

Compass Group PLC: tasting the success of co-created customer value

Part 1

By Marco Retel

International Clients Program director
Compass Group PLC



and Edmund Bradford

Director
Market2win Ltd. and Malcolm
McDonald Marketing Ltd.



The Strategic Account Management Association named Compass Group PLC the recipient of a SAMA Excellence Award for co-creating customer value, with Peter Cinelli, director of international clients and market development at Compass, accepting the award on the company's behalf March 11 in Berlin at SAMA's Pan-European Conference. The award was based on a case study by Marco Retel, International Clients Program director at Compass, and Edmund Bradford, a director at Market2win Ltd. and Malcolm McDonald Marketing Ltd. The following is Part 1 of that case. Client names have been changed to maintain confidentiality.

Retel and Bradford would like to thank the following Compass employees besides Cinelli who made significant contributions: Deanne Brandstetter, vice president of nutrition and wellness for North America; Richard Cousins, group chief executive; Andy Furlong, group managing director and executive sponsor; Rick Jacobs, business excellence and marketing director; Jeroen Kurvers, key account director of international clients; Nathan Maertens, commercial finance director of international clients; Jonathan Neech, innovations director of international clients; Steve Pepmiller, key account director of international clients; and Rick Post, chief executive officer of contract food services for the United States.—Greg Bartlett, Velocity editor

Executive summary

This case study was written for the Strategic Account Management Association as an entry for 2013's SAMA Excellence Award. The subject of this case, Compass Group PLC, is a global leader in providing food and a range of support services to customers in the workplace, in education, in hospitals, at leisure and

in remote environments, with revenues exceeding \$25 billion. Compass has been continuously evolving its International Clients Program since 1998 when it signed the industry's first global food services contract. However, here we have not written a state-of-the-nation address about the ICP but rather have focused on how Compass uses program elements to co-create value with international clients. This includes examples of how Compass finds, develops, applies and measures value. Compass does this routinely around the world for clients, their customers (the consumer), third-party integrators and Compass itself.

To do this, Compass has its own methodology captured in a unique co-creation funnel. This combines deep understanding of customer needs, the jointly agreed client strategy (from the ICP) and Compass' Centers for Excellence. Together with the company's strong approach to innovation, this provides a comprehensive framework to ensure that value is constantly sought, nurtured and delivered. To illustrate how Compass has done this in practice, we have provided case examples from four global clients.

The benefits of this approach have been tremendous for each of these client relationships (and for others not covered here). These benefits include cost savings, safer workplaces, better employee health and more consistency, innovation, senior-level engagement, benchmarking and transparency, all of which in turn have created stronger, longer-lasting relationships. Compass' work with

international clients has been a good source of organic growth. Overall in the past three years the growth of Compass' international client revenues has been more than twice the growth of revenues outside the program. To conclude, Compass believes that there are seven ingredients you need to taste value co-creation success:

1. Be realistic about the relationship.
2. Get a deep understanding of client needs.
3. Deliver on your promises.
4. Get your value framework right.
5. Aim for greater transparency.
6. Be proactive.
7. Look beyond the account for value.

We hope you, the reader, will enjoy this case and be able to take some of these ingredients to spice up your own value co-creation efforts.

Background and context

Compass Group PLC

Millions of people around the world rely on subsidiaries of Compass every

day to provide breakfasts, lunches and dinners and make lattes and cappuccinos. Specialist operating companies such as Eurest Services (in the business and industry sector) and ESS Support Services Worldwide (in the remote and offshore market) have expanded their offer beyond hospitality services to run client reception and office services, cleaning services and routine maintenance services. Across all sectors, Compass employs more than 500,000 people in around 50 countries, serves around 4 billion meals a year, works in more than 50,000 client locations and has 90 of the Fortune 100 companies as active clients.

Compass brands

Even if you are not familiar with the Compass name, you may be familiar with some of its brands:

- Consumer brands—Amigo/Outtakes, Caffè Liscio, Deli Marche/So Deli, Mamma Leone's, Puur, Steamplicity and Zona Mexicana
- Franchised brands—Burger King, Chick-fil-A, Costa Coffee and Starbucks

- Sector brands—Bon Appétit, Eurest, Flik and Restaurant Associates

Consumers versus clients

Compass has to deal with both consumers (for example, people using a restaurant) and clients (people deciding which restaurant supplier to use). Consumers are often an organization's employees. The client is the organization itself and its senior representatives (e.g., in procurement). Compass must therefore continuously engage and deliver value to both its client and the client's own customer, the consumer.

Not just about food

Although Compass has roots in food service delivery, it has followed an aggressive strategy over a number of years to develop a broader capability in integrated facility management services. Today roughly 25 percent of total sales derive from non-food services.

The Compass strategy

Compass focuses on six global market sectors as shown in Figure 1. The business strategy for all of them is driven by the Compass management and performance framework. This lists the company's top five drivers of performance:

1. Client sales and marketing
2. Consumer sales and marketing
3. Food costs
4. Unit costs
5. Above-unit costs

It should be noted therefore that achieving excellent client sales and marketing is explicitly stated as the No. 1 driver of success.

Creation of the International Clients Program

Compass was one of the first companies in its industry to establish a formal SAM program. The catalyst for this was in 1998 when it signed the first-ever outsourced global food service contract. Since then Compass has seen strong growth in this area fed by increasing demands for

Figure 1



globally consistent solutions and greater transparency. To manage the increasing impact of these demands, Compass has continuously evolved and improved all aspects of its SAM architecture. (For more history about the ICP see "Compass Group: revitalizing and relaunching a healthy strategic account management program in an unhealthy economy," *Velocity* magazine, first-quarter 2009.)

