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Global Outsourcing

A Guide to Effective Global Outsourcing

Strategic Fit & Business Case

For an outsourcing programme to work, it needs to be a clear priority within the overall strategy of a business and there must be a clear reason as to why it is happening. A clear strategy allows people at all levels in the organisation to make daily decisions about how to balance time spent on competing priorities. A key leadership role is to articulate the strategy so that it that builds the clarity people need to be able to make trade-offs. The business case needs to get to the heart of what it will mean for clients, for employees and for the expected outcome on the cost and quality of service. All this maybe common sense but it is often not that commonly found in outsourcing programmes. Often the approach is clear at the outset of a programme but then gets lost or diluted along the way as the organisation works through the challenges of implementation.

Although the most important factors will depend upon your situation regarding clients, employees and markets, here are some of the common reasons why outsourcing could be an effective part of your strategy:

- There is a need for the organisation to grow financially to ensure continued investment in the business. A well-designed outsourcing programme can bring this financial benefit. One major area of risk is that the pursuit of cost saving without a clear, and measurable set of goals for improving the quality of service can easily lead to programmes that under-deliver.

- The organisations current processes are too fragmented and variable and lack the strength to allow growth. This is often the case when a business has been built by acquisition but there has been little integration. This may expose the business to risk through vulnerabilities in technology and or continuity of service. Outsourcing can therefore be a way to build stronger organisations.

- People in certain locations may be overloaded with work they are not well suited for at the expense of work they excel at. Outsourcing, with a third party or your own captive centre, is a good way to ensure that you have the right work being done by the right people in the right locations.

- Clients may be changing how and where they operate and outsourcing can be a way of matching their expectations about how and where services are delivered.

Needing to be clear about why you want to outsource and how it fits in with your overall strategy is a good test to see if it is the right thing to do. It is critical to do this at the outset but also to ensure that there are regular check-ins to see if the programme needs to change.

If you are starting a programme or wondering if an existing one needs to change we would love to bring an impartial view to your discussions and help you to identify the best way to move forward.

Location Selection in Global Outsourcing

Deciding on the geographic destination for any outsourcing project could be both the most critical and most difficult decision in the whole project. If your decision to outsource in the first place has been almost solely based on cost reduction considerations, then your location destination decision is likely to be also almost entirely influenced by pricing issues - but this could result in you making a series of costly and almost irreparable mistakes. The damage you do through wrongly identifying the most appropriate location might far outweigh any benefits accruing from the transition.

Therefore, it is imperative that you balance other considerations against a simple price-to-price comparison. The following issues should be weighed against any simple cost comparisons:

- **Geopolitical risk factors:** How stable is the country you are looking at transitioning into? This analysis should look beyond mere potential political instability and its potential impact and consider such critical issues as infrastructure capacity, quality of education and healthcare and the possibility of future political sanctions.

- **Tax incentives:** Many governments offer generous tax breaks for overseas entities to set up operations in specific locations within their country. Be very careful about being seduced by these types of incentives. Incentives are rarely given in areas which offer the best solution to your needs. Look at why tax breaks are being given - it's usually because local businesses don't want to be there.

- **Access to talent:** This is obviously critical but not always easy to quantify. A large pool of available labour does not necessarily equate to a large pool of suitably qualified employees. The more your peers move into a particular country, the tighter the access to talent might become. Following your competitors or clients could create more problems than it solves.

- **Time zones:** Do not underestimate the difficulties that can be created by working across multiple time zones. The obvious problem is that somebody needs to be working at an inconvenient time for them. This can cause major motivational and attrition-based problems over time. Not many good quality employees want to spend their entire working life being inconvenienced.

- **Cultural factors:** When you outsource to a new country you take on the complexities of working cross-culturally. This very often results in inefficiencies and misunderstandings. You cannot expect the outsourced team to understand the home teams approach and business expectations through osmosis (and vice versa). If you chose to outsource to a completely different part of the world with a completely different culture you have to address these cultural issues through training and secondments.

