

# BEST VALUE PIPS & VESTED OUTSOURCING

## WAT HEBBEN "WE" ERAAN?

DACE/NVBK

donderdag 6 juni 2019

Wiebe Witteveen

# WIN-WIN DENKEN?



(V.l.n.r.) Emmanuel Macron, Theresa May, prins Charles, koningin Elizabeth, Donald Trump en zijn vrouw. Foto

Bron: Volkskrant, 6 juni 2019

# WIE BEN IK?



## 1. Oprichter Best Value Group

- o met Jeroen van de Rijt & Wencke Heijblok

## 2. Lid Nederlandse Best Value Certification Board

## 3. > 50 BV-projecten

\* Bouw, IT en facilitair



## 4. Vested® Certified Deal Architect

## 5. 2 boeken over Best Value



## 6. >10 papers over inkoop/contractmanagement

# HET PROBLEEM

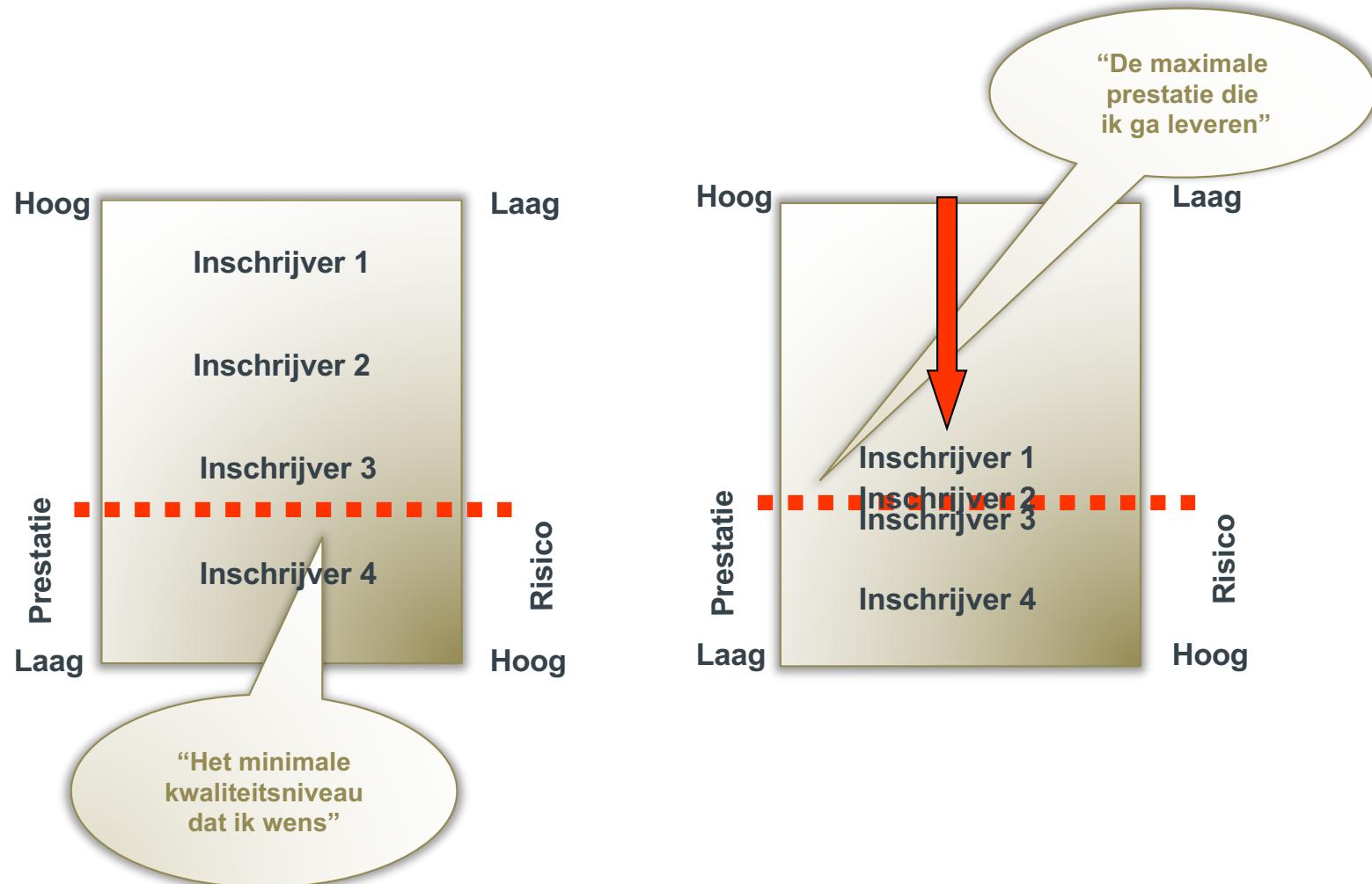


# BEST VALUE MODEL



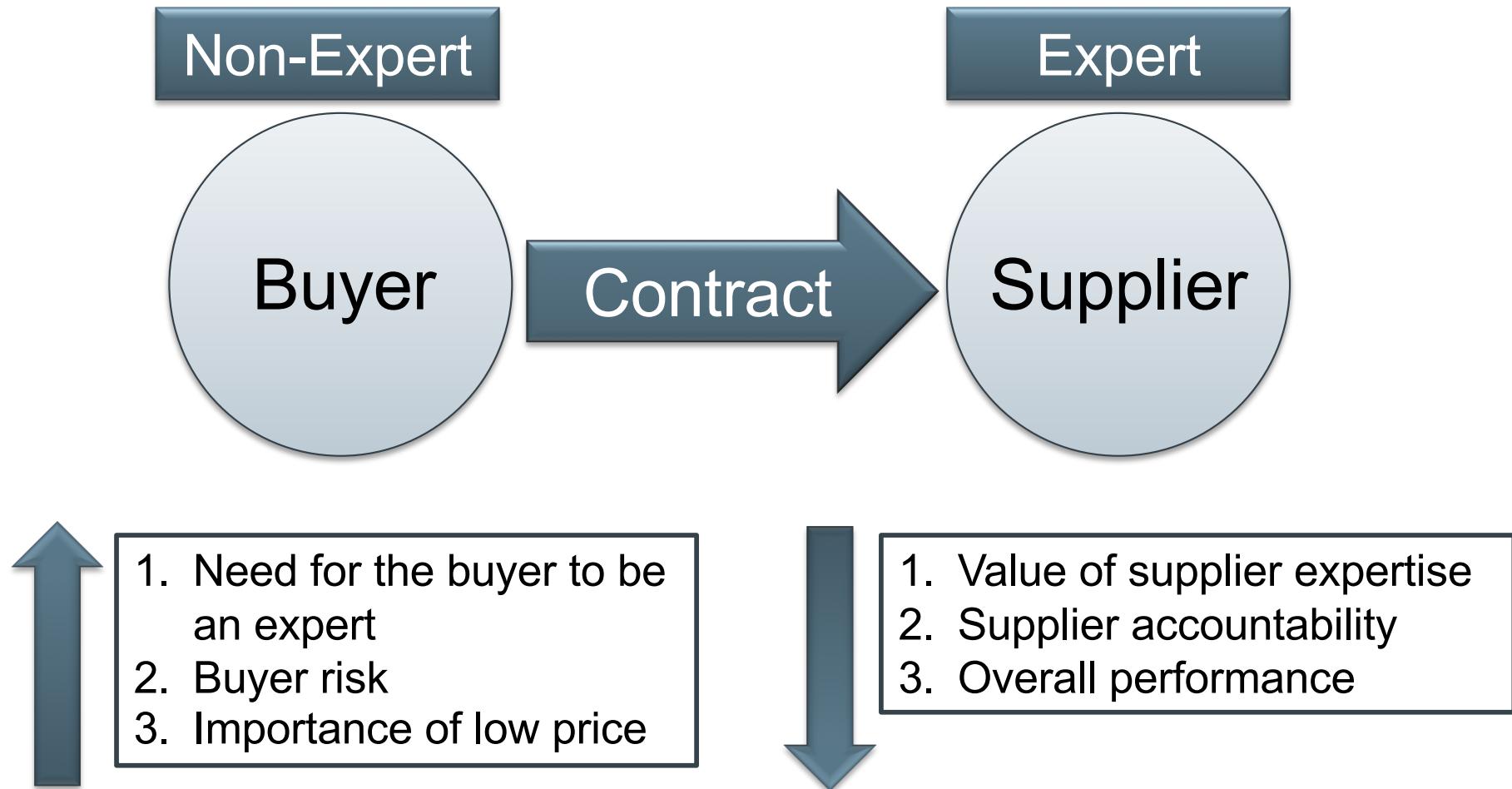
- 1. Expert weet meer van de opdracht dan de opdrachtgever**
- 2. Opdrachtgever doet zijn best in het beschrijven wat hij denkt dat ie nodig heeft**
