



# Connections Newsletter

## **SECRETS OF MID-MARKET HRO SUCCESS: A CONVERSATION WITH SAM BORGESE AND JEFF BIZZACK**

*HROA Connections* sat down for a discussion with Sam Borgese, CEO of Catalina Restaurant Group and Jeff Bizzack, head of Accenture BPO Services, which provides outsourcing solutions for middle market companies. As CEO of Catalina, Sam oversees both the Coco's and Carrow's restaurant chains. Each restaurant is a leader and an institution in its own region serving a combined 32 million people every year. Together, Sam and Jeff have forged one of the most meaningful and productive relationships in HRO – and, by the way, have done it in the middle market, one the most challenging and demanding environments for both parties to feel successful.

For their relationship and work to date, Catalina Restaurants and Accenture BPO Services won this year's HROA Middle Market Relationship of the Year award. We endeavored to learn some of the secrets of their success.

**HCN:** Sam and Jeff, what has it taken on a personal level between the two of you to make this relationship a success? In other words, what are the things *not* written in the contract, but that you do as individuals?

**Sam Borgese:** Communication. One thing you must have in outsourced relationships is great communication. And it has to start with the two top individuals, the principals from each organization. They have to set the example. Each side needs to designate a single point of contact, a must have, for resolving issue. That single point of contact doesn't necessarily have to be the top guy on each side. We both have relationship managers that serve as the single points of contact on each side, but as the highest individuals in our companies we always needed to know that we could and would pick up the phone when we're having troubling times. Sometimes only the top guys can bring the necessary good, calm business process thinking that helps hold things together. That kind of communication prevents things from getting spooled up on each side.

**Jeff Bizzack:** Of course I agree with Sam – and I'd add two other key elements: transparency and leadership. Transparency creates trust. It helps manage the risk. We need to be very transparent with one another. In terms of leadership, when Sam and/or I walk in and we can be great leaders, the teams tee off of that. That prevents things getting spooled up. Seeing the guys at the top leading helps overcome the challenges. Communication plus transparency creates trust. Trust pooled with leadership creates success.

**Sam:** Trust is the foundation block in a pyramid I use to describe effective relationships. Trust is the foundation, where trust is defined as having no fear of communication – say what you need to say without fear of backlash. Stacked on top of trust is commitment. On top of commitment is being accountable – the willingness to jump up and claim responsibility – to results. Pay attention to results. Doing all of these things creates a continuous loop of improvement.

**HCN:** What structural mechanisms – written down in the contract, the SLAs, or elsewhere – have the two of you put in place to ensure success?



# Connections Newsletter

**Sam:** Contractually we have in place the details we need to see a clear blueprint of each other's responsibilities. You have to look at the potential risks we may face. Business continuity needs to be really well defined. In other words, we've carefully mapped out the succession within the contract document to ensure things don't collapse around a he-said-she-said of who's responsible for what.

**Jeff:** In SLAs and contracts we need to spell things out to ensure results. It goes back to Sam's pyramid. Beyond the document itself, are the people. We have the FAO and HRO relationships together in this contract, so it's all the more critical to have things well defined. By taking the time to document things and then building a relationship structure to support it, our hope is to not have to revisit the paper every time. In that construct, the single point of contact is critical. Our single points of contact need to have the right alignment with each other and with their individual, documented responsibilities. We have to be able to push hard on each other. As the old line goes: don't expect what you don't incent. We have to know where each other are at all times. We have to be able to pick up the phone with good or bad news.

**HCN:** Sam, how has the decision to outsource impacted you and your career?

**Sam:** I'm an outsourcing advocate going back to 1987. I outsourced everything I could for a long time. I've been an outsourcing proponent ever since. Anyone who views this as a threat to their career has the wrong hat on. You have to look at what's good for the business and what's good for the business needs to be directly aligned with what's good for the CEO. They should go together.

