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## 5 Simple Rules of Effective Offshore Outsourcing

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# 5 SIMPLE RULES

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# 5 Simple Rules of Effective Offshore Outsourcing

*How to increase revenue, decrease costs and improve customer service*

 by **Fiona Kesby**

There are some negative stories about offshore outsourcing. Stories like “A friend hired a freelance software developer in another country, and the developer ran off with the code,” or “A company on the other side of the world promised a marketing manager a regular supply of tailored high-quality articles, but the manager ended

up having to rewrite them and correct basic grammar.”

In both examples, a product was commissioned and promised, but the manager was disappointed. There was little control over the production or process. The manager received no or inconsistent updates, and rarely or never talked with the person creating the product or performing the task.

Despite these setbacks businesses shouldn't give up on offshore outsourcing, as it can be more cost effective, by at least half, than what they would pay

locally. Competition is intense in most industries and businesses often cannot afford to only hire local team members.

One option is for businesses to establish their own offshore operation. But few businesses need to, can afford to, or will experience benefits greater than the risks. For example, in navigating the regulatory maze frequently found in low wage countries.

Is there a middle ground? Is there a way to enjoy the benefits of offshore outsourcing (saving 50% to 70% of the cost of employing locally), while protecting a business from risks



that jeopardise revenue?

Yes, there is. It's called "Managed Operations."

Managed Operations involves outsourcing the day-to-day management of an offshore team to a third party in a modern, professional and well-equipped office.

While Managed Operations tend to offer the best of both onshore and offshore worlds, they may not work if used to test the waters with just one small, short-term project.

Managed Operations do not involve surrendering authority over offshore team members or losing control over team member's/members' tasks and processes.

This is why Managed Operations appeal to businesses as an attractive offshoring method. Businesses choose who works for them, what they do, and ensure the offshore team members perform their tasks properly.

What makes Managed Operations work?

The Managed Operations method works when the offshore service provider managing the offshore team has business efficiency and productivity tools, as well as transparent processes, in place.

Managed Operations is an extension of the business' office. The business is responsible for selecting and training their offshore team. This level of involvement, control and ownership is essential for quality output and protection of sensitive data.

**THE FUNCTION OF A MANAGED OPERATIONS SERVICE PROVIDER**

- Provides the offshore workplace, hardware and software for each Virtual Assistant (VA).
- Minimises the impact of downtime with fibre optic internet and power generator.
- Handles offshore recruitment, hiring, payroll, employee relations and benefits.
- Run offshore employee engagement programs that ensure loyalty and longevity of the offshore team.
- Ensures transparency and productivity.

The key to business success in offshoring lies in the "Five Simple Rules for Effective Offshore Outsourcing."

**Rule #1**  
Begin with the end in mind

In the absence of clear goals, it's easy to make poor choices. Before deciding to send tasks offshore, business

leaders need to be clear on their goals. They must know exactly what they want to achieve by offshoring.

**Goal / required outcome: (Verb) (Measure) from (x) to (y) by (when)**

For example: Increase client revenue from \$4 million to \$5.2 million by 31 December this year.

Let's take the sales team's goal above.

To increase client revenue to \$5.2 Million by 31 December, the business may set these smaller supporting goals:

- Meet five new clients a week.
- Send out a "hot offering" (e.g. promotional product, sample item, invite to a workshop) to 25 potential new clients a week.
- Contact and connect with >90% of potential new clients within seven days of sending the promotional material.

So, what's the ultimate goal for offshoring? Write it down as (verb) (measure) from (x) to (y) by (when).

**QUESTIONS TO ASK BEFORE OFFSHORING**

**What are the business' growth plans?**

- Which parts of the business will scale the most and give the best results if outsourced / sent offshore?
- Does the business need help with short-term or long-term projects?

- **What tasks does the business need help with? (see Rule #2).**
- **Have the processes been documented?**
- **Are the business' leaders willing to give someone in another country access to parts of the business, such as the CRM database, website administration or social media accounts?**

## **Rule #2** Deconstruct Level 3 Activities

This helps identify potential tasks to outsource. It also helps to understand where time is being spent in the business. To do this, the business first needs to identify the tasks to act on, automate, delegate or discard.

Act on (Level 1, high-lifetime-value activities and Level 2, high-dollar-per-hour activities).

If a task takes only a few minutes to complete, act on it. If it's highly strategic, such as decision-making, or adds high value, for example, making a sales pitch, do it.

If there's a task that only a local team member can do, ask: "Can a clearly defined process be created to teach someone else locally how to do this?" If so, then this task can be delegated locally.

Automate (Level 2, high-dollar-per-hour activities and Level 3, low-dollar-per-hour activities).

Automate recurring tasks that can be done in the same or similar way every time, especially if there's a

budget to invest in automation software. This includes tasks such as sending thank-you emails, payment reminders or subscription renewal forms.

Delegate (Level 3, low dollar-per-hour activities)

*If a task can't be automated or there isn't the budget to do so, then send it offshore. These tend to be low-dollar-per-hour tasks, such as list-building, cleaning up databases, arranging and confirming meetings, compiling invoices, offering bonus tickets or emailing unsuccessful job candidates.*

Discard (Level 4, negative-value activities)

Every organisation has tasks that don't add any value to the business. Discard these tasks.

