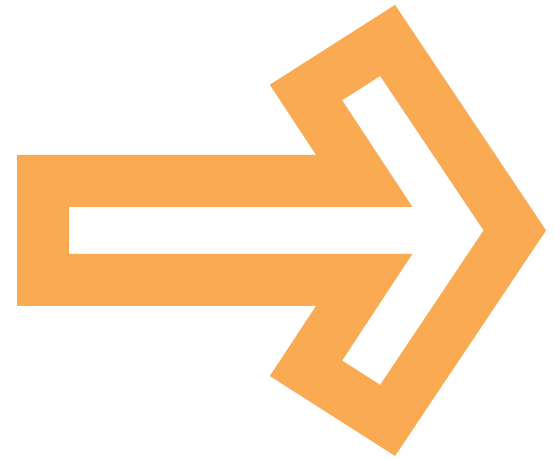




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**Driving High-  
Performance  
Outsourcing**  
Best Practices from the  
Masters in Consumer Goods  
and Retail Services Companies

*High performance. Delivered.*



**Experienced outsourcers among consumer goods manufacturers, marketers and retailers know how to get the most from an outsourcing arrangement. These companies use a sophisticated set of tools to achieve exceptional levels of performance and satisfaction.**

Companies in the consumer goods and retail sector face a critical challenge as they emerge from the fluctuating economic conditions of recent years: "How do we fire up the growth engine?" As enterprises look for tangible answers, they recognize that building a sustainable growth platform takes resources, which often must be pried free from other areas of corporate operations. Since it takes money to make money, the liberation of working capital is an inescapable prerequisite for growth in today's consumer marketplace.

Hence the sharp new focus on outsourcing among consumer-driven companies. Outsourcing has the power to multiply a company's strategic options in a variety of ways simultaneously. By moving business-critical processes to a specialist, the company can at one and the same time reduce expenses and shed assets, increase the effectiveness of business-critical processes, and elevate overall performance as the benefits of outsourcing filter through the enterprise. Few strategic moves bring as many benefits to the fore so quickly.

Judging by a new survey of practices among companies worldwide, consumer goods manufacturers and marketers with deep experience in outsourcing have developed proven tools for deriving greater value from their outsourcing arrangements. They know how to manage outsourcing arrangements to achieve well-defined business outcomes. These masters of outsourcing do things differently, and so achieve different kinds of results: higher performance, greater benefits, and a markedly higher overall level of satisfaction with their outsourcing experience.

#### **Seven Best Practices**

An "experienced outsourcer" was defined in the survey as any company that had been outsourcing a major business process for at least two years. Of all respondents in the survey from the consumer goods and retail sector, 34% work at companies with seven or more years of outsourcing experience, and two-thirds

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(66 percent) work at companies with between two and seven years of outsourcing experience. Respondents at companies meeting this criterion revealed a common skill set — seven shared tools for maximizing the performance of an outsourcing arrangement:

1. Incorporate business outcomes as a performance measure from the outset of the arrangement.
2. Look for an outsourcing provider that brings a wide set of skills and strengths, and a long-term track record of delivering results, in addition to competitive pricing and commitments to cost reductions.
3. Give as much attention to performance measurement and the quality of your relationship with your provider as you do to the contract.
4. Use risk/reward provisions as incentives for higher performance outsourcing.
5. Use active governance to manage the outsourcing relationship for maximum performance.
6. Task talented executives with optimizing outsourcing arrangements.
7. Be clear about objectives — cost, process improvement and the ability to focus on the core business are the most common among veteran outsourcers.

While it is not surprising that outsourcing veterans would have learned a lesson or two along the way, the prevalence of these seven best practices is striking, and points to a cause-and-effect relationship between high performance outsourcing and higher performance overall. Few dispute that outsourcing is difficult to get right; what this survey suggests is that when you execute outsourcing properly, the results are remarkable. In effect, high-performance outsourcing contributes to high performance. Nearly seven out of ten (68 percent) respondents working in companies in the consumer goods and retail sector agreed that outsourcing helps their companies perform better. More than eight out of 10 respondents (81 percent) reported a high and sustained level of satisfaction with the results achieved.

### Leverage Broad Business Outcomes Early and Look to a Strong Service Partner

Unquestionably, cost savings will almost always be a primary driver behind decisions to outsource. Yet if the hard-won experience of veterans carries any weight, an outsourcing arrangement which focuses exclusively on savings does risk leaving business benefits of considerable value on the table.

- More than three out of four experienced outsourcers (76 percent) in consumer goods and retail companies incorporate broad-based business outcomes among their objectives — leading with increased profitability but including the freedom to focus on core functions, improved speed to market, and a desire to build revenues. The majority of experienced outsourcers that use business outcomes do so from day one, and virtually all incorporate business outcomes as vital performance measurements by year three.
- Masters of outsourcing look for much more than just the lowest price when evaluating outsourcing partners. The expertise of the provider, the ability to earn trust, flexibility and reputation all out-poll pure cost considerations among respondents from this sector.

- Executives with long experience in outsourcing focus on the contract at the outset of an arrangement, but over time the relationship with the provider and performance measurements become far more important for success. Almost two out of three companies (65 percent) report using incentives to drive even higher performance. Vigorously working to get the most from their outsourcing structures, eight of ten managers in this sector (80 percent) utilized active governance techniques in their relations with an outsourcing service provider.

### About This Survey

A total of 565 responses were obtained for the survey, which drew its participants from the Economist Intelligence Unit database; 141 of the respondents, or 25 percent, are from companies in the consumer goods and retail sector. Nearly two-thirds (64 percent) of the respondents work in the executive suite or at a functional level. All regions of the globe were included. The survey was conducted in January and February of 2004.

### 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 approximately 90,000 people in 48 countries, the company generated net revenues of US\$11.8 billion for the fiscal year ended August 31, 2003. Its home page is [www.accenture.com](http://www.accenture.com).

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