**HCN:** How has the decision to outsource impacted the careers of your heads of HR and F&A?

**Sam:** I've said in the past that sometimes outsourcing is the wrong word for what's going on. If you've been entrenched in the in-house environment for a long time, you've probably built something up you're really proud of ... people in that situation probably have their egos tied up in their departments. We didn't have that issue as we started out as largely outsourced in the first place.

**HCN:** Sam & Jeff, what unexpected problems did you run into?

**Sam:** We underwent a number of transitions with the company that ended up becoming part of Accenture. I didn't expect that FSC [the original company] was not sophisticated enough to deal with a mid-market company. Once Jeff came in under Savista several years ago and then Accenture last year, that all changed. Once I identified with Jeff and realized he could bring the necessary professionalism, we really saw the benefits of investing in the relationship.

**Jeff:** My first meeting with Sam was very tough. When I came in, FSC really wasn't delivering. We had to identify the issues. We had to work hard and fast to ascend to a new level as we were facing some significant challenges. But once we got to the business issues, we could start delivering. We figured out that we needed to give capacity back to the leadership team so they could go focus on strategy and the core business.

Accenture handles everything below the controller. If the leadership team has to focus on any of



# Connections Newsletter

the things we're working on, they're not focused on the strategy. Sam was pushing a strong agenda to transform the business. We had to do our job so they could concentrate on other things. That's really how we came to see ourselves: giving back the mind-space capacity to Catalina's leadership team.

**HCN:** Sam, what unexpected value have you received?

**Sam:** We had a lot of challenges when I took over in June 2004 and were facing some tough business conditions. The vendor was struggling as well. Then when Jeff joined, and I could see he was getting his arms around the business, I saw I could rely on them as a partner. Once that happened, I knew I could leave it to them. I no longer thought I was going to need to re-evaluate the engagement. The financial reporting and employee relations (e.g., payroll) side was very important to us – very challenging in a high-turnover environment. Our industry averages 100 percent turnover. We're beating the average, but we're still at 70 percent. To get such a professional team was incredibly unexpected. Jeff brought a team of professionals that really shined. Jeff's command over IT and business processes was very helpful and surprising.

**Jeff:** When you're facing the business conditions Sam was facing, there are many entities and personalities that need to be accommodated – investors, managers, boards, etc. Sam had a terrific ability to navigate through very difficult waters. The relationship helped Sam's ability to focus on the core business issues instead of the transactional side.

**HCN:** Sam, what is the #1 thing Accenture did that helped ensure success?

**Sam:** Being smart enough to retain Jeff and his team. Beyond that, keeping their hands on our performance dash board is critical. We call each other when things are going left or right. They've put some sophisticated tools in place to keep on top of results.

**HCN:** Jeff, what is the #1 thing Catalina did that helped ensure success?

**Jeff:** Catalina focuses on communication and results in a true partnership mode. This is a business about results. They focus on the results. They keep it very practical. They communicate extremely well as an organization. They move quickly to bring things back into alignment when they go out. And they're dedicated as leaders to making the relationship work.

## **CATALINA & ACCENTURE BPO SERVICES AWARD WINNING RELATIONSHIP**

This year the HROA called upon everyone in HRO to BE EXTRAORDINARY. To go beyond the norm, the typical, the expected. To do the extraordinary things that let Humans Be More Resourceful at Work. This year Catalina Restaurant Group and Accenture BPO Services exemplified this call to build extraordinary relationships.



## Connections Newsletter

Catalina's executive team had an aggressive acquisition plan, and to make it work they needed an integrated outsourcing solution to save time, drive down cost, and enhance accuracy. Together, the Catalina and Accenture team did exactly that.

Beyond the successes of this project, the Catalina-Accenture team did something EXTRAORDINARY: together they validated HRO as a viable and thriving option for middle market companies. As Sam Borgese, Catalina's President, put it, "... we have the \$16 billion-plus assets of Accenture to count on for service delivery .... When you get a big player who validates the value of the mid-market, that's a strong statement. It really says there's a business here. For us customers, it says we have a choice."

For the Catalina-Accenture team's EXTRAORDINARY work in validating this market, they may collectively call themselves the HROA's Middle Market Relationship of the Year.