

**2015**  
**GLOBAL**  
**SUMMIT**  
NORTH AMERICA

# DISRUPTIVE INNOVATION

The Business of CHANGE



  
**CORENET**  
GLOBAL

Connect. Learn. Grow. Belong.

Please make note of emergency exits and take a moment to review emergency procedures in the back of your program guide.

**2015**  
**GLOBAL**  
**SUMMIT**  
NORTH AMERICA

# Vested Outsourcing:

A Framework to Transform CRE From a  
Cost Centre to a Business Driver

**2015**  
GLOBAL  
SUMMIT  
NORTH AMERICA

# Presenters



**Kate Vitasek**

Faculty, University of  
Tennessee's Center for  
Education



**Kristi Ferguson**

VP, Business Management  
and Governance,  
TD Bank



**Anthony Cho**

North American Account  
Director, Brookfield Global  
Integrated Solutions

## **What is Vested Outsourcing?**

7-10 minutes

## **Our Journey to Vested**

15 minutes

## **The Proof is in the Performance**

15 min

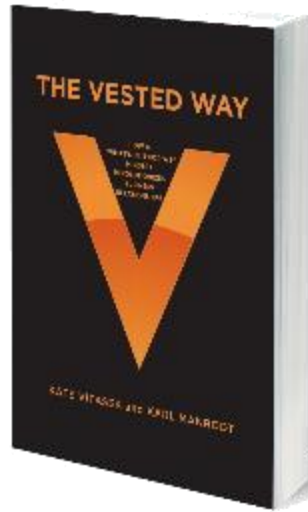
## **Video**

5 min

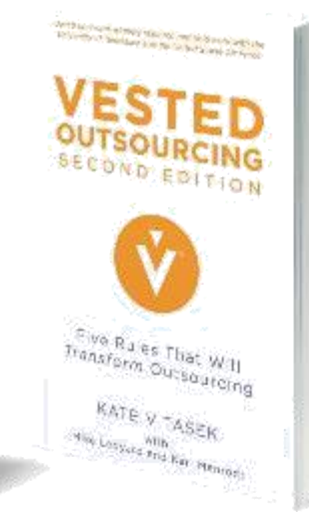
## **Q&A**

15 min

# Our Research Has Led to Six Books....



**WHY**



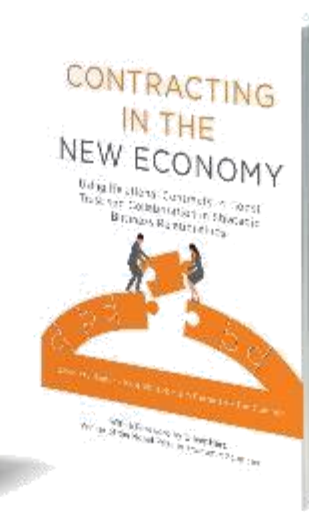
**WHAT**



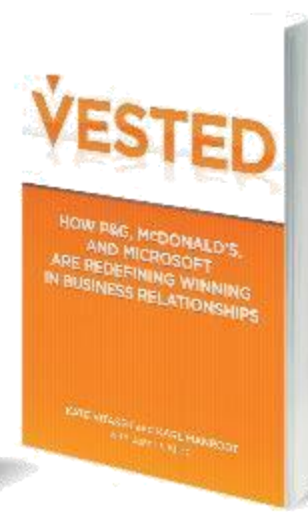
**HOW**



**WHEN**



**NEGOTIATE THE RELATIONSHIP**



**TELLS THE REAL STORIES**

# A Different Perspective to the Journey

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



Source: P&G

  
**CORENET  
GLOBAL**  
Connect. Learn. Grow. Belong.

Reality: When you pull back and look at the big picture, are you pulling together?

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# Conventional Approach: There is an Inherent Flaw in the Business Model

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# Vested Approach: Both Parties Are Vested in Each Other's Success

