

How Vested partnerships redefine the way business is done

Kate Vitasek's Vested model redefines buyer-supplier relationships, shifting from value exchange to value creation through collaboration and shared goals.

For centuries, the relationship between buyer and supplier has followed a simple model: one side provides a product or service, and the other offers a payment in return. This transactional system, dating back 5,000 years to ancient Mesopotamia, and conceptualized in Adam Smith's "Wealth of Nations," has become the blueprint for capitalism.

As such, it's easy to understand why this system has become so ingrained in our economic DNA as a society. At the same time, we know that this approach can sometimes lead to conflicting goals – balancing profits and costs, long-term value and short-term gains.

But what if there were a way to align both sides' interests, creating a scenario in which everyone benefits? Is there a way to *create* value instead of just *exchange* value?

The short answer is yes. The Vested methodology, developed by a team of researchers led by Kate Vitasek at the University of Tennessee, aims to challenge – and redefine – this dynamic. This innovative business model turns the conventional buy-sell relationship into a partnership focused on shared success, transparency, and common goals.

Vested is not an idealistic thought experiment; the methodology has proven successful in plenty of real-world applications. And Securitas is the latest global organization to enter such a partnership.

Pioneering a new approach to business

Before entering the academic world, Kate worked for a global tech company, and for one of its largest suppliers. There, she noticed the friction between buyers and suppliers. "We were all trying to do our best," she recalls, "but we had opposing goals. If I'm in procurement, I want the lowest price. If I'm a supplier, my revenue equals your cost. I couldn't help but wonder why we weren't able to work together to reduce costs without cutting into profit."

This realization led her to explore a new model where collaboration, not conflict, would benefit both parties.

The turning point came when the University of Tennessee asked Kate to lead a research project sponsored by the U.S. Air Force. Her mission was as clear as it was herculean: study the ancient buy-sell problem and find a solution.

"If we can crack the code on this, it's game-changing," she remembers telling the dean. This marked the beginning of the Vested methodology, which would come to center on aligning the goals of buyers and suppliers through five "rules."



Spotlight on Kate Vitasek

Kate Vitasek is a faculty member at the University of Tennessee, and an internationally recognized expert on collaborative business models and strategic partnerships.

Her award-winning work on the Vested business model has transformed how organizations create win-win relationships.

The 5 rules of Vested

- Focus on outcomes, not transactions**

Move beyond isolated transactions to a focus on shared goals that bring mutual benefits.
- Focus on the what, not the how**

The buyer sets the goals, and the supplier decides how to achieve them, encouraging innovation and leveraging expertise.
- Clearly defined and measurable desired outcomes**

Metrics are tied to performance and outcomes, ensuring both parties have the same understanding of success.
- Pricing model with incentives to optimize business results**

The supplier is rewarded with incentives for achieving the agreed-upon outcomes, fostering collaboration and continuous improvement.
- Insight vs. oversight governance**

The buyer works collaboratively with the supplier to manage the business, not simply manage the supplier, with the emphasis on open communication and joint problem-solving allowing both parties to address issues and seize opportunities together.



Turning value exchange into value creation

The core of the Vested model is simple: move away from value exchange and toward value creation.

“If we create value, we have to share value. It’s a different model,” Kate says. This paradigm shift requires both buyer and supplier to rethink their approach and commit to creating more value than the sum of their individual parts. This means choosing a business partner based on their ability to innovate and their commitment to the relationship.

“We flip the whole concept of buying and selling on its side to a model of aligned interests all the way down into the contract,” Kate says.

The Vested approach reimagines contracts as frameworks for collaboration, where the contract becomes a living document that evolves alongside the relationship, with both parties investing in each other’s success.

This shift is particularly relevant in security. One pitfall of traditional contracts is the practice of managing security on a price-per-guard basis rather than through innovation and holistic safety. The Vested model

shifts the focus to total cost of ownership, enhancing efficiency and effectiveness through upskilling and innovative solutions.

By entering into the world’s first global Vested security agreement with IBM, Securitas is redefining the traditional security contract. Together, Securitas and IBM are creating a collaborative environment that prioritizes value creation over cost-cutting. This approach not only fosters a more resilient and adaptive partnership but also sets a new standard for the industry. Indeed, it has the potential to set an example for others considering this innovative path.

Overcoming challenges and misconceptions

The Vested model, which Kate has been researching since 2003, is continuing to gain traction, with more companies exploring the collaborative approach to buyer-supplier relationships.

Although the Vested model has proven successful for numerous global businesses, barriers to adoption remain. One of the primary challenges is a lack of awareness across many sectors, highlighting the need for education and understanding of its benefits.

Another hurdle is aligning all stakeholders – procurement, legal, finance, and operations. It takes change agents and courageous leaders willing to challenge the status quo and collaborate on designing a value-creating system that benefits everyone involved.

Courage to challenge the status quo

For companies willing to explore new ways of working, the Vested approach offers potential for driving efficiency and innovation. Securitas and IBM, at the start of their Vested partnership, see this collaboration as a transformational opportunity to redefine the way business is done in this industry.

When great companies with shared vision and purpose come together, they have the potential to achieve extraordinary outcomes and inspire others to do the same.

While this path requires commitment and a shift in mindset, the rewards can be transformative. “What Securitas is doing with IBM is 1+1=11, not 1+1=2,” Kate says, emphasizing the exponential value of a Vested partnership.

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