partnerships where your strategy is fully understood and valued
- Don’t limit supplier teams by only sharing the basics about your strategy – offer contextual insights and involve them in your decision-making process for best results
- Don’t just choose your supplier based on a single factor (for example cost, pricing model, size or location), but consider their overall approach and fit with your organisation

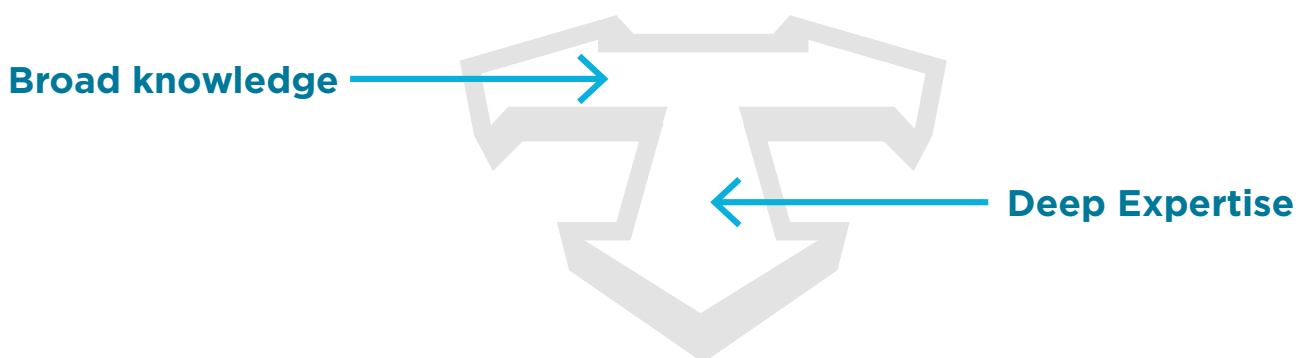
- Don't rigidly stick to briefs that have become outdated but work together with your supplier to refine and evolve activities based on current conditions and requirements

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A partner applies specialised knowledge to your unique situation

No matter what role you occupy, the size of your organisation or the industry you operate in, it's likely that a broad range of disciplines, skills and information is required for the successful running of your business. While the economic climate may lead many organisations to bring skills in-house and only consider getting third-party suppliers on board for discrete project-based work, a desire for short-term efficiencies often overshadows the true complexities of a situation and can result in crucial roles not being filled, or a lack of experience in critical areas.

Outside suppliers are valued for their ability to deliver specialist knowledge to their clients, and across the globe the very best teams invest energy in staying up-to-date with the latest trends, news and releases. These suppliers also bring together in a single location a number of what have been termed "T-shaped" people; professionals who balance a strong understanding of their sector with industry-leading expertise in a particular vertical (a trend being led by the marketing technology industry).



Engaging a third-party supplier to support your internal teams and developing a partner relationship with them gives continual access to valuable resources, and, with the security that a long-term relationship brings, encourages them to take the initiative to inform you of relevant changes and updates in the marketplace, increasing your ability to react to opportunities as they arise.

Leading analysts such as Forrester are also advocating future-proofing strategy by taking a long-term view when engaging a third-party resource, particularly in technology-focused areas. Having these resources in place at an early stage can reinforce your reputation as an industry thought-leader, or even push you to take necessary risks that may not have been considered otherwise.

“ As technology becomes critical for digital marketers, they will, as will their IT colleagues, look for new business partners that can address current and future marketing technologies issues.”

Forrester, The Emergence of the Digital Marketing Service Provider

When you think that a partner is strategically invested in your business (as seen in section 1), you understand that they are better able to leverage their skills and apply insight to your specific requirements and constraints. Not only does this increase your ability to justify strategic decisions by demonstrating the relevance of activities to your business objectives, it also minimises the risk of ineffective action, as all activities should be part of an integrated, targeted approach tailored according to real-world experience of what works in your particular situation.