- **Currency issues:** How stable has the currency of the outsource destination country been over the past decade or so? Currency volatility can be a boon when it swings your way but can completely destroy any cost arbitrage if it goes the wrong way. You can of course hedge but do you really want to take the risk with a critical element of your corporate infrastructure?

- **Legal issues:** This is obviously a major consideration and becomes increasingly so as compliance and risk policies become ever tighter in the home country. Outsourcing usually involves high volumes of data transfer and data protection is currently at the top of the list of priorities for most countries.

This list is not exhaustive but gives a flavour of the type of considerations you need to factor into any outsourcing location decision. Look way beyond comparative pricing calculations - it just isn't that simple.

Keeping Customers in the Loop When Global Outsourcing

Clients are often in two minds with regards to their own customers when embarking on a global outsourcing programme. Should they keep their clients in the loop or should they remain secretive about their plans? Will clients react badly to being informed about the changes to come and even more worryingly will they expect any potential cost savings to be passed through to them?

There can only be one response in this situation - clients must be informed and ideally should become involved in the process. Any transition of work will very likely impact on them in one way or another and you have a duty of care to keep your clients fully informed throughout your journey.

Clients need to be in the loop for several very good reasons:

• If they find out by chance they are very likely to be irritated and start to look for reasons why you shouldn't be putting them 'at risk' in this way. When you talk to your clients you normally talk about partnership and wanting to develop long-term mutually beneficial relationships. Partners are up-front with one another.

• You can benefit from customer input and having them involved in the process from an early stage will build confidence that you are progressing with their needs in mind. You may find that clients can pass on valuable knowledge from their own experience which will help your transition progress more effectively.

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- Most of your customers are also either in the process of outsourcing part of their business or have already done so years ago. They understand why you want to go down the outsourcing route and you may find that they react very positively to the development. You may even be able to leverage some of their relationships.

- You might need clients to help you with knowledge transfer at some point - especially if the work being outsourced requires high levels of customisation or market knowledge. The more complex the process you are transitioning the more important it is to have your clients onboard.

- The outsourcing process can result in a few your employees becoming demotivated and even resentful towards the process. The last thing you want is for your clients to hear about your decisions from disgruntled, possibly negative staff members. You must be in control the message at all points on the journey.

Ensuring continuity in levels of client service are critical during any outsourcing process and having your clients feel comfortable about the changes is essential. Your messaging needs to be well-thought through and consistent and everybody within the organisation needs to be fully aware of what is being communicated to clients at all times.

Core and Non-Core Competencies - What to Outsource?

If you are thinking about outsourcing as a key part of your business strategy then you need to give careful consideration to exactly what work to outsource. Going through the process of outsourcing is a great opportunity to create a big picture map of your processes and which ones are most valuable to your clients. Creating awareness and alignment around this and getting all stakeholders to buy-in to it will serve you well throughout the programme. It will help inform decisions such as what to move and what not to move and when to use third parties versus your own captive centres. If you design a programme well the first experience will be positive and this might increase the appetite to do more. At this point knowing what is on or off limits becomes critical. As you build that big picture of your processes here are some of the factors to consider:

How does local knowledge impact your client relationships? Often there is certain knowledge that is critical to the customer experience that only practically comes from living in the same country which can influence
what you can move and to where.

- Do your clients need you to be in certain locations where you do not currently operate.

- What is the point at which a third party could copy your product or service with the processes you are considering moving? While you can build strong contractual frameworks, the loss of practical knowledge to a third party can be difficult to recover if needed. This maybe of an issue if you want to build a set of new processes and the existing ones are in maintenance mode.

- Is the process a commodity that many people can do? The inputs and outputs might be very important in your own big picture map but the details might be a distraction.

- What level of metrics do you have that can support factual decision-making to ensure that you are neither overly optimistic or overly pessimistic in your approach.

Building that big picture map of your processes along with clear criteria for making and assessment of what to move and what not to is an important step in a programme.

Why are Metrics so Important to Successful Implementation of Outsourcing / Offshoring Process?