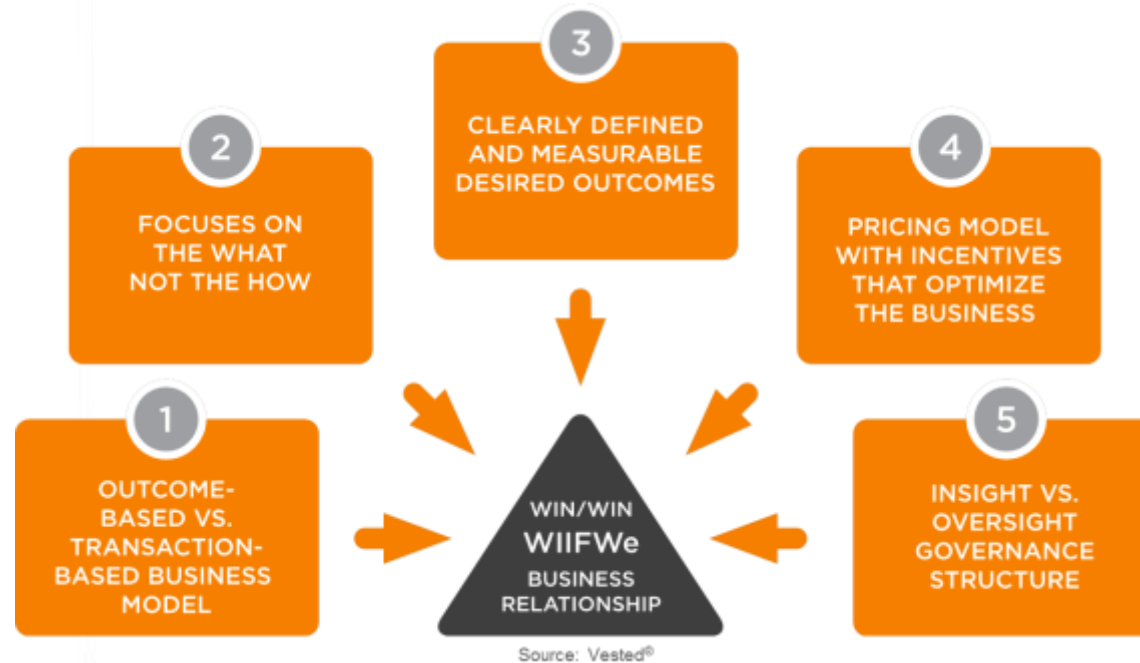
**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# Vested is Methodology... ....Must Embed the Rules into Your Contract!



# Journey

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**



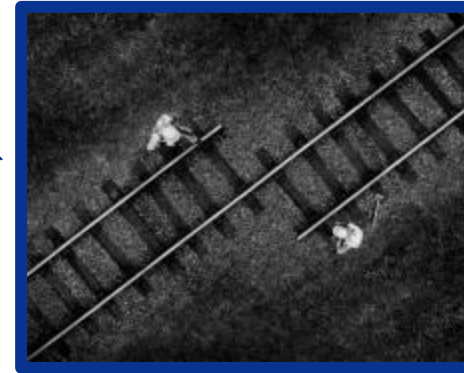


We've outgrown  
our old model

# Two Companies. Two Paths.



**Us**  
**Them**



Partnership.  
Performance.  
Progress.



# A New, Flexible Contract

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



Old contract:  
streetcar with  
**fixed tracks,  
defined route**



Vested contract:  
all terrain vehicle  
and **ability to go  
where you want  
to go**

  
**CORENET  
GLOBAL**

# Let's Talk About Our Future

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# Our Shared Vision and Desired Outcomes

*“We are aligned to deliver innovative and sustainable real estate solutions that create **unparalleled value** for our stakeholders. Our success is mutually dependent. We attract and retain top talent, promoting a culture of loyalty and **brand excellence**, resulting in **legendary** Customer and Employee **experiences** on our journey to be the Better Bank.”*

**Drive economic value to the organizations through fair and transparent financials.**

**Be an environmental leader.**



**Provide holistic, world-class real estate services.**

**Be an innovative organization.**

# Wanting More – Teamwork

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# Empowerment through Governance

- Peer-to-Peer relationships
- Members at all levels empowered to resolve issues
- Different conversations



# The “Angry Bird”



# Fist To Five (Engagement is key to success)



# What Have We Accomplished?

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



  
**CORENET  
GLOBAL**

# The Proof is in the Performance

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



# A Robust Communications and Change Management Program

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA



# A Branded Relationship

#CNGLA

Dear Mike,

You are being recognized and rewarded for truly living Vested! You demonstrated Feedback, one of our six key Vested Behaviours.

Mike,  
I had a hard time choosing which of the vested behaviors to choose to describe your recent outreach to me. You communicated your thoughts, helped me gain a larger perspective, you encouraged me to keep it up and maintain focus! With your quick call and words, you covered almost every behaviors that we're all trying to achieve with this partnership. Thank you- it means so much and keeps me motivated!

Congratulations!

