



## **Global Outsourcing Strategy - Why Does Strategy Matter in Global Outsourcing?**

Often I am requested by my client companies to help improve their offshore operations - they are experiencing various symptoms which are becoming all too common in offshoring - high turnover of offshore staff, costs beginning to escalate and senior management is not sure if offshoring makes sense.

When I begin the engagement, one of the first questions I ask client management is to help me understand their offshoring strategy. Quite often I get a blank stare that says something like "Is that not obvious?" When pressed, usually the answer is to reduce cost. Upon further analysis, I usually find that over a period of time since offshoring effort began there has been turnover of management and if there was a vision up front no one can now articulate it in a cohesive manner and for sure not something the whole management team would agree on.

In order to answer the question if offshoring continues to make sense, as part of your offshoring strategy, business reasons for initially going offshore must be spelled out. Despite what many people assume, it is not always cost; cost is the most common reason, however. Other reasons are to have a beach head in a growing economy like India or China to take advantage of market opportunities, to have regional presence to provide support to that part of the world more easily (regardless of cost).

In addition to business reasons, you need to have a clear set of rationale in place for other parts of the offshoring strategy (such as the offshoring business model, vision for the offshore operation, types of projects you plan to execute and so on). In addition, you need to revisit global outsourcing strategy as your business strategy changes and evolves over time.