When embarking on a transformational outsourcing programme companies will need to focus very carefully on the use of Metrics and the linkage of these with the appropriate Reward systems to deliver a successful programme. Establishing these metrics is probably the most important workstream of the whole programme as they will underpin a successful transformation to an outsourced and/or offshored process environment both for the home teams and the new partner.

It is critical to get these metrics mutually understood before starting the transformation... otherwise you could get a mismatch between yourselves and your outsourcing partners in the measurement of the process performance. There are some things to watch out for:

- Ensure that when you request process metrics from your partners that they mirror exactly what you yourselves measure today - many companies fall into the trap of punishing outsourcers for poor performance on metrics they never had in their original home environment.

- It is important for companies to understand the impact of an outsourced sub-process on the overall delivery programme - quite often the process outsourced will have multiple hand-offs between the outsourcer and the home teams - often over different time zones and huge geographical distances that did not exist before the transformation. These processes will therefore need crisp and clear

metrics to be designed even if there was no need for them in the previously. This process will help to ensure the seamless quality and response times demanded by clients.

- Most companies underestimate the level of understanding that the outsourcer has as to the criticality of the process they will be/are already handling. Having the outsourcer really appreciate how central they are to the delivery process will help in the continuous improvement of day-to-day performance and ultimately result in a better programme outcome.

- Another reason for establishment of an effective set of mutually agreed metrics is that it will help the overall governance of the programme establish clear and concise communication on progress. They help put in the checks and balances needed to ensure that schedules are met, that clients are satisfied and that the finger-pointing and possible legal issues that can arise in delicate situations can be more easily resolved in a non-partisan manner. This will in turn also develop a feeling of partnership between the two sides and will help avoid some of the lack of trust that can be so destructive for ongoing process improvement.

- Finally, these metrics should form the basis of the reward programmes associated with the overall transformation project as they bring a very objective approach to measuring success from both a process and an individual perspective. Companies need to be very clear about what metrics they select to ensure they reflect the original desired outcomes. They also need to think about how to swiftly modify these metrics to reflect the current state of the programme and maybe change course when necessary. These reward programmes will of course go hand in hand with the other HR components of such a transformational programme to drive positive motivations on both the home environment and the outsourcing/offshored environment.

Partner Selection in Global Outsourcing

The reasons for deciding to outsource work can be many and varied. Often the move is driven by cost concerns but this is not always the case. Many organisations, for example, find that they need to outsource to a secondary location to find scalable talent or to be near to a key client.

Whatever the reason for the transition, you will need to select an outsource partner (unless you decide to open a captive operation) and the future success of your entire organisation could then be heavily dependent on how that partner performs. Therefore, selecting the right partner is a very critical process.

What do you need to consider when going through the selection process?

- **Cost:** This is obviously a critical consideration but ongoing costs are notoriously difficult to determine. What is certain is that costs are not simply related to the monthly bill you get from your outsource partner. Other intangible costs such as drain on management bandwidth, attrition and training are often very significant - but problematic to quantify. If you chose the cheapest option might this radically increase these intangible costs?

- **Management Capability:** It is critical that you assess the management capabilities of any outsource partner. Offshore business in countries such as India and Romania have grown exponentially over the past decade or so but management capability has not necessarily been able to keep pace with that growth. It is not a question of education or technical ability; it is more an issue of commercial experience and acumen. Most organisations who transition work abroad are looking for people who can operate with a

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knowledge of their home country market conditions and - even more difficult - an understanding of home country cultural expectations. How do you assess management capability in advance of working with people?

• **Attrition rates:** How does your potential partner manage its attrition rates? Attrition rates are notoriously high in the outsourcing sector in and this can cause serious difficulties on an ongoing basis. Attrition leads to knowledge and skills seepage, and massive recruitment and re-training costs (which can eat away at any cost arbitrage you were looking to harvest.)

• **Size:** Should you team up with a large, well-established player in the market who has size, scalability and well-tested procedures, or with a smaller outfit which is growing and hungry for your business? With a larger player you might end up being a small fish in a very large pond and feel you are of little importance whereas a smaller partner may see you as strategically vital but lack the sophistication you are looking for.

