

Welcome to the Winter, 2007 edition of Mattern Matters. My name is Rob Mattern and I am the President of Mattern & Associates, LLC.

At this time of year everyone is working on budgets, planning for next year, and wrapping up 2006. Some of the things Mattern & Associates is planning for next year:

- ❖ **Speaking Engagements** – We are soliciting additional speaking engagements for next year. If your organization is seeking a speaker to address issues relating to the support services (in-house vs. outsourcing vs. off-shoring, cost recovery vs. a flat fee records, etc.) Mattern is available. Please contact Dan Ayars at 302-475-7004 or email him at [dayars@matternassoc.com](mailto:dayars@matternassoc.com) to discuss time/dates and availability.
- ❖ **Upcoming Article** – Look for our article tentatively titled “Law Firm’s Strategic Plans and the Role of the Support Services” in the January/February issue of the ALA’s *Legal Management* magazine.
- ❖ **Cost Recovery Study/Survey** – The 2006 survey was hugely successful. We are planning a follow-up in the 2<sup>nd</sup> quarter of 2007 to address the miscellaneous items facet of cost recovery (Lexis/Nexis, postage, etc.) If you are interested in participating or if you have a suggestion on a topic, please contact Lisa Schneider at 302-475-7004 or email her at [lschneider@matternassoc.com](mailto:lschneider@matternassoc.com).
- ❖ **Hiring** – We are looking for individuals who have a background in the support services/administration and/or records to come on board as consultants. You must be willing to travel (20% of the time), have excellent writing and presentation skills in addition to a good basic knowledge of the support services and/or outsourcing, records or the administrative functions.
- ❖ **Pro Bono Projects** – Mattern & Associates will be soliciting proposals for pro bono projects for qualified charities. We will assist a non-profit organization with any project related to the support services (negotiation of a copier contract, mail management, records, etc.). Please contact me at 302-475-7004 or email me at [rmattern@matternassoc.com](mailto:rmattern@matternassoc.com) if you know of a worthwhile charity in need of our services.

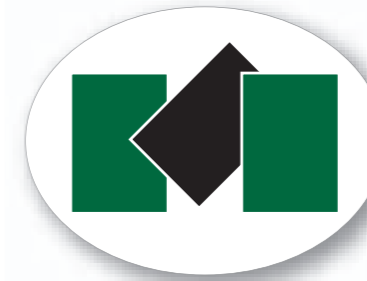
**Happy Holiday**

Lastly, on behalf of the staff and myself here at Mattern & Associates, LLC we would like to wish you a wonderful Holiday and a great New Year. If we can be of any service to you in the coming year please do not hesitate to contact us.

**Rob Mattern** 



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**Keeping Score**

Whether in-house staff or an outsourcing vendor provides the firm’s Support Services, there are expectations of performance. Unless these expectations are outlined and tracked throughout the year, performance may suffer, ultimately impacting the firm’s ability to provide quality service to its clients.

To measure performance in Support Services, Mattern recommends the use of a “Scorecard” process. A scorecard provides an objective/quantitative measurement of performance against certain minimum service levels and certain key customer requirements. When implemented correctly, these service levels and requirements will continually improve (from the perspective of the firm) based on changes in technology, the office support industry, and the firm.

The first step in creating a scorecard is to identify measurable areas and develop an expectation for performance. Often, these include:

- ❖ On-time delivery of completed work
- ❖ Scheduled actions (mail sweeps, court runs, etc.) completed on-time and accurately

- ❖ Quality of completed work
- ❖ Correct delivery of items to appropriate recipients
- ❖ Uptime of equipment (i.e. the time any provided equipment is working properly)

Typically, acceptable performance benchmarks for these items range from 95% - 100%.

Once determined, the method and process of measurement should be outlined and defined. This includes such items as:

- ❖ Defining “on-time”
- ❖ Identifying how each item will be tracked (manually, electronically)

Finally, a schedule should be determined for reviewing this information. Mattern recommends that this be reviewed at least quarterly with the Support Services Manager. During the review, the Support Services Manager should identify any areas that did not meet the required benchmark and be prepared with an action plan to remedy the situation.

In addition, there should be consequences associated with the results of the

*continued inside*

## How to Have a Successful Outsourcing Relationship

A number of people have asked me what makes the difference between a successful and an unsuccessful outsourcing relationship. With unsuccessful being defined as a contract that is terminated early or there have been more than two vendors involved in the operation of your site over the past five years. After examining the numerous outsourcing relationships with which I have been involved, I can safely summarize the keys to establish a successful relationship, some of which I will outline.

1. The most successful outsourcing relationships are the ones that were formed after the organization that is considering outsourcing performed an objective and unbiased examination of their own support-services situation and decided what was in their own long-term interests, including if they should outsource a facet of the operations.

I don't know how many times an organization has expressed regret about outsourcing their operation because they were having some short-term problems or they were having issues in a related support-services function. This is the old I-have-to-outsource-blank-because-my-blank-department-is-messed-up or the vendor tells you that it is more efficient to outsource the whole area instead of just one part. If an area is not broken, your costs are in-line and the end users are happy, don't outsource it.

2. The most successful outsourcing relationships are the ones that were formed after an organization developed a well-structured request for proposal (RFP) and solicited multiple proposals from multiple vendors.