The International Clients and Market Development Department

Organizationally the top international clients are served by the International Clients and Market Development Department.

"International Clients are a key pillar of our corporate growth strategy," confirms Group Chief Executive Richard Cousins. "It is a priority agenda item at all board and executive reviews. The lead on this function is a direct report, reflecting the importance we place on this program within our group."

The function is headed up by Peter Cinelli, director of International Clients and Market Development. Reporting to him are the key account directors who act as full-time global account managers for selected international clients.

Six Sigma

In 2012 all the key account directors were trained in Lean Six Sigma (DMAIC). This helped Compass' capability to provide an even faster speed to market for new ideas and further develop clients' trust in the company's delivery capability. By doing this, Compass also increased the transparency of projects within the team and indicated to clients what is needed and important to deliver a collaborative project. Compass believes that without this disciplined approach, important steps can be missed, hindering delivery later in the process.

The International Clients Program

The framework for managing these clients is the ICP directed by Marco

Figure 2



Retel. The ICP is the mechanism by which consistent, proactive international account management, reporting and account planning is managed and implemented. The ICP looks after the large global accounts in more than a thousand locations with total revenues exceeding \$1 billion per annum. These accounts are organized into the following sectors: oil and gas, information technology, finance, manufacturing and pharmaceuticals. Compass uses strict criteria to qualify accounts for its ICP, the main one being the client's willingness to partner strategically and enter into co-creation activity. Other criteria relate to revenue thresholds and the number of countries represented. Compass has scores of multinational clients, but only those sharing the relationship ethos of "What is in it for we?" qualify for the ICP. Each country has its own Strategic Alliance Group function for accounts that do not qualify for the elite ICP.

"Compass has operations in 50 countries, and multinational companies rightly

expect that we can provide a consistent high-quality, low-risk solution for them in markets where we overlap," Cousins summarizes. "The International Clients Program is the world-class solution we offer, and clients are assured of an elite international team separately resourced to drive value for both organizations."

The ICP vision

Every two to three years the ICP is evaluated to ensure continuous improvement and maintain the group's position as a world-class service provider to top clients. In February 2011, Compass obtained valuable insight from a deep study of three clients via a process carried out by independent consultancy Mosaic SRM Ltd. Fifteen key client stakeholders were interviewed about the ICP's effectiveness, and from these insights a four-part ICP framework was established.

Key parts of the ICP

The ICP is divided into four principal parts as shown in Figure 2. Within each

part is a principle of how Compass engages with key clients:

- Within interface and contract governance—contract management, relationship ethos, roles and responsibilities, and communication
- Within strategic alignment and category approach—business alignment, process integration, supplier development, management attention, outsourcing, key buying criteria and evaluation criteria
- Within performance evaluation—performance management, project implementation, unmet needs and performance feedback
- Within innovations and improvement—service design, value provision, proactive approach, strategic innovation and continuous improvement

It is not the purpose of this case to explain all these components in detail. However, we will show how they combine to co-create great value for the client, its own customer (the consumer) and Compass.

Current challenges in co-creating value

Compass has a broad set of tools for understanding market trends, changing consumer behavior and determining the right business outcomes, as shown in Figure 3. From this ongoing study and interviews, we can highlight the six most important client trends as follows:

1. Sustainable cost reduction
2. Health, safety and wellness of client employees
3. Innovation that improves productivity of client employees
4. Technology platforms that improve consumer convenience and satisfaction
5. Benchmarking performance to improve visibility and transparency
6. More sustainable partnering, including working with third parties

Costs and health and safety

There has been and will be a continuous focus on reducing costs.

“There is a relentless focus on cost,”

says Rick Jacobs, business excellence and marketing director. “That means cost reduction, cost containment and cost clarity. By this I mean they want to understand why some things are the way they are.”

Ever better health and safety will also continue to be a fundamental need in this industry.

“Some things will always be on the table, like lower costs and higher health and safety,” adds Andy Furlong, group managing director and executive sponsor for Oil and Gas Co.

More sustainable supply chains are also sought by clients. This includes sourcing food more sustainably, reducing the carbon footprint of the supply chain (e.g., by increasing the content of local produce) and improving food labeling, thereby giving clearer, greener choices to consumers.

“People are on a journey to health and wellness plus sustainability,” Jacobs says.

But clients seek value beyond cost containment.

Clients are “looking for continuity, trading partners that will help them through the good times and the bad times,” Furlong says. “But clients are now demanding a more ethical, reliable, full-service bundle with greater focus on measuring the performance that we deliver.”

Improved productivity

Rising employee costs are triggering a much stronger interest in the connection between food and employee productivity. Deanne Brandstetter, vice president of nutrition and wellness for North America, explains that there has been a significant rise in the concern over employee nutrition and wellness by U.S. corporations in recent years.

“Although this is a global issue, in the U.S. we are seeing a shift where our main client contact is not a traditional facilities manager or procurement person. More often now this is a medical person,

Figure 3

Tools and Support



and this change of ownership is coming straight from the top. Nutrition and wellness has bubbled up to be one of the most important things for our clients, and they are much more in tune with this issue. The focus on this issue has been brought about by rising health-care costs, lost productivity, obesity, chronic disease and injuries in the workforce."

Benchmarking and transparency

There is a greater focus on transparency. Clients are interested not just in the performance outputs but also in how Compass achieves them.