• **Cultural affinity:** Your home team will need to work closely with offshore colleagues and vice versa. Often, however, the outsource location is in a country with a completely different cultural approach to all aspects of business. You cannot expect your colleagues in India or Romania to automatically understand your expectations of them. Left unattended, the cultural gap often becomes the biggest barrier to effective cross-border working.

These are just a snapshot of some of the issues you need to consider when selecting an outsource partner.

The Importance of Leadership and Organisation "Buy- in" to the Outsourcing / Offshoring Process

When embarking on a transformational programme such as this, all companies are confronted with many organisational elements which need more attention than usual - managing change, staffing, project management and execution, learning how to manage virtual teams, communication -and each of these elements have to have total focus from the leadership team for the project or projects to be successful. In light of this it is evident that the most critical factor for any successful offshoring /outsourcing programme is the buy-in of the Senior Leadership team and the subsequent total involvement of all levels of the organisation. Even those business teams not directly involved in the process under transfer will have a role to play to ensure a timely, high quality and cost effective outcome.

This 'buy-in' is critical for several reasons:

- These kinds of programmes, more often than not, constitute a fundamental transformation of the enterprise affecting employees at all levels - changing organisational structures and work practices, building new relationships - and it is impossible to over-estimate the impact this can have on the business. Therefore, it cannot be a 'business-as-usual' approach and demands full-time senior management attention to enable success.

- Often these programmes are launched as a means to reduce cost and/ or improve delivery quality. These deliverables are in turn factored into future business plans which drive shareholder value. So expectations are often huge and are at risk unless

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the attention of all functional leaders is fully focussed on delivering the resources and support necessary to achieve the planned outcomes.

- Normally the accountability for the process being outsourced/offshored is a held by a specialist area of the organisation, be it Operations, Sales Administration, Client Service, Accounts Payable/Receivable etc. However, delivering the required results can only be achieved if the Senior Leadership is involved in driving all parts of the organisation to support the programme, through shared goal-setting, reward and recognition schemes, skills development and all other parts of the change management process. Good outcomes generally always require the total involvement of all concerned and full corporate motivation around this kind of programme is essential to its success.

- It is vital that the Senior Leadership ensure that commercial teams understand the importance and progress of the programme, and that they are able to help support the business in front of clients who may feel their service is under strain during this offshoring/outsourcing process.

- These kinds of programmes can at times produce a level of demotivation, even resentment, in the organisation whether the teams are directly or indirectly involved. Senior Leadership involvement is key to managing this and they will need to manage and control the internal messaging at all stages of the programme to keep teams focussed and motivated.

The success or failure of transformational programmes is nearly always down to the level of business leadership engagement and how that is seen and felt within the organisation. Having your teams feel comfortable about the upcoming and ongoing changes is essential. Your messaging needs to be well thought through and consistent and everybody within the organisation needs to be aware of what is being communicated both internalkly and to the client base.

Virtual Team and Global Outsourcing

Transitioning work from one country to another inevitably results in teams needing to work in an increasingly virtual environment. Tasks that used to be undertaken in one location are now passed on to another country to be performed by colleagues from a different cultural background who often have a different first language.

Working across the barriers of time zones, culture, language and technology will almost inevitably throw up a range of new and challenging situations which are going to require people to reassess the way they perform key tasks. Teams will be reconstituted and tasks reassigned. Leaders will be asked to manage people who are located thousands of miles away, who they don't know and probably (from a cultural perspective) don't understand.

The issues of virtual working are not 'soft' and they are not peripheral to the process - they like at the heart of how successfully you can make any outsourcing project work. If you can make virtual teams as effective as co-located teams then half the battle is won - however if your virtual teams become malfunctioning the results can be enormously damaging and very costly.

Senior leaders need to recognise the critical nature of virtual team working and the need to give people the knowledge and skills to operate effectively in such a challenging environment. Emphasis should be placed on the following areas:

• **Developing virtual leadership skills:** Just because somebody has successfully managed a team in their home location does not mean they

automatically understand the dynamics of virtual team working. Virtual team leadership demands a whole new set of skills and also requires people to develop new levels of global cultural fluency and awareness.