- 3. Expert handelt in het belang van de opdrachtgever**
- 4. Expert optimaliseert zijn uitvoering door het maximaliseren van efficiency**
- 5. Expert maakt een plan, gebruikmakend van zijn kennis en zijn metrics**
- 6. Expert kijkt in de toekomst**
- 7. Expert heeft focus op zijn beste mensen, geleerde lessen en aandacht voor risicominimalisatie**

# INVLOED VAN BEPALEN MINIMALE STANDAARD



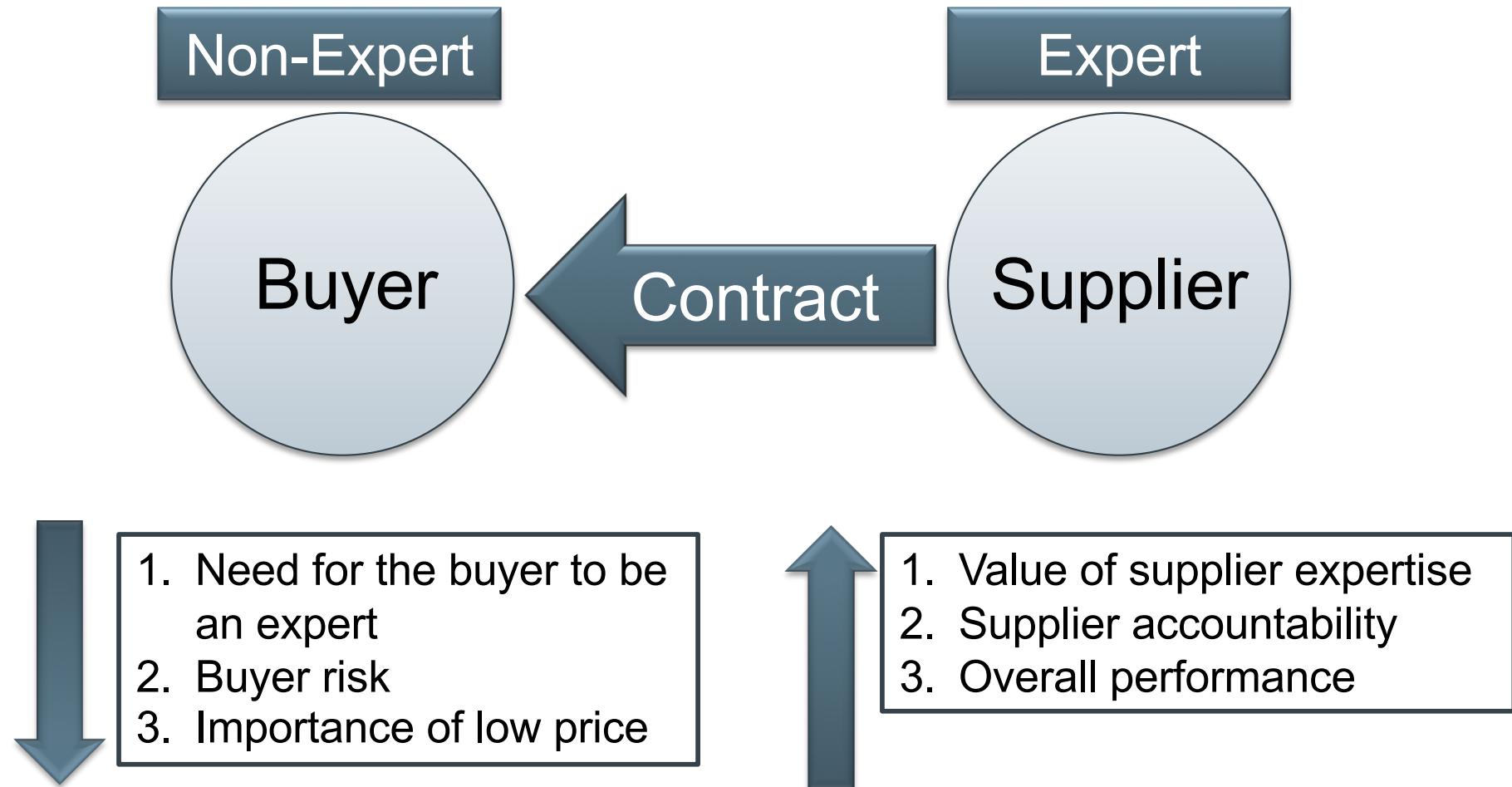
# Traditional Contract Model

(Management, Direction, and Control)



# New Contract Model

(Utilization of Expertise)



# WAT BETEKENT BEST VALUE?



**1. Benutten van expertise**

**2. Win-Win**

**3. Transparantie**

**4. Opdrachtgever**

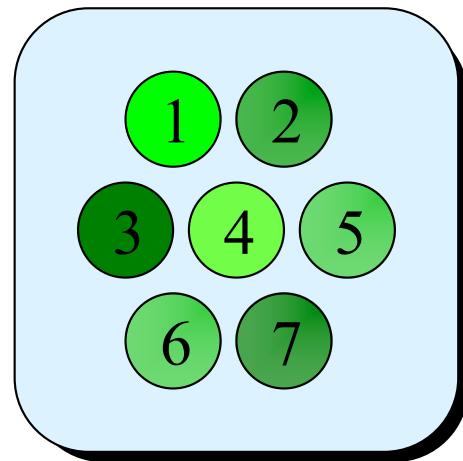
- Hogere performance tegen lagere kosten
- Minder management & resources

