

Inoculate Yourself Against Offshore Outsourcing

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1. Introduction

When you **inoculate** yourself against a disease, you take a small portion of it to prompt your immune system to fight that disease. In an era of rampant Offshore Outsourcing (OO) of professional careers, you can learn from your competition to **Inoculate yourself** with their insights to fend off or recover from the effects of this raging disease.



Today, OO is escalating. The reason: others are positioning or packaging their value proposition better than you are, showing how they can do your work at one-third the cost you can, due to a combination of higher skills, greater productivity, and better management.

We believe that well-practiced Project Management (PM) is a key to inoculating yourself against Offshore Outsourcing. Why? Because well-practiced and well-managed PM can easily triple your effectiveness, making an ounce of prevention or intervention worth a kilogram of cure.

This article explores how managers, project managers, and team members can package and position ourselves to prevent or halt rampaging outsourcing fever by focusing on specific skills and competences. By doing so, you can show at least the 3x improvement that your strongest competition claims, **and more**.

Target Audience: This article is relevant for managers, Project managers, Information Technology professionals and other professionals in the USA including technical writers and engineers, who are concerned about career survival in a challenging new world of offshore outsourcing.

2. OO Background and Your Diagnosis

For white-collar workers, OO first appeared in the 1960s with offshore outsourcing of data entry. That was followed by outsourcing of information systems support and then systems development, some domestically and some abroad. Now most other white-collar disciplines, from tech writing to engineering, and from managers, lawyers, and physicians, have caught the disease—or are about to do so.



A recent news story in New England asserted that the state agency that is responsible for employment management was outsourcing its information systems development and maintenance to a company on another continent. That state already has one of the nation's highest unemployment rates in information systems developers.

And a major US automobile manufacturer outsourced much of its skilled labor in the same way, prompting some who are unemployed in that company's home state to ask them: "Who do you expect to be able to buy your cars?"

In an era when the **official** unemployment rate is 5%, your peer group is experiencing 20-25% unemployment – or underemployment – if you include those who have given up or taken significant pay cuts to just bring in a paycheck. Here is what is even worse: these lost jobs will never come back.

So how can you cure this raging disease of the OOs, offshore outsourcing of your jobs? Perhaps, if we practice what we preach, you begin with a project plan. First, determine if you are already immune to the OO disease. If so, you need not continue with this article. However, keep this article close by, because the virulence of OO seems to increase with time. On the other hand, if you've already been exposed to the disease, don't waste time: begin your emergency procedures or interventions now.

Diagnosis: Temporarily Inoculated or Exposed?

To diagnose your condition, take the following short exam. For each question, **circle Y for Yes or N for No**.

- Y N 1. Is your industry high-margin (profitable), or a high-profile government agency?
- Y N 2. Is your company in the top two in your market in both share and growth?
- Y N 3. Does your workgroup generate revenue, or provide support to those that do?
- Y N 4. Can you prove you add value (vs. overhead) to your enterprise?
- Y N 5. Are you out of work, or seeing signs that you are about to be?
- Y N 6. Is your enterprise in the process of shrinking by more than 10%?
- Y N 7. Is your workgroup viewed as overhead by others?
- Y N 8. Have you been asked to document your work processes or procedures for an external audience?



If you **confidently** answered “Yes” to questions 1-4 and “No” to questions 5-8, then you are inoculated for now. Congratulations! However, you still cannot ignore the OO threat; you just have a little more time to act.

If you **answered**, “No” to any of the questions 1-4, “Yes” to any of the questions 5-8, or left some questions unanswered, then you've already been exposed to OO, or exposure is imminent. You need to apply emergency procedures *STAT* (that's emergency room jargon for “fast”).

3. Emergency Procedures for Project Managers



If you are a project manager or a team member, two factors underlying your OO exposure are also your inoculation remedies: *lower cost* and *higher skills*. If you are a Manager, see the topic below, Emergency Procedures for managers. In the meantime, managers should continue reading because what is relevant for your staff may be relevant for you, too.

