

How to win Core Projects for the Offshore Center from the Head Office

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A large number of global companies are outsourcing projects to distant countries. A number of them are running Offshore Centers in these countries. These companies have augmented their project teams in their global Head Office (HO) with the Offshore Center teams. The projects are distributed across the Offshore Center and HO, with the managers in the Offshore Center and the managers in the HO leading their respective project teams.

The HO management of some global companies thinks that their Offshore Center teams are not capable and experienced enough to be able to execute core and complex projects. Hence, they offload only simple projects to the Offshore Center. For example, if the company is developing products then it will offshore only projects such as adding simple features to products and maintenance of legacy products, but will not offshore projects for developing core features of the products. The value addition of the Offshore Center to company's revenues is then low. Further, since the Offshore Center does not offer opportunities to work on challenging projects, it is unable to hire, retain, and motivate good talent, especially capable and experienced professionals.

This article suggests some techniques for the Offshore Center managers to convince the HO management to offer them high-value, core, and complex projects, which can significantly increase the contributions of the Offshore Center to the company's revenues and help the Offshore Center hire, retain, and motivate excellent talent.

We start by presenting the problems faced by the Offshore Center if it is offloaded only peripheral projects. We then suggest techniques using which the Offshore Center managers can convince the HO management to offload core and complex projects to the Offshore Center. We conclude by discussing the benefits accrued to, both, the Offshore Center and the global company as a whole if core projects are offloaded to the Offshore Center.

I. Problems in only offshoring Peripheral Projects

The approach of the HO management of offshoring only some peripheral projects creates a number of problems in the Offshore Center:

1. The teams in the Offshore Center are capable enough to deliver on more complex and challenging assignments. Since they are being offloaded only simple and low-revenue generating projects, it severely limits the Offshore Center's contributions to the company revenues. The Offshore Center then keeps growing in terms of adding more employees but it fails to add significant value to the company. The full potential of the Offshore Center teams is not realized.
2. Since the employees in the Offshore Center are working on low level tasks/projects, much below their capabilities, they become demotivated. Their job expectations are not being met with the lack of challenges and opportunities in their jobs. They are demoralized, which reflects in lower productivity, and it results in severe negative impact on the deliverables of the Offshore Center. Such demoralization even causes attrition of experienced, senior, and capable Offshore Center employees, who decide to join companies that give them opportunities to work on more challenging projects.

Thus, the Offshore Center has severe problems in motivating and retaining its core employees.

3. Experienced and capable technology professionals in the industry prefer to join companies that offer them opportunities to develop core products and work on complex, challenging, and exciting projects. Since the company's Offshore Center does not offer such opportunities, such professionals refuse to join it.

Further, it becomes even more difficult to attract experienced managers from the industry since they are managing large and highly complex projects in their current jobs. These senior managers refuse to join an Offshore Center where they would only have opportunities to manage some small and peripheral projects.

Hence, the Offshore Center can recruit only mediocre performers with low experience levels, both in the technical and managerial ladders. The presence of such a weak team in the Offshore Center results in decreased productivity and output of the center. Thus, the cost-saving benefit of offshoring becomes quite low for the company.

Any company must realize that if its Offshore Center is expected to make any significant contributions, then it must have capable and experienced managers and technical professionals.

4. The basic purpose of the decision of the HO management to offshore only peripheral projects was that these projects would be successfully executed by what they assumed as “mediocre professionals” in the Offshore Center. The irony is that with all the factors discussed above, even such peripheral projects start failing in the Offshore Center!

Let us consider the example of an Offshore Center being offloaded only projects to maintain large legacy products of the company.

Since capable and experienced technical professionals and managers refuse to join the Offshore Center, their team then consists only of mediocre professionals with low experience. The HO management expects such a team to deliver on the supposedly simple maintenance projects.

The HO management fails to realize even maintenance projects can have some complex requirements, which the inexperienced and mediocre talent in the Offshore Center will fail to handle:

- Customers keep demanding additional features in legacy products. Some of these features can be complex, which can be implemented using only new, advanced, and complex technologies. Since the Offshore Center team lacks professionals with expertise and experience in advanced technologies, the team fails to deliver on these tasks.
- The project teams are supposed to fix bugs (defects) being reported in the legacy products. Customers keep changing the environment of deployment of the products and that can sometimes result in exposing some complex defects in the products. If such defects are reported, then the project team would need to have capable and experienced technical professionals who can understand the complete architecture of the product to make modifications to effectively solve the bugs, without impacting the functionality of the other features of the product. Unfortunately, the Offshore Center team would not have such experts among them and would fail to solve such bugs effectively, much to the displeasure of the customers.
- The management efforts required to effectively manage a maintenance project are no less than the efforts required to manage a development project. The project manager of a maintenance project needs to understand the new features requirements of multiple customers, collapse similar requirements of multiple customers into singular features, evaluate the impact of each of these features in consultation with the product management, select the set of features to be implemented, and manage the teams to implement these features within the customer-defined schedules. Further, the manager is continuously fire fighting multiple critical bugs being reported by key customers in the existing features of the product. He or she not only needs to manage resolving these bugs within very tight deadlines but also needs to use his or her strong negotiation skills to keep the customer’s concerns under control until the solutions are delivered.

These complex project management tasks can be fulfilled only by an experienced and capable project manager. However, since the Offshore Center fails to attract or retain such managers, its projects cannot be effectively managed. Thus, the team fails to deliver even on supposedly simple tasks of fixing defects and adding features to legacy products.

