Update

Team Chemistry:
Are the Individuals in the Parties Well Suited?

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We all know by now that the relationship between the parties of an outsourcing contract is paramount to the success of the deal. While there is a fair bit of advice out there, it is mainly process-orientated (e.g., communicate frequently, plan together, have improvement workshops). But what if you genuinely do not like your counterpart on the other side?

It may not be a simple personality clash with which you have to live. It could just be that your opposite number holds very different values from yours when it comes to managing contracts.

These underlying values represent what people believe is important when it comes to the appropriate way to manage contracts. If you hold a certain set of values, but your colleague in the other party does not share them, and in fact has a different set altogether, misunderstandings are inevitable. Left unresolved, these differences will fester, and conflicts and disdain are the common result.

THE VALUES

Listed below is a set of six commonly observed values. These represent what different people believe is important in contract management. The central aspect of these values is that, irrespective of what their official job is within the contract management framework, the people who hold them will behave in the way described naturally, without being instructed to do so.

1. **Monitor/protector** — believes that the organization must be protected against the other party. Such a person focuses on what risks the other party brings to the deal and whether the other party complies with the contract. In drafting the contract, this personality type will prepare a one-sided agreement in favor of the party being represented, complete with punitive clauses and many termination options (including the perennial favorite, "termination without cause"). If in charge of the contract, the monitor/protector will focus entirely on the other party's performance and noncompliance, typified by what might be called bullying behavior, including recriminations and threats. The other party's concerns will generally be considered as "their problem, not ours."

A monitor/protector is a useful part of the team, and you would not want to enter into a contract without someone on your team (i.e., your lawyers) holding this as a key value. When it comes to managing the deal in the long term, however, the individual who is naturally protective of your organization and wary of the other party is best suited to a compliance/audit role.

2. **Organizer** — maintains records, audit trails, and controls; and plans processes. This individual keeps detailed records of any meetings attended, often has a daily diary in which conversations (known as "file notes") are recorded and typically keeps hard copies of e-mails as well as electronic backup. This person believes in good processes and documentation almost to a fault, often holding up matters until the proper paperwork has been completed. This is an important value for someone on your team to have throughout the entire outsourcing lifecycle. Evidential matter is crucial to preventing and resolving misunderstandings and possible disputes (not to mention managing internal politics along the way). Such a person works very well with monitor/protectors, who believe strong recordkeeping is a necessary part of protecting but may not be as naturally adept at forming and maintaining relationships with the other party.

Many try to assign the recordkeeping role to a member of the team, typically some sort of procurement officer or equivalent before the contract is signed and a contract administrator afterward. However, if the team member is not naturally

meticulous with a history of unswerving dedication to the audit trail (even better if he or she has entered into the company folklore for the ability to retrieve information dating back decades), records are more likely to be haphazard despite the best of intentions.

3. **Facilitator/problem solver** — makes things happen. This person views issues as "hiccups," not obstructions, and likes to break down barriers. This individual rarely cares who is to blame for something going wrong; he or she just wants to get it fixed. The person often has a natural team approach, rather than an "us vs. them" outlook in a desire to have things working as smoothly as possible. Having little time for paperwork, he or she drives an organizer crazy. From the facilitator's point of view, there are problems to be solved and solutions to be implemented, which are far more important than "filling in forms."

Facilitators/problem solvers are very necessary to counteract some of the adverse behaviors that can exist with monitor/protectors, who can be more focused on apportioning blame than generating mutually beneficial solutions. Accordingly, it is critical that someone has this natural ability in the contract formation team, as well as within the ongoing management team.

4. **Relationship developer** — facilitates trust, respect, and interpersonal relationships. This person's core belief is that interpersonal relationships, not contracts, make or break deals. Meetings and conversations will be the main source of information; lengthy (and not-so-lengthy) reports are likely stay in the to-do tray for some time.

You will find these folks having many lunches, coffees, and the like with stakeholders in both parties. This kind of behavior is rare in monitor/protectors, who normally believe social networking interferes with the ability to manage a contract well (i.e., one must maintain an arm's-length and never be perceived as getting too close), and the thought of persons between the parties even considering themselves friends is abhorrent.

