



## **Managing Offshore Projects - Staff Retention - Part 1 - Understanding the Whole Truth**

Competition for competent staff in countries like India is intense. The environment is similar to what U.S. experienced during the Internet boom, when it was very difficult to attract and retain good talent.

Many companies are finding that high turnover in their offshore 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.

What can you do?

The first step in beginning to address this problem is to clearly understand the extent of the problem. It is not as apparent as it seems.

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:

- o 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 stays within the company; the argument from vendors goes something like "She was going to leave your organization any way; we would rather keep her within our company".

- o Attrition from your specific functional area, but within your own Offshore 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.

Once you go through this step, you have a better idea of the extent of the problem. In part 2 of this article, I will present several approaches to addressing this issue.