- **Agreeing team protocols:** Multi-cultural virtual teams will be made up of people with different cultural backgrounds and different corporate experiences. They will bring their own assumptions about 'how things work'. Everybody will have a different expectation around what a good meeting looks like or how decisions should be taken. Global virtual teams need to establish agreed team protocols and they need to do this right at the outset of the project. Fail to address this issue and you automatically build-in inefficiencies.

- **Improving communication skills:** Different countries have very differing views around how to communicate effectively. Each team member might have a different view about how they want to communicate with the leader. Some cultures like instructions to be given in great detail; others like to be given an objective. Consistent, clear and comprehensive intra-team communication is a must if the team is to function to full capacity.

- **Great technology:** Global virtual teams rely on the use of technology in almost every situation - you cannot shout to a team member in another country. This complete technological dependency means that your technology has to be good and it has to be robust but it also means that all team members need to be comfortable using it. Outsourcing projects often introduce people to new technologies but training on these new technologies is often overlooked because there are so many other things happening at the same time. Appoint technology champions and make them accountable.

If you fail to address these issues you will regret it down the outsourcing line. Getting this right requires time, training and budget - so factor those things into you plans from the start to avoid any unpleasant surprises.

Cultural Awareness – A Key Ingredient of Global Outsourcing Success

Increasingly, outsourcing projects happen cross-border which inevitably results in an increased amount of cross-cultural interaction. Any international shared-service centre environment must inevitably involve a high level of complex, multi-cultural interaction and if the bulk of your off-shore development or back office processing is India you are likely to encounter inter-cultural challenges.

How culturally fluent are your home teams prior to any transition activities? What have you done to ensure that your new outsourced resource has a good understanding of the cultural expectations of your home teams - and more importantly of your clients? Are you even aware of what some of the key cultural challenges you are likely to encounter might be or do you prefer to pretend that everything will be fine?

In our experience, managing global cultural complexity is one of the key difficulties any major cross-border outsourcing project is likely to face. These challenges are both strategic and interpersonal but all of them can have a dramatic impact on the overall effectiveness of your operation:

- **Aligning structures:** How will you structure your organisation in the new territory? This is a key strategic decision when opening a captive in another country and can also have a significant bearing if using a third-party provider. Many Western operations want to recreate their own flat systems around the world but this can cause chaos if your chosen outsource destination is a rigidly hierarchical country such as India. Get this decision wrong at the outset and you will live with the consequences for years.

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- **Leadership style:** If you have people in the home teams leading team members in the outsourced destination then you are very, very likely to have a clash of leadership styles. Leadership is geographically conditional - what is good leadership style in one country is often viewed as poor leadership in another. Both leaders and team members need to understand these dynamics and adapt their approaches accordingly.

- **Cultural Bias:** Home teams are prone to equate 'different' with 'wrong'. If colleagues in an outsourced destination have an approach to any specific task which is different from how it is normally performed 'at home', the new approach is often felt to inferior (even if it is, in fact, better.) All parties need to learn to shed their natural unconscious bias and develop very high levels of objectivity when appraising the work done by new overseas colleagues.

- **Effective communication:** Communication is difficult enough within single-country organisations but is obviously much more complicated across cultures and language groups. Add the necessity for almost all communication to be driven through technology of one form or another and you have the perfect recipe for confusion and misunderstanding. Focus on effective communication is essential from the outset.

Global cultural differences challenge you in a way that is complex and often concealed. Our experience is that many organisations only become fully aware of cross-cultural challenges at the point when things are starting to go badly wrong and starting to impact negatively on a host of critical metrics.

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Managing Distributed Processes

As you move work, you might find you have different parts of a process in different locations. It is always best to keep work hand-offs and feedback loops between different people in a process simple and tightly connected. Think about how the best relay teams in athletics succeed. The baton hand-offs are as important as the individual performances between hand-offs. With a change such as off-shoring you will have changed the context in which this happens for some people and they will need to develop the skills to manage a distributed process.