**5. Opdrachtnemer**

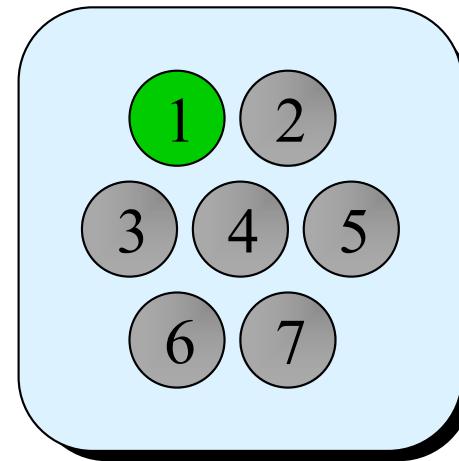
- Sturing op het project/service
- Mogelijkheid om winst te verhogen door efficiency te maximaliseren

# DOMINANT INFORMATION

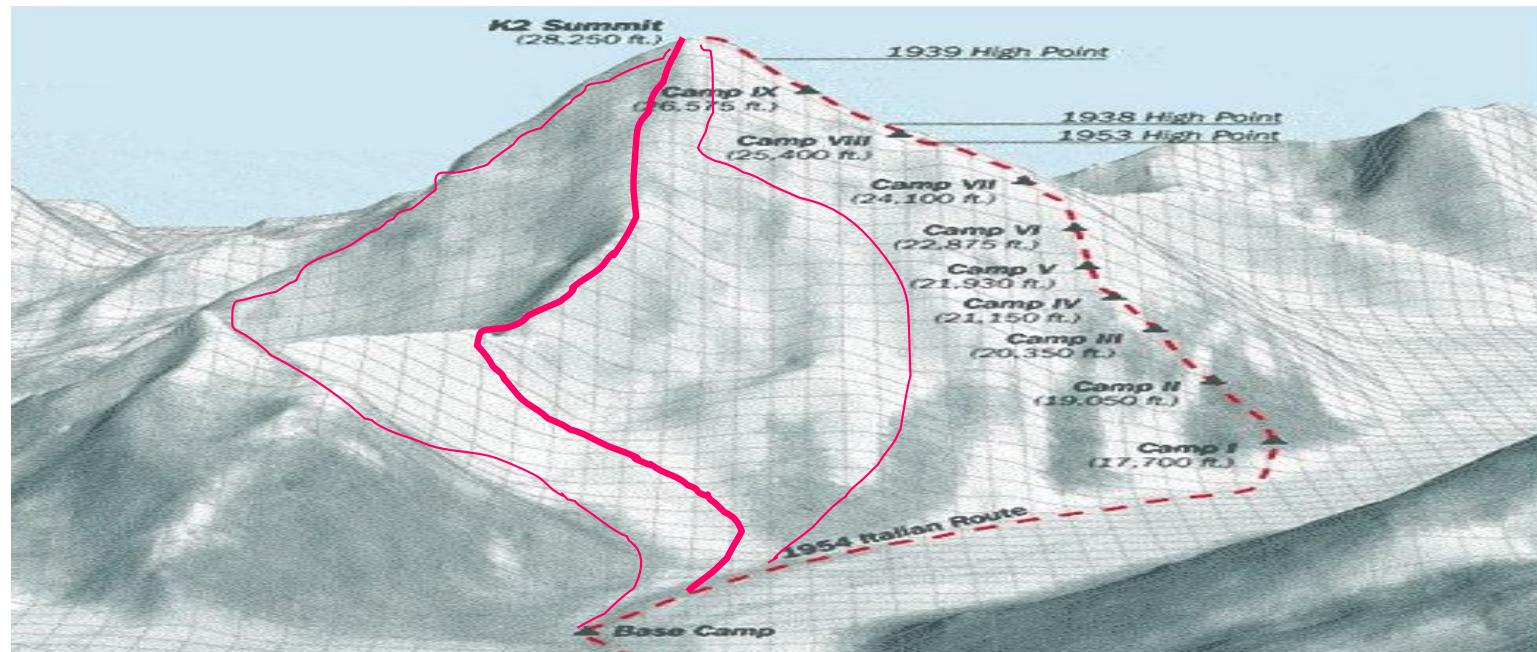
**Scenario 1**



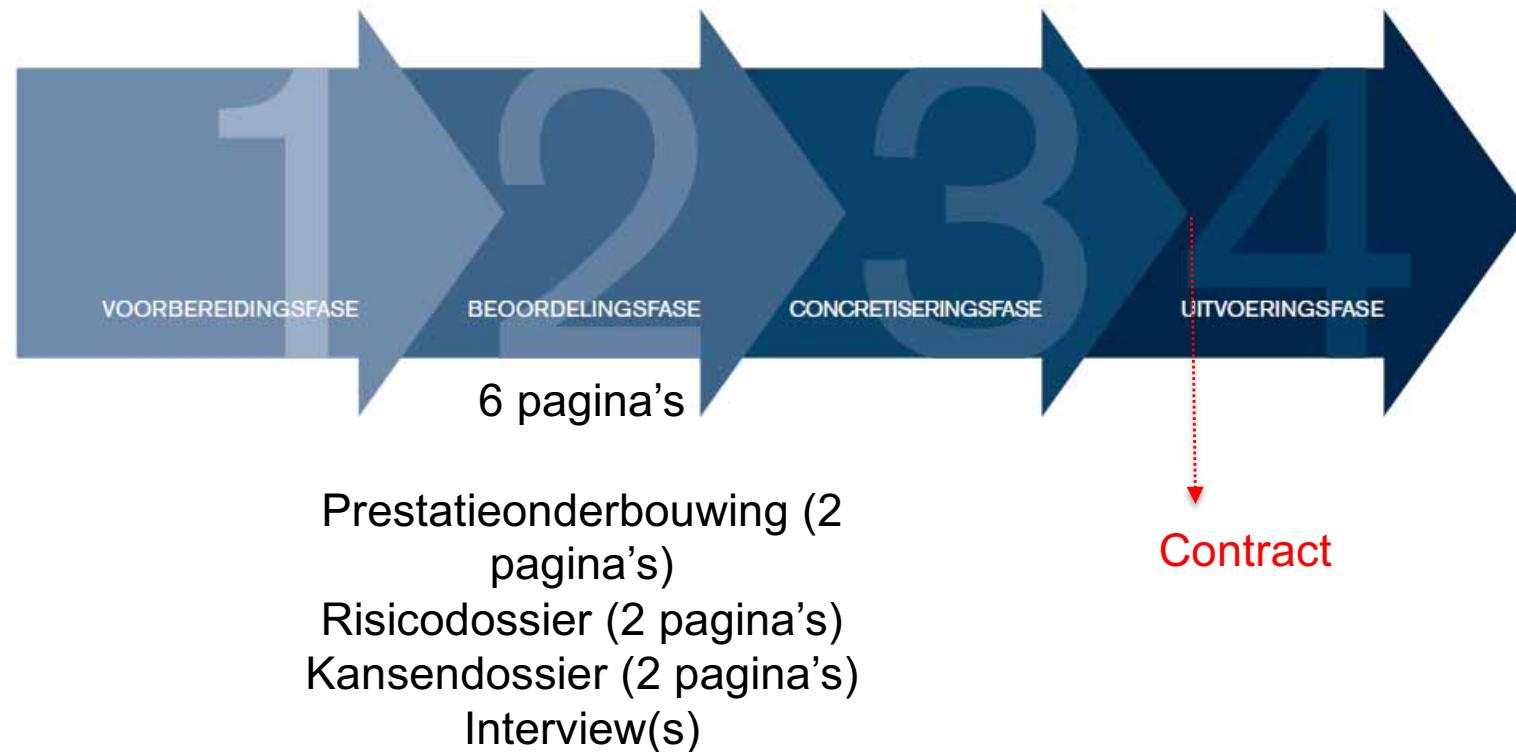
**Scenario 2**



# DE PROJECTDOELSTELLING: TOP VD BERG



# HET BEST VALUE PROCES



# VESTED



# RELATIONEEL CONTRACT?

# CONVENTIONAL APPROACH

*There Is an Inherent Flaw in the Business Model*

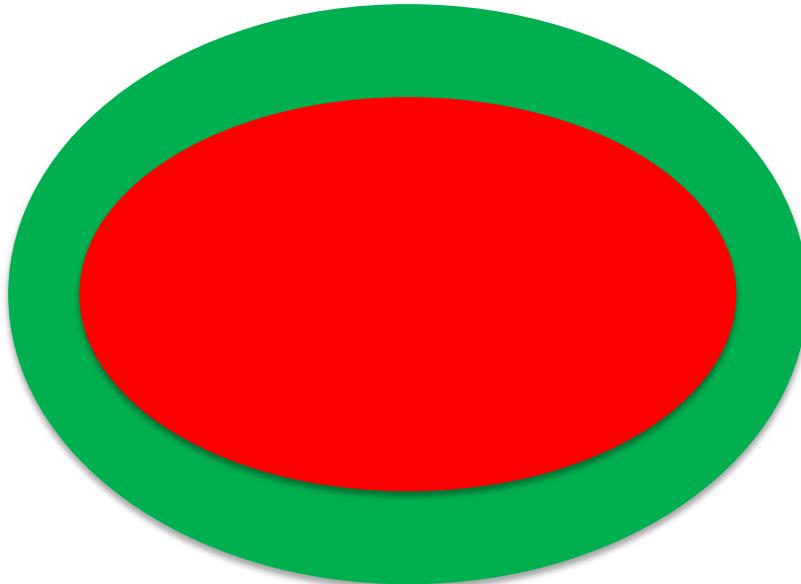
- Specify Buy Quantities / Manage demand
- Pay for each on a Unit Price or Transaction basis