Lower Cost: Threats and Remedies

The flight of white collar jobs to countries where the average pay is one-third that of the US is not a new threat. It has been going on for quite some time. In today's global economy, expect this trend to continue.

Your potential remedies include working for less money, producing more, finding a unique niche, or waiting 10 years until some of those countries' new prosperity causes your competition to cost more than you do. **Which remedies do you prefer?** By using any appropriate one, or a combination of these remedies, you can (potentially, given effort and support) lower your cost per unit of project result by 3x and match your competition. You must either meet the competition, or make it irrelevant by establishing a *niche market* for what you do.

Higher Skills and Competences

Your competition for your job may be hungrier than you are (at least right now). And many of their nations are improving incentives for investment in talent. Their companies are boosting their training and human resources development, while much in the U.S. continues to focus on quarterly short-term profits.



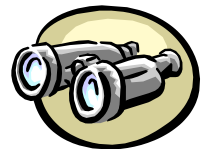
Your best remedy is to invest in yourself; don't hope and wait for your organization to do it. From a project manager or team member perspective, you should focus your efforts in at least these six areas:

- ◆ Improve strategic vision, and project linkage to strategy;
- ◆ Improve communication effectiveness;
- ◆ Acquire the right staff, and then delegate more effectively to them;
- ◆ Improve commitment (self and others) and follow-through on results;
- ◆ Focus your efforts on improving performance in the front and back of the project life cycle, and
- ◆ Earn a competency-based (not just an exam-based, short-term knowledge-oriented) certification.

The six areas listed above are those where your competition is either outperforming you or will eventually strive to do so. In either case, you still have time to compete and establish an edge. Let us explore these six areas.

Strategic Vision Skills

Some of your competition have a cultural planning horizon that stretches 100 years. Their ability to focus on long-term goals is one of their keys to success. In the USA, our planning horizon too often ranges from 3 months to a year, with a primary goal of pleasing Wall Street.



You, however, must start thinking like your competition while continuing to please your management. Hone your ability to establish a project vision, communicate it to others, show how short-term results contribute to the vision, and then track your performance in realizing it. Easily said? Well, we didn't say your treatment would be easily done.

Certification of Competences

Intuitively or otherwise, most people understand that to survive and advance they need to update their technical skills. Today, it is even more important to update your project management skills and competences.

But don't stop there. *Expand* your skills! Get certified! Get recognized! Then set up mentoring programs to help your peers. After all, expertise is the best example of compounding interest.

For project managers, certification in your discipline is a good start. The IPMA-USA's advanced certification program assesses a project manager's **competence**. This is a more reliable indicator of performance potential than other certifications. And, it is compliant with International Project Management Association's Four-Level Competence-based Certification program, so it is recognized throughout the World.

Communication Skills

In a recent technical support call to a website hosting help line, I received impeccable service from a well-spoken support representative. When I asked if the server was down he told me the server was half the world away from him (only 500 miles from me). I congratulated him on his American English, and he said my area code prompted which American accent to use. How well do you communicate with *your* audience?

Given that project management is a set of specialized communication skills, how are yours? These skills include persuasive speaking and presentation, active listening, critical reading, and effective writing. Your competition recognizes the importance of communication; do you?

To gain an edge, improve your interpersonal skills: learn to relate well to those with different personal styles; read body language; instill confidence and passion in your topics. Use eye contact to improve trust, an

American strength when used appropriately. Further improve trust with open-ended questions and active listening. Understand, read, and play the politics of each situation you encounter. Don't mistake kissing-up for politics.

Staffing and Delegation Skills

Smart project managers staff their projects with people who are smarter, and even more motivated than they are, and then effectively delegate meaningful work to those people. Your leverage grows when you can find others who can complete assignments with higher quality *and* at twice or better the speed that you can. Is this possible? It can be. Barry Boehm, in his 2000 update of COCOMO¹, cites, in Information Technology projects, a mere half-dozen skill and experience factors that can increase project effectiveness up to 100 times!

