



Driving High-  
Performance  
Outsourcing  
Best Practices from the  
Masters in Transportation  
and Travel Services Companies

**accenture**

*High performance. Delivered.*



Experienced outsourcers across the transportation and travel services sector know how to get the most from an outsourcing arrangement. These companies use a sophisticated set of tools to maximize their outsourcing, and as a result, achieve exceptional levels of performance and satisfaction.

What, beyond simple motion, links railroads, freight companies, airlines, vacation resorts and the many other widely disparate businesses in the transportation and travel services sector? Judging by a new survey of practices among companies worldwide that are deeply experienced in outsourcing, companies across this sector may have varied operations, but they share a strong belief in the value of outsourcing, based in considerable part on the proven tools they have developed for deriving the greatest value from their outsourcing arrangements.

They know how to manage outsourcing arrangements to achieve well-defined business outcomes that go well beyond simple savings. They are distinctive in their measurements, and in their leveraging of performance-based rewards as incentives for greater achievement. In sum, 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.

Why do companies in the transportation and travel services sector turn to outsourcing? Because it has the power to trigger broader business transformation. Business Process Outsourcing concentrates on optimizing the efficiency of information technology, finance and accounting, and other business-critical functions. While such processes typically account for only a small proportion of a company's total spend, their outsourcing can trigger successive waves of transformational change throughout the enterprise. The cost savings from the immediate operational benefits of outsourcing are far outweighed by the significant opportunities for value creation and innovation delivery built into the organization for the long term.

• Consulting • Technology • Outsourcing

## 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. Over half (52 percent) of all respondents working in the transportation and travel services sector work at companies with seven or more years of outsourcing experience; 46 percent work at companies with between two and seven years of 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 across such widely divergent businesses 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. Six out of ten (60 percent) respondents working in companies in the transportation and travel services sector agreed that outsourcing helps their companies perform better. Nearly eight out of ten respondents (79 percent) reported a high and sustained level of satisfaction with the results achieved after the first year.

## Focus on 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.

- Eighty percent of experienced outsourcers in transportation and travel services companies use broad-based business outcomes to shape their objectives — leading with increased profitability but including a desire to build revenues, improve speed to market and gain the freedom to focus on core functions. 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. More than seven out of ten (73 percent) that focused on three core goals reported achieving their objectives.
- Masters of outsourcing look for much more than just the lowest price when evaluating outsourcing partners. Reflective of the sudden shifts in climate and fortune which mark the transportation and travel services sector, outsourcing companies rank "flexibility" as the foremost attribute of a partner, followed closely by industry knowledge, process capability and the ability to earn trust.

Travel and freight executives with long experience in outsourcing attach high importance to early performance; measurements of various kinds are as important as the contract at the outset of the deal. Over time, results become even more critical, and more than half of all companies (59 percent) report using incentives to encourage even higher performance. Vigorously working to get the most from their outsourcing structures, more than three out of four managers in this sector (77 percent) used 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; 107 of the respondents, or almost one-fifth, are from companies in the transportation and travel services industries. Nearly two-thirds (63 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).

For more information, contact:

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

On the Internet:  
[www.accenture.com](http://www.accenture.com)

