

Outsourcing Advisory 2.0

The approach to outsourcing has taken on a new and innovative twist that brings it into alignment with the next generation of unique and differentiated advisory services. As part of Sylvan's drive towards 'Outsourcing Advisory 2.0', our approach to 'Accelerated Outsourcing' leverages historically proven techniques, with the added innovation offered through benchmarking and collaboration, coupled with a pricing model that provides these services at essentially no cost to the Buyer.

Requirements Analysis

It is critical that the needs of the business are clearly understood, but as opposed to starting with a clean-slate, Sylvan leverages its extensive knowledge base, to provide a starting point that typically accounts for 70% - 80% of the needs. This jump-start allows the majority of effort to be focused on understanding the truly unique components of the business that are relevant when crafting the optimum solution and selecting the preferred Provider.

Vendor Selection

The traditional vendor selection process requires the development of a Request For Information (RFI), followed by a Request For Proposal (RFP), followed by a formal evaluation of responses, all of which is targeted to produce a short-list of qualified Providers, then the real competition begins.

In the accelerated approach, Sylvan's Advisors work with the business owners to identify the needs of the business, by selecting them from a pre-established menu of germane requirements. Equipped with this information, Sylvan then polls its ever-growing list of 10,500+ Service Providers, in order to identify a short-list of highly qualified Providers.

This accelerated approach yields the same results as the traditional process, but does so in a more efficient and effective manner, that is based on Sylvan's vast amount of acquired experiences.

'Vendor-pay Model'

As an integral component of accelerating the outsourcing process, Sylvan has implemented an innovative fee structure that obligates the ultimately selected Provider to pay for the advisory services, as a condition of their being awarded the contract. This unique payment model, allows the Buyer to engage Sylvan's expertise for only the cost of incidental expenses, while not increasing their total cost of ownership associated with the outsourced services.

The selected Provider pays a percentage of the total contract value, to Sylvan, as opposed to paying a similar cost to their internal sales team. By virtue of this approach, the Provider will pay their usual and customary cost of Sales to Sylvan, without needing to increase the final selling price.

Benchmarking

In order to control the bidding process, and the all important engagement pricing, considerable attention is paid to researching the current benchmarks. As part of the approach, Advisors from Sylvan assess the cost of service delivery for the current environment, and compare them to industry benchmarks, and recent engagement benchmarks. The results of which will manifest as a transaction or unit-based pricing requirement to which the prospective Providers must adhere.

As opposed to allowing the Providers to manipulate the scope of services, and therefore control the pricing, benchmarking serves to normalize the playing field and inextricably link the scope (the what) to the engagement pricing (the how much). This forces the prospective Providers to focus on developing an innovative, and highly executable solution (the how to), as opposed to engineering the scope of services to come into alignment with lowest possible price point.

Collaborative Approach

Instead of keeping qualified Providers at arm's-length throughout the process, Sylvan pull them in as part of the requirements development process, and encourages them to contribute to shaping the requirements to fit the strengths of their delivery model. Upon first-glance, this may appear contrary to traditional beliefs, and indeed it is.

The qualified Providers have a great deal of value and innovation to offer, when they are permitted to be involved in the process. In this scenario, Sylvan acts as the Buyer's advocate to insure that all of the requirements are being met, while at the same time allowing the Provider the flexibility to determine the best approach to satisfying them.

Benefits

The Buyer receives world-class advisory services, at essentially no cost, while maintaining full control over the vendor selection and contracting process. The Buyer is virtually guaranteed that there will be an actionable result coming from the outsourcing effort, and is confident that Sylvan's goals are directly aligned with their own, as opposed to simply billing consulting hours to the project.

The Provider also benefits from their involvement, by virtue of being pulled into a fully scoped, and qualified opportunity, where they are guaranteed of having a fair opportunity to earn the Buyer's business, and for which they have been pre-qualified as a suitable provider. Each involved Provider knows that they are not wasting their time, and that their cost associated with acquiring a new client is dramatically reduced by participating in a facilitated and collaborative process.