

# Is Offshore Outsourcing Working for You?

By [ExecutiveBrief](#) Staff

*Is your company looking or already into outsourcing? Here are five indicators that your company is on its way to outsourcing success.*

The advent of the Internet and the continuous innovations made in information and communication technology has brought about the steady rise of a recently established business practice--offshore business development.

Indeed, business outsourcing has caused quite the global stir as rapidly increasing number of buyers are finding it more convenient and cost-efficient to tap into the diverse talent pool of highly skilled individuals abroad (vendors) to perform various areas of business including Information Technology (IT), customer services, telemarketing, accounting, market research and development, and even animation. And that is just the tip of the iceberg.

If your company is looking into or is already practicing outsourcing, what then are the key indicators that you are already en route to outsourcing success?

## **If you've selected the right vendor.**

Choosing the right vendor for a long term business relationship is imperative. By and large, outsourcing success depends on the relationship established between buyer and vendor. Several factors come into play in the selection process. A common practice of companies looking into outsourcing would be to depend on this prime factor: location, location, location.

However, eTelecare President Derek Holley pointed out in an interview with EBS that a common mistake of companies in the offshore business is choosing a country before choosing a company. A company's outsourcing success is more largely dependent on the vendor's abilities than their location.

In short listing vendors, Holley shares that his first qualifier is size. It does not necessarily mean that he would pick an outsourcer with 4,000 seats over one with 2,000 seats; but if both are profitable, then they are clearly doing something right. He also pointed out that although he does not automatically eliminate companies having only 200 to 300 seats, he wouldn't entertain them unless they have proven themselves through sustained growth. Client references also help in reducing the list. Vendors who have lost more than gained clients in the last year do not make the cut.

## **If there is synergy and good relationship management.**

Having an extremely positive and good working relationship between key players in the company and the outsource service provider is another indicator of outsourcing success. If there are signs that theirs is not a good one, then it's time to start re-evaluating things.

Tim Lavin, Ambergris Solutions SVP for Philippine Operations, shares that the management team of their offshore business usually makes for the lifeblood of the company; the key people you hire externally to manage the business must be the same as the management team you would be willing to hire internally and look forward to working with every day. Volatile relationships between the executive team are bound to cause other problems. On the other hand, if you have a trusted management team that you share the same values with, then it is bound to be clear skies ahead.

Whereas, in the past, outsourcing was mainly viewed as an order-and-deliver relationship, the shift to a partner-and-develop relationship clearly works. This arrangement enables both the client and offshore service provider to attain both their goals together instead of isolating one from the other.

Gregg Scoresby, the CEO of Core3, a BPO firm based in Phoenix Arizona, also stressed in an interview that

the buyer must be willing to spend the time to manage the relationship. Vendors would always want to make sure that the tasks they are performing are consistent with the strategic direction of their clients. Being an extension of the buyers' operations, it requires a level of relationship management. While offshoring may free up time and lessen costs for buyers to focus more on the core of their business, there must still be time allocated to know what is happening within the outsourcing relationship. It is imperative that senior level management of both parties be openly communicating about the goings-on in the outsourcing business.

**If there are clear cut roles and responsibilities.**

Lavin also emphasized the importance of making sure as a buyer that you're very clear about what you expect from the partnership. Identifying in writing exactly how your onshore and offshore teams will work together will help in both avoiding and handling future communication problems. All the details about roles, responsibilities, and expectations between both buyer and vendor must be explicitly defined and communicated.

Coming now from the vendor's side of the boat, Scoresby also advised buyers conducting vendor due diligence to evaluate how client-centric a prospective provider is going to be. Although this manifests itself in a number of ways, flexibility is probably the most important. How flexible will the vendor be in addressing new concerns, new process opportunities, and other changes that occur in the business? When the going gets tough, how far can the vendor go in cutting across other processes to help cope with the challenge? There are a lot of by-the-book vendors that find it stressful to deal with things outside the normal course of business. Having a long-term engagement with such a provider can make for a rather irksome experience.

Hence, it is critical for buyers to explicitly list in detail, every range, parameter, format, feature, and process necessary for success. As most offshore vendors come from foreign destinations, it is wise to factor in the possibility of language barriers to misinterpret how you intend your outsourced business services to go about.

**If there is smooth flow of communication.**

Managing business development is hard enough when it's only across the hall from your office. In the offshore business, probably the most important success indicator of a good outsourcing relationship is ensuring a smooth flow of communication between the client and the service-provider.

The challenge here, as vCustomer President and CEO Sanjay Kumar mentioned in an interview, is that both sides must agree to engage in an honest dialog on expectations and goals. Often, clients will set unrealistic goals that vendors feel the need to agree to, despite not having the ability to deliver. It is critical then, that aside from diligently assessing the vendor, the two parties are clear about the extent of responsibility both are agreeing to in the entire duration of their business partnership.

Issues springing up from the provider's workplace, local industry trends, and other relevant news and information affecting the vendor must also be continuously relayed to the client in order to ensure the latter's expectations are properly managed. Establishing regular project updates, teleconferences and fairly regular onsite meetings would also do well for both parties as it keeps both sides informed about the latest developments affecting their respective tasks. Of course, one must not allow both onshore and offshore teams to use only this formal meeting time to communicate with each other. Instead, encourage a continuous flow of communication even outside the established schedules. Welcome questions, as well.

**If you have an exit strategy or contingency plan.**

Sometimes, one can never really anticipate when a good business relationship will go downhill, so it's always safe to have a Plan B. Once you find yourself in the middle of a horribly gone wrong situation, make sure that you have the help you need if things begin to fall apart. Delegate damage control to the involved offshore executives. They will do everything possible to fix problems as their reputation is at stake.

In addition, before even engaging the services of an offshore provider, ensure that you already established relations with a backup company just in case a crisis occurs.

Given the success indicators listed above, how well do you think is your offshore business faring? It is important to take note that while these key indicators of outsourcing success may vary per company or industry, they possess a common denominator: communication.

Communication is definitely key. And with innovative project management tools and software arising with the advances in communication technology, fully maximizing and taking advantage of these tools will not only ensure the smooth course of your business, it will also help increase your edge over your competitors.

© **ExecutiveBrief 2008**

*ExecutiveBrief*, the technology management resource for business leaders, offers proven tips, techniques, and action plans that companies can use to better manage people, processes and tools – the keys to improving their business performance. To learn more, please visit: <http://www.executivebrief.com>.



[www.softserve.com](http://www.softserve.com)