"There is a far, far greater focus on how we do things," Jacobs says. "They want to better understand us and how we can deliver associated value to them."

"Greater transparency is a real key success factor now, and we are trying to take the politics out of our relationships," says Jonathan Neech, innovations director of international clients. "Some of our best work in doing this is at one of our global IT clients. It was very inward looking before, but now they want external specialists to come in and give impartial world-class advice."

Innovation and technology

Jacobs sees different needs for food and its delivery service.

"On the food side, clients are asking us to articulate to them how we can enhance the offer preferably at a lower cost over time. On the services side, clients are looking for increased convenience, and technology has a big role to play here in how we go about process improvement."

However, getting the innovation and technology right is a real challenge.

"Delivering innovation at the right speed is a challenge for any organization," Neech emphasizes. "We have some clients that are leading innovators and are looking for rapid implementation of new ideas. However, even with some of our high-tech clients, they will still have a site in a developing country such

as Mexico where the innovation cannot be implemented quickly. Then there are clients who are not so innovation-driven and only want to buy proven, established solutions. Technology is also a challenge. We need to interface with all our clients and all their business units around the world who may be using many different platforms, yet we are in the security-paramount zone. This raises all sorts of challenges in sharing information effectively and is something we are

'Clients are assured of an elite international team separately resourced to drive value for both organizations.'

always working hard to improve."

From a finance perspective, it is important that Compass' own IT systems are joined. It has different systems in different countries, yet it must capture and consolidate its own performance data without a lot of manual intervention.

"We are trying to automate this as much as possible and have put in a lot of controls – both procedural and IT – to ensure that no information is lost in transferring data across systems," says Nathan Maertens, commercial finance director of international clients. "We have done a lot of work in the last 12 months to load data correctly and change the controls at a country level. All that our local business units now need to do is reconciliation at a local level audited by Group Financial Audit who themselves are audited by me. GFA also do a check to see that local data ties back to the data on the global systems."

Third parties

Compass works closely with third parties. These may be service integrators

who manage a broad category of client spend and subcontract parts of it (such as catering) to Compass. Alternatively they may be third parties Compass has brought in to provide facility management services at specific client locations. Managing this array of third-party relationships is also a critical component and challenge. A variety of third-party partners are involved with client contracts, and Compass works closely with them all.


"In some cases, we get a large cut of their full service offer," says Rick Post, chief executive officer of contract food services for the United States. "In some cases, we provide all the soft services in partnership with the integrator, whereas other clients prefer to work with us directly."

This complex tri-party relationship has led recently to an entirely new business model called vested outsourcing. Compass is playing a leading role in developing this model and has worked with Kate Vitasek, author of *Vested Outsourcing: Five Rules That Will Transform Outsourcing* (2010).

Trust

All this adds up to value being delivered through trusted relationships.

"Earning and maintaining the client's trust to deliver an excellent service—that is the big one," Jacobs says.

"Our goal is to develop true trust-based partnerships," Neech adds. 

Editor's note: Please look for Part 2 of this case study in Velocity's next issue.

Marco Retel is International Clients Program director at Compass Group PLC (www.compass-group.com) and can be reached at marco.retel@compass-group.co.uk and +31 6 21 848 418. He can also be found at <http://nl.linkedin.com/pub/marco-retel/4/600/ba2>. Edmund Bradford is a director at Market2win Ltd. (www.market2win.com) and Malcolm McDonald Marketing Ltd. (www.malcolm-mcdonald.com) and can be reached at e.bradford@market2win.com and +44 (0)1564 797363. He can also be found at <http://uk.linkedin.com/in/edmundbradford> and www.twitter.com/edatm2w.

Compass Group PLC: tasting the success of co-created customer value

Part 2

By Marco Retel

International Clients Program director
Compass Group PLC



and Edmund Bradford

Director
Market2win Ltd.



The Strategic Account Management Association named Compass Group PLC the recipient of a SAMA Excellence Award for co-creating customer value, with Peter Cinelli, director of international clients and market development at Compass, accepting the award on the company's behalf at SAMA's 2013 Pan-European Conference. The award was based on a case study by Marco Retel, International Clients Program director at Compass, and Edmund Bradford, a director at Market2win Ltd. Client names have been changed to maintain confidentiality.

Part 1 of this case focused on how Compass' International Clients Program co-creates value with international clients. The authors offered specific examples of how Compass finds, develops, applies and measures value for clients around the world, which includes their own clients, their clients' customers (i.e., the consumer), third-party integrators and Compass itself. This is Part 2.

How the ICP adds value

In summarizing how the International Clients Program adds value, we will review the program's added value to three stakeholder groups as well as relationships as a whole.

1. Adding value to the consumer

Peter Cinelli says the ICP adds value to the consumer by:

- Attracting the best people. This means that the consumer will benefit from highly skilled and experienced managers who will fix problems quickly and constantly drive up standards.
- Attracting greater investment, thereby allowing technological fast-tracking. This means that the best technology can be brought in quickly to provide new offerings and improve the consumer experience.
- Renewing and refreshing their local dining area. This means that their own dining facilities are constantly being reviewed to see if they can be upgraded to a higher corporate standard.

Marco Retel believes that the ICP helps consumers "find the best products and the latest innovations and experience the highest service performance."

2. Adding value to the client

Cinelli says the ICP adds value to the

Positive relationships are
built from paying attention
to small opportunities
as well as big ones.



client by ensuring consistent performance across the portfolio and simply "helping those that want to be first to innovate and also those that don't."

