



Cultural vs. Operational Issues in Offshoring

by Karine Schomer

You've established your offshore center. You've navigated the initial transition hurdles. You have competent management in place at both ends. You've hired, oriented and trained the first hundred employees. The work has started to flow between the onshore and offshore teams. No major catastrophe has occurred in terms of missed deadlines, botched projects or information security breaches. As the start-up phase of your offshore undertaking comes to a close, you're breathing a sigh of relief.

But now complications arise as you scale up and move into the next phase. Your strategy is to grow the offshore center from a hundred employees to several thousand over the next couple of years. As you increase your hiring, you no longer have access to as many employees who have prior experience with American or multinational companies. Back home, as more and more projects move offshore, the virtual global teamwork pattern affects ever-larger numbers of onshore employees. The growth of your center puts in place a whole offshore management structure that may or may not mesh well with your domestic management structure.

Now things are not going so smoothly any more. Employees at both ends exhibit symptoms of stress. Frictions and mutual irritations don't disappear with time. You hear complaints about communication failures, commitments not met and tensions around matrix reporting relationships. If you ignore this state of affairs long enough, you get to the point where initial good will and positive

expectations between the onshore and offshore teams give way to finger-pointing and mutual blame. This impacts retention and results — at both ends.

Quick Fix vs. Getting at Root Causes

This is the point at which help tends to be sought from cross-cultural management experts. Indeed, in the 10-year history of our CMCT India Practice, only the rare client has had the foresight to contact us at the beginning of an offshore engagement with India or before the ramp-up to large-scale operations. By the time we come in, there has usually been a history of cultural mismatches in work styles that has left significant tracks in people's consciousness.

When clients describe to us the issues that have caused them to contact us, we are often struck by a certain confusion between hope for a cultural awareness "quick fix" and realization that there are probably some operational root causes that need to be identified and addressed. This results in a jumbled analysis that lumps together issues such as the different meanings of "yes, no and maybe" in American and Indian culture with issues such as time zone differences, HR policies, decision-making structures and hand-off protocols. The expectation is either that cross-cultural awareness will solve the operational issues or that the cross-cultural issues can be addressed adequately through operational improvements.

We hear the same confusion from participants in our cross-cultural training programs. Be-



cause of the focus of these programs, their tendency is to interpret all issues through the lens of cultural differences. This leads to amusing questions such as: “Do they (Indians) have a cultural resistance to our practice of taking work home?” — not realizing that the telecommunications infrastructure we take for granted in an American home isn’t standard in India, and that U.S. employment policies around flex time and working from home are not the norm in India.

Address Both Kinds of Issues — Don’t Ignore Either

From our experience, the wise and results-yielding approach is to start with the premise that the two types of issues, while overlapping in their impacts, need to be addressed as distinct. Furthermore, both require root-cause analysis as well as some “quick win” actions on the way to influencing results in the long term. Finally, the use of specialized outside expertise for both, rather than improvising in-house, is likely to amply repay the investment.

When your offshore engagement reaches the rapid growth phase described above (or better yet, before you move into this phase), get outside expertise to help you take the following four proactive organizational steps:

1. A systematic assessment (at both ends) of cultural work style differences impeding the effectiveness of your teams.
2. Region-specific cross-cultural awareness training, customized to your company and delivered to all levels of your management and workforce (both offshore and onshore), starting at the top.
3. Facilitated strategic analysis of the strengths, weaknesses, threats and opportunities present in the operational model of your onshore-offshore operations, involving key stakeholders on both sides.
4. A facilitated strategic development process involving these key stakeholders in strategic planning, organizational execution (including structures, processes and skills development) and results tracking over time.

Adopt this approach to seriously address both the cultural and operational issues in your offshore undertaking, and you’ll be much better equipped to weather the challenges of your rapid offshore expansion.

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About the Author

Dr. Karine Schomer is President of Change Management Consulting & Training, LLC, and leads the CMCT India Practice, specializing in cross-cultural training, change management, communication and management consulting for doing business with India. She has been involved with India for over 25 years, including 8 years living and working in India. She is fluent in Hindi and has in-depth understanding of Indian culture, values and business and social customs. She has been a University of California-Berkeley professor, dean at Golden Gate University, and Chief Operating Officer of the California Institute of Integral Studies. To contact the author, write to schomer@cmct.net. For more information on the CMCT India Practice, visit www.cmct.net/india_practice.html or call 510-525-9222.



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