## **Rule #3** Systematise for scale

When a business has a clear and measurable goal, it's amazing how fast the desired outcomes can be produced. Systematising the process achieves even more powerful results.

When a business hires someone offshore to support their team, the local team should identify the tasks to be handed over and rank those tasks according to importance. The local team also needs to document the specific process required in performing each task.

## **Rule #4** Technology is your friend

Use online tools to your advantage - a few examples include:

**www.LucidChart.com.au**

Offshore team members can learn the process by creating documents (standard operating procedures), video tutorials and process maps. Using a collaborative tool such as LucidChart, creates a visual, understandable workflow.

**www.zoom.us**

Local and offshore team members working together using video conferencing [www.zoom.us](http://www.zoom.us). Meet and discuss online, share screens and record the meeting for the offshore team to refer to later.

### **Say it Mail it Recorder App**

This app allows managers to record instructions for VAs. The recorded message is then instantly sent to the VA.

## **Rule #5** Use the Right Talent Selection Criteria

Don't confuse hourly rates with output. If a professional product is required, don't hire an amateur.

- Test based on the specific tasks the VA will be performing.
- Test English comprehension (will the VA understand instructions) and attention to detail.
- Outsource to a country where



most of the workforce speak fluent English. This is one reason why the Philippines has become a favoured outsourcing hotspot.

- Work with a trusted managed operations service provider. This significantly improves the quality of your hires.
- Profile applicants based on a history of longevity. "History repeats itself" - if an applicant has only lasted six months with various previous employers, it's likely the same will happen again.

### **Case Study 1: Commercial Electrical Contractor - Admin VA and Estimator VA**

An administration assistant in Australia was going on maternity leave. The business owner knew his loyal administrator wanted to return part-time after maternity leave. Having a full-time and part-time administrator in Australia was not cost effective for the business. On seeing how [www.zoom.us](http://www.zoom.us) worked, using video calls and sharing screens, the owner hired his first VA. His loyal administrator returned from maternity leave, upskilled and took on marketing activities, increasing her engagement and loyalty.

After success with the admin VA position, the owner looked for other areas in the business that needed help for growth. His estimator was struggling to keep up with the volume of tenders

requiring submission. The owner knew that if he didn't submit these tenders, he wouldn't be asked again in the future. He also knew that the local estimator was under pressure, over worked, and likely to make mistakes that would cost the business financially. It was becoming a lose-lose situation.

The estimator needed a full-time assistant to update price lists and obtain quotes for materials (a Level 3 activity - not strategic). However, as an SME, this full-time position in Australia was not cost effective. A qualified electrical engineer was hired in the Philippines for a third of the cost. The estimator in Australia went from submitting tenders worth a total value of \$150K per month to over \$600K a month. Rather than having peaks and troughs in work flows, business was now consistent and growing every month. With the increased work load, more electricians were hired in Australia. A great win for everyone.

### **Case Study 2: Software Solutions Business - Appointment Setter**

The Australian owner of a start-up software business in the real estate industry was wearing many hats - software designer, head of sales, marketing manager and often operations manager as well. A scenario many are familiar with. This work load left no time for the administration involved with the sales pipeline.

Start-up funding and profits were invested back into the business. The owner was stretched and knew he wasn't spending enough face to face time with potential new clients.

The software was a game changer and the owner was an exceptional salesperson, but not a great administrator - it bored him! He knew he just needed to get in front of more people. There was no money left in the budget for a full-time sales administrator in Australia.

A VA appointment setter was hired in the Philippines saving 70% of the cost in Australia. A VA with a neutral international accent was selected and an Australian VoIP line number set up. Potential clients weren't aware the newest team member was based offshore.

The owner sent photos of business cards of people he met at networking events to his VA. Along with these new contacts and people who were connecting with him on LinkedIn, the VA:

- Entered prospect details into the CRM.
- Emailed an invite to a free breakfast workshop on changes in the real estate industry.
- Followed up with a phone call three days later if the prospect hadn't booked.
- A day before the event, emailed or called to remind and confirm attendance.



- After the event, emailed promotional material.
- After the event, called and organised a face to face appointment with the owner.
- Once a potential client was booked in for a meeting, the VA searched the database for other prospects in the same geographical area. The VA then called these other prospects to let them know the owner would be in the area and available for a face to face meeting and demonstration.
- Meetings were booked into the owner's calendar (including travel time between meetings, notes from the database on where the prospect came from and mutual connections on LinkedIn). This information was a great help as a conversation starter and trust builder.
- Individual calendar invites were sent to each person the owner was meeting with.
- A sign-up link was emailed after

each successful meeting.

- A follow up call was made if the sign-up link hadn't been completed within 48 hours.

The results meant the owner tripled the number of meetings he attended in a week, doubled the amount of sales, and greatly improved both profitability and customer satisfaction.

**About the Author**

*Fiona Kesby, a leading offshore outsourcing expert, is CEO and Co-Founder of [www.Resourcefull.cc](http://www.Resourcefull.cc) and [www.go-va.com.au](http://www.go-va.com.au) In May 2015 Fiona relocated from Brisbane with her family and resides in Cebu, Philippines.*

*ResourceFull and GO-VA are Managed Operations Service Providers in the Philippines that house and care for over 220 offshore team members with centres in Cebu City, Mandaue City and Clark.*

*[Fiona.kesby@go-va.com.au](mailto:Fiona.kesby@go-va.com.au)*

