



Managing Offshore Projects - Key Challenges You Need To Address To Assure Success

Offshore outsourcing is no longer a novel idea. It is an accepted business practice and for many the offshore operation has become a significant part of their overall operations. So it is essential they succeed in this endeavor. However the reality is that better than 50% of off shoring initiatives fail to meet original expectations. Successfully managing offshore projects requires that you understand the major challenges. I have broken them down into two categories - External and Internal.

EXTERNAL CHALLENGES

Staffing and Retention

Competition for the right skills in countries like India is very high; you need to determine whether the vendor has and can offer you the staff with right level of experience. Once you establish a team, you need to pro actively manage staff retention.

Time Zone Differences

Your staff in the US will need to get used to staying up late and/or coming in early for telecoms with the offshore team.

Country and Vendor Infrastructure

Both can be issues; you need to determine if your project needs special tools and/or other infrastructure.

Security

Major offshore vendors have established good business practices; but if you are dealing with a small vendor you need to make sure that you are not taking risking with your IP.

Vendor Stability

Thorough due diligence of vendor should be part of the vendor selection process.

Cultural differences

This is a significant issue; training programs that help you understand how culture affects communications and your projects are available to help you.

Geo-Political Concerns

This should be taken into account during vendor selection. Once a relationship with a vendor is established, it is hard to change.

Distance to Vendors

India, the most popular destination being 10000 miles away means it takes an entire day to reach your vendor. Travel to the vendor at regular intervals will be part of managing off shoring.

INTERNAL CHALLENGES

Unrealistic Expectations

Often companies overestimate savings and underestimate the effort and cost of establishing and managing the relationship. You need to invest the time up front to gain a realistic understanding of both; once done, it is important to communicate to all stake holders.

Improper Project Selection

You need to clearly define project selection criteria; in particular whether you plan to offshore projects that require direct customer interaction by the offshore team.

Governance

How do you plan to organize the off shoring function? In addition to the technical part of the management, how do you manage the business and relationship issues? How do you plan to measure if the effort is successful?

Processes

Recognize that vendor processes for development and integration may be different than yours; reconcile differences and establish a mechanism that is acceptable to both parties. The other major element is establishing processes for visibility and control.

WHAT DOES THIS MEAN TO YOU AND WHAT CAN YOU DO?

For competitive reasons, every company must determine if offshore outsourcing makes sense. If the decision is to go forward, you need to recognize that it takes a lot of work. Management is key to off shoring success. Understanding challenges is the first step. Next, you should get a deeper understanding of best practices that make offshore outsourcing successful in your particular environment.

