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VESTED

**THE ART OF THE PARTNERSHIP
SESSION TAKE-AWAY**



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From Transactional Relationships to Transformational Partnerships

What if organizations could reduce costs, improve service, encourage innovation, and strengthen profitability at the same time?

In *Vested: The Art of the Partnership*, Kate Vitasek explored how rethinking traditional buyer-supplier relationships can create opportunities for shared success. Drawing on more than two decades of research into business relationships, she introduced the Vested business model and five practical rules for transforming transactional arrangements into collaborative partnerships built around shared goals, aligned incentives, and measurable outcomes.

Her central message challenges a familiar business assumption: Success does not have to come at the expense of your partner. When organizations collaborate to create value, both can benefit.

1. Stop Optimizing Individual Parts at the Expense of the Whole

Most organizations are divided into departments, functions, and external partnerships. Each group has its own responsibilities, performance measures, and financial priorities.

The problem is that individual success does not necessarily translate into organizational success.

Procurement may be rewarded for negotiating lower prices, while operations must manage the downstream consequences of those decisions. Suppliers may be compensated based on transaction volume, even when reducing unnecessary transactions would benefit the customer.

Each group can perform well according to its own measures while the overall system experiences inefficiency, duplication, and waste.

The Hidden Cost of Working in Silos

During the keynote, Vitasek demonstrated this problem through an interactive exercise in which four stages of a simulated supply chain each operated at 95% efficiency.

Although every stage appeared highly successful independently, the losses compounded as work moved through the system.

After four stages, the overall yield was approximately 81%.

The lesson: Measuring each participant in isolation can obscure the performance of the entire relationship.

In hospitality, similar disconnects may appear when cost reductions in one department introduce additional labor, food waste, operational complexity, or service challenges elsewhere.

Key Takeaway: The objective should not be to make every individual function look successful. It should be to improve the performance of the entire system.

Putting It Into Practice

Identify one recurring challenge involving multiple teams or business partners.

Ask where decisions made by one group may create unintended costs or complications for another. Then consider what would change if everyone involved were measured against a common outcome.

2. The Five Rules of a Vested Partnership

Vitasek introduced five interconnected rules that distinguish collaborative, value-creating partnerships from traditional transactional arrangements.

Together, they provide a framework for aligning organizations around shared objectives and creating conditions that encourage continuous improvement.

Rule 1: Focus on Outcomes, Not Transactions

Traditional business arrangements frequently compensate service providers for activities: hours worked, units delivered, tasks performed, or services completed.

While these arrangements can be appropriate for many types of work, they may also create an inherent perverse incentive that rewards.

Under an outcome-based approach, the client and service provider agree on what they want to accomplish together.

Instead of concentrating solely on the price of individual services, they consider broader questions:

- How can we reduce the total cost of operations?
- How can we improve the customer experience?
- How can we reduce waste while maintaining quality?
- What meaningful improvements could we achieve together?

Vitasek compared this shared ambition to climbing Mount Everest. The client and service provider are not competing against one another; they are working toward the same destination.

Practical Application: Identify one significant result that would create value for both your organization and a strategic partner. Make that outcome the foundation of your relationship.

Rule 2: Focus on the What, Not the How

Organizations often engage outside experts because they possess specialized knowledge, capabilities, and experience.

Yet contracts and statements of work can become so prescriptive that they leave little room for those experts to improve existing processes.

Vitasek described this contradiction as the outsourcing paradox: hiring an expert and then telling that expert exactly how to perform the work.

A Vested partnership establishes clear expectations for the desired results while providing appropriate flexibility in how those results are achieved.

This creates opportunities for suppliers to introduce innovations, challenge inefficient practices, and develop better solutions.

Practical Application: Review an existing statement of work. Identify requirements that describe the desired result and those that prescribe a particular method. Consider where greater flexibility could encourage innovation without compromising essential standards.

Rule 3: Establish Clearly Defined and Measurable Outcomes

Shared goals are only valuable when partners can determine whether they are making progress.