In other words, at whatever speed the client travels, Compass will be alongside it assisting in the best way possible. In addition Retel believes the ICP adds value to clients by:

- Being a single point of coordination
- Enabling more consistent delivery of services
- Ensuring senior-level engagement with the client (e.g., via executive sponsorship)
- Bringing about timelier innovations
- Enhancing their health and safety record
- Benchmarking the client's performance with other international clients

Rick Post, chief executive officer of contract food services for the United States, agrees strongly with the last point: "The ICP adds tremendous value from us sharing our global expertise with our clients. This includes spreading good practices around within a global client and within their industry, and teaching them about great practices that lie outside their industry."

3. Adding value to Compass

In Cinelli's experience the ICP adds value to Compass by:

- Joining up an otherwise decentralized organization. At Compass decentralized, local operations are the most efficient way of delivering sustainable cost competitiveness and local market knowledge and insight.
- Standardizing and providing quick access to best practices
- Providing a common framework for how Compass engages with all its accounts
- Allowing Compass to participate in multicountry business. ("In other words," says Cinelli, "it gets us in that play zone.")

- Enabling Compass to put forward a better commercial offer
- Providing an effective channel to market
- Executing (i.e., "Think big, start small, scale fast," as advocated by motivational speaker Jim Carroll)
- Helping Compass drive a much greater step-change in professionalism through the scale of opportunities that multinational clients offer

For Retel the ICP adds value to Compass in five additional ways:

- Providing a good source for organic growth and client retention
- Installing more client-structured relationships and clearer communication lines
- Providing a good basis for developing long-term partnership relationships with blue-chip clients
- Being a great reference point for the industry
- Enabling greater transparency of performance across the business

4. Adding value to the relationship

By adding value to both its own organization and the client's organization, a good strategic account management program adds value to the entire relationship. Positive relationships are built from paying attention to small opportunities as well as big ones.

"Anyone can do the big sites well," Cinelli notes. "They have decent local budgets and suppliers happy to support them. In our deals, there is generally no opting out allowed for any country. We also take care to have separate local manager incentive programs that suit their specific local conditions."

For Retel the ICP adds value to both sides by providing:

- Sharing of the benefits more equitably between parties
- Improved coordination between complex global organizations
- Stronger relationship bonds at various levels

- Improved levels of innovation
- Greater access to each other's key resources. For example: cross-company and cross-functional teams often work together connecting both companies' operations, human resources, health, safety and environment, and legal staffs.

Says Retel: "This all leads to improved trust and transparency in the entire relationship."

Centers for Excellence

A major initiative across Compass to improve standards and consistency has been the establishment of client Centers for Excellence (CFEs), a client site demonstrating one or more excellent practices. Each of Compass' major country territories now has at least one CFE as a local beacon of excellence that all local sites can aspire to. The initiative was the result of a co-creation effort within the ICP and is headed up by a CFE global team supporting local sites and controlling implementation within the department.

"There is a strong link between the ICP and our Centers for Excellence," Cinelli says. "Any CFE is a reference site for best practices and is a great way of demonstrating innovative ideas and driving up service standards, both geographically and across clients. We have also created a CFE lite version for international clients with low-budget local sites."

The Compass approach to co-creating client value

Compass has a specific process for co-creating client value, and it begins by gaining a good understanding of the client and consumer. This comes from synthesizing a variety of inputs: client reviews, client and consumer surveys, consumer focus groups, joint planning meetings, joint innovation programs, joint implementation teams, data analysis and informal feedback. Wider research

Continued on Page 33

Continued from Page 30

into consumer mega-trends and their impact on future consumer behavior is also undertaken.

There are, of course, many consumer trends happening at any point in time, but Compass has identified eight broad international ones that will impact value in the future. They run the gamut from connectivity, convenience and conscious consumerism to individualism and indulgence.

Our methodology then asks how these mega-trends will affect clients' needs for facility management services and, therefore, clients' vision and strategy for buying services in the future. Executive forums with clients provide many of the answers. The likely *future* strategy is then compared with the *current agreed* strategy in the client account plan, and adjustments are made where necessary.

Successful practices are rooted out from within Compass' experience and across the industry so we can glean lessons from success. These practices are then combined with emerging innovations to identify new areas of value for tomorrow. Key existing solutions, along with new ones, are then picked up by the CFE global team, which helps pilot development of the solution and supports its rollout at a country level. This methodology has been used to help co-create client value across Compass' international clients. Following are four examples, with actual client names scrubbed:

1. Oil and Gas Co.: co-planning value from the outset

Every client has something that makes it different. Two things make Oil and Gas Co. ("O&G") a bit special.

First, their safety culture is "unparalleled," says Compass' key account director for O&G. "This means that they demand extremely high health and safety standards from Compass." Second, they are very keen on joint business planning.

Compass and O&G co-create a joint global business plan that stretches out three years. They want genuine long-term partnerships, and the purpose of the plan is to find ongoing new value for both sides.

Who and what are involved

Co-planning is an onerous exercise and requires major commitment from both sides.

"On our side are the O&G executive sponsor, myself and our major country and site managers," the key account director says. "On their side are the major country and site managers and the global category manager."

The plan identifies major joint initiatives to implement. In the current three-year plan, there are 34 initiatives, of which 17 already have been completed, 10 are progressing and seven have made limited progress. The plan explains how performance is to be measured at global, country and site levels and includes measures such as reducing total cost of ownership, incorporating sustainability improvements and improving things already being done on the ground. The plan also defines how every aspect of the service (e.g., health and safety) will be measured.

