



Offshore and Outsourcing: Building a Global Operating Model

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For today's global research needs, it's de rigueur to offer global reach for clients, and this concept goes far beyond panel needs. After all, if a client has operations in four different regions of the world, each needs to be serviced consistently and that requires a global presence -- doesn't it? Of course it does, but there's a world of difference between having a *global presence* and having a *global operating model*.

Although globalization has resulted in a number of market research organizations expanding to serve their multinational clients in different markets of the world, not all expansions are created equally. To meet client needs in separate locales, it's crucial to discern between what can be accomplished from home base and what needs to be done locally. Should the work be outsourced to a third party overseas, perhaps for the implied cost savings or for its regional expertise? Or should a market research organization build its own offshore operation? The fact is, outsourcing and offshoring are both excellent tactics for going global -- but tactics should flow from strategy, and that's where a client-centric engagement model comes in to play.

A client-centric model for global expansion is scalable, requiring a market research organization to analyze and understand its customers' needs -- and then choose the best methods for meeting them. Essentially, it's a road map. By understanding the organization's business goals, it's easier to determine whether outsourcing to local experts or building a company-owned offshore operation is the right path. It's this focus on the client, or a client-centric model, that helps a company make the right strategic decisions that lead beyond a mere global presence.

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What are your business goals? What do you want to accomplish with your company? What is your vision? What do you want your client engagement model to look like? What kinds of clients do you work with? What is the nature of their engagements? These are just a few of the questions that provide direction and will help you build the right global expansion model.

Once your strategy is clear, you're in a much better position to decide whether you need to go offshore or outsource at all. The idea is to build something that is scalable -- understanding where offshore or outsourced adds value, allowing you to service clients effectively while reducing your operating costs.

Both processes involve a certain amount of reward and risk. On the reward side, there can be reduced costs, global coverage, 24/7 activity, speed and process efficiency, effectiveness, and increased business value. Risk, on the other hand, can be defined in

terms of quality, business processes, customer relationship management, and competitive edge. If not properly managed, the end results can include expensive mistakes, unmet expectations and even failed engagements.

To “go global” in a way that works for the market research organization and its clients, let’s explore the critical success factors for building a client-centric global operating model.

1. Decisions should not be based exclusively on cost. A simple cost-benefit analysis may lead to an answer that doesn’t mesh with the model you want to build. The general assumption is that outsourcing to countries like India and China is a cost-saver -- but you don’t necessarily win if the results don’t fit your desired business model or goals.

2. Define your business needs specifically and clearly. Programming services, for example, can be successfully outsourced to India, delivering tangible benefits in terms of speed and cost. Conversely, if a project must be done in French, the language barriers add a level of complexity, requiring translation and extra hours that would eradicate any cost savings found in India. In this case, keep it local.

Some clients expect a great deal of contact on a daily basis, looking for project managers who track their field work with deep expertise and provide a local presence for regular meetings. In this case, an onshore person can oversee the engagement, supported by an offshore team. For each need, categorize the client in different tiers and identify the proper ratio of offshore to outsourcing.

3. Management must commit fully and integrate the model throughout the organization. If you get only partial buy-in from several departments, the blame game begins when things fail. Realize that local teams worry about their jobs going overseas, so be sure management spends sufficient time communicating the organization’s goals very clearly. Aim for a level of transparency that engenders employee trust.

Be patient with the short term, keeping an eye on accomplishing long-term goals. Offshore and outsourcing operations require tremendous commitment and training, so don’t look for quick wins -- invest to get the right results.

For example, it’s extremely important to have a consistent system for how a project should be managed during each stage of a project’s life cycle. It’s not enough to say, “We want to ship 25 programming jobs to India and save \$25,000 a month.” Rather, you need a well-defined process for handing off the project and a quality control process that’s designed to work with all your operations.

4. Select the right outsourcing partner for a long-term relationship. Every facet of the outsourcing process needs proper focus, from careful selection of the vendor and framing the contract to identifying specific measurement criteria. And remember the adage: if it sounds too good to be true, it is -- meaning, if the fees are unusually low, it may mean the vendor is using less experienced people with less expertise. Be involved in the recruitment process. Make sure your partner knows how to use your particular tools and technologies.

5. Negotiate detailed service level agreements. Too often, agreements don't properly spell out expectations on issues that range from the skill sets you require to the dedicated resources that won't be shared with others besides you. Set up a review process on a regular basis to make sure your outsourced work is meeting expectations. A team of cross-functional experts should meet frequently to review what's working and what isn't. Top management should undertake a quarterly review against well-established metrics and milestones.

6. Establish a well-defined engagement model. For successful global operations that serve your clients effectively, it's crucial to develop standard operating procedures. It's a serious mistake to build a model and fit clients within it. Instead, figure out what your clients need and work toward that end.

7. Training and development are paramount. Once you put overseas partners or teams in place, be sure they fully understand how to service your clients the same way you do. Educate them on the use of your tools and processes. Exchange programs and cross-functional training breed success -- far more than simply passing work to someone 6,000 miles away.

Imagine having four different teams, in four different countries, using four different processes. Picture the chaos that would ensue, in the absence of a clearly defined model. The success of an offshore or outsourced engagement model is deeply dependent on being clear about the business goals and strategies; a genuine commitment from management; transparent communications with employees; and investment for the long run that aligns with long-term goals. That's a global operating model, and there are no boundaries or limits to where it will take you.

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