Here are a few considerations to bear in mind. They are important when you have a single location structure, even more so when work is distributed

Who is the end to end owner of the process? Developing this role and the skills it requires are vital to bring together the different people in the process especially when there is change or improvement happening. The owner needs to have a grasp on how things are running today, a future vision of how the process should evolve and the ability to influence across functions, countries and partner organisations.

If the work hand-offs have changed then you may need to re-define what good looks like in the new context. This would cover aspects such as metrics, communication and escalation procedures and support to help implement these changes. Having people with the skills to facilitate the design of the new situation will be important.

With a distributed process and team, you might need to re-think how collaboration takes place. How will teams share simple visual performance data? How will teams carry out regular progress meetings to ensure the team is connected and working on the right topics?

When you move to a distributed process, leaders will face new challenges. It's often the case that leaders who are already strong at delegating effectively will thrive in a distributed process. Leaders who get too involved in the work of their teams may need time and support to adjust.

If you are embarking upon a programme then a broader discussion about both the skills gaps and the opportunities to develop people is an important element of your plan. We love to be part of that discussion.

Managing Attrition in Outsourcing

The decision to outsource work to another geographic location is often predicated on the expectation of large potential cost savings and access to scalable talent pools. Whilst both goals are achievable, they can be severely impacted on by high levels of attrition at the outsourced destination (and even at home.) Without wanting to sound alarmist, your approach to managing attrition could make or break your plan in the medium to long-term.

All the evidence shows that rates of attrition are higher in the outsourcing world than in other areas of business and there are a number of factors which contribute to these disappointing statistics:

- Competition for talent in the outsource market

- Lack of promotional opportunities because of flat corporate structures

- Wage inflation in-country and an unwillingness to keep pace with this

- The nature of the work which is outsourced – which is often quite boring

- Recruiting overly qualified staff for mundane tasks

- Lack of a sense of inclusion within outsourced teams

- Outsourced partners moving their own staff around as new clients are onboarded (you wanted their best people but so does everybody else).

Any outsourcing project needs to have the management of attrition at its core. It might sound pessimistic to start the process by assuming that many of the people you recruit will leave but unfortunately experience proves that is exactly what happens.

Ask yourselves a series of basic questions:

- What is the cost of attrition to my business and how might that offset any cost benefits you are expecting (include in this calculation recruitment, training, opportunity cost, impact on clients and the home teams etc.)

- At what level of attrition do I lose any cost savings I am expecting from the transition process?

- Why would people want to work for us?

- Why would they want to stay long-term once they have joined?

- What is the clear career path I can show new joiners?

- What incentives can I offer to make retention more likely (things other than cash often go a long way)?

- How will we manage at a distance and promote an atmosphere of inclusion?

Unfortunately, attrition is often treated as an HR issue and fingers are pointed if attrition rates are high. The management of attrition is a whole organisation priority and senior leaders need a laser-like focus on this throughout the lifetime of the project. If fingers are to be pointed over this issue then they should be firmly pointed at senior leaders.

Why Talent and Human Resource Management is Key During the Global Outsourcing Process

Once the decision is taken to embark on a transformational programme such as Global Outsourcing, and everyone from C-level to team member has understood the importance and risk of the programme and their specific role in the project, we enter the phase of execution. At this juncture, the impact of the plans on the teams and the human challenges they present will become magnified and if not planned for and managed well can derail even the most carefully thought-out of projects. Getting these elements right is critical and, if not managed with focus and agility on a daily basis, will represent potentially the biggest headache for the project leadership

Key issues to consider at this stage are:

- **Secondments:** It is clear that global outsourcing programmes will cause a certain level of individual and team stress, often merely through fear and mistrust of the unknown. These challenges can be reduced through implementing cultural awareness and mentoring training but additionally, and critical to the success of the programme, is the development of a secondment plan - sending people to and from the chosen outsourcing entity. This not only facilitates process transfer but will also facilitate the development of the necessary cross-company relationships, cultural awareness and basic trust in the partnership - a trust which is so often missing at the outset such projects.