Developing multi-point relationships is an important part of co-creating value.

"We work hard to build relationships throughout the business and typically operate at their chief operations officer level," says Andy Furlong, group managing director and executive sponsor for O&G. "However, we also have worked hard to build relationships elsewhere, like the local site and Global Health and Safety."

Compass' senior executive engagement gives both sides good points of access into their partner company, and the multiple engagement levels help Compass get invited to O&G's important global strategic discussions.

"We now have discussions on how we can help them achieve their key strategic

goals," Furlong says. "In doing so, we understand each other better and can deploy capital better knowing what their investment plans are about and be confident that we will be with them for the long haul."

The benefits

To date, the relationship's benefits have been tremendous. These include:

- Significant savings achieved over the past three years
- Millions of meals served annually with no foodborne incidents
- Millions of hours worked without injury

The result: As a percentage, Compass' business with O&G has seen double-digit growth in the three-year period.

2. FMCG/Global ABC: a new value model

FMCG is a company that itself has good SAM practices. Its main partner for real estate services – including dining – is Global ABC, another experienced SAM practitioner. As you can imagine, when these two companies and Compass come together, interesting things can happen.

A new value-creation model

FMCG has led the development of a new type of outsourcing called vested outsourcing. Kate Vitasek, author of *Vested Outsourcing: Five Rules that will Transform Outsourcing*, describes the practice as a "hybrid business model in which both parties – the company and the service provider – in an outsourcing or business relationship focus on shared values and goals to create an arrangement that is mutually beneficial to each."

Rather than focusing solely on the success of the contract relationship, vested outsourcing "invests both the company and the service provider in the success of each other's overall business, which strengthens the sense of partnership and encourages a more lasting relationship. ... Rather than traditional arrangements where companies buy transactions

or services from suppliers, vested outsourcing instead focuses on buying results."

By sharing expertise and aligning their goals, both companies can work to drive innovation, adapt to changing needs and mitigate risk while working toward mutual success. Vested outsourcing relationships depend on collaboration, transparency, flexibility and trust.

This approach took off when FMCG realized it was struggling to cut facility-management costs. Instead it looked to develop a deeper partnership with Global ABC through a vested outsourcing model to create relationship value. Global ABC then shared the model's principles with us as subcontractor.

Journey to the new model

"We started the journey in January 2012 when we were invited to a three-day workshop to understand Global ABC's business," says Jeroen Kurvers, key account director for Global ABC and FMCG. "This was done before contract negotiations were finished. The approach is very much a soft one. The concept is light, visionary and flexible."

At the end of the joint workshop, Compass and Global ABC agreed on:

- A shared vision, including where to go with dining
- Activities to achieve desired outcomes
- Performance metrics (e.g., key performance indicators schedule)
- A governance structure

Two pillars supporting value creation

The focus is on joint innovation and breakthrough thinking. This has two pillars.

"The first pillar is to develop joint master plans for each of the Global ABC sites that we serve," Kurvers says. "Where FMCG is involved, these become tripartite plans. For example, in Geneva we are completely renovating, modernizing and reorganizing the restaurant. This will reduce the subsidized cost to FMCG.

We are also changing the menu from a traditional one to one based around healthier meals, like pasta, and including value-added offers like a coffee kiosk and a sandwich and salad bar."

The second pillar is innovation, which is divided into umbrella themes. Here, all three parties have created focus groups with employees to understand where and how services can improve.

"This is a new approach to co-creation where we have three parties involved in the co-creation process," Kurvers says. "The challenge for us is that we now need to step up and communicate at a different level. People must change their mind-set from 'traditional vendor' to 'trusted partner.' Previously, we would only communicate with our client, i.e., Global ABC. Now we are also face to face with their client, i.e., FMCG. One advantage of this is that we can now provide both parties with much better intelligence and direct insight."

It also means Compass needs to bring new options to the table. Part of the new philosophy is that, although performance is still valued at a granular level, the overall value of the relationship should be measured more strategically.

Says Kurvers: "So, for example, we are now counting the number of new innovations in the relationship."

The benefits

"Based on the new cooperation model, together with Global ABC we have significantly reduced the total management overhead on the account," Kurvers says. "At the same time, we have increased service levels and speeded up communications. Additionally we are now the main global integrator for food services across FMCG. This even includes FMCG countries where Global ABC is not present."

The great thing about this is that Compass previously had no relationship with FMCG.

"We are the only partner that Global ABC wants to partner with on this, and

we are now acting more as their global adviser," Kurvers says.

As Compass helps Global ABC develop its outsourcing model, there is a good chance that it will introduce Compass to more of its clients in the future. Global ABC may even become one of the best sales representatives Compass has.

Petrochem Co.: delivering value in extreme conditions

It is when companies need to work together in extreme conditions that a relationship is really tested. And arguably nowhere is there higher potential for success *and* failure than in the oil and gas industry. Each oil and gas company is different, but what stands out about Petrochem is its attitude toward partnership.

"Petrochem is significantly more advanced than other organizations in its thinking about partnership," says Steve Pempiller, key account director for Petrochem. "It is genuinely interested in Compass being successful, and there is far less of an us-versus-them mentality."

And the relationship isn't just about catering. About a third of Compass' sales to Petrochem are for food services, but around two-thirds are for non-food facility management services. In all, the relationship spans 20 countries and nearly a hundred business units.