- Assume all risk for:
  - right product
  - right locations
  - right time
  - right quantities
  - Customer satisfaction
  - System uptime



**HIGH RISK**

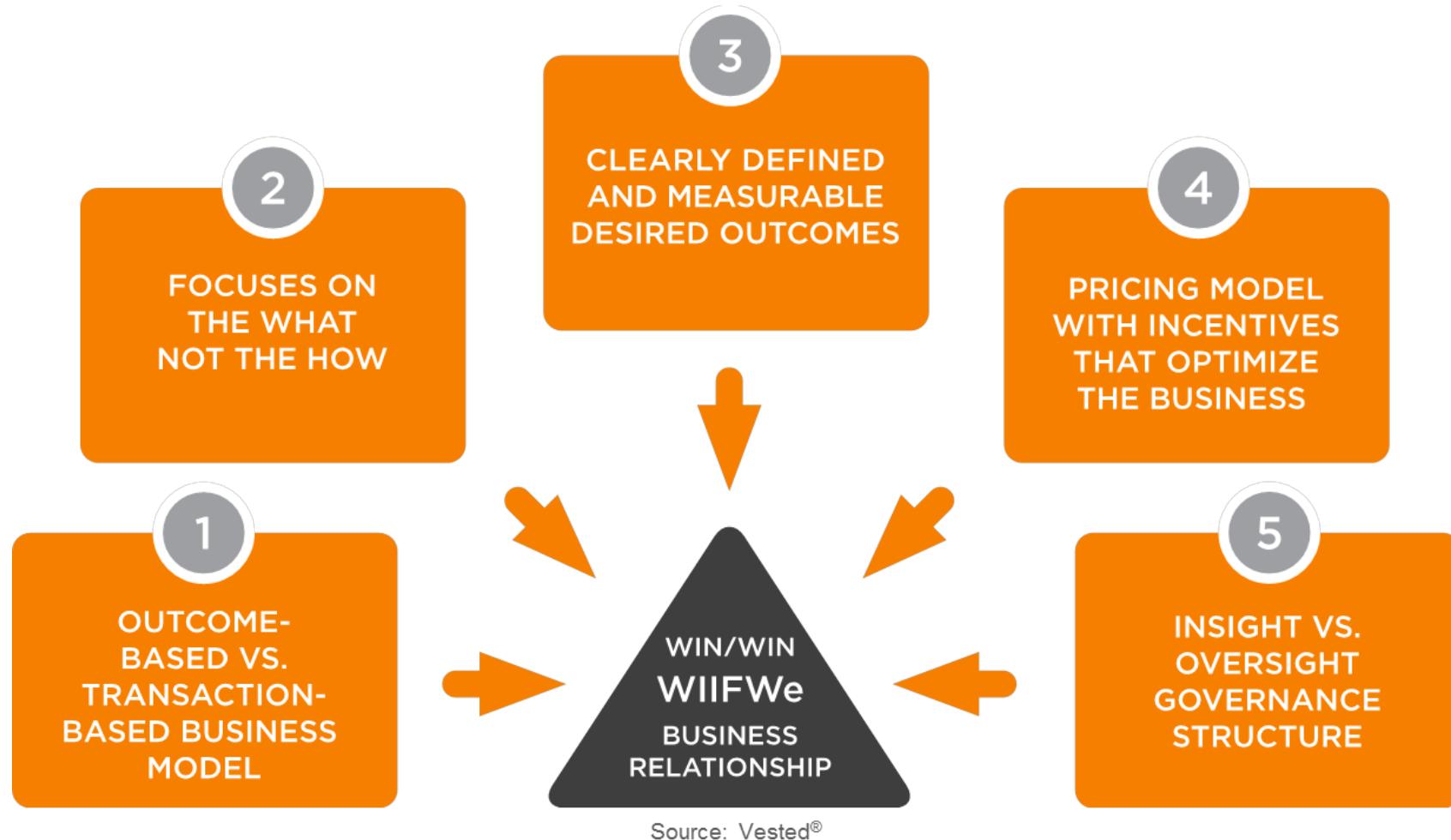


# WATCH OUT FOR THE WATERMELON



*Watch out for the  
“Watermelon Scorecard”*

# THE 5 RULES OF VESTED



# 1. OUTCOME BASED VS. TRANSACTION BASED MODEL

1. Most relationships follow a *transaction-based* business model
2. This can be cost plus or a fixed price per transaction where the service provider gets paid a transaction fee for each activity that is performed
3. Vested moves to an *outcome-based* business model