Takeaways

- Don't save on cost at the expense of capability; remember that in adopting a partnership model you not only benefit from your own R&D investment but the supplier's too
- Don't relegate your supplier to working in an independent silo, but pool your knowledge and benefit from their specialist insight
- Ensure your supplier isn't just waiting for your brief. Promote a partner relationship by actively seeking out their input and encouraging them to come to you with ideas
- Think about the disciplines you may require as part of your longer-term plans and objectives and begin preparation for their selection and integration early, rather than struggling to recruit the required skills at the last minute
- Don't select a supplier that isn't committed to testing, analysing and measuring the results of any activity they undertake, but instead make sure all tactics can be tied back to business objectives



A partner acts as an extension of your existing resource

The need for differentiation and innovation is a primary concern for many organisations, particularly those involved with the fast-moving digital sector (and with the ubiquity of company websites, this group is expanding exponentially). The Harvey Nash CIO survey 2012 revealed that, globally, 71% of Chief Information Officers believe their organisation needs to embrace new technology or risk losing market share. This highlights the importance of not just knowing about the current trends, but having the ability - and capability - to rapidly act on them.



However, as globalisation and the fast-paced nature of many industries compound a shortage of skills and knowledge in cutting-edge disciplines, identifying and recruiting world-class individuals is often cited as one of the biggest problems facing organisations today. Competition is high and makes creating attractive career propositions a major investment that organisations may not be able to commit to.

In addition to this, many companies may not even want to recruit these skills internally; comprehensive business strategies incorporate a wide range of specialisms, and fighting to get the required talent for what may be a single project (for example, the creation of a mobile application or website) is often a highly inefficient process.

While this is as much true of suppliers operating on a short-term contract as those on a retainer (provided you have conducted a thorough selection process), a partnership developed through months or years of close and direct communication often affords organisations immediate access to skilled resources as and when they are required.

This is particularly relevant as many businesses continue to move away from siloed, strictly hierarchical structures to a more fluid Agile framework. A supplier with whom you have developed a partner relationship is able to offer the continual presence required for this approach that is not available with a traditional, disconnected client-supplier relationship.

“ Our structures need to be more speedy. Speed used to kill now lack of speed kills. Let’s have organisations that can iterate quickly and empower its folks to make decisions.”

Chief Strategy and Innovation Officer, Vivaki, Transformation 2010

Takeaways

- Don’t waste recruitment resources unnecessarily, but look to develop a long-term partnership with an outside supplier that has a reputation for excellence
- Don’t seek to fill positions that won’t provide long-term value, but trust in the capability of your supplier to meet your needs as and when required
- Don’t run the risk of not being able to carry out work as soon as you require it, but communicate potential projects and updates to your supplier in advance where possible so resources can be managed more effectively

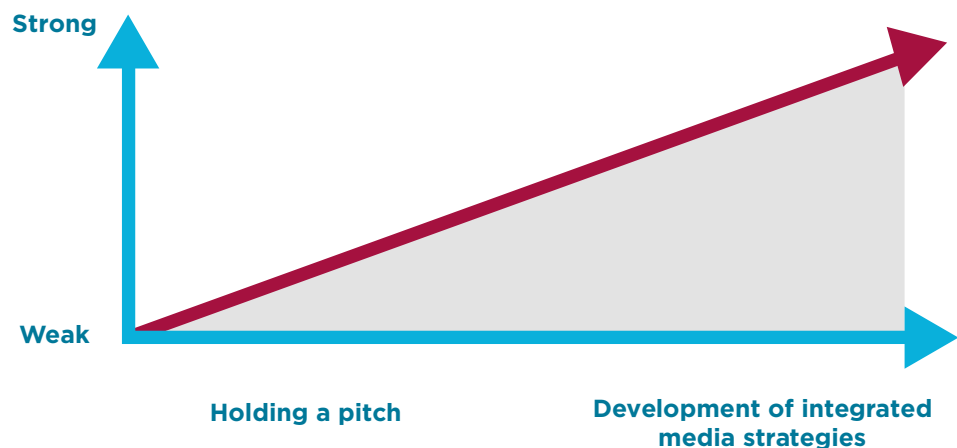
- Don't lose time to heavy documentation and lengthy processes as you get new and disparate suppliers up to speed, but adopt a more Agile approach focusing on lightweight communication with a consistent, informed and business-aware partner

