

“WHAT’S IN IT
FOR WE?”



WHITE

PAPER





VESTED—A WIN-WIN BUSINESS MODEL

Future competitiveness will be created by effective collaboration between customers and suppliers. Strategic partnerships are getting more important and old business models becoming obsolete. The Vested model is already being successfully employed on major outsourcing contracts.

“To make Vested win, suppliers and customers need to back down and realize that serious collaboration is built on equality”

A traditional business deal

Ordinarily, a business deal is much like poker, a zero-sum game, where participants hide their cards and try to outmaneuver each other. In traditional transactions, where supplier is compensated by the hour or assignment, conflicting interests emerge. The supplier wants to sell as many transactions as possible at the highest rate possible, while the customer has the completely opposing agenda.

Vested—the rules of the game

Vested is a business model, a methodology and a mindset to create collaborations and relationships where both parties are equally engaged in each other’s success. Where both parties cooperate to not only exchange value, but to create it.

The first step in the Vested model is to establish a relationship-based contract where both parties understand each other’s goals and strategies. A business model is then added, building on the supplier being paid to satisfy the customer’s needs. It is essential that the supplier’s compensation is linked to value for the customer. But it’s just important to eliminate old procurement philosophies, like pressing prices and lowering margins. This type of behavior aims to maximize the use of supremacy on the market. In complex contracts, relationships based on collaboration outperform those based on power. The connection between trust and growth is undisputable.

Purchasing departments still work as in Henry Ford’s time, with their focus on mass production and all parts being exchangeable. A focus on reducing prices contradicts a company’s focus on quality and innovation. To make Vested pay off, suppliers and customers need to back down and realize that serious collaboration is built on equality. The criteria for making the Vested model successful are: a) internal consistency within both parties, b) support from senior management, c) true understanding of the trust perspective and d) know-how. To be relevant, a degree of complexity is necessary, so large outsourcing contracts, where there is potential for development and mutual value exchanges, fit the bill.



The five rules of Vested

1. Focus on results, not transactions
2. Focus on what, not how
3. Clearly defined, measurable goals and performance
4. Pricing model to create the right incentive
5. Regulation for creating insight, not monitoring

Six guiding principles

1. Reciprocity
2. Autonomy
3. Honesty
4. Loyalty
5. Rationality
6. Integrity

The history of Vested

Vested is based on award-winning research from the University of Tennessee College of Business Administration. Initially an assignment from the US Air Force, whose outsourcing contracts continuously fell short of financial plans—was there another way to create contracts? The research team reviewed contracts and identified the common factors of the successful cases. This was then distilled into the five rules that form the foundation of Vested.



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About Coor

Coor is one of the leading service providers in the Nordics, and delivers all the FM services necessary for a company or public organization to function well and efficiently. Coor possesses specialist competence in three service areas: workplace services (soft FM), property services (hard FM) and strategic advisory services. By combining different services from these areas, Coor delivers unique and flexible solutions for workplaces and properties. This creates value for our customers by increasing their attraction, productivity, efficiency and sustainability. We call this smart service—"Service with IQ". Read more at www.coor.com