Central to the success of any good secondment plan is buy-in from senior leadership and team members who will need to offer up their best people to be 100 % committed to the programme - whilst at the same time maintaining the delivery or service levels of the current environment. It will require a great deal of "hands-on" flexibility and agility from the project team to adapt the secondment plan to the real-life requirements of the programme as it evolves.

It is also really important to choose secondment candidates carefully - not only do they need to be process experts but simultaneously have to be ambassadors for the company, the programme and in addition need to be culturally aware. This combination of skills is a rarity in most companies and finding this combination in an often "threatening" change environment can be difficult.

- **Attrition/Retention:** Most carefully planned projects will usually have a workstream on managing attrition in the "home" environment - however it is important to think about this in the outsourced/offshored environment as well. Often, due to language or differing management styles or simply a set of cultural blockages, people will decide this programme is not for them and move on - particularly if the local labour market is tight. If the focus on attrition is "undercooked" then it can be a major cause of programme failure due not just to a lack of resources

but can also potentially lead to spiralling programme costs with extra training, additional secondments and additional replacement resources all required both at home and in the new environment.

An area of specific focus should be potential attrition of key skillsets in the "home" environment (which long term may be a desired outcome) but attention to retaining these key skillsets in the transition phase is fundamental to the delivery of the programme due to the criticality of process knowledge as a success factor for the project. Keeping on top of this is hugely important and specific HR programmes to hold on to these key skillsets through reward schemes and the structured management of each individual involved will be necessary.

It is also extremely important to have retention plans for key leaders in the organisation, some of whom may feel disenchanted and at risk - and even the project leadership which is 100% focussed on delivering a successful programme may well have some concerns for their ownfuture despite the fact they are leading a high impact programme such as this. Once again, specifically tailored career pathing and/or reward schemes are important here and special care will be needed if the individual leading the project has already been identified as a C level leader of the future or is critical to the client base.

- **Outplacement:** During the project execution phase there will normally already be a plan for a certain level of workforce reduction in the "home" environment. This, as we have said before, will create a level of uncertainty and fear which is understandable and has to be managed well if it is not to derail the project. A key element to managing this risk well is a carefully designed outplacement programme for those concerned. Teams will want to understand how they or their colleagues will be treated and a well thought-through outplacement programme is essential to keep people as motivated as possible. Additionally, it will help to avoid workplace conflicts both on an individual basis and at the team level. Wherever possible, additional individual and/or team mentoring from an external source is advised to help people accept the consequences of the programme - even if the individuals concerned are not directly affected.

Pack and Ship

Once your project to outsource, off-shore or centralise work is underway you will face the task of packing and shipping the selected work. The ability of your organisation to handle this will depend upon the experience in the organisation, the mood around the specific off-shoring initiative and the strategies that you put in place to support this phase. Assuming that you have made good decisions about what work to move then this phase is essentially a case of describing what you do in sufficient detail to train new people and providing the correct equipment and infrastructure for them to deliver a service at least as good as todays.

Here are a few of the factors to consider in this phase:

- How are levels of service currently measured? If there are not robust and accepted metrics in place that describe the current level of service then you will not be able to make comparisons once the work is shipped. As you pack the work to ship make sure these are in place, accepted and communicated as the baseline before the move.

- How well do you transfer knowledge to people in new roles or who are new to your organisation? Your ability to define the work, train people and give them access to on-going support will depend upon what systems you currently have in place for knowledge transfer and training. With a move, you have the added challenge of needing to work across geographies and perhaps, company boundaries if third parties

are involved. Detailed documentation, effective training and ongoing access to knowledge are key to success. This may also require you to establish new on-line collaboration and learning tools.

- To what extent do existing teams and functions trust each other? When this is at its best then work can flow without friction through an organisation. Once you pack up work and ship it how can you ensure that there are steps in place to build trust between the new contact points? Solutions such as rotational moves of leaders can go a long way to help build trust between teams.

- When you ship work it will take some time to unpack and for services to be fully functional. During this period, you need a parallel approach to ensure there is no disruption to the business and this needs to be as short as possible to avoid unnecessary costs.

