

For many legal firms, a new year is a time to refocus efforts to improve efficiency and increase revenues. As unbiased advisors and support services experts, we at Mattern & Associates enable our clients to achieve this goal by reducing support services expenses while simultaneously improving efficiency and productivity.

We firmly believe, however, that cost reduction should not be at the expense of quality. We also believe that competitive costs and outstanding vendor service can peacefully coexist. For 12 years, we've helped clients improve support services functioning, while reducing costs an average of 14.8%! What's more, in 12 years of advising firms on support services issues, our clients have never cancelled an outsourcing contract that we have negotiated on their behalf. NEVER. We have an unparalleled track record of success for firms throughout the nation. What can we do for you?

Rob Mattern  
President

**New Team Members**

Mattern & Associates is pleased to welcome Jack O'Donnell, former Vice President of Sales & Marketing at Nova Records Management, who will serve as Director of Business Development. We also welcome Peggy McCoy as our new Inside Sales and Marketing Manager.

**The Ultimate Question**

Would your clients enthusiastically recommend you to others? Mattern & Associates new customer satisfaction survey tool, based upon the book *The Ultimate Question*, by Fred Reichheld, revealed that our clients are extraordinarily satisfied with our services.

Read about the results inside.

**SAVE THE DATE!**

**Free Webinar: *Getting the Most From Your Outsourcing Contract***

On February 4th and February 11th at 1:00 p.m. (EDT). Mattern will present *Getting the Most From Your Outsourcing Contract*, the second in a series of webinars on support services. Our initial presentation, *Offsite Records Storage – Taming the Monster*, presented by Mattern's Director of Operations, Joe Grubb, was held in two sessions to accommodate more than 60 attendees! To register for the webinar and to receive details, please contact Peggy McCoy at pmccoy@matternassoc.com. M

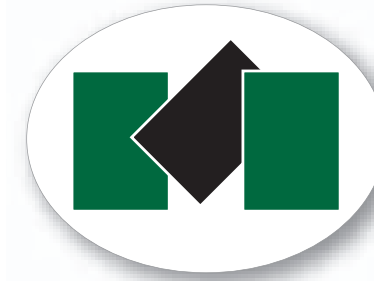
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**The Truth About Outsourcing  
(Or What They Don't Tell You When  
You Read The Books)**

by Robert C. Mattern

According to industry statistics at least 50 percent of outsourcing contracts fail and 80 percent don't produce any of the predicted savings. Why?

With more organizations outsourcing non-core competencies to cut costs and improve efficiencies, these are sobering statistics. However, in my experience consulting in the outsourcing industry for 12 years and selling outsourcing services for the previous nine years, it's not at all surprising. Clients and vendors share responsibility for pie-in-the-sky predictions, and promises that cannot be kept (or measured). Here are the Top Five Reasons for Outsourcing failure.

**1. Unrealistic Promises. Unrealistic Expectations.**

Get beyond the sales pitch. Outsourcing vendors often feed upon the desperate situation of potential customers who wish to reduce costs and improve service levels. They often over-promise and under-deliver, telling you your headaches will disappear when you outsource domestically or internationally. The truth is, without a properly structured contract, or a complete match of needed services and real

capabilities, you may wind up with new problems you never even anticipated. Avoid disappointment and scrutinize everything.

**2. No objective measurement of success.**

You need a "Before" and an "After" to measure anything. For outsourcing, the key is to try to have a "before" and "after" snapshot of your operation and build upon that throughout the contract. Additionally, objective cost criteria should be used in the initial evaluation process, or ongoing analysis becomes impossible. With regards to end user satisfaction, how do you measure it? Don't rely on the outsourcing vendor's evaluation process, which generally is flawed. Use an unbiased survey tool.

**3. "But I like them."**

Prudently choosing a vendor that will partner with your firm on your third or fourth highest expense should be about more than the personalities of the sales

*continued inside*

Support Services Advisors

## Why outsourcing fails *continued from page 1*

people involved in your account. The vendor's pricing and terms, geographic presence and ability to introduce new technology, as needed, are all crucial, too.

Your chances of making a smart choice will increase dramatically if quantitative decision criteria are used in the selection process. Measure apples to apples. How do firms stack up in the technology category? In geographic coverage? In overall capabilities and responsiveness? Quantify what's most important to your firm and let that assist you in the decision-making process.

### 4. Hyper-focusing on costs while ignoring client needs.

Choosing the least expensive outsourcing vendor usually leads to failure. Balance performance and price while ensuring the ability to meet your client needs, now and in the foreseeable future. If your clients are moving in international circles and you will be expected to follow that footprint eventually, plan ahead. If clients require short-term trial site locations in remote areas, can the vendor deliver? Do your clients have a diverse geographic presence that a single vendor cannot manage? Multiple vendors may be in order. Never lose sight of the ultimate goal: to serve your clients well.

### 5. Poor contract structure.

Too many outsourcing contracts exist to protect the outsourcing vendor in the event of cancellation. Make certain your contract contains performance standards and/or penalties to address performance related issues. Without this, you have no exit. Does the contract detail the costs to add or delete labor or equipment throughout the life of the agreement? Make sure it's spelled out. Nothing is static in business, so be certain you have flexibility. Build in cost recovery goals with an incentive for the vendor to enlist partnership. Make sure the firm receives credit for services that do not reach a minimum level.