Many organizations when questioned why they outsourced their operation will tell you it was because they had XYZ, Inc. come in and do a study and XYZ, Inc. recommended they outsource their operation. It just so happens, that XYZ, Inc. sells outsourcing, and so they signed a contract with them.

If you are going to outsource, take the time and do it right. Draft a well-structured RFP that has the following:

- ❖ Equipment buyouts (if applicable)
- ❖ Wages and benefits of the employees you would like the vendor to assume
- ❖ Equipment and service volumes
- ❖ Performance levels (faxes delivered within fifteen minutes of receipt, etc.)
- ❖ Technology that you would like to see incorporated into the operation of your site

Interview the people responsible for the daily operation of your site. Interviewing the salesperson is nice, but it does not mean that much. Interview the person you are going to call when you have a problem. Please note, you are going to have problems. Make sure that person is responsive, and you like him/her. He/She should be your best friend over the life of the contract. Contact the vendor's current clients that are not listed as references. The vendor should provide you a listing of all of their clients. If they won't give you that list, take that as a warning sign.

Site tours are good if you choose the site (s) and you get to interview the site manager and the client.

3. The most successful outsourcing relationships are the ones that were formed after an organization negoti-

ated a contract, prior to the start date, that has performance penalties, performance standards, and limited or no assumption of equipment and no early termination charges.

Why such a hard line on performance standards and penalties and the assumption of equipment? It keeps the vendor honest. An outsourcing contract without performance standards, performance penalties and a straight 30-90 day out is worthless. The cure periods (30 days to solve the problem or you have the right to cancel and you do not have to assume the equipment) that most contracts have are rarely if ever enforced. As a matter of fact, I have never seen a client enact that term, and not have to assume the equipment. I have asked multiple vendors if they have ever seen a client invoke the "cure" clause and not have to assume the equipment, and I have never gotten a positive answer. Why should you be concerned about the assumption of equipment upon cancellation? The reason you are canceling the contract is because the vendor has not done a good job. Why should you have to assume the equipment that you had no say in procuring? If the vendor is going to do as good a job as they tell you in their sales presentations, then they should not have to be concerned about your canceling the contract.

4. The most successful outsourcing relationships are the ones that were formed after an organization negotiated a contract that allows them control over the selection of the site manager.

Many outsourcing vendors will tell you that they have a "system". The system is

only as good as the people running the "system". The most important individual in that "system" is your site manager. He/She will be your second best friend over the term of your contract. Ask for a minimum of a two (2) year commitment out of the vendor before that site manager can leave your site without your permission. What happens if that site manager leaves before that time? Then your base contract should be reduced by x % if the operation of your site is impacted and until you get a site manager that you like. A clause like this in your contract will motivate a vendor to keep your site manager onsite and if one does leave, to make sure you get a replacement that you like as soon as possible.

5. The most successful outsourcing relationships are the ones that have contracts that have priced all services and overflow items.

There have been numerous occasions when I have examined invoices for an outsourcing contract and have seen services and pricing that were not included the contract. When you structure the RFP, include everything related to the service function that you are outsourcing. There should be no surprises on the monthly invoice.

Will following these points guarantee a perfect outsourcing relationship? No, but they are some of the guidelines for success. If you do not have the resources or expertise in-house to implement and follow these guidelines, then contact us. We have never had any of our clients cancel a contract we have negotiated for them. M

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*SupportQuestions.com is the only internet web site that offers custom office support consulting on a question-by-question basis. SupportQuestions.com gives even the smallest businesses affordable access to the same knowledgeable experts who help major law firms and larger scale businesses to evaluate options and manage solutions. Below are recent tips from our website.*

### **Beware of the Extensions!**

#### **Contract Extensions**

Have you ever been too busy to examine the copier proposals that are sitting on your desk and the salesperson calls and offers to extend your current contract for another year at the same rate you are currently paying? You may think, "Hey, it was a good deal three years ago, the machines are in pretty good shape. I'll just extend it for another year and keep my price the same. I can live with that until I have the time to review it."

#### **DON'T DO IT!**

Those machines are paid in full. The cost to keep these machines operating is just the service component which, depending upon your deal, is one-third of your costs. If you must extend the contract, negotiate a lower rate if you are keeping the same machines in place.

#### **Lease Extensions**

Did you know that most third-party leases will automatically roll over for another year if you do not purchase the equipment or cancel the lease? In one example, a company ended up paying another \$6,000 for a machine that they could have purchased for \$500.00. Keep track of your lease commitments and the notification periods outlined in the contract.

*SupportQuestions.com is powered by the professionals at Mattern & Associates, LLC.*

## Keeping Score *(continued from page 1)*

Scorecard. If in-house staff operates Support Services, it is very difficult to impose a financial penalty for failure to perform. However, the firm may want to incorporate these results as part of annual performance reviews.

If an outsourcing vendor operates the Support Services, appropriate financial penalties, up to and including termination should be outlined in the Agreement. M

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 (302) 475-7004. You can e-mail us at [lschneider@matternassoc.com](mailto:lschneider@matternassoc.com) or contact us through our websites at: [www.matternassoc.com](http://www.matternassoc.com) or [www.supportquestions.com](http://www.supportquestions.com).