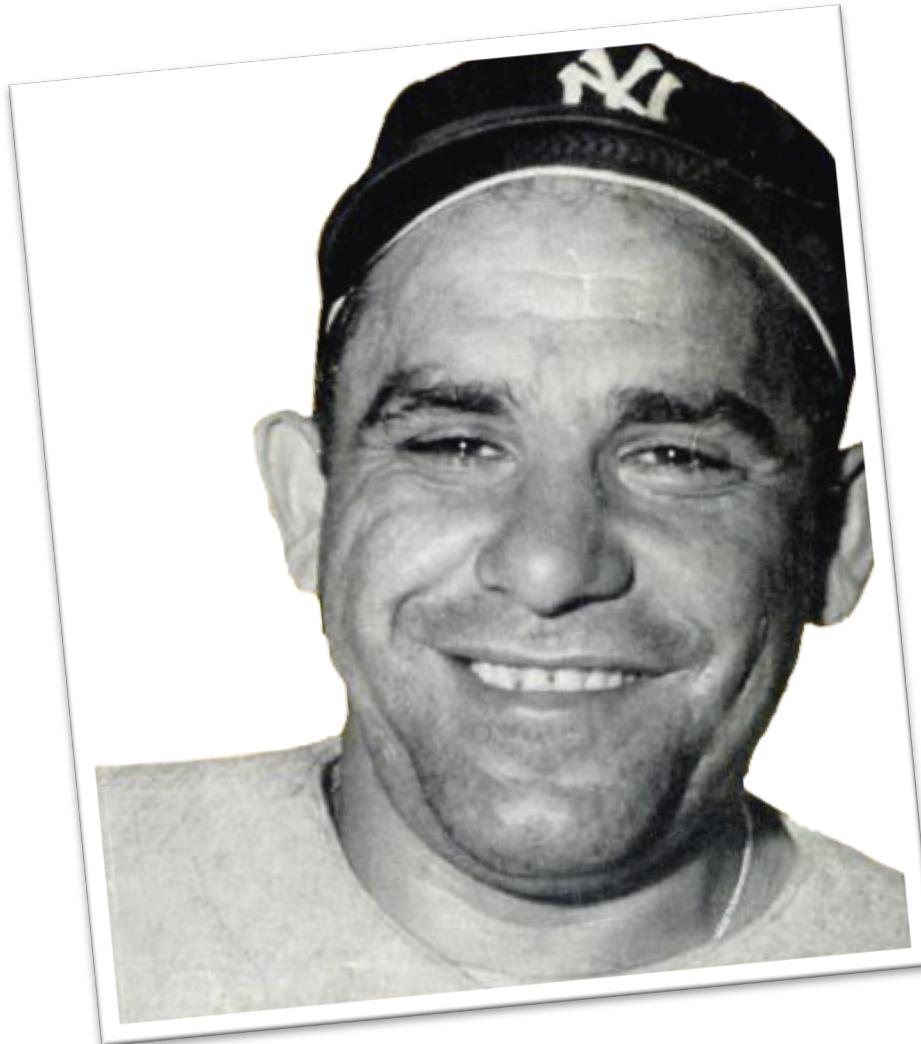
## 2. FOCUS ON THE WHAT, NOT THE HOW

**Joy's Law: No matter who you are, most of the bright people don't work for you**



“For every P&G researcher, there were 200 scientists or engineers elsewhere that were just as good. That meant there was a total of perhaps 1.5 million people whose talents they could potentially use.”

### 3. CLEARLY DEFINED/MEASURABLE DESIRED OUTCOMES



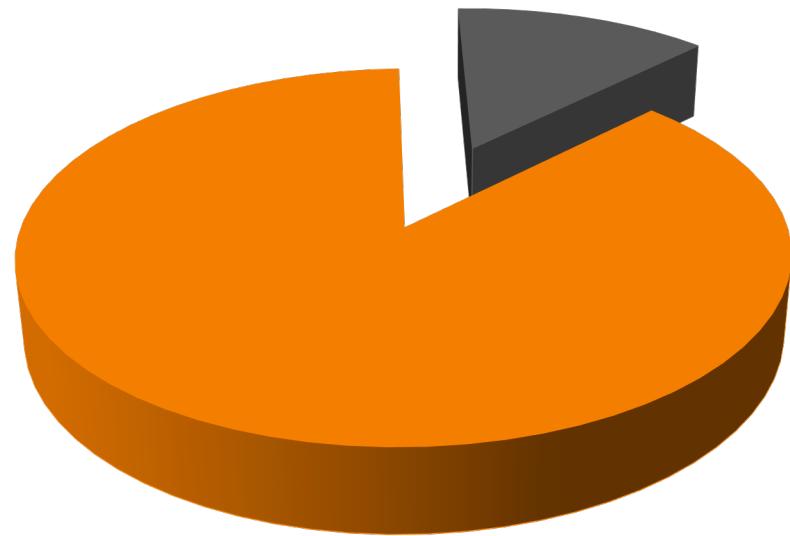
“You got to be very careful if you don't know where you're going, because you might not get there.”

- Yogi Berra

## 4. PRICING MODEL WITH INCENTIVES THAT OPTIMIZE THE BUSINESS

Solow's Law: Business Growth is Driven by Innovation

***87% of economic growth is driven by “technical change” that comes from improvements in business process or technical improvements in products.***



**Solow's Findings**

Labor & Physical Capital 13%  
(e.g buildings, machinery)

**The vast majority of today's commercial contracts are for labor and physical capital rather than for innovation and problem solving!**

## 5. INSIGHT VS. OVERSIGHT GOVERNANCE STRUCTURE

**ME**

- Getting the service provider to meet my needs
- It's in the contract, now it's the service provider's problem
- Blame and punish the service provider
- Unpleasant surprises