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A partner offers value in action, not just ideas

While many organisations remain wary of the freedoms and perceived lack of structured specifications associated with partnership models, giving more responsibility to suppliers can in fact drive increased action, innovation and returns.

Suppliers have previously had to pitch for every new client project through an enclosed, secretive tender process. This can lead to a mentality where they are only focused on the client at certain prescribed times and are forced to generate ideas based on assumptions, without fully understanding the business vision and objectives. In a 2010 survey of media industry professionals “holding a pitch” ranked as the weakest performance driver, clearly demonstrating the strength of this feeling.



However, in the same survey “the development of integrated media strategies” was cited as the biggest performance driver. By giving your supplier the responsibility for positively impacting on a wide range of business KPIs, rather than a small set of metrics associated with a particular department or project, they are encouraged to contribute to these kinds of strategies, and integrate with your existing structures. In this partnership

model it is also in the interests of the supplier to continually put forward suggestions that support client progression, the communication of which should become increasingly open and transparent over time.

Crucially, committing to a partner relationship with your supplier enables some projects and tasks to be undertaken without going through the tender process – being able to trust in the quality of their proposals streamlines the journey to acting on these ideas.

While financial considerations continue to affect many organisations' decision-making processes, frequently the desire for proven return on investment has led to a 'test-and-learn' attitude that actually encourages action.

As part of an ongoing cycle, low-risk and low-fidelity activities are trialled and analysed before either investing resources or making improvements for further testing. This increases the value of those suppliers able to incorporate data into their plans, or as Forrester summarises it, “combine the project-based marketing services of creation and development with ongoing service management and enhancements through the use of marketing analytics and optimization tools.”

Takeaways

- Don't unnecessarily complicate the proposal process but facilitate the sharing of ideas
- Don't blindly commit to sending every piece of workout for tender, but rely on your supplier to provide long-term solutions where possible
- Don't keep your supplier in the dark about your long-term strategic goals, but enable them to input into your business through regular opportunities for communication with your stakeholders
- Don't feel the need to commit up front to lengthy

and expensive projects but get your team and suppliers testing first, moving forward based on what is proven to work

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A partner saves you money

One of the most important measures for success used by organisations is how much money can be made or saved, and as has been mentioned earlier in this white paper, some companies are still reluctant to embrace the partnership model due to the perceived financial costs involved, from the time spent sourcing and qualifying potential partners to commitment to regular communications. However, the overall benefits and efficiencies delivered by a partner relationship far exceed the initial overheads and make it a highly cost-effective way to create high-impact solutions.

As described in the previous section, the most common alternative to a partnership model is issuing work to perhaps disparate suppliers on a project-by-project basis. Not only is the tender process involved in this approach often incredibly lengthy (costing both parties money, which may be reflected in the quote), but the effort involved in getting each new supplier up to speed with every necessary aspect of your business wastes further time that could be spent on work that adds value to the business.

According to Forbes an average supplier review costs in excess of seven figures “in diverted executive man-hours, potential brand erosion, and share of market loss, as the organization focuses on the review and not on business. nevertheless, within 3 years the average marketer will be dissatisfied with their decision and start looking around again.” Last year, this attitude resulted in over \$27 billion being placed in review across the US, demonstrating the potential for savings.

\$27 Billion

While reviewing your supplier's effectiveness is essential to building a successful relationship, forming a partnership helps ensure this process is a continual one, reducing the frequency of expensive reviews and helping you target key areas for improvement should you need to source additional providers.