5. **Entrepreneur** — seeks innovation, better ways of doing things, and long-term potential in the relationship. This individual is a natural disrupter, always

querying "why can't we do x?" and "why not try y?" Without an entrepreneur pushing for change, you may find your deals — and how they work in practice — becoming quite stagnant.

These folks can also drive organizers crazy. Organizers spend a fair bit of time getting the "system" working and everyone to comply. As such, they are reluctant to embrace an entrepreneur, who wants to cut out the paperwork or disrupt the system in other ways, by trying to introduce innovations. But they do work very well with facilitators/problem solvers, who can come to rely on the entrepreneur's gift for thinking outside the box.

Entrepreneurs also typically see the most potential in an outsourcing relationship. They can also see where scope demarcation between the parties may not make sense and query perceived ineffectiveness. More senior people with this value commonly see opportunities where the two parties can become a partner in a new commercial initiative (i.e., develop a joint offering to the market). This side of the entrepreneur brings a shudder to the monitor/protector, who is typically reluctant to enter anything that is not arm's-length with clearly defined roles and recourse.

6. **Scanner** — well networked/connected, a natural explorer, who knows many details of other agreements and relationships. You might be surprised as to what this individual knows, as he or she seems to be familiar with a lot about, say, the personal circumstances of people in the other party that you know nothing about. Scanners often seem to have inside information about previous deals other organizations have done. They are characterized by a keen use of the Internet, mostly on their own time. Their desire to be as informed as possible drives their need to seek external information.

Because they are natural information seekers, curious to the external circumstances of any particular outsourcing deal, they are natural benchmarkers (i.e., dealing with practices, costs, risk, contract clauses). In fact, they may already be querying why "so and so is paying $x and we're paying $y," "our competitor has 10 people managing their contract and we have only two," or "other parties are adopting new technology and ours is ancient."

Entrepreneurs and facilitator/problem solvers work well with scanners. Both often come to rely on the scanner for asking what he or she knows about other deals and how they are working. Even the relationship developer likes scanners because their mental information warehouse often includes personal details they have come across (which may appear to be akin to gossip to others). That helps the relationship developer get some interpersonal context.

IDENTIFYING THE VALUES IN YOUR TEAM

When looking at these values, consider yourself and your team. Determine for each individual what his or her primary values are, irrespective of what the job might be. This can be difficult, as many outsourcing-related job expectations include all the above. But the goal of the exercise is to determine how people would behave without any role description, or whether an action would contradict another value. For example, if an action would result in less protection for your organization but a better relationship — would you do it?

See whether your team has a certain skew toward a few of these values. This may indicate to you where your team may be deficient. Having dominance in a few values is very common because people often hire those just like themselves. A relationship developer would immediately be attracted to a job seeker who opens with "I focus on getting the relationship right; the rest will follow." But that may not be what you need, if you are already a relationship developer. You may need the opposite (either a monitor/protector or an organizer).

Below are some deficiencies that may result from missing values. If no one holds a primary value of:

- **Monitor/protector** — then your organization could be unnecessarily exposed to the actions of the other party with little you can do about it

- **Organizer** — then your records will be a mess and unreliable

- **Facilitator/problem solver** — then problems will not get fixed, just accumulate (and blame will be put entirely on the other party)

- **Relationship developer** — then you may have an unnecessarily adversarial relationship and issues will take much longer to resolve

- **Entrepreneur** — then the deal will always be the same today as it was yesterday (and probably for years to come)

- **Scanner** — then your organization's understanding of outsourcing deals will be limited to those that the organization has and will be inward-focused rather than follow best or industry practice

IDENTIFYING THE VALUES BETWEEN THE PARTIES

Now we turn to the "chemistry" element. Go through the other party's team members and determine for each individual what his or her primary values are.