**WE**

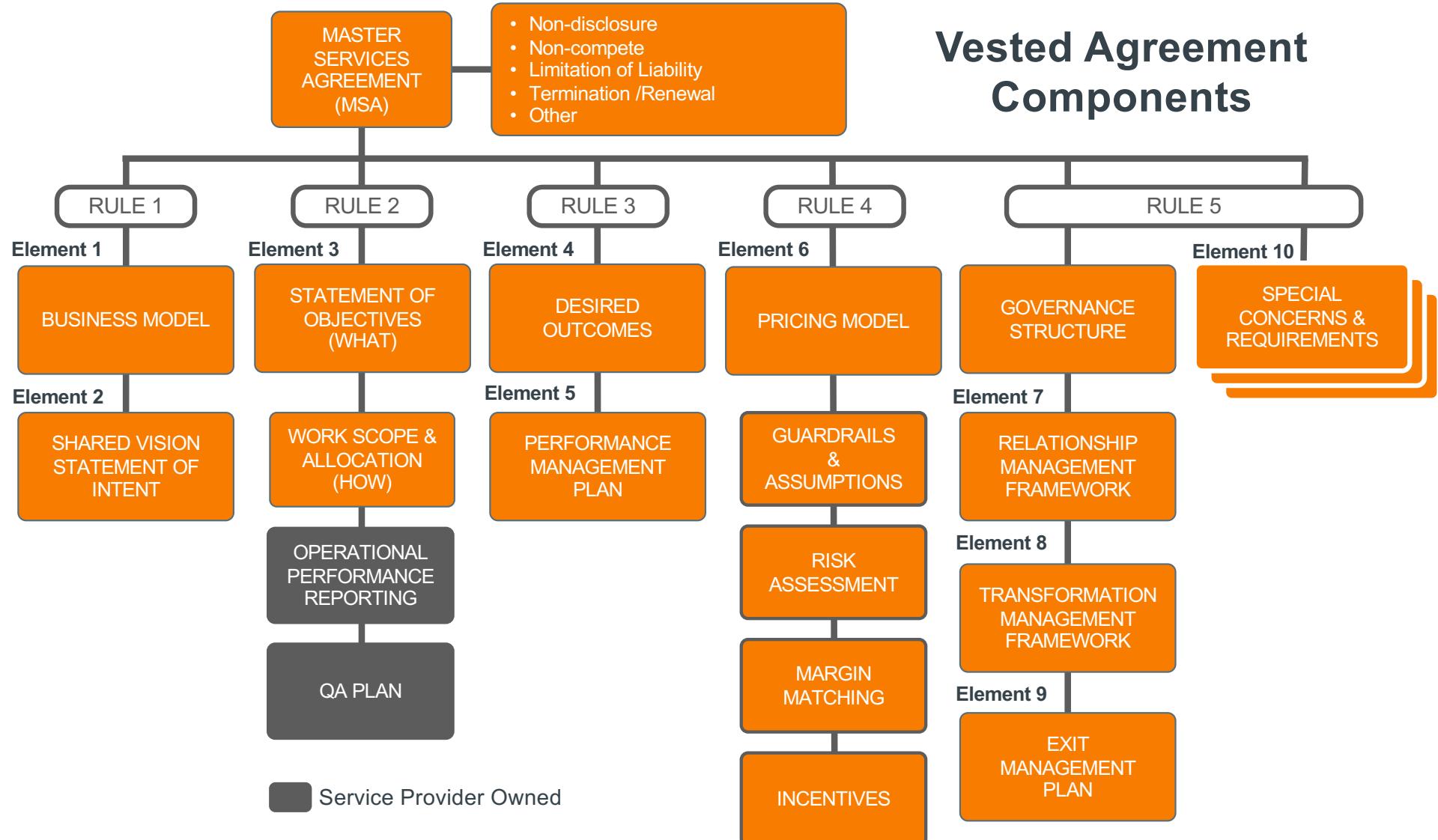
- Finding a way to meet our mutual needs
- Work together to achieve performance and compensation goals
- Communicate the issues, jointly find solutions
- Integrated planning and communications