II. Techniques to convince Head Office to offload Core Projects to the Offshore Center

Thus, the Offshore Center needs to be offloaded core projects to overcome the above mentioned challenges. The Offshore Center management should share requisite details with the HO management to destroy their myths of lack of excellent talent in their country who can execute core projects.

The Offshore Center management should share the following details to convince the HO management to offshore core and complex projects to their teams:

i) Showcase expertise and experience of the Offshore Center employees

The Offshore Center management should share the profiles of their key and senior technical and management employees with the HO management, highlighting their expertise and vast experience in handling large, core, and complex projects. Even if these employees could not get opportunities to work on such core projects in the current company, they would have worked on such projects in their past companies, which should be highlighted.

The Offshore Center management should not only showcase the existing talent in the Center but should also highlight the expertise of excellent talent available in the industry in the vicinity of the Center, who can be attracted to join the Offshore Center in the near future.

The HO management will then gain confidence that the Offshore Center teams have the strengths and experience to execute core and complex projects.

ii) **Gain advance knowledge of projects, to train talent**

The Offshore Center management should work closely with the HO management to get *advance information* on upcoming core projects of the company and should then prepare their teams for winning such projects. For example, the Offshore Center managers should work closely with the HO product management to get advance information on new key products being planned and should develop as much information as possible about the core features of these products. The Offshore Center managers should then train and groom their teams extensively in the business domains of these products and in the technologies to be used for implementing the core features of these products.

The Offshore Center team should then develop prototypes for some of the core features of the product that use new, advanced and complex technologies. Such prototypes will demonstrate to the HO management the fact that the Offshore Center team has deep expertise in complex technologies required to implement core features of the product.

Then, when the HO management decides to distribute the project tasks of developing such a new product among the HO and the Offshore Center, the Offshore Center managers can bid for implementing the core features of the product by highlighting the expertise developed by their teams and by demonstrating their prototypes. The HO management can then compare the strengths of the Offshore Center team and the HO team in implementing various core features of the project and will decide to offload implementation of these features to the team with better strengths to deliver them successfully. Since the Offshore Center team will have developed expertise in implementing core features of the product, implementation of a large number of these core features will be offloaded to the Offshore Center for execution. Thus, the Offshore Center management will be able to win core and complex projects for their teams.

Thus, the Offshore Center teams would always have a mix of core projects and some peripheral projects, similar to the HO teams.

III. **Benefits of offshoring Core Projects**

Offshoring of core projects will result in multiple benefits for, both, Offshore Center and the global company as a whole.

The opportunities to work on core and complex projects would help motivate and retain capable and senior Offshore Center employees. Further, the Offshore Center can attract highly capable and experienced technical professionals from the industry by highlighting the challenges being offered on its core and technologically advanced projects. Similarly, highly experienced managers from the industry would also join the Offshore Center since they would get opportunities to manage large, core, and complex projects.

The Offshore Center can then build strong teams around these capable and senior professionals and deliver on complex and large projects. Since the Offshore Center teams would now be working on core and high-revenue generating projects of the company, they would significantly add to the revenues and profits of the company.

Further, the presence of these experienced and strong professionals would also help the Offshore Center to deliver on its peripheral projects by overcoming the challenges mentioned in Section I.

Section I discussed an example where the Offshore Center team working on a legacy product maintenance project was unable to solve critical bugs or implement additional complex features in the product. The reasons for such failures were that the Offshore Center could not hire or retain capable and experienced technical professionals who could understand the complete product architecture and apply their knowledge of new and advanced technologies to deliver on these tasks.

Since the Offshore Center would now also be running complex new product development projects, it would have been able to attract and retain a number of experienced and capable technical professionals to work on such core projects.

Whenever the inexperienced team members working on the maintenance project would have needed help on the complex tasks on their project, they could have easily asked questions from these highly capable core technical professionals. Since these core technical professionals have extensive expertise in advanced technologies, they would have easily helped the maintenance project team by providing them solutions to their problems. Thus, the Offshore Center would be able to successfully deliver on the maintenance projects tasks of resolving critical bugs and adding technologically advanced additional features to the product.

Further, Section I discussed the problems faced in successfully managing maintenance projects caused by the absence of experienced and capable managers in the Offshore Center. Again, since the Offshore Center would now have highly experienced and strong managers for managing core and complex new product development projects, these experienced managers can help and guide the managers of the maintenance projects in meeting their project management objectives. The managers of maintenance projects would then get the requisite support to allow them to manage their teams for successfully implementing additional features in the legacy products and for resolving the customer-reported critical bugs within tight schedules to the satisfaction of the customers.

Thus, the full potential of Offshore Center teams would be realized, and they would be able to successfully deliver on all their projects, ranging from core and complex product development projects to maintenance projects.

About the author



Vimal Kumar Khanna is the Founder and Managing Director of mCalibre Technologies. He has more than 34 years of industry experience. He has won multiple international honors for his contributions to the management and technology domains - being listed in Marquis Who's Who in the World and being Honorary Editor of IEEE Communications. He is the author of the Amazon #1 Best Seller Book "Leading and Motivating Global Teams: Integrating Offshore Centers and the Head Office" published by CRC Press – USA (Taylor & Francis group). His sole-authored papers have been published in leading global refereed journals, magazines, and conferences. He is a frequent speaker at Project Management Institute (PMI) Global Congresses—North America, EMEA, and APAC. He is a frequent contributor to multiple PMI official global publications - PM Network and PMI E-Link.