Find and cultivate those superstars! Build the business case for making them available to your team. And then learn to delegate more effectively. Can your team members tell you a handful of ways to get their assigned work done faster and more frugally at the same or higher level of quality? If not, then your delegation skills probably need improvement. The best delegation uses directives sparingly and encourages feedback so that team members will fearlessly tell you how their skills and time can be better used.



Follow-Through Skills

As important as it is to demonstrate the skills covered in this article, it's even more important to make, and follow-through on, commitments. We see many project managers and other professionals who are all talk, very little action, and even less follow-through.

Your remedy is to do what you say you will. Commit to needed actions in your organization, and then track and report your progress. This is a proven way to keep your visibility high with your peers and managers. Take the actions needed to achieve your commitments on time. Show you delivered the business benefit that you and your project sponsor described in the Project Charter.

It seems strange, but project managers can be some of the worst in the competence of follow-through. Your competitors are winning because they demonstrate strength in this area. You must at least match that strength.

Front- and Back-End Project Management Skills

Professionals in most disciplines are most vulnerable in the *middle* of their project life cycle. This trend started with outsourcing of project Construction activities. Then Design and Testing were outsourced. Now the OOs are threatening to take over Requirements and Implementation.

What's left? The beginning and end of the project life cycle: Project Initiation and Beginning of Use (also known as the Warranty Period). To be a successful project initiator, synchronize your project portfolios with enterprise vision, goals, and objectives; employ skills for managing risk, and analyze project benefits relative to costs.

At the back end of the life cycle, during the Warranty Period, you must be adept at capturing *and* applying Lessons Learned; prove you met the objectives and business need; demonstrate that the project achieve the promised benefits; and manage the impact of the change in the enterprise. Yes, competent project managers are successful Change Agents!

As project manager, don't be afraid to help your Sponsor become a critical evaluator: It is far smarter to kill a bad project early than to send it elsewhere for discount development. In our experience, employing these remedies can improve projects by a factor of 10x-30x.

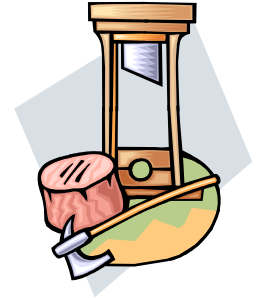
¹ Boehm, Barry W et. al., Software Cost Estimation With COCOMO II, Prentice Hall, New Jersey, 2000.
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Sidebar: Don't abandon your technical skills, but provide a more balanced platform for displaying them. For IT, this means you must get out of rolling-your-own code! Evaluate and install package or component options, which can significantly cut mid-life-cycle costs. If you must code, then use iterative methods that keep you closer to your customer; this can provide more value sooner and keep you more visible.

4. Emergency Procedures for Managers

Fifteen years of de-engineering the organization has decimated the ranks of managers, just as it has done to project managers, team members, and other professionals.

In some organizations, many of the best managers left because they had higher value in the open job market. Of those who remained, some were dedicated to helping their people and their organization survive; others believed staying put was the only way *they* could survive.



From this morass arose a clever thought: Let's outsource our less-effective business functions to someone who can manage our work better than we can, and profit from it! Such an irony! Note that we are not saying outsourcing is bad; the practice can really work well for some non-core business processes. Sadly, there is also a fair amount of OO, even for core business processes, that happens just because competitors are doing it, and it appears to be viable in the absence of contrary information. The least-competent actions we have encountered are situations where enterprises outsource their project managers—their capacity for strategic change. Have you seen this mistake in your organization?

The most effective managers we've worked with in the USA and other countries consistently demonstrate traits that are key to a successful *project* climate; this makes them huge value-add for their enterprises, instead of overhead. These managers know that by staffing and funding a project appropriately, they can use its ROI to invest, launch and complete (for example) three follow-on, concurrent projects.

Just as in the case of compounded interest, they increase their ROI from 3:1 to 9:1—and more. How do the “savings” of your failed projects compare?

The managers who consistently increase project ROI share many traits. Of these, we think that a handful are key to OO survival: appropriately managing process and project work, vigilance in prioritizing their project portfolio, staffing top priority projects effectively, removing barriers to project work, establishing relevant measurements, developing their talented staff, and establishing a consistent project process.