In the first instance, look at your counterpart in the other party. If you hold similar values, you are probably getting along quite well (unless, of course, you are both monitor/protectors, each shielding yourself from the other).

However, if you do not, the conflicts will become obvious. Here are a few examples:

- If you are primarily a relationship developer and your counterpart is a monitor/protector, you may never get along. Your offers of lunch will be rebuked, which to you might feel as a personal rejection but to the monitor/protector is merely good policy.

- If you are primarily a monitor/protector and your counterpart is an entrepreneur, all of the latter's great ideas will be met with skepticism regarding just who will benefit most and what the entrepreneur is "really" up to. You probably would prefer if he or she just did the job as outlined and forget all about the value-adding business.

- If you are primarily an entrepreneur and your counterpart is an organizer, you might be frustrated by a lack of innovation, feel he or she cannot see the big picture, are too focused on minutiae, and are a burden to a progressive deal.

- If you are primarily an organizer and your counterpart is a facilitator/problem solver, you may be constantly frustrated by how sloppy and disorganized the latter is, appearing to running frantically around, slapping Band-Aids on everything and never systemically fixing things.

- If you are primarily a facilitator/problem solver and your counterpart is a scanner, you might wonder why he or she seems to spend so much time getting apparently useful external information when there is so much to be done on this deal, now. Just what does a scanner do all day?

Just finding your kindred spirit in the other party will be extremely useful to your ability to work with them. It may not be your hierarchical counterpart, but someone else on the team to whom you can relate, or your "value counterpart." For example, for one client of mine, the customer's contract manager is a relationship developer, but his hierarchical counterpart is a monitor/protector. After numerous attempts to build a relationship, he determined it would be more productive to seek a relationship with those around the monitor/protector. So rather than be frustrated at the absence of interpersonal skills with his counterpart, he developed a close relationship with the delivery manager who reports to his counterpart. They are able to openly share issues, some quite confidential, and see eye to eye on most things. The hierarchical counterpart needs to get involved only when formal variations are required to sign off.

You may naturally gravitate to someone in the other party who shares your values. But if it is not apparent, ask. An entrepreneur need only find someone with whom to be a soundboard for ideas, a scanner to feed each other information, a facilitator/problem solver another fixer, or a relationship developer someone with whom to share coffee.

The point of distinguishing the different values people might hold with regard to outsourcing deals is not to say that one is bad and another good. All are useful in different ways. Deals are unlikely to fall apart because one is missing; however, a balanced portfolio of values in the teams of both parties will yield outcomes that are more productive for both in the long term, and greater satisfaction between the teams as a whole.

ABOUT THE AUTHOR

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Dr. Cullen is a widely published author. Her publications include *The Contract Scorecard*, *Intelligent IT Outsourcing*, *Outsourcing: Exploding the Myths*, *Contract Management Better Practice Guide*, *Best Practices in ITO*, *Lessons Learnt in Outsourcing*, *Service Provider Management*, *Outsourcing Guidelines*, and *Outsourcing: What Auditors Need to Know*, in addition to research with various universities since 1994, including the London School of Economics, University of Melbourne, Oxford University, and the University of Warwick. She has been featured in such publications as *Australian Financial Review*, *Business Review Weekly*, *Computerworld*, *Directions in Government*, *European Journal of Information Systems*, *Information Economics Journal*, *Journal of Strategic Information Systems*, *Information Technology Report*, *Insurance Directions*, *Oxford Handbook*, *MIS*, and *MISQ Executive*. Her expertise is globally recognized, and she performs peer reviews of outsourcing research for *Harvard Business Review*, *California Management Review*, and *European Conference on Information Systems*. Dr. Cullen has lectured at many universities, including the University of Seoul, the University of Melbourne, the University of Monash, the University of Swinburne, Queensland University of Technology, and the Royal Melbourne University of Technology. Dr. Cullen earned a BS in accounting from St. Cloud State University (US); she was awarded a master's of management (technology) from Melbourne Business School, and earned her PhD from the University of Melbourne. She is also a Chartered Accountant in the US. She can be reached at scullen@cutter.com.