There are many more things to consider when it comes to packing up the work and shipping it. By being broad in your thinking and systematic in your approach you can ensure a good result for this move and create a capability for future moves.

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Project Management

When embarking upon offshoring, outsourcing or centralisation of work there will be multiple projects and workstreams to manage with high degrees of interdependency. An approach to project management that balances rigor with outcomes and is supported by strong communication will be key to the success of your overall programme. If you don't already have these skills in-house then acquisition of them should be a key consideration as part of your processes for selecting partners to work with on your programme.

Some factors to consider in your approach to project management:

- Strong beginnings and strong endings to projects ensure that what happens in the middle happens well. A clear and simple objective for each project along with the right team and clear scope will help build success. Being prepared to have succinct and open management review of projects can ensure that the approach to project management can evolve and improve based on experience gained.

- Project teams may involve staff from partners as well as your own teams. Developing a common language and understanding of the approach to projects is important to minimise the risk of failures.

- How can you strike a balance between team size and autonomy versus the need to ensure the overall programme is on track? Small teams with a well-formed objective can be very agile and adapt to change quickly. They need to be able to do so within a framework that will ensure their results are aligned to the overall programme.

- The nature of this work can be very challenging for teams and individuals. This makes it a great opportunity to develop people in your organisation by providing them with stretching assignments and giving them support to develop their skills. You can use these projects as a way to develop high potential people in your organisation for future roles.

- How to find a balance for progress reporting and governance? Too much and it won't get used, too little and teams and stakeholders will lose direction. It is vital to build a culture of transparency so that any issues can be spotted very early and success acknowledged as it is achieved. Steering groups have a key role to play in ensuring they guide, challenge and encourage teams while being ready to make tough calls when needed.

There are many other aspects to consider and the detail will be important and it will depend on the context in which your projects are happening.

Authors

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Paul has over 20 years of experience running and changing information service businesses. He has developed a unique blend of people, technical and commercial skills through working across levels and functions worldwide. He believes in working in a calm, collaborative and curious way to help teams uncover the real issues and set clear improvement goals. By coaching and mentoring, he supports teams and individuals on the road to improved results and leaves them in a stronger position.

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Stewart has over 38 years of experience running global teams both directly and virtually across many sectors. He has developed a unique blend of interpersonal, technical and management skills through delivering a number of transformational programmes across Europe, the Americas and Asia. He is a recognised international leader, having worked for many years in France and also on several assignments in the US, delivering substantial cost and quality improvement on many global projects. Throughout his career, he has driven significant change management programmes such as global 6 sigma and productivity initiatives, and many multi-site moves to low cost countries.

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Keith Warburton

Keith is a world leader in the impact that global cultural differences can have on effective cross-border working. He has worked on dozens of major global outsourcing projects across countries as diverse as the USA, UK, India, Poland Romania, South Africa and Dubai. He helps teams in multiple sectors work more efficiently across the barriers of time, geography, culture and language and is passionate about the need to improve cross-border communication in order to ensure that complex outsourcing projects deliver maximum benefit to all parties.

Global Business Culture

Global Business Culture is one of the world's leading effective cross-border working consultancies and the creator of WorldBusinessCulture.com – your window into a world of cultural differences and more.

We have worked on dozens of major cross-border outsourcing projects, helping clients realise maximum efficiency throughout a project life-cycle. Our clients come from many differing sectors but they all have one goal in mind – to ensure that they can extract maximum efficiency from their chosen outsourced approach.

We provide outsourcing consultancy and training services in three key areas:

- **Pre-outsourcing strategy and fit:**
  We help clients define their objectives and sense-check those objectives against a number of key outsourcing metrics.

- **On-going project support:**
  Once the strategy has been agreed and the project moves towards the 'pack and ship' phase we help walk clients through the process and by so doing ensure that they don't make critical mistakes during this key phase.

- **Training and development:**
  The outsourcing process exposes employees to new challenges – increased cross-border working linked to working in virtual teams. We help clients to upskill their people so that they can cope effectively in the new outsourced world.

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