



Offshore Vendor Selection - Do Prior Relationships Help or Hurt?

Finding the right vendor for your offshoring operation, can be time consuming. You first need to find potential offshore vendors, qualify them, visit their facilities and negotiate with them to come up with a contract. If you are getting started in offshoring which is when this issue needs addressing, you may not have identified a dedicated staff member to oversee offshoring, simply because you do not yet know how much effort it is and whether you need to devote a full time person. So, this task is allocated to one of the members of the management team - who is already busy running his or her current function.

When trying to locate vendors, you discover that a prior relationship exists between a member of your management team and an offshore vendor or between a member of your board and an offshore vendor. This prior relationship is regarded as a tremendous benefit; you decide to go with one of them; your project gets off to a fast start, which makes everyone happy.

But before too long, schedules start stretching out, and fingers begin being pointed between members of your U.S. staff and your offshore team. "The offshore team is doing what they want to do, not what we need them to do-and asked them to do," complains your domestic team. "The requirements are not well documented, and we can't get a straight answer from your U.S. group," is the explanation from the offshore group.

Many companies that rely on prior relationships alone rather than a thorough and rigorous vendor evaluation and selection process find, sooner rather than later, that their objectives are not being met and their working relationships are not working smoothly.