Remember that any outsourcing contract should be a living, breathing instrument that allows the vendor and you to respond to the changing needs of your clients. A strong contract is the foundation upon which a long and prosperous relationship is formed.

**Is your operation satisfied with current outsourcing arrangements? Are you considering outsourcing your in-house support services? Let Mattern & Associates guide you toward success. Call us at (610) 459-7750.**

## The Ultimate Question: Measuring Customer Satisfaction

It's the true measure of a firm's success: Would clients enthusiastically recommend you to others?

At Mattern & Associates, we recently completed Phase One of our new customer satisfaction survey and derived our **Net Promoter Score**, or **NPS**. Based on the book *The Ultimate Question*, by Fred Reichheld, our survey measures response to a single question: "On a scale of one to ten - how likely is that you would recommend Mattern & Associates to a friend or colleague?"

The results allow us to track "promoters" and "detractors" and produce a clear measure of our performance in our customers' eyes. According to the book, the average company reports an NPS of only five to ten

percent. Mattern's score was an impressive 60 percent!

According to the author, Frank Reichheld, NPS is the culmination of more than 20 years of work aimed at developing a reliable measure of customer loyalty. "The link between loyalty and growth should be obvious, though it never shows up on a financial statement. Loyal customers keep buying. They increase their purchases over time. They refer their friends and colleagues. They make suggestions and provide honest feedback," he says.

*Stay tuned for our Phase Two scores and more about NPS in future newsletters. For more about our experience with this new approach to measuring customer satisfaction, please contact us at (610) 459-7750.*

## Webinar recap: Off-site Records Storage - Taming the Monster

Mattern & Associates' November webinar "Offsite Records Storage - Taming the Monster" was a great success. In case you missed it, here's a brief recap.

### When switching storage facilities, who should be the bearer of movement cost?

This depends on the terms of your contract as well as the context of the switch. For example, if you are switching vendors mid-term for convenience, then the vendor should not have to bear this cost. In this case, the newly chosen vendor will often pay for transport and receiving. However, if you are cancelling for cause, the vendor should bear at least a portion of the cost. If you are making a change at the termination of the contract, then again, it should be negotiated with the new vendor.

### How does Mattern help firms reduce cost and improve efficiency in this area?

Mattern provides a complete review of all current contracts (terms/conditions and expiration) and pricing. We review service levels and your firm's process and workflow. The information gathered is benchmarked vs. industry best practice. Finally, we provide recommendations and strategy (the tools) for reducing current expenses and improving your long term contractual agreement.

*Today's economy underscores the need for cost-effective service. Reducing costs without sacrificing service levels is not only possible, it's necessary. Mattern and Associates has helped many firms do just that. Call us today to see what we can do for you.*

## Offshore Support and Cost Recovery: Getting it Right

As support services experts, Mattern & Associates has successfully led clients toward maximizing cost recovery since 1997. We've discovered that tried and true rules apply to getting the most from your operations, whether domestic or international. The same principles apply at home and abroad. Follow these guidelines to get it right:

**1. Define your firm's cost recovery philosophy.** For most firms this is an eye-opener, as many still operate under the old copy/fax model of cost recovery, despite being part of today's print and scan world. The way you define cost recovery greatly influences profitability. Are you missing out? How do you measure up to other firms? Find out. Mattern & Associates' 2006 & 2008 National Cost Recovery Surveys allow firms to compare themselves to other firms, to see what they are charging, how they are charging it, what their billable percentages are, rates, realizations, and other factors.

**2. Define your "costs."** What are you interested in recovering, specifically? Do you want to recover all of your costs or just the costs of your billable items? Do you want to pass along the entire cost of doing business to your clients, or just pass along the traditional billable portion of those costs? What will the market (and clients) bear?

**3. Be realistic about utilization.** Are you really going to make 500,000 copies a month? Is 3 million keystrokes an accurate reflection of your monthly outsourcing need? Don't pay for more than what you need, because you will only get what you use at the price you agree to. If you overshoot the reality, you'll have a larger expense, no matter how the units break down. For example, outsourced word processing contracts often have a 100 percent utilization off all hours or key strokes in the contract. A realistic rate is closer to 50 to 55 percent, which greatly diminishes the ROI on these types of initiatives.

**4. Make the vendor part of the solution.** Include performance standards in the contract for billable percentages. Make sure procedures are outlined for the vendor to assist the firm in the capture of these billable costs. Allow cost recovery data to be available to the vendor to analyze and utilize in their reporting.

Is your firm's cost recovery making the grade? Mattern & Associates can examine your firm's current policies and identify and implement practical, prudent ways to maximize your firm's billable recovery. Our unbiased expertise plus market supported benchmarks enable us to assist your firm in developing a firmwide strategy for cost recovery that will deliver excellent results. For more information, please call us at (610) 459-7750.

## Signup for our next webinar

February 4th & 11th  
*Getting the Most From Your Outsourcing Contract*

If you are interested in attending, please email Peggy at [pmccoy@matternassoc.com](mailto:pmccoy@matternassoc.com)

MATTERN MATTERS is a quarterly publication offering business and support services information. Should you have any questions about your support services, or if you have any comments on this newsletter, please do not hesitate to call us at (610) 459-7750. You can e-mail us at [pmccoy@matternassoc.com](mailto:pmccoy@matternassoc.com) or contact us through our websites at: [www.matternassoc.com](http://www.matternassoc.com) or [www.supportquestions.com](http://www.supportquestions.com). © January 2009