

Offshore Outsourcing - Implementing Change (Part 7)

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Outsourcing has an impact on people and Infrastructure. It changes the way people work. Failure to understand the impact of change can cause the program to fail.

Outsourcing requires Executive Management commitment- without this there will be little user buy in. A leading technology company struggled with Offshore Outsourcing for over a year. It took off when the CEO of the Company stepped in and mandated that Managers would be reviewed on their ability to make the program successful.

The Outsourcing Project Office should begin by creating a Steering Committee. The Steering Committee consists of the CEO/CIO, CFO, Chief Outsourcing Officer, and the Chief of Quality Assurance. Later Senior Members of the Outsourcing Service Provider (OSP) will be part of the Steering Committee. The Steering Committee will meet once a quarter and will be responsible for:

- Monitoring steering goals for Outsourcing
- Growth/ reduction for the program
- Directions for the future
- Review progress of work and monitor the Return on Investment
- Resolve functional or divisional issues
- Budget sanctions, allocations and approvals
- Go/No go decisions

The Chief Outsourcing Officer should then identify leaders top down. Outsourcing involves change, change in the way people work and change in the way work gets done. Change will affect:

- Management
- Project Teams
- Individuals
- Infrastructure

For Management the decision to Outsource is operational, strategic and financial. Management will like to assess the results of Outsourcing and its returns on investment.

Outsourcing will impact current processes. Project Leaders will be required to assist in process re-engineering, and periodically provide feedback on the impact of the change. They would define individual work acceptance and test criteria and identify project specific process guidelines.

Individuals will be affected the most. They will see loss of control, will fear of loss of job, will fear external scrutiny of work product and will be frontline witness and participants to culture clashes. Individuals will need to be re-trained.

Outsourcing brings a new culture to your operations. Offshore outsourcing adds another dimension to the cultural clashes that may occur. At times you may be left wondering as to when it is a cultural issue or when it is a people's issue. An understanding of cultural issues may help smooth communication pitfalls. Solicit the services of a good culture consultant for a cultural orientation to your team. You will be surprised to how much dividend this will pay to you and your team.

Bind your team to the success of the Outsourcing program. Put a rewarding mechanism in place so that individuals see benefit in the resulting gain in productivity and cost containment and become willing participants and contributors.

Your infrastructure will undergo changes. The network and security policies will have to change to accommodate the OSP. Procurement has to be proactive and vigilant. Logistics needs to understand all aspects of exporting hardware and software to a foreign locale.

You will have to establish login, password and access policies, server policies, modified Configuration Management and other processes.

Identify a team of enthusiastic participants top down in implementing the change. These will be the leaders that will contribute to the success of the program.