



Global Outsourcing: Maintaining a Strategic Advantage

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Global Out Sourcing Summit, 2012

Kunming, China

28 July, 2012

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Coverage

Global outsourcing in China

Challenges for the future

The Need to maintain a Strategic Advantage

Focus on the future

A strategic Action Plan

Key Points



Global outsourcing in China

The World is now a global Village

- Large Multinationals and Small SMEs shop in this Village,
- This is the origin of Outsourcing,
- China has been an early leader, and one of the best.

Originally, GOS was based mainly on **Price**,

But, the situation is changing

- As people become richer, incomes increase,
- Price advantage is eroded and GOS moves to other counties,
 - e.g. RMG: China – Bangladesh – Africa.

China needs to maintain Competitive Advantage



Maintaining a Competitive Advantage in GOS

Must have a Strategic Plan.

What is Competitive Advantage?

- Very complex,
- Many different aspects,
- Different for different customers in different Cultures,
- Need to understand Stakeholder Requirements and their Culture.

Stakeholder Engagement is Essential



What do Outsourcing Clients want?

They want:

- Cheap resources – competitive prices,
- High quality products,
- Good communication (both electronic and human),
- Good Service with strong product support,
- Reliability in product supply and support,
- Favourable Location for ease of communication and delivery,
- Understanding of their business requirements,
- Understanding of their business and cultural environment.

GOS competition is more than Price

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Actions to Maintain GOS Advantage

Suggested Actions include:

- **Always be aware of customer requirements:**
 - Tell them what they need and how to improve their profitability,
 - Use in-country resources/Consultants to keep you informed.
- **Make your company indispensable to the customer:**
 - Strong personal marketing,
 - Use in-country resources/Consultants to keep you advised.
- **Ensure that you have, and deliver, a high quality product:**
 - Bad experiences with solar panels, unstable electronics, difficult software, poor quality RMGs, incompatible call centres,
 - Use in-country resources/Consultants to keep you advised on quality requirements.



Actions to Maintain GOS Advantage -continued

Suggested Actions include:

Stakeholder Engagement - Know your client:

- Must understand their economic and cultural environment,
- Outsourcing creates strong antagonisms as local industry is closed down and people lose jobs,
- Use in-country resources/Consultants to keep you informed,
- Work with the client to establish a Cross-Border Partnership. There are many configurations and not all work in all economies. E.g. Social projects are considered as an insult in some economies.
- Understand your Customer, the Consumer, the Competition and the local Opposition to GOS.

Multiple outsourcing

- Eg. Car manufacturers.
- To gain price advantage, you manage the risk.



Key Points

Must have a Strategic Plan.

Need to compete in more than just **Price**.

Ensure delivery of a high quality product, reliable service, and have good communication with your client.

Engage with your client and be aware of his requirements,

Use local resources/consultants to keep you informed of local economic and cultural conditions that determine client behavior.

Look to Multiple Outsourcing.

Successful GOS is more than just PRICE

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