



## **Managing Offshore Projects - Staff Retention - Part 2 - How to Address the Issue**

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.

In Part 1 of this article, I discussed how to understand the real nature of the issue and not totally rely on the numbers your offshore vendor provides. In this (Part 2) article, I will provide best practices on how to address the issue.

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.

Best Practices to address attrition

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. In fact, in some of the industry surveys compensation came in as number 3 factor in overall job satisfaction. Job content and how they were treated were higher. That said, if your salary scales are not competitive, you will experience turnover.

- 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 "small", it will be hard to retain key personnel; they can see better career opportunities at a larger organization.
- Establish rotation plans: Provide opportunities for offshore staff to travel to the U.S. either for short term or long term depending on your need and what the staff members can do. Use the opportunity to do team building and establish personal rapport between your U.S. and offshore staff.
- Have U.S. personnel visit offshore facilities on a regular basis; this should include technical and managerial and executive staff; it promotes team building.
- Recognize and reward contributions: Treat offshore staff the same way you would your U.S. staff; when some one has made a major contribution, make sure they are recognized publicly and rewarded; some times small gestures like a thank you e-mail can go a long way to keep offshore staff motivated. Your offshore vendor may have their own reward system; make sure that you inform their management about members who are excelling in their performance. Other simple things that can go a long way - company T-shirts, coffee mugs etc. You should also consider setting up financial rewards based on their length of service to your company.
- Promote your company, its vision and the experience they can gain by being part of your team. Since, most offshore staff members are desirous of broadening their expertise, they will value highly the opportunity to be part of your team. Executive visits should include sharing the company's vision on an ongoing basis.
- Recognize reality: Majority of staff in offshore organizations tends to be younger - in the early 20s to early 30s. Many of them are keen on building up their resumes and salaries as quickly as possible. So there is an inherent impetus for attrition. Account for this in assessing feasibility/economics of offshore outsourcing and plan your operations to address it on an ongoing basis.
- Stay involved: Offshore outsourcing 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.