**Manage the Business...Not Just the Supplier**

# STRUCTURE OF A VESTED AGREEMENT

 Best Value Group

## Vested Agreement Components



© 2013 Vested®

# GEZAMENLIJKE PRINCIPES

**1. Leverancier is de expert**



**2. Méér dan prijs**

**3. Van win-lose naar win-win relaties**

**4. Voorbij de eigen silo**

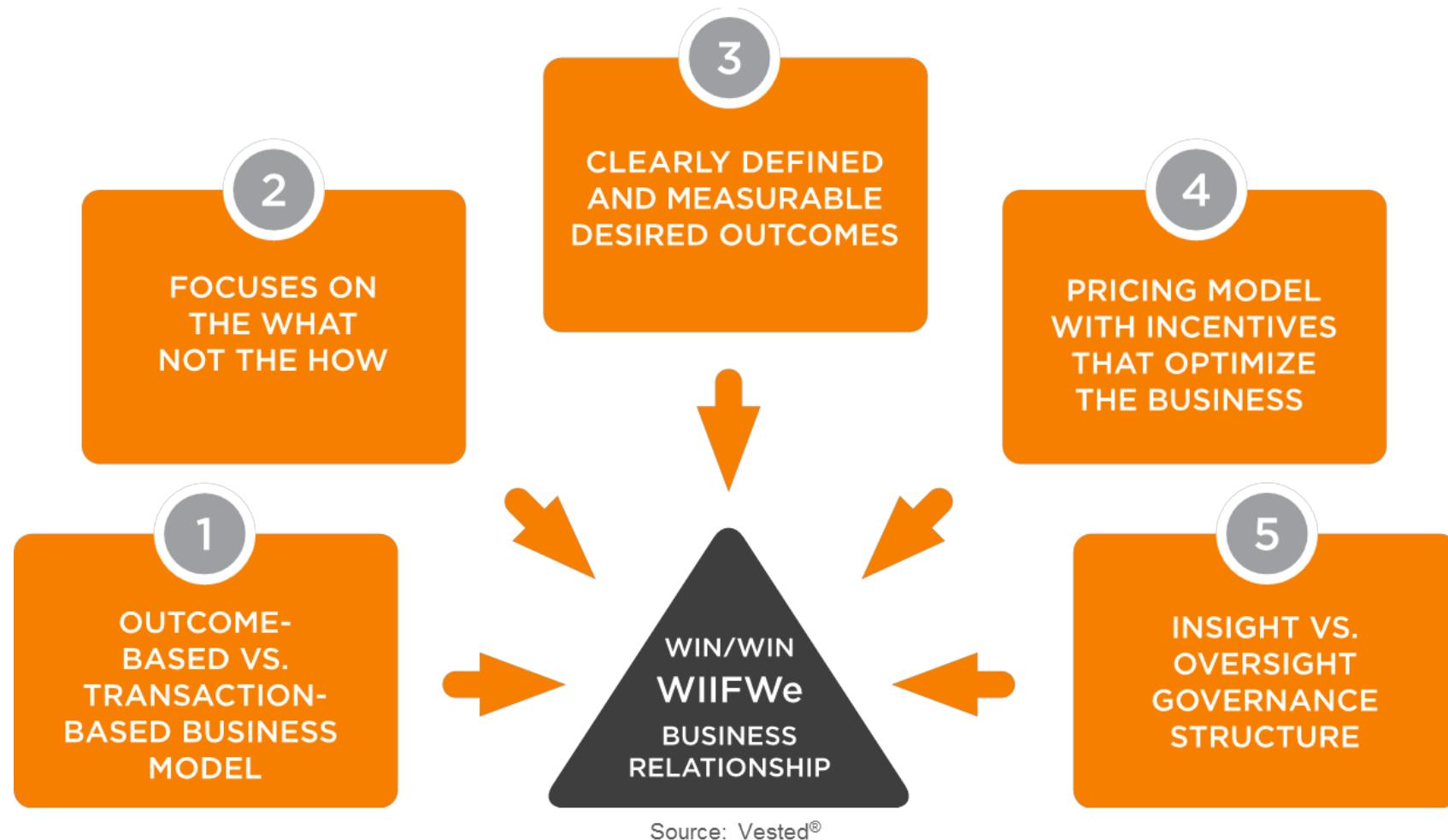
**5. Creëren van transparantie**

# GEEN SUPERMAN!

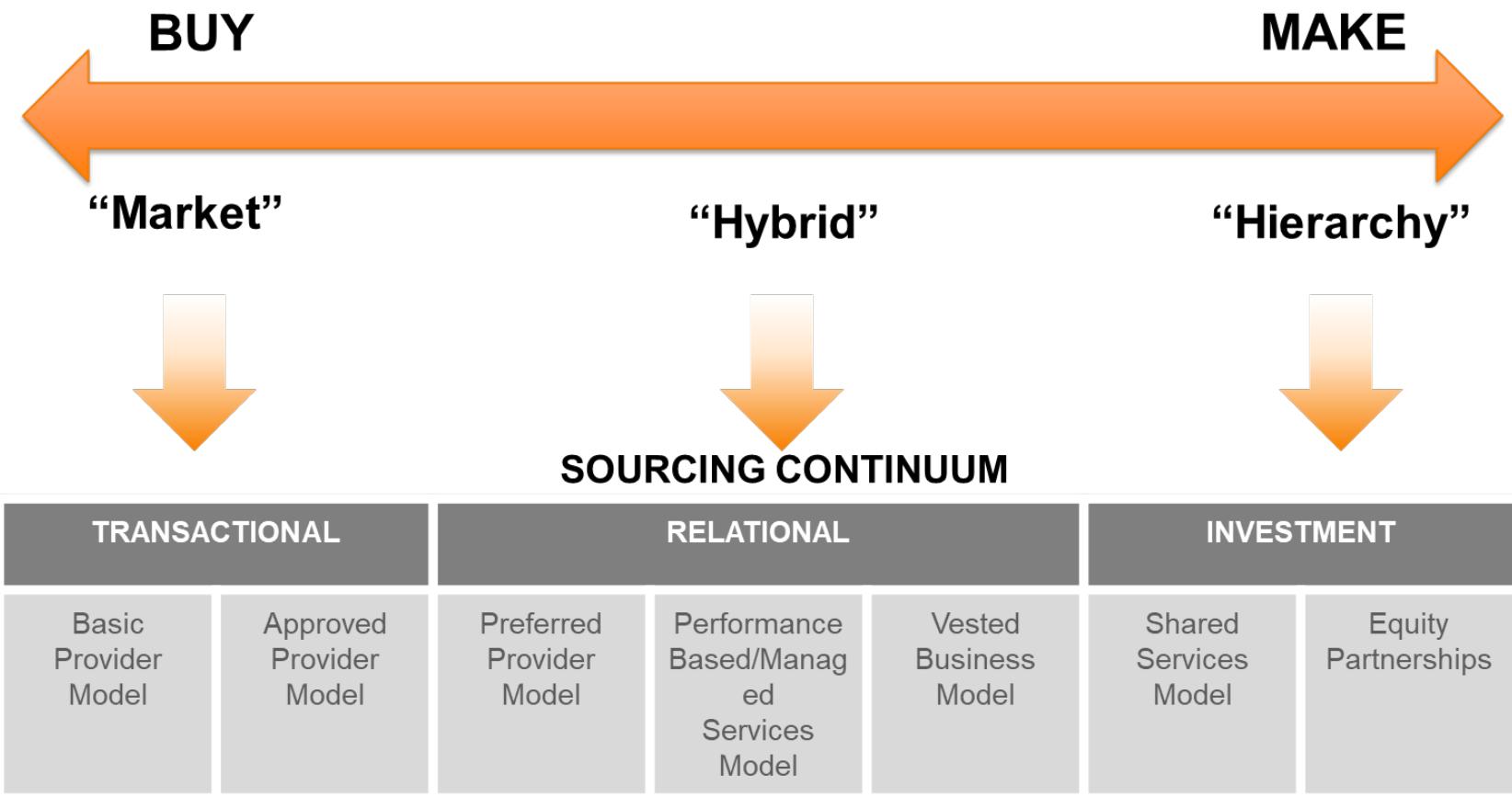


Trouwens: BV en Vested zijn óók geen contractvorm

# The 5 Rules of Vested



# RULE 1: FOCUS ON OUTCOMES IPV ON TRANSACTIONS



Source: STRATEGIC SOURCING IN THE NEW ECONOMY: HARNESSING THE POTENTIAL OF SOURCING BUSINESS MODELS FOR MODERN PROCUREMENT, Keith, Vitasek Manrodt & Kling, Palgrave 2015