Taking a long-term partnership view also helps companies avoid the risk of duplicated efforts and re-work, especially if their chosen supplier is closely involved with the strategic direction of the business. Particularly for organisations that rely heavily on technology and digital solutions, dictating a project to a new supplier without offering contextual information can often lead to missed chances for a more efficient, effective or integrated solution (for example, focusing on a native mobile application only to require a cross-device solution at a later date).

Organisations must also consider the potential costs of not having resources on-hand for urgent work; from the earnings lost if vital services aren't delivered to loss of potential income by not quickly capitalising on opportunities.

Takeaways

- Don't fear that working in partnership with your supplier may be costly but instead focus on the benefits of long-term cost savings and process efficiencies
- Don't spend time unnecessarily inducting new teams but instead invest your time in developing partner relationships with key suppliers who understand your operations and vision and can tailor their solutions to these
- Don't bring disparate supplier teams that then have the added challenge of communicating with each other, but utilise the holistic perspective of a

partner to assess the long-term impact of changes for more informed decision-making

- Don't put heavy processes in place that restrict flexibility (from tendering through to change control), but develop an ongoing relationship with a supplier able to offer dedicated small, nimble teams that can react quickly to changes

Conclusion

Across all industries and disciplines organisations are moving towards more fluid, non-hierarchical, nimble and reactive processes; forming a long-term partnership with your suppliers is a natural next step in this progression to help cement, extend and expand the benefits of this approach. There's no doubt that this requires investment (of research, time, effort and budget); however, it's imperative to get it right at the beginning of the process, or you run the risk of choosing a supplier that doesn't understand your organisation, isn't flexible enough to adapt to the requirements of your industry, or can't always be available to respond quickly to requests and updates.

If you want to enjoy the benefits detailed in the previous five sections, then you should start to look for an appropriate supplier that you can build a partnership with. By considering the following points when assessing potential suppliers, you should be able to identify how well they will integrate with your existing requirements, processes and culture, for maximum return on investment and results that will grow and improve over time.

Consider

What is their portfolio like, and can they demonstrate evidence of measurable results?

Not only will this give you confidence in their ability and capability, it provides valuable reassurance that they will gather and analyse data on your projects too

Do they combine specialist skills with a wider commercial understanding?

Suppliers with specific experience of your industry or sector can sometimes offer more targeted advice, but whoever you choose it's important they can apply

their knowledge to commercial environments

Do they grasp the overarching goals and vision of your organisation?

Integrating with your team culture is as important as the tools and techniques employed

What methodologies do they employ?

Are they experienced in Agile or do they rely on more traditional waterfall processes?

Can they commit to appropriate levels of communication?

Even if catch-ups are not scheduled in on a weekly basis it's important to know they're available when required



Resources

Econsultancy's report [The Progression of Agency Value: Developing a Model for Agency Maturity in a Digital World](#) offers advice on how suppliers can adapt their use of data, technology, skills and culture to maintain relevance in the fast-changing digital marketplace.

Brand Republic's article [What's The Secret of a Long 'Marriage'?](#) provides insight from both sides of the supplier-client relationship.

For further discussion on the capabilities and impact of "T-shaped" people, see Econsultancy's [Digital Marketing: Organisational Structures and Resourcing Best Practice Guide](#).

Details and commentary on the Harvey Nash CIO Survey 2012 can be found in the article [CIOs Gain Budget as Strategic Role Increases, Global Survey Reveals](#).

Forrester's report on [The Emergence of the Digital Marketing Service Provider](#) explores the key features of the "new generation of service provider" in the digital marketing sector; in particular how suppliers will have to combine technological expertise with strategic capability and creative input.

The Forbes quote on the cost of changing suppliers is taken from their article [The Kardashian Effect: the Short-Lived Client-Agency Romance](#).



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