When you adopt these strengths for better management, your range of possible improvement can be 3x–9x just as it is for other successful managers of project efforts.

Some of us think we are exempt from the OO disease—that it only affects staff. Guess again: recent estimates are that 25% of the offshore outsourced positions by 2015 will be those of middle and upper managers!

Manage Process and Projects Appropriately

The role of a manager, from first-level supervisor to chief executive, has changed during the last 30 years. Some of the players have not. They do not understand that, today, the majority of white-collar work in most companies is project work, and not ongoing, repetitive process work. Further, they do not understand that you manage project work differently than the way you manage process work.

“Starve the Process.” In process work, a popular approach is to avoid adding staff while workload increases. One uses numeric controls to monitor the quality of results. Managers only intervene to add resources when failure rates increase. Starve the process and adjust when indicators warrant.

Applied to projects, that approach results in under-staffed efforts that ultimately cost more, come in too late and miss opportunities, reduce scope and quality, and earn less than their intended ROI or even result in negative ROI. This is the height of project incompetence. Have you seen it? Your remedy: learn how to manage project-oriented efforts. Although you may succeed in starving the processes, you must always feed the (right) projects.

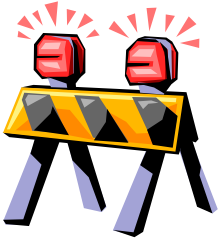
Prioritize Your Portfolio

Another classic cause of project failure is when organizations try doing too many projects at once with too few resources to staff them. This is the “we’re losing money hand over fist, but making it up in volume” approach.

Prioritize your portfolio by aligning projects to enterprise strategies, considering Break-Even Time, ROI, business Risk and Opportunity, and other industry-specific factors. Then staff the top projects appropriately and complete those before beginning any of your lower priority projects. Avoid the all-too-common syndrome where workgroups frantically work twice the number of projects than they can staff and manage effectively. The sad irony is managers who think they are helping everyone, but instead, they are *delaying and dismaying* everyone.



Remove Project Barriers



Projects with tight due dates are an indicator of management malpractice. We need managers who run interference, pushing barriers out of the way for the team. Less-effective managers add proven project barriers when they assert that “meeting (unrealistic) deadlines is critical”.

Your remedy: position yourself as a barrier-remover, and then *do it*. Don’t dawdle over staff or material procurement decisions, and don’t hold up reviews to accommodate anyone’s or everyone’s schedule. One of the toughest challenges for a Manager is to keep project momentum high in the midst of constant delays.

Establish Relevant Measurements

How do you respond when your manager or board asks you to prove that your project productivity rates are as good as your competition? Do you have a measurement program? Do you have traceable ways to measure scope (the ultimate measurable factor), from Portfolio Planning through Lessons Learned and Benefit Realization?

As Balanced Scorecard and Six Sigma measurement programs become more popular, we see organizations focusing on meaningless and easy-to-measure time and cost, while remaining clueless about scope, quality, and return on investment measures!

You, however, are not clueless. You have or will soon establish a measurement program and a metrics database. You insist that the data be captured and used in estimating new projects. You avoid *just* measuring things that are easy to measure, instead measuring the things that are most important to your organization. You will make small and meaningful adjustments in your organization’s processes or skills, and then review your metrics to see how the changes worked.



Develop Your Resources



In the “good old days”, one of the most important jobs of a manager was to grow staff talent. This is still one of the smartest ways to continually boost productivity. Today, you spend most of your time marketing your organization to the rest of your enterprise, and defending staff from cutbacks. But today’s best-shining managers still find time to grow their talent.

Work with your talented staff to identify their goals and aspirations. Help them identify the knowledge, skill and competency steps that will help you jointly achieve those goals. Assist them by training, coaching, and teaming with others, and monitor their results.

Time consuming? Yes, but would you rather they just left to work for another company or agency?

Establishing a Consistent Project Process

We’ve seen the mania over Maturity Models, Six Sigma, and the return of the re-engineers. The methods themselves are very useful. But believing that your chosen way is the only way is pretty stupid. The smart manager

treats the available methods and processes like a buffet—wisely choosing the best features of each to meet each project’s unique needs.