A client's good attitude toward value

Petrochem demands much from Compass, but it also wants to be a good client itself.

"One of their primary goals is for us to make them a better client," Pempiller says. "We do this by holding up a mirror to them and helping their people do things better."

A good example of this is one of Petrochem's remote oil workers camps Compass runs as part of its facility management contract. Because of its remoteness, the camp is like a small town.

Last year the camp had a problem with diabetic workers not properly disposing

of their needles, so Pempiller called the vice president of Petrochem and asked him to remind his employees to correctly dispose of needles.

"I shared our experience of working in hospitals and what the good practices were there," Pempiller says. "The Petrochem vice president was very supportive and made sure the business unit put up more signage."

The companies also put into place bonuses and penalties for workers. For example, employees can now be forced to miss their next 30-day work cycle if they're found not disposing of their needles properly. To make things easy on employees, Compass added needle disposal boxes around the camp and held weekly 'toolbox talks' that covered a range of health and safety issues.

"Our goal is to help Petrochem create a great place to work and live," Pempiller says. "We do this by helping Petrochem create a safe and pleasant community away from home."

A trusted adviser on key business issues

Elsewhere, one of Compass' primary contact points is Petrochem's real estate business unit (PCRE), which has a mandate from Petrochem to manage its corporate offices worldwide. PCRE provides an optional real estate service to Petrochem business units. It is therefore imperative that PCRE demonstrates superior value to PCRE's internal customer, i.e., Petrochem business units. One area where Compass has been working closely with PCRE to do this is in advising on how to slim down its own organization to operate more efficiently. Among other things, this has meant advising PCRE on the sensitive issue of staff relocation.

Fortunately, "there is good trust between us," Pempiller says. "Repositioning staff in PCRE may cause some noise, but it has strong support at the highest level."

Of course the basic value drivers need to be there. Delivering a safe working

environment, for instance, is key.

"Improved safety has to be proven by us and is tracked by the 'total recordable incidents case frequency,'" Pempiller says. "This must decline over time as a percentage of total working hours."

Cost savings also are paramount.

"There still has to be a good glide path for delivering cost savings over time," Pempiller says. "But the further upstream we go, the more the focus changes from cost savings to making lives better for the worker on the oil rig."

At whatever speed the client travels, Compass will be alongside it assisting in the best way possible.



Joint willingness to try new ideas

To achieve these improvements in value, a philosophy of continuous innovation is pursued, and Petrochem is a fertile testing ground for new-to-industry innovations.

"For example, with catering, we both want Petrochem to be the place where Compass pilots new food processes," Pempiller says. "They want to use leading-edge innovations to encourage staff to work at Petrochem rather than at their rivals."

One such innovation was a better bean-to-cup coffee solution that was implemented quickly, saved Petrochem about \$500,000 a year and also delivered better coffee to workers. Petrochem also benefits from improvements

made elsewhere, like an innovative cleaning system Compass introduced called "Cleanovate." The system uses better cleaning fluids, rags, pads and mops, as well as a handheld electronic germ measurement tool. They're also experimenting with "cleaning bombs," which can quickly de-fumigate a bathroom.

These all help make cleaning less onerous and costly, yet more effective and sustainable, which in turn has helped transform how Petrochem demands value.

"There has been a fundamental shift in Petrochem's specification of value," Pempiller says. "Initially they would make a universal statement like 'We want the floors cleaned every other day,' and we would have to comply with the specific request. Now we are charged with maintaining a certain standard of service, and we determine the optimal timing, frequency and methodology. For example, some floors do not get used often or on weekends, so there is no sense in re-cleaning them on a daily basis."

This resulted in co-creation of *operating-level agreements* to replace *service-level agreements*, which helped both parties strip out unnecessary costs. Compass also has introduced a retail concept to Petrochem based on other clients' successes. The concept uses more sophisticated marketing and premium products to encourage employees to pay for food while accepting a lower subsidy from Petrochem. Done well, this passes spending from the corporate wallet to the employee's, who benefits from increased service standards and more choices.

Unsurprisingly, the concept of value varies by region.

"Solving the logistics issues for a camp in a Middle Eastern desert is a little different than dealing with a European territory," Pempiller says.

Consistency of experience is still important to Petrochem, which is why Compass runs components of its Village Life Program, which offers a more standardized approach to food and entertainment services.

A relationship's ultimate test

This partnership approach has its ultimate test in the request-for-proposal process.

"We help them understand their costs and their service needs, which allows them to put together a smarter RFP," Pepmiller says. "Our joint understanding of these costs and needs is now a lot better than just the broad total cost that we both used five years ago."

The new proposal Compass has put forward contains an ambitious plan to implement a joint cost-reduction exercise. In the end, despite the complexity of working across so many areas, Compass' mission with Petrochem is quite simple.

In Cinelli's words, "We help them avoid over-managing their own business."

Spark Co.: the spirit of partnership

In 1997 global electronics company Spark issued a worldwide RFP to all of its food service suppliers, one of which was Compass. It was the first time a global RFP had been issued in the industry, and it sent a few shock waves around the marketplace.

"Compass won that bid, and the whole industry knew things would never be the same again," Retel says. "We stay close during the good times but also during the bad times. During economic downturns, not only are the good implementers better prepared for tougher client demands, but they can also take advantage of the cutbacks in their competitors' budgets to strengthen their own client relationships further, to exploit new opportunities quicker and to reap the rewards faster, now and into the future."