Traditional supplier scorecards frequently contain large numbers of metrics focused on individual activities or contractual compliance. A supplier may meet every reported target while the client remains dissatisfied with the overall relationship.

Vitasek described this as a watermelon scorecard: green on the outside, but red underneath.

Vested partnerships emphasize a smaller number of meaningful outcomes that reflect the performance of the overall relationship.

Her recommended approach includes:

- No more than five primary outcomes.
- Approximately 12–15 supporting metrics in total.
- Measures focused on end-to-end performance rather than isolated supplier activity.
- Clear baselines that allow partners to track improvement over time.

Potential measures in hospitality might include total operating cost, guest satisfaction, food waste, service quality, and sustainability performance.

Practical Application: Review your current performance scorecard. Are you measuring activities and contractual compliance, or are you measuring the results that matter most to the overall business?

Rule 4: Create a Win-Win Economic Model

Traditional negotiations often focus on dividing existing value. The buyer wants to pay less, while the supplier wants to earn more.

Vitasek challenged attendees to consider a different approach: create a win-win economic model that aligns incentives so both organizations benefit when a partnership achieves meaningful improvements. A good pricing model with incentives will enable you to have a fair way to share it when value is created.

For example, if a foodservice provider identifies a way to reduce food waste without compromising quality, the resulting savings could create value for both the client and the provider.

Rather than rewarding a supplier solely for delivering services at a predetermined price, the relationship can recognize and reward innovation, efficiencies, and improved outcomes.

Transparency is an important part of this process. Partners need sufficient understanding of the economics of the relationship to identify opportunities for mutual benefit.

Practical Application: Examine how your current pricing and compensation structure influences behavior. Does it encourage your partner to improve the business, or primarily to deliver more transactions?

Rule 5: Govern for Insight, Not Oversight

Traditional supplier management often emphasizes monitoring performance, enforcing compliance, and identifying deficiencies.

While accountability remains essential, excessive oversight can discourage collaboration and create an adversarial environment.

Vitasek encouraged organizations to replace a primarily supervisory mindset with one focused on shared insight.

Effective partnership governance brings both parties together to examine performance, understand challenges, share information, and make decisions that support common goals.

Instead of asking only whether the supplier has met its obligations, partners evaluate how the relationship itself can perform better.

Practical Application: Use partnership meetings to discuss opportunities for improvement, not simply to review compliance. Make room for collaborative problem-solving, transparent communication, and joint decision-making.

3. What Transformational Partnerships Can Achieve

Throughout the keynote, Vitasek shared examples of organizations that changed how they approached complex relationships.

These cases illustrate how the five rules can work together to encourage innovation and improve outcomes.

Procter & Gamble: Rethinking Facilities Management

Procter & Gamble sought to transform a global facilities management operation involving hundreds of service providers.

Rather than continuing to purchase individual services through fragmented arrangements, the company pursued a strategic partnership focused on improving building performance and reducing total costs.

According to the case study Vitasek presented, the partnership achieved a 33% cost reduction over its first five years while improving service and supporting innovation.

The partnership also created opportunities to develop smart-building solutions and expand successful improvements across multiple locations.

The Lesson: Shared outcomes can encourage partners to identify efficiencies and innovations that fragmented purchasing relationships may overlook.

Rocky Flats: Creating Room for Innovation

The Rocky Flats environmental cleanup project presented an extraordinary challenge involving a large, complex former nuclear weapons production site.

Earlier contracting approaches struggled to produce the desired progress. A later performance-based approach shifted the emphasis toward outcomes, flexibility, and innovation.

Vitasek described more than 200 innovations associated with the project. According to her presentation, a cleanup initially estimated to require 75 years and \$37 billion was completed in approximately ten years at a cost of about \$7 billion.

The Lesson: When organizations clearly define what success looks like and give qualified partners room to innovate, they may discover solutions that would not emerge from rigid task-based requirements.

Microsoft and Accenture: Rewarding Shared Success

Vitasek also described Microsoft's partnership with Accenture to transform global finance operations.