Establish a consistent project management process for your group, with milestone approvals and roll-ups that work with projects of different disciplines and sizes, and improves project visibility.

Develop templates to improve deliverables. Tailor the templates to different types and sizes of projects. Don’t over-document the deliverables for a small prototyping project by forcing the use of templates for a large, complex project. Post a collection of good examples, and explain why they are good.

Adapt a range of appropriate project methods. To your project toolkit, add methods for small specialty projects, for projects with rigorous regulatory requirements, and methods for agile (but not fragile) projects that are targeted for new markets.

5. Conclusion

Companies outside the USA are packaging and positioning themselves as having lower-cost, higher skills, and better management than we have. If it’s true, it’s a threat that’s been realized. If it isn’t true, it’s still a threat until we can disprove it.

In the current OO climate, you are competing with people who are successfully claiming they can deliver a 3x productivity improvement. If you spend time implementing the suggestions in this article, you could achieve improvements of several times that much (note that our numbers are anecdotal, but feasible, depending on your capacity).



We’ve worked with companies to implement just a portion of these actions, resulting in 10x improvements over 3-4 years. At that point most of our clients clearly saw follow-on actions that would achieve another 10x of improvements.

Heed and then act on the remedies we’ve discussed in this article. Package yourself the way your competition does, then improve and step up the pace of marketing your teams, your services, and your unique value proposition to your enterprise.

If the compelling business reason for the OOs is to save money, then in the short term Offshore Outsourcing may be sensible. Be aware, however, that many companies who outsourced vital business functions in the late 1980s and early 1990s to *US firms* are seeing some negative effects: less flexibility, less responsiveness, and great difficulty conveying their Enterprise Value to external organizations.

Others have experienced a loss of competitive advantage due to outsourcing the wrong functions, or from outsourcing the right functions to the wrong domestic firms. The process of re-sourcing those functions has been painful. Re-sourcing from offshore will be even more painful.

Without being too jingoistic, we believe that if the offshore outsourcing trend continues, your children will be flipping burgers for their career. Instead, we need you to use your Project Management skills to do your part to help the USA continue being the innovative, prosperous, example for the free world that it has always been. Otherwise, just osculate your anatomy goodbye.

Editors’ Note:

This article was originally written in 2002, and was republished, with permission, in India. And, it has been downloaded most by participants in three countries: India, China and Ukraine. A minor update in 2007 changed no facts in the article, but the Offshore Outsourcing competitors have increased. The 2017 update primarily

updated the author bio and publishing information. The opportunity remains for effective managers and project managers to save their Enterprises from the scourge of Offshore Outsourcing.

About the Author



STACY A. GOFF, the PM Performance Coach™, has coached and inspired tens of thousands of project and program managers, and hundreds of organizations, on five continents, for over forty years. A Project Management practitioner since 1970 and consultant since 1982, he has also been a strong contributor to professional organizations such as IPMA® and PMI® since 1983.

He is a co-founder and past-president of IPMA-USA, and 2011-2014 Vice President of Marketing & Events for IPMA, the International Project Management Association. In September, 2015, he was named an IPMA Honorary Fellow.

Goff's interest in project competence and performance began with establishing a PM Competency Center for a nuclear power plant in the early 1980s. It continued with international engagements during the 1980s and 90s as he helped organizations assess and improve their project and program performance. Today, he coaches, speaks and performs keynote speeches at major project-related events. And, he continues to pursue his interest in individual, project team, organization, and national and international PM performance.

Mr. Goff brings a results-oriented approach to Project Management coaching, consulting, and training. His insight for the needed PM Competences, and his delivery of effective training translate to improved project performance. In his working life, he combines his Project experience with sensitivity for the interpersonal skills areas—the human aspects of projects.

In his papers, presentations, workshops or in consulting, he combines his project experience with strategic linkage for all projects and programs. His insights and experience have provided competitive advantage for his clients for over 40 years. His business result: measurably increased **PM Performance**.

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