

Embracing Globalisation

This is the first in a series of excerpts from the newly published book by regular columnist Atul Vashistha, "Globalisation Wisdom: The Seven Secrets of Successful Globalisers". Here he shares with us his Secret #1: Embrace Globalisation

ONE UNDERLYING fact successful globalisers understand is that services globalisation has come a long way from offshore outsourcing and continues to evolve every day. As services globalisation evolves, new opportunities arise. The reality, as Applied Materials GVP and CIO Ron Kifer sees it, is that a company can embrace, leverage and be a part of that globalisation or it can become its victim.

"It's greatly important that global organisations understand that we're moving to a globalised economy and understand that they have to have the flexibility to be able to do the work wherever the work is more cost-effectively done and wherever the work is high-touch to the customer. That's why we're pushing globalisation as a key strategic initiative in our organisation because we want to be on the leading edge of that," Kifer explains.

That concept of flexibility – of being open to new opportunities – leads into the first secret of successful globalisers: Embrace globalisation. Successful globalisers welcome services globalisation into their organisations with open arms; they allow themselves to be constantly learning, constantly open to the new opportunities – and challenges – that the evolution of services globalisation presents. Embracing globalisation means looking at the big picture; considering every corner of the world as a potential sourcing destination and thinking about the unique advantages and opportunities that each location offers.

Embracing globalisation is also an important stepping-stone in the development of a services globalisation strategy. Whatever may

come, organisations must be always mindful that they are embracing globalisation for all that it may offer.

MODEL FOR EMBRACING GLOBALISATION

The basic model for embracing globalisation has four components:

- Embrace globalisation across the business.
- Ask whether your processes should be performed better elsewhere.

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- Mandate the globalisation of processes that can be performed better elsewhere.
- Keep an eye on the future.

When the offshore outsourcing trend first caught hold of US businesses, most firms saw it as an opportunity to reduce costs through labour arbitrage. But as the movement has evolved – as offshore outsourcing has become services globalisation – companies have looked past cost



considerations.

In fact, flexibility is even more important than cost in services globalisation. "If cost was your primary consideration, I think that you're going to fall short of meeting the real objectives," Kifer says.

"The real objective of a sound globalisation strategy is to have a flexible workforce and global model and to realise that the markets, customers and competitive environment is going to change, which will require a company to maintain competitiveness to be able to do work in a different model in a different place over time," he adds. And that's why successful globalisers embrace it across the business.

Bill Gates, Co-Founder of Microsoft, once said, "If we are not realistic about what we're good at, then there is a chance of going backwards in the face of further competition."

In asking why each process cannot be done elsewhere, an organisation must be realistic about which processes are:

- a) core competencies
- b) performed most efficiently in-house.

There's no room for egoism in this process: to survive, a business must be willing to strip itself bare, down to only those processes that are true core competencies. Every business function should be on the table for globalisation until it's taken off, and only because it can be performed most efficiently in-house domestically.

Mandating the globalisation of processes that cannot be done elsewhere is an important part of stripping an organisation bare. Within a company, some people will resist globalisation. Successful globalisers neither back down from that resistance nor tolerate it. Effective change management that secures top-level commitment and buy-in and addresses points of resistance is a critical part of a successful globalisation initiative.

Companies must be constantly vigilant and always prepared to scrap the old way of doing business to take advantage of new opportunities. It used to be that to engage in this sort of flexibility made companies leaders. Today it is a business imperative. As Thomas Friedman wrote in *The World is Flat*, "If you want to grow and flourish in a flat world, you better learn how to change and align yourself with it."

Companies that have embraced globalisation, including leading companies such as GE, Aviva, Texas Instruments, Google and Procter & Gamble, have found large pools of productive labour in offshore destinations. But they have found

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➤ something more in offshore employees as well: top engineering talent, attention to detail and quality, sophisticated mid-level and senior-level management, and even a level of brand identity and loyalty that rivals that of their domestic staff.

The most successful globalisers are companies who have visionary leaders at their helms. Steve Bandrowczak, former Lenovo CIO, says that trying to succeed in globalisation without visionary leaders is like trying to bake a delicious cake with stale ingredients. "I don't care how you mix it," he explains, "you're going to come out with a bad cake."

Visionary leaders – the ones at the helm of globalisation since the beginning of globalisation – saw the big picture as it emerged: how the playing field expanded from the

US and Western Europe to encompass India, the Philippines, China, Ireland, Poland, Chile, Brazil, Russia, South Africa, and more. These visionary leaders understood, even in the early days of globalisation, that global sourcing would become a key competitive advantage. They saw that global sourcing could not only allow them to reduce their costs, but it could also allow them to grow more quickly, to cut time to market, and even to improve efficiency and raise quality levels.

Embracing globalisation is the first secret of successful globalisers not because it is necessarily the most important, but because it lays the foundation for the six secrets that follow. Indeed, we'll see the principles that underlie this first secret pop up throughout the next chapters.

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Embracing globalisation is about seeing the big picture. It's about looking beyond a single destination or a particular set of processes. It's about an attitude change; about bringing the principles of services globalisation into the business and embracing them in every decision that's made. ☐

Atul Vashistha is Chairman of Neo Advisory (formerly neoIT), a leading management consultancy since 1999, focused on independent, objective and actionable advice to enterprises that seek to transform their organisations by capitalising on services globalisation. His latest venture is BestOutsourcing-Jobs.com, an online job portal focused on outsourcing careers. He can be reached at atul@vashistha.com.