



Soft Components Key to Outsourcing Success

by Karine Schomer

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Over the past several years, I've attended numerous conferences on offshore outsourcing. The presentations have tended to focus mostly on the "hard" components of establishing profitable outsourcing arrangements: strategy, scope definition, risk assessment, cost savings, operational advantages, vendor selection, contracts, governance, information security, performance metrics, technical infrastructure and legal compliance.

Then there are the so-called "soft" components. These vital matters include, first and foremost, the leadership and management competencies required for working globally, which differ in many ways from those required for the domestic environment. They also include areas such as employee mindset and motivation, managing internal organizational change, global team dynamics, communication processes and dealing with cultural differences in work-related behaviors.

In the typical outsourcing conference, these "soft" topics have appeared – if at all – mostly on the margins, or as afterthoughts to presentations on "hard" topics.

Where The Pain Is in Outsourcing

For US managers and employees who carry out or are directly affected by the outsourcing strategies, the reality is that the "soft" side is where much of the pain, adjustment and growth have been. Pre-session surveys of participants in our "Working with India" cross-cultural awareness and business skills workshops uncover a common litany of problematic "soft" issues that create stress and impede delivery on business goals.

We hear that insufficient attention has been paid to preparing the company's employees for the transition, and that the extra time and effort required of individuals working with offshore counterparts has not been accounted for in planning the outsourcing strategy. We hear that managers who lack the global mindset and maturity to establish effective partnership relationships have been put in charge of working with offshore vendors. We hear that the outsourcing initiatives haven't been adequately integrated into the overall structures and processes of the company.

Above all, we hear about communication difficulties and bafflement at aspects of the work style of counterparts in India. "It's difficult to understand some accents." "When becoming excited or familiar with what is being spoken about, their speaking pace becomes very fast... When this occurs, it's difficult to understand." "Questions are often asked in a different context than what we are accustomed to, and as a result, it's difficult to understand what is being asked." "It's apparent that, although we are all speaking English, there are expressions and phrases that don't translate well, and we need to keep working at the conversation to ensure we're understanding each other." "I've had discussions where I believe consensus is gained and an agreement reached. . . . Then I hear through others that there is some disagreement or outstanding questions. . . . This behavior makes it difficult to feel confident the team is working on the right items." "My fear as an American is appearing too aggressive in my desire to truly understand and clarify situations."



Studies Show Growing Awareness

A new Accenture study based on interviews with 200 US executives of companies involved with global sourcing corroborates these anecdotal reports from the cross-cultural front lines. The study concludes that miscommunication and lack of cross-cultural understanding significantly hinder the success of global sourcing undertakings, with the top four factors being:

1. Differences in communication style.
2. Approaches to completing tasks.
3. Attitudes towards conflict.
4. Differences in decision-making styles.

Another study, by Linkage, Inc., looked at 14 case studies of companies that have been successful in continuously improving their global workforce management, including in the offshore outsourcing context. The common success elements identified were “developing global leaders, cultural communication, integrating global and local perspectives, and support from all levels of the organization.”

As offshore outsourcing matures, the old disconnect between the “soft” realities experienced on the ground by onshore-offshore teams and the “hard” preoccupations of business analysis may be diminishing. In looking at some of the latest offshore outsourcing conferences in the U.S., for instance, I find new topics such as “Managing Organizational Change in Outsourcing” (Gartner), “People and Processes: Making It Work in the Real

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World” (IDC), “Exploring the Soft Side of Outsourcing” (BITS/American Banker Financial Services), and “The People Factor: Culture and Chemistry in Outsourcing Relationship Management” (Outsourcing Institute).

Soft Issues Not a Luxury

Addressing cross-cultural and other “soft” issues may increasingly be seen for what it is – not an optional luxury, but a necessity for ensuring optimal productivity and the success of offshore outsourcing strategies. In the Accenture study, for example, the executives whose companies provide cross-cultural training reported a 30% increase in productivity due to the training, and those whose companies don’t provide such training estimated that a 21% increase in productivity would result from providing it.

This finding echoes the comment we frequently hear from onshore employees exposed to cross-cultural awareness training only after a period of frustration “muddling through” unaided in their working interactions with their offshore colleagues in India: “I wish I had had this training a few years ago, before we started the outsourcing relationship. I now understand some of the interactions I have experienced with my offshore colleagues on a daily basis. I had to learn all of these things through time-consuming trial-and-error and mistakes.”

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