Rather than simply transferring existing activities to a service provider, the organizations worked toward greater standardization, operational efficiency, and improved financial processes.

Their approach emphasized establishing a baseline, identifying opportunities for improvement, and aligning compensation with transformational results.

The Lesson: Economic incentives should encourage a partner to create meaningful improvements, not simply maintain the existing process.

4. Applying Vested Thinking to Hospitality

For corporate dining and hospitality organizations, the Vested model offers an opportunity to reconsider relationships between clients, foodservice operators, suppliers, and internal stakeholders.

A traditional relationship may focus heavily on contract compliance, annual price negotiations, and operational deliverables.

A more collaborative approach begins with a shared understanding of what the relationship should accomplish.

Imagine a corporate dining client and foodservice provider seeking to improve program performance.

Rather than addressing food costs, labor, guest satisfaction, and waste as separate problems, the two organizations could establish a shared objective to improve the overall dining experience while reducing unnecessary operating costs.

Together, they could establish baseline performance, identify opportunities for innovation, test new approaches, and determine how to recognize improvements that benefit both organizations.

The emphasis shifts from asking whether each party has fulfilled its individual obligations to understanding what both parties can accomplish together.

Questions for Your Next Partnership Meeting

Use these questions to begin a more collaborative conversation:

- What is the most important outcome we want to achieve together?
- Where are our current processes or incentives working against that goal?
- Are we giving each other enough flexibility to improve how work gets done?
- Which measures best reflect the success of our overall relationship?
- How can both organizations benefit from improvements we create together?

These conversations can reveal opportunities that are difficult to identify when each organization focuses only on its own responsibilities.

5. Assess Your Partnership: The Five-Rule Scorecard

During the session, Vitasek asked attendees to evaluate a current business relationship against each of the five Vested rules.

Use the following self-assessment to identify strengths and opportunities for improvement.

Score each statement from 1 to 5:

1 = Not currently practiced

3 = Partially practiced

5 = Consistently practiced

Vested Principle

Your Score

Outcome-Based Thinking: We prioritize shared results rather than simply buying and selling transactions. _____ / 5

Focus on the What: Our partnership provides appropriate flexibility to improve how work is performed. _____ / 5

Measurable Outcomes: We use a focused set of metrics that reflect end-to-end success. _____ / 5

Win-Win Economics: Our economic model rewards the creation of shared value. _____ / 5

Insight-Based Governance: We manage the relationship collaboratively rather than relying primarily on oversight. _____ / 5

Understanding Your Results

Vitasek illustrated the interconnected nature of these principles by multiplying the five scores rather than adding them.

Partnership Score = Rule 1 × Rule 2 × Rule 3 × Rule 4 × Rule 5

The maximum possible score is:

$$5 \times 5 \times 5 \times 5 \times 5 = 3,125$$

The exercise demonstrates how weaknesses in even one area can substantially reduce the overall result.

This is an illustrative self-assessment, not a validated statistical measure of partnership performance. Its purpose is to stimulate discussion and help identify where improvements may be most valuable.

Your Next Step

Complete the assessment independently, then invite your business partner to do the same.

Compare your results and discuss any differences in perception.

Identify the lowest-scoring principle and agree on one practical change that could strengthen the relationship.

Final Reflection: From What's in It for Me to What's in It for We

A true partnership is more than a contractual relationship or a commitment to working well together. It is a deliberate approach to creating shared value.

Kate Vitasek's five rules challenge organizations to rethink how they define success, structure agreements, measure performance, reward innovation, and collaborate.

For hospitality leaders, the opportunity is especially relevant. Delivering exceptional service depends on the coordination of people, processes, suppliers, and organizations that cannot always achieve their best results independently.

The most important shift is one of perspective: moving away from protecting individual interests at every turn and toward identifying what becomes possible when partners work toward the same goal.

The question to take back to your organization: Are you managing a vendor relationship, or building a partnership capable of achieving something neither organization could accomplish alone?

This resource was developed with AI assistance using a transcript of the original conference session. Content has been condensed and organized for clarity and ease of reference.