



# Driving High Performance through Outsourcing

**>  
accenture**

Achieving Process Excellence in  
Transportation & Travel Services  
Companies

*High performance. Delivered.*

**Transportation and travel services companies are using outsourcing to make significant and rapid gains in process excellence. Far from sacrificing expertise through outsourcing, these companies see outsourcing as a tool to improve expertise and capabilities within functional areas and in transferred employees.**

Companies in the transportation and travel services sector, among other enterprises, are drawn to outsourcing for its demonstrable benefits, including significant cost savings and its ability to help companies achieve high performance. Yet any serious consideration of outsourcing must also address certain concerns. One is the belief that outsourcing entails a loss of in-house expertise. The process is being transferred to an outside service provider, so the argument goes, along with experienced, knowledgeable employees who are key to that process; how can there not be some disruption and loss of process expertise as a result?

From Accenture's decade-long experience in outsourcing, we have observed gains rather than losses in functional expertise, and we have also seen that these gains can lead to higher business performance. To understand this phenomenon in greater detail, we commissioned a new global survey of outsourcing practices, "Driving High Performance through Outsourcing: Achieving Process Excellence," among companies active in outsourcing. The goal of the survey was to ask: Do companies really lose expertise when they outsource a process or function?

The answer to this question could have meaningful business consequences for companies in transportation and travel services. In a marketplace where every corner of the enterprise is being squeezed by intense competition, every process and function must contribute to rather than detract from performance as well

as profitability. That outsourcing can save money in the short term is beyond question. But can outsourcing become a strategic weapon for a transportation or travel services company intent on being world-class in every business process and functional area, from information technology and customer relationship management to finance and accounting?

## **Does outsourcing promote process excellence? Yes!**

The response from companies in transportation and travel services is affirmative, and close to conclusive: 96 percent report improvements in process expertise and capabilities as a result of outsourcing. The improvements reported include processes that operate more efficiently, more effectively, at a lower cost, with a greater degree of accuracy, and with a higher level of quality. Virtually all respondents (98 percent) cited one or more of these improvements; nearly one in five (19 percent) cited every single one of these gains.

When queried about the impact of outsourcing on innovation, key skills or capabilities essential to the outsourced process, access to cutting-edge technology, and tools for managing a process more effectively, almost all companies report levels of expertise equal to or greater than those enjoyed prior to outsourcing. Reports of declines in capability were few and far between.

• Consulting • Technology • Outsourcing

In fact, when asked to rate the capability of a corporate process on a scale of one to ten before and after outsourcing, with one equivalent to "weak" and ten to "world class," 59 percent of respondents raised the rating of their process or function post-outsourcing. The average rating gain was more than two points on the ten-point scale. The number of companies rating their capability at a level of seven or higher nearly doubled after outsourcing, from 32 to 62 percent.

Equally impressive was the rapidity of the gains reported. Some 74 percent of transportation and travel services companies saw results within six months of beginning the outsourcing arrangement, and 93 percent reported gains within one year.

### Companies that outsource accomplish more

What happens to the employees transferred as a result of the outsourcing? Although these staff members no longer work inside the original company, they often become more productive after transferring to the outsourcing service provider, through an enriched and more service-focused work environment. As a result, the outsourcing company is able to achieve more from the same staff.

When respondents in a position to evaluate staff performance were asked to what extent expertise and capabilities changed for transferred employees, nearly six in ten (59 percent) reported improvements in their former staff ranging from some to dramatic. Asked for specifics, 54 percent cited improved processes, and 42 percent reported greater access to technology skills and training. Nearly two-thirds (64 percent) saw outsourcing as providing staff with the opportunity to reach beyond a company's typical boundaries to leverage new thinking and alternative ways of effecting change. More than half (56 percent) felt that outsourcing gave their company a competitive advantage by providing the best process and technology available in the outsourced function. In addition, over one-third (36 percent) saw the gains from outsourcing being absorbed by parts of the organization beyond the outsourced function.

### Process improvement is a major benefit of outsourcing

Two-thirds of respondents (66 percent) working in transportation and travel services report that outsourcing improved their access to expertise in the function, or improved the speed, accuracy or quality of the process

outsourced. When citing main benefits from outsourcing, the majority of respondents mentioned these gains in process excellence, second only to an enhanced ability to focus on the core business and reduced costs.

Survey results document that there is everything to gain and little to lose in an outsourcing decision. Contrary to concerns about a loss of expertise, outsourcing raises the typical company's access to expertise and knowledge, resulting in a higher overall capability in the business process or function. The only thing lost is cost, according to most experienced outsourcers. The process undergoes a measurable improvement. Employees gain expertise and capabilities through increased exposure to new ideas and technologies, and greater access to process skills. Transportation and travel services companies benefit from functional and enterprise-wide change that positively impacts process performance.

### From process excellence to high performance

The results from this survey are consistent with Accenture's innovative new studies on the characteristics of high-performance businesses, which suggest in part that such companies achieve high performance through effective outsourcing partnerships. Through wide-ranging studies of companies in many different industries, Accenture has discovered a common pool of critical characteristics among companies that consistently outperform their sector peers. These overachievers all share the ability to create processes that accelerate insight into action, as well as the ability to create competitive advantage through the value chain. Process excellence achieved through outsourcing helps these companies reach the rarefied plateau of high performance by ensuring that every business process runs at optimal efficiency and effectiveness, thereby generating the greatest value. By mastering and competing on core competencies, and then outsourcing or seeking alliance or partnership opportunities for non-core areas, companies build process excellence into every aspect of their operation, and position themselves to achieve high performance.

### About this survey

A total of 318 responses were obtained for the survey; 53 of the respondents, or 15 percent, were from companies in the transportation industry, including airlines, railroads, hotels and resorts, freight and logistics companies, travel services, air cargo carriers, rental car companies, parcel/express mail services and other shipping companies, mass transit, casinos, trucking lines, and cruise lines. Forty percent of the companies have been outsourcing for more than six years. Seventy-nine percent of respondents were executives in the c-suite or at the director and vice-presidential levels. The survey, which covered companies in North America, Europe and Asia-Pacific, was conducted in August-September of 2004.

### Outsourcing with Accenture

For more than a decade, Accenture has worked with many of the world's leading companies to deliver innovation and high performance through outsourcing. We provide a comprehensive set of outsourcing offerings, from technology infrastructure to business applications and processes to complete business transformation. Accenture's outsourcing business, with more than 35,000 people serving more than 450 clients worldwide, helps clients leverage outsourcing to improve business results, improve processes and reduce costs.

### About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills, and technologies to help clients improve their performance. With more than 100,000 people in 48 countries, the company generated net revenues of US\$13.67 billion for the fiscal year ended Aug. 31, 2004. Its home page is [www.accenture.com](http://www.accenture.com).

#### For more information, contact:

Peter Franz (London)  
+44 207 844 5786  
[peter.franz@accenture.com](mailto:peter.franz@accenture.com)

David Rowlands (London)  
+44 207 844 3061  
[david.rowlands@accenture.com](mailto:david.rowlands@accenture.com)

