

Jay Erbe was vice president of administrative services for a major insurance company. He maintained a small staff of facilities personnel but supplemented their needs with an outsourced service provider, GHK. Initially, GHK provided an on-site team of three, which grew to a maximum of twelve to correspond to the size of the demand and workload. In addition, staff from GHK's regional offices provided move management and churn management services. Erbe shares "four key considerations when selecting an outsourced provider. (1) *Chemistry*. First and foremost. The in-house manager must not feel threatened by the outsourced provider. We look for complementary and overlapping skills. This becomes a necessary and healthy interdependence. Chemistry builds. (2) *Humility*. The most important quality of an outsourced consultant is to be humble. He should not be out to wave a flag 'this is what I bring to the table.' (3) *Creativity and Options*. The outsourced consultant should bring leading-edge ideologies and alternatives to the table, whether a chair selection, an innovative design detail, or a creative approach to phasing. (4) *Sales and Marketing*. The consultant must be able to sell his ideas to the internal staff and in-house management. Having great ideas is one thing, but selling them and inspiring confidence is a whole other ballgame that must be achieved. Sales and marketing is an art and a science."

Baskin agrees with these four points, and offers two immediate benefits that are realized once an on-site team is in place. First, he believes that the learning curve is reduced as much as half if an outsourced provider sits on-site with the customer. (See Figure 19-12.) Second, Baskin firmly believes that most clients who retain the services of an off-site outsourced provider (one that does not sit on-site) truly do not understand what an interior design and

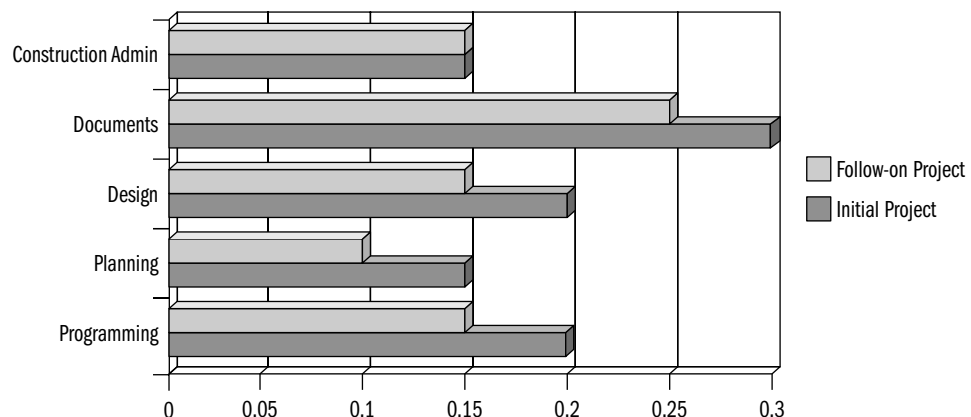


FIGURE 19-12
The learning curve is reduced with on-site consultants.

facility planning consultant does. He says, “They don’t see the intensity and amount of labor. If the client’s project managers could see this, it would greatly increase the amount of professional respect. We seldom experience serious issues when the client literally works alongside the outsourced team.”

Lessons learned by Cohen during the past decade with Baxter, as well as from other on-site relationships, are shared with GHK’s on-site teams. Cohen is a big proponent of metrics, or the measurement of performance. Annual examinations and reporting typify the “best practices” measurements that have been performed by GHK and other service providers at Baxter. This regular evaluation has enabled Baxter and its outsourced providers to benchmark their own performance as well as compare their results to others in same class or best of class companies. (See Figure 19-13.)

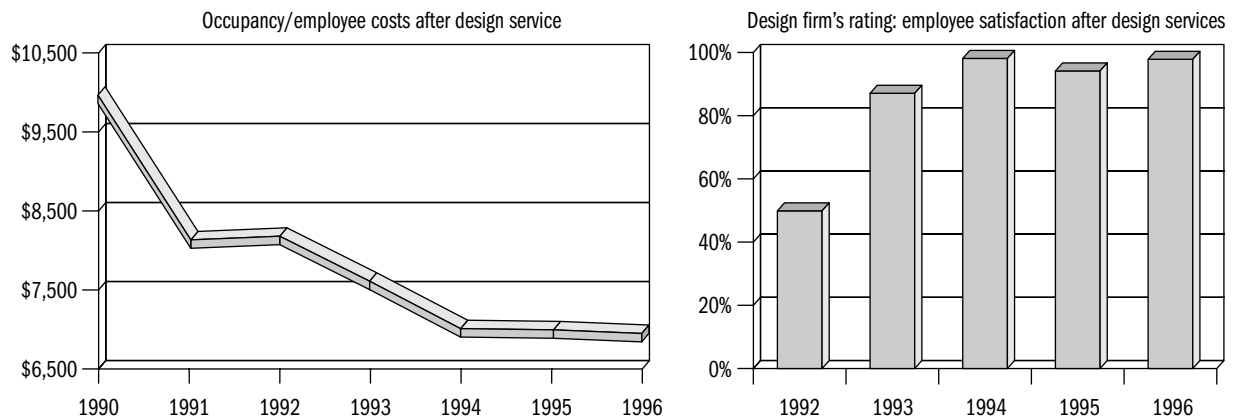


FIGURE 19-13
Examples of Metrics
Reported Annually.

One publication that highlights the successes and challenges of the outsourced relationship is *The Outsource Report*, sponsored by *Facilities Design & Management* and Brown Raysman Millstein Felder & Steiner LLP. Editor Kenneth M. Block, Esq., summarizes in the June 2000 e-Letter issue, “The key to a successful alliance is relationship management. . . . In order for a true alliance to prosper, there must be an understanding of the mutual risks and rewards. Objectives must be discussed and understood and become part of the base of the alliance. Additionally, various types of a risk/reward sharing can be agreed upon, such as cost savings and financial gain. The establishment of joint performance goals and measures using benchmarking