Delivering more value

Recently, Spark sought significant cost reduction without compromising employee satisfaction. Employee health and wellness also had been gaining importance within the company DNA, so Spark was looking for innovative solutions in that arena as well.

"Within a company like Spark, food service equals emotion, so there are many challenges to face," Retel explains. "With so many stakeholders involved in the process – including HR, factory management and workers councils – it is of paramount importance to follow proven processes and procedures."

Based both on Compass' experience with Spark and across its client portfolio, they developed a collaborative project to improve health and wellness with a strong focus on joint success.

Developing the Puur solution

"It's all about undertaking a good pre-assessment phase and developing a deep understanding of the base estate," Retel says. "This includes understanding critical business issues and gaining a good understanding of the employees' needs."

Culturally, Spark is not a company where decisions come directly from the top. Top-down directions are given, but local and regional business units have a lot of autonomy and profit-and-loss ownership of their own local decisions. Compass has been able to tailor a food service solution called Puur and develop the right offer to achieve Spark's objectives, notably cost reduction, consumer-satisfaction scores, and health and wellness.

"We looked at both front- and back-of-house at the cafeterias," Retel explains. "In the front we enhanced the experience for the employees, and in the back we improved efficiencies and service standardization."

The benefits

The numbers tell an impressive story. After Puur's implementation, Spark saw customer satisfaction, participation and average spend all jump at least 10 percent, while Spark's total subsidy dropped a whopping 56 percent.

In summary, the collaboration has produced:

- Close client relationships

- Proven processes and procedures
- Proactive account management and deep understanding of client needs
- Double-digit percentage cost savings
- Increased consumer and client satisfaction levels
- Improved consumer experience

"Whatever the business issue, we feel confident that we can deliver a good solution through applying our proven processes," Retel says. "Going forward our joint ambition is clear: facilitating high-performance workplaces."


The Compass Innovation Center

Of course good examples also can be found elsewhere.

Starting in 2013, Compass introduced a national chef competition in each country, called "MasterChef." The best recipes will be collected in a cookbook, and the winning chefs will rotate around the world so they can spread the best innovative ideas to other Compass clients.

At one large global client, Compass helped drive a 40 percent increase in demand for healthy food when it introduced a system of nutrition reward points. Zipthru Connect lets customers opt in to receive texts and emails that provide coupons for healthy items.

"We can also vary the reward points to help manage demand for cafe services at peak times," explains Deanne Brandstetter, vice president of nutrition and wellness for North America. "Zipthru quick-response codes can also convey additional nutrition information. In this way, we are supporting the health-and-wellness strategy of our clients."

The best examples of value-creating practices are showcased at the Compass Innovation Center at Compass' headquarters in London. Here clients can experience the latest good practices, and it's also a great place for Compass and clients to get together to come up with ideas to generate more mutual value. 

Compass Group PLC: tasting the success of co-created customer value

Part 3

By Marco Retel

International Clients Program director
Compass Group PLC



and Edmund Bradford

Director
Market2win Ltd.



For any business, creating value for its top customers is a key priority. However, “value” means different things to different customers, and so continuously finding, developing and implementing it – often on a global scale – is a major challenge for most businesses. In order to address this challenge, Compass has developed its own framework called the “Co-Creation Funnel.” This combines a deep understanding of customer needs, the agreed client strategy (from its International Client Program) and Compass’s own Centers For Excellence. Together with the company’s strong approach to innovation, this provides a comprehensive framework to ensure value is constantly sought, nurtured and delivered. The benefits of this approach have been tremendous and include cost savings, safer workplaces, better employee health and more consistency, innovation, senior-level engagement, benchmarking and transparency – which, in turn, has created stronger and longer-lasting client relationships. In essence, Compass now systematically co-creates value worldwide with its top customers.

The Strategic Account Management Association named Compass the recipient of its 2013 SAMA Excellence Award for co-creating customer value, with Peter Cinelli, director of international clients and market development at Compass, accepting the award on the company’s behalf at SAMA’s 2013 Pan-European Conference. The award was based on a case study by Marco Retel, International Clients Program director at Compass, and Edmund Bradford, a director at Market2win Ltd.

Part One of this case study focused on how Compass’s International Clients Program (ICP) co-creates value with international clients, including examples of how Compass finds, develops, applies and measures value for clients around the world. Part Two offered three case studies depicting how Compass creates value for its customers, its customers’ customers (i.e., consumers), its overall relationships and, finally, to Compass. This is the third and final installment.

Measuring value

Compass measures the value delivered to clients using four broad categories, each of which have a specific associated metric and target score that are managed by the client scorecard shown in the figure below.

“Gaining detailed measurements across all clients gives Compass invaluable benchmarking intelligence, helping the company drive up poorer performing locations,” says Peter Cinelli, Compass’s director of international clients and market development. “This provides us with insight rather than oversight.”

This has led to impressive results. The organic growth of the ICP accounts has consistently outperformed Compass’s average, registering double the company-wide average over the past three years. ICP accounts also have higher retention and win rates.

Compass’s strategic alignment with these clients is key, Cinelli says, giving Compass early warning on upcoming issues such as a new strategy. Insights come from both *qualitative* and *quantitative* analysis of client demand.

On the quantitative side, insight comes from capturing and mining client-demand patterns.

“We spend a lot of time analyzing eating and buying habits,” says Rick Post, CEO of contract food services for the United States. “We can now use mobile readers, credit cards and debit cards to really get a granular understanding of this.”