## RULE 2: FOCUS ON THE “WHAT” NOT THE “HOW”

**Hoe om te gaan met specificaties?**

**Bahama-model?**

**De feitelijke oplossing?**

## RULE 3: CLEARLY DEFINED AND MEASURABLE OUTCOMES

**Gebruik van metrics**

**Desired Outcomes vs projectdoelstellingen**

## RULE 4: PRICING MODEL WITH INCENTIVES

**Kwaliteit naast prijs**

**Hoe om te gaan met risico's?**

## RULE 5: INSIGHT VS OVERSIGHT

**Schaduworganisatie?**

**Governancestructuur**

# VESTED VS BEST VALUE

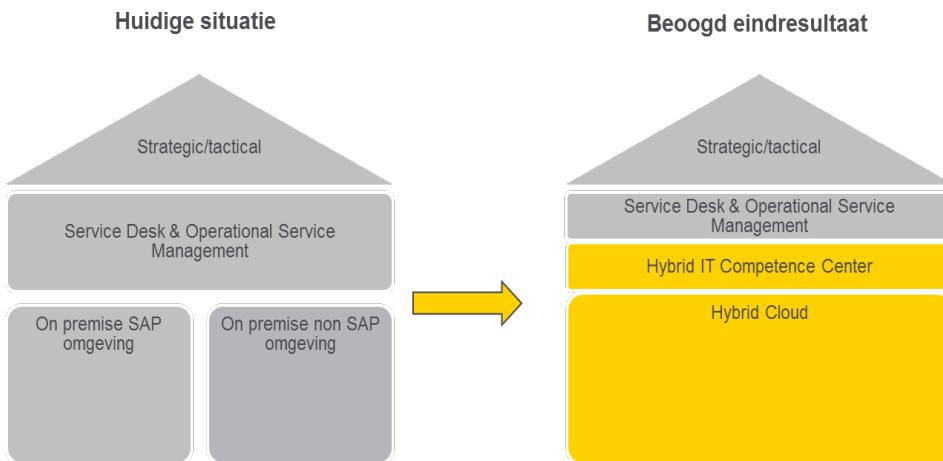


	<b>Vested</b>	<b>Best Value</b>
Focus	<ul style="list-style-type: none"> <li>• Win/win deal between client and supplier</li> <li>• Focus is the relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Win/win deal between client and supplier</li> <li>• Focus is the supplier's accountability to metrics</li> </ul>
What	<ul style="list-style-type: none"> <li>• A mindset, methodology and business model for creating outcome-based business relationships</li> </ul>	<ul style="list-style-type: none"> <li>• A mindset and methodology for creating efficiency in output-based deals</li> </ul>
Method of collaboration	<ul style="list-style-type: none"> <li>• Joint plan and joint responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier has its own plan and has its own responsibilities (client also has its own responsibilities)</li> </ul>
Basis for contract	<ul style="list-style-type: none"> <li>• Mutual trust</li> <li>• Contract is written together</li> </ul>	<ul style="list-style-type: none"> <li>• Metrics</li> <li>• Contract is written by the supplier</li> </ul>
When	<ul style="list-style-type: none"> <li>• Heavy focus on Contract and Post Contract phase</li> <li>• Used mostly in “flips” where a buyer and supplier are restructuring an existing relationship/contract to a more strategic relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy focus on Pre-Contract phase, supplier selection</li> <li>• Used mostly in competitive bidding situations where the buyer has not selected the supplier</li> </ul>
Business Need	<ul style="list-style-type: none"> <li>• Shared risk/shared reward for achieving Business Outcomes</li> <li>• Client is often interested in the supplier’s “solution”</li> </ul>	<ul style="list-style-type: none"> <li>• No shared risk (risk is allocated where it ‘belongs’)</li> <li>• Creation of efficient way to select supplier focusing on dominant supplier controlled (output-based) metrics</li> <li>• Client is not interested in the supplier’s “solution”</li> </ul>

# STEDIN: HICC

- 1. Client: Stedin**
- 2. Electricity Grid company**
- 3. Industry: Utilities**
- 4. Employees: 4.500**
- 5. State controlled: yes**
- 6. Public procurement law: yes**

- Projects: migrating all IT business applications from to the cloud and create Hybrid IT Competence Center (HICC)
- Contractor: Sentia/Weolcan
- Period: 2018; potential 15 year contract
- Estimated value: > € 100 mln.



## Results:

- #1 in quality and lowest in price
- Procurement strategy: combining Best Value with Vested Outsourcing (relational contract)
- Delivery: ongoing

# MAIN CONTRACTS 2019-2028

- 1. Client: Schiphol airport**
- 2. Maintenance and upgrade of all infrastructural assets (landside, airside, terminals, utilities), divided into 6 lots**
- 3. Industry: transportation**
- 4. Employees: 2000 Schiphol Group**
- 5. State controlled: yes**
- 6. Public procurement law: yes**

- Project: Main Contracts 2019
- Type of project: Framework agreement with subcontracts for performance based maintenance, renovation, upgrades
- Contractor: Volker Infra, BAM, Heijmans
- Period: 2019-2028
- CAPEX: €136 – 186 million p/y
- OPEX: €48.5 million p/y



## Results:

- Tender for largest contract (in contract value) in Netherlands in 2018 completed within schedule
- No protests
- 2-4 bids per lot, avg price variance of bids 5%, winning bid 8% on avg below client estimate

## TAKE-AWAYS

- 1.Best Value en Vested zijn geen “wondermiddelen”
- 2.Best Value en Vested delen veel principes
- 3.Best Value en Vested verschillen van elkaar qua focus, toepassing en methodologie
- 4.Kies het juiste instrument op het juiste moment



**Naam** Jeroen van de Rijt  
**Functie** partner bij Best Value Group, program director Best Value bij NEVI en coauteur van de boeken 'Prestatieinkoop' en 'Best Value Stroomt'



**Naam** Sibrecht Diender  
**Functie** oprichter van adviesbureau Hill Mindset en Vested Certified Deal Architect



**Naam** Wiebe Witteveen  
**Functie** partner bij Best Value Group en coauteur van het boek 'Best Value Stroomt'

## BEST VALUE EN VESTED: OVEREENKOMSTEN EN VERSCHILLEN

# EXPERTISE LEVERANCIER STAAT CENTRAAL

**De afgelopen jaren heeft de Best Value-aanpak zijn intrede gedaan. Recent wordt ook het concept van Vested Outsourcing vaker toegepast. Experts Jeroen van de Rijt, Sibrecht Diender en Wiebe Witteveen bespreken de overeenkomsten en verschillen.**

**V**ested en Best Value (BV) hebben veel uitgangspunten gemeen. Beide richten zich op de deskundigheid van de leverancier, beide denken in termen van win-win en beide vinden waarde belangrijker dan prijs. Er zijn echter

de gesprekken in een callcenter. Klanten betalen leveranciers voor een transactie, of die nu nodig is of niet. Dit betekent vaak ook dat hoe inefficiënter het gehele proces verloopt, hoe meer geld de leverancier kan verdienen ('lekker veel korte telefoontjes'). De klant krijgt vooral wat contractueel is

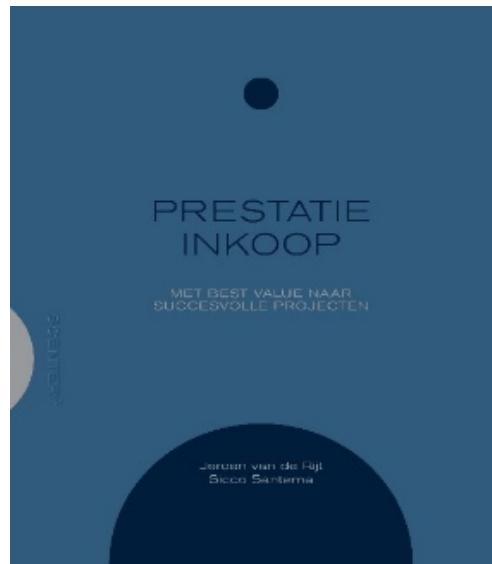
[https://www.slideshare.net/Jeroen\\_van\\_de\\_Rijt/vested-vs-best-value-jeroen-van-de-rijt-sibrecht-diender-wiebe-witteveen](https://www.slideshare.net/Jeroen_van_de_Rijt/vested-vs-best-value-jeroen-van-de-rijt-sibrecht-diender-wiebe-witteveen)

# BEST VALUE GROUP



[witteveen@bestvalue-group.nl](mailto:witteveen@bestvalue-group.nl)  
[nl.linkedin.com/in/wiebewitteveen/](https://nl.linkedin.com/in/wiebewitteveen/)

# MEER INFO?



Why

What

How

When

Negotiate the relationship

Tells the real stories of...