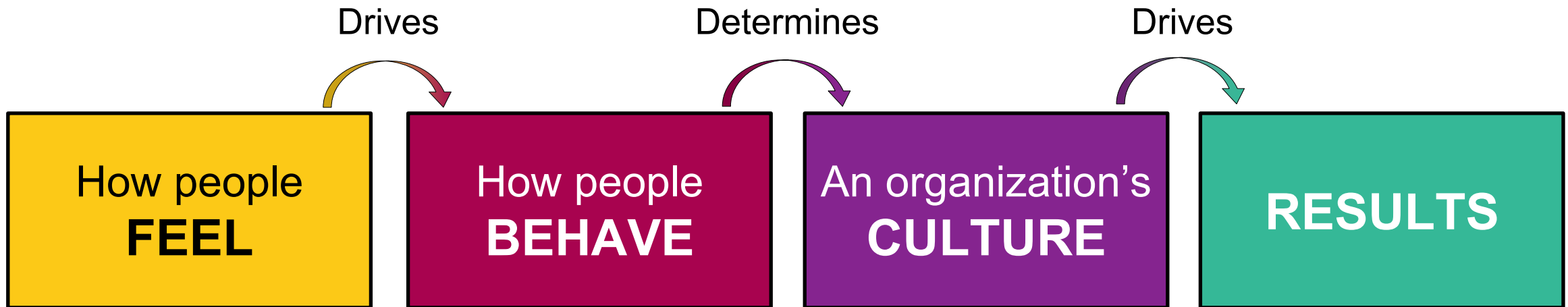
Sincerely,

Kristin Sullivan

VESTED REWARDS

Thank you for helping to make our Vested relationship a success. Your service is helping us Build The Better Bank.





# A Balanced Scorecard

## 4 Desired Outcomes of agreement

### Desired Outcomes



## 13 KPIs linked to Desired Outcomes

Desired Outcome (DO)	DO category weight (%)	KPI metric	KPI weight (%)	Baseline Required (Y/N)
Economic	0%	1a Temporary, effective Year 1, Total TD Expense Cost	0%	Y
		1a Effective Year 2, Total TD Approved Expense Cost	0%	N
		1b (temp) Total K1 Profit Increase (compared to Baseline)	0%	Y
World Class	50%	1c To get TD Profit Increase to Approved Profit	0%	N
		1c K1 TD Profit Increase and top percentile	15%	N/Use
		2a ID Power Appearance of Branches Score Yr1	7.50%	N/Use
		2c Mystery Shop Survey	7.50%	N/Use
Environment	20%	3 Strategic Talent Management	5%	N
		4 3rd Party Vendor Management	15%	N
		5 Key Site Performance (Net Zero /L&C/ New)	10%	Y
Innovation	30%	6 Waste/Water Measurement & Reduction	5%	Y
		7 Energy Measurement	5%	Y
TOTAL	100%	8 Approved & Active Business Case performance	20%	N/Use
			100%	0

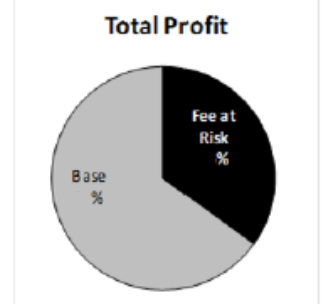
## One year extension

Successful outcomes results in one year annual renewal to a total maximum 10 year agreement

## Commercial model - Profit separated from flow through

PRICING MODEL FRAMEWORK				
	Base Service Delivery			Total flow through Model
	Base Book (includes governance)	Profit		
		Guaranteed Base 85% of profit	At Risk 35% of profit	
None	None	Operational	Process (C.I.)	

## Profit At Risk



## Fee at Risk applied to 13 SLAs

SLA	Weight	Current	Target	Delta	Impact	Score
1. Network Availability	10%	99.9%	99.95%	0.05%	0.05%	99.95%
2. Network Performance	10%	99.9%	99.95%	0.05%	0.05%	99.95%
3. Network Security	10%	99.9%	99.95%	0.05%	0.05%	99.95%
4. Network Reliability	10%	99.9%	99.95%	0.05%	0.05%	99.95%
5. Network Scalability	10%	99.9%	99.95%	0.05%	0.05%	99.95%
6. Network Flexibility	10%	99.9%	99.95%	0.05%	0.05%	99.95%
7. Network Resilience	10%	99.9%	99.95%	0.05%	0.05%	99.95%
8. Network Sustainability	10%	99.9%	99.95%	0.05%	0.05%	99.95%
9. Network Innovation	10%	99.9%	99.95%	0.05%	0.05%	99.95%
10. Network Efficiency	10%	99.9%	99.95%	0.05%	0.05%	99.95%
11. Network Security	10%	99.9%	99.95%	0.05%	0.05%	99.95%
12. Network Reliability	10%	99.9%	99.95%	0.05%	0.05%	99.95%
13. Network Scalability	10%	99.9%	99.95%	0.05%	0.05%	99.95%

We are Incented the Right Way

**DISRUPTIVE  
INNOVATION**  
The Business of CHANGE

 #CNGLA

**Win together, or lose together.  
There is no in-between.**



  
**CORENET  
GLOBAL**

**\$16MM**

**...and counting!**

# Proof #2: CSAT



#1 in Facility with score of 808

Facility score is 42 points higher than next closest



#1 in Facility with score of 860

Facility score is 55 points higher than peer group average

# Proof #3: Trust and Relationship

#CNGLA



# Proof #4: Innovation



# Proof #4: Innovation

 #CNGLA



# Our Mutual Legacy for 2030

**DISRUPTIVE INNOVATION**  
The Business of CHANGE

#CNGLA







# DISRUPTIVE INNOVATION

The Business of CHANGE