This kind of new business intelligence solution gives Compass industry-leading insights, explains Nathan Maertens, commercial finance director for international clients. “It provides great value to any client driving global standardization

and to any client who wants better transparency in the relationship.”

The move to greater client transparency does, however, require careful communication – both internally and externally. Within Compass, the move to greater transparency means the company can make better cost-reduction proposals, knowing it can spread the risk across multiple sites and clients.

Understanding the exact costs incurred by each Compass site also helps ensure that rewards flow more equitably to sites. After all, gaining valuable insights is not just about analyzing *what* consumers buy but understanding *where* they buy it.

“We have a fair amount of data to show how engaged clients are with healthy foods — for example, how much fruit and healthy meals are being purchased at a site,” says Deanne Brandstetter, vice president of

Strategic Account Director Scorecard

Status:

In Progress Not OK OK

Category	Metric	Target	Baseline	Q1	Q2	Q3	Q4	Comments
Interface & contract governance								
Organizational access								
Executive sponsor process								
Risk mitigation / business continuity planning								
Quarterly business reviews								
Strategic Alignment & category approach								
Business alignment								
Strategic account planning								
SAG VIPI process								
Performance evaluation								
Total revenue								
Revenue growth - new locations								
Revenue growth - continuing locations								
Contract profitability								
Client satisfaction score								
Consumer satisfaction score								
Health, Safety & Environment statistics								
Payment terms								
Innovations & Improvement								
Marketing / culinary program								
Center for excellence								
SixSigma projects								
Best practice implementation								

nutrition and wellness for North America. “We can see, for instance, that we have strong engagement in pockets in certain U.S. metropolitan areas, and we have a general disengagement challenge in some areas – in the Midwest, for instance.”

Adding quick-response tags to table tents gives Compass massive amounts of data very quickly.

On the qualitative side, at least once a year Compass convenes in-depth consumer focus groups with its top clients. This helps Compass home in on what its customers are really looking for from them and to measure consumer participation in assorted programs that Compass runs with clients. This, in turn, helps clients understand the value of those initiatives to their own customers.

All these measures help Compass know which levers to pull to organically grow business.

“The trick is to stay focused on management and performance, one and two,” Post says. “That way we can focus on growth and not try to cut our way to greatness.”

Conclusions: The seven key ingredients for co-creation of client value

First, get the basic recipe right.

(1) Be realistic about the relationship.

The degree to which you can co-create value depends on the intimacy of the relationship itself. For co-creation to work, there has to be a mutual willingness to partner, share insights and develop highly innovative solutions. If key client decision makers are not interested in a partnering relationship, then you may waste your time with clever co-creation ideas when you would do better to focus on operational matters.

The strategic account selection process has to focus on a client’s relationship potential and leave entrenched transactional clients for competitors to fight over.

(2) Get a deep understanding of client needs.

Understand your account and its

customers. Do this in multiple ways with multiple partners to get a good top-to-bottom, end-to-end assessment. Understand the differing needs within a complex account – and your performance versus those needs – in as close to real time as possible. Combine your insights, your account’s insights and broader market research to become the go-to expert on the key issues.

(3) Deliver on your promises.

Trust can easily be lost if the supplier does not follow through on its side of co-creation work. Do not overestimate the value that can be delivered. If you over-promise value and under-deliver it, the relationship’s trust will be undermined.

Then, add the flavor.

(4) Get your value framework right.

The value framework is a combination of tools, teams, methodologies and programs demonstrating how a company goes about value creation. Compass has combined its unique co-creation funnel methodology, Centers for Excellence (CFEs), sector forums, SAM program and innovative approach to provide a comprehensive framework for globally finding, nurturing and implementing client value.

Compass uses its CFE model to capture and disseminate best practices, using “innovation trackers” and formal innovation reviews to ensure initiatives are implemented successfully.

Flexibility is key here. Compass can vary an innovation’s nature and speed to suit different clients’ needs.

(5) Aim for greater transparency.

Value comes not just from a single exercise but a joint effort to extract ever more value from the entire relationship. Being more transparent about the process for finding, developing, delivering and measuring the value effort has been one of the biggest cultural changes Compass has made.

Compass sees that the benefits of open, transparent relationships far outweigh

their risks. Full transparency may not be appropriate for some relationships (see the first key), but it is certainly a good goal to aim for.

(6) Be proactive.

Even if the aforementioned ingredients are there, you need to hunt for value. Day-to-day pressures mean relationships often focus on delivering good operational performance. However, the exciting part of any strategic account manager’s job is to see where value can be created. To do this SAMs need to proactively look for it and not reactively respond to client (i.e., procurement) requests.

Proactively planning co-creation efforts over a long period will help you produce a healthy sales pipeline for years to come.

Don’t forget the dessert.

(7) Look beyond the account for value.

Great value-creating ideas do not always come from the customer at hand. Compass has delivered new value to clients based on work with other clients. Compass also has delivered new value to an industry based on work with clients outside that industry. And Compass has found game-changing innovations from collaborating with third-party partners and its own suppliers.

“Tap into your own supply chain for innovative ideas and support,” Cinelli says. “We continuously access our own suppliers.”

Great ideas can even be borrowed, improved and sold back to the same client.

The Compass ICP has improved Compass’ competitiveness in a very crowded marketplace. “Our ICP has affected our competitiveness in a very positive way” says Marco. “Our value framework, examples, case studies and key learnings throughout the years have helped us to both win and retain business. We get no greater job satisfaction than when a client simply says ‘Wow!’ to the things that we have done.”