



**Global Development Consulting, Inc.**  
Training and consulting for offshoring success

## **Offshoring Challenges: Attracting and Retaining Staff**

by

**M. M. "Sath" Sathyanarayan**  
President, Global Development Consulting, Inc.

Many companies are finding that high turnover in their offshore support team is creating disappointing results. You've invested valuable U.S. staff time to train your offshore team and put in a lot of hard work to do trial runs. When several months have passed, you conclude that your offshore team understands your issues, so you reassign and/or remove staff at your U.S. location. After all, you cannot afford to duplicate staff forever! But not long after you make this move, you learn that the key staff members and/or team leads dedicated to your offshore effort have left the offshore team! Although the offshore organization says that they are addressing the situation and there's no need for you to be concerned, you realize that there is no way that they can meet your needs without investing additional resources from head quarters. And you doubt that such resources are available.

### **Whose responsibility is it anyway?**

While the offshore vendor is obviously responsible, you the outsourcer also have a role to play. You cannot leave it entirely to the offshore vendor.

The conventional response by offshore vendors to this issue is to offer increased compensation and address other HR related issues. While this is necessary, it is not sufficient for assuring satisfactory performance on a long term basis.

### **What can you do?**

Conduct an audit that goes beyond HR practices to help uncover issues that interfere with sustained offshoring effectiveness. Depending on your situation, there may be several factors to look into. However, here are areas that are common to most situations:

- Examine how attrition is defined: When you are in the process of hiring a vendor and ask them what their attrition rate is, they will provide you a number, say X%; this is usually a rate at which their whole organization is losing staff. While this metric is good for you to be aware of, you need to manage additional aspects of attrition:
  - Staff rotations planned and unplanned: Many offshore vendors have established rotation for their staff. This will not be included in the X% since the person would not have left your vendor's organization. But, for you, this is still loss of training investment you have made. Rotations of the unplanned variety happen when some one leaves your organization, on their own, but stay within the company; the argument from vendors goes something like "She was going to leave your support center any way; we would rather keep her within our company".
  - Attrition from your specific functional area, but within your own Offshore Support Center. If you are the manager in charge of this functional area, this is still attrition for you.

When you add up these two aspects, your own attrition rate will be higher than X%. To better manage this, you need to establish agreed upon rotation plans within the vendor's organization, understand why there is attrition from project to project and take corrective action.

- Examine the type of work offshored: It makes a critical difference whether you offshore only routine tasks or give your offshore team challenging assignments. One of the motivators for the offshore staff is the type of assignments and opportunity to learn and progress. On the other hand, you do have routine tasks that some one has to do and most likely you have offshored these tasks to begin with; in such a case, establish a planned progression for key performers so that they can see that by staying with you, they will continue to have the opportunity to learn.
- Examine the offshoring model: this is not intuitively obvious. Some companies have gone offshore and established a subsidiary of their own, without considering minimum size that is necessary for effectiveness. In the current environment where demand for skills is high, if you do not have local branding and your size is less than say 200, it will

be hard to retain key personnel; they can see better career opportunities at a larger organization.

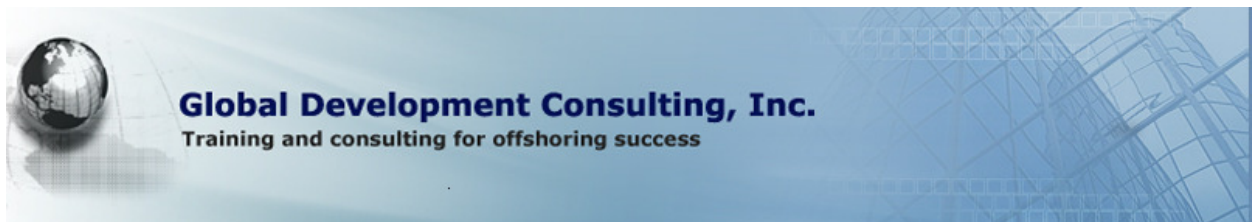
- Recognize reality: Majority of staff in offshore support organizations tends to be younger – in the early 20s to early 30s. Many of them look at support as a starting point in their career and they wish to move on to development as soon as possible. So there is an inherent impetus for attrition. Account for this in assessing feasibility/economics of offshoring and plan your operations to address it on an ongoing basis.
- Stay involved: Offshoring does not mean you can sign a contract, sit back and count your savings; you must still actively manage the offshore organization as if it is an extension of your own organization, though it is legally a separate entity.

### Points to Ponder

- What is your real attrition rate?
- Are you satisfied with current rates of attrition?
- What measures can be taken to improve either by you or the offshore vendor?

### Author

M. M. “Sath” Sathyanarayan is President of Global Development Consulting, Inc. and author of the book, “Offshore Development and Technical Support - Proven Strategies and Tactics for Success”, a practical guide for executives trying to successfully launch and manage offshore initiatives. His experience in the industry spans 25 years. During the last 15 years he has focused on offshoring -- initially as a Fortune 500 corporation executive leading offshoring, then as start-up CEO utilizing offshore resources, and now as author and consultant. For more info: [www.OffshoringSuccess.com](http://www.OffshoringSuccess.com) or [sath@OffshoringSuccess.com](mailto:sath@OffshoringSuccess.com).



We help reduce your operating costs and improve competitiveness through offshoring. We bring decades of offshoring and operations experience to the table. We have written the authoritative book on successful offshoring: [Offshore Development and Technical Support: Strategies and Tactics for Success](#). We have been quoted in global publications such as [InfoWorld](#), [CIO](#), [Software Business](#), [Workforce](#) and [Economic Times \(India\)](#). Our services are flexible and customized for your specific situation. To find out more, contact us at

Email: [info@OffshoringSuccess.com](mailto:info@OffshoringSuccess.com) Tel: (408) 865-0474 <http://www.OffshoringSuccess.com>

