The 4 Simple Rules of Effective Offshoring

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Contents

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You've probably heard the stories.

A friend hired a freelance software developer in another country, and the guy didn't deliver. A company on the other side of the world promised you 100 articles a day, but you ended up having to correct the grammar.

In such situations, you asked for a product, waited for it to be made, and saw the result. You had little control over the production or process, received inconsistent updates if any, and rarely or never talked with the person creating the product or performing the task.

Yet you don't want to give up offshoring. It's cheaper by at least half of what you'd pay in your own country.

So what can you do? You can open a subsidiary in a cheaper country. But you know you won't, because you don't need to, you can't afford it, or it's just not worth navigating the regulatory maze you usually find in places with lower wages.

Is there a middle ground, then? Is there a way to enjoy the benefits of offshoring while protecting yourself from the risks — risks that could jeopardise your business?

Yes, there is. It's called **managed operations**.

We've tried it; that's why we know. But it's not for everyone.

To find out if managed operations is the right solution for you, you need to learn the **four simple rules of effective offshoring**.

Let's delve deeper.

Rule #1:
Begin With the End in Mind

In the absence of clear goals, it's easy to make poor choices.

So before deciding to send tasks offshore, be clear on your business goals. Know exactly what you

want to achieve by offshoring. On the next page, you'll find a checklist of questions to ask yourself

before sending tasks offshore.

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Questions to Ask Yourself Before Offshoring

❏ What are my plans for business growth?

❏ Which parts of my business will scale the most and give me the best results if outsourced/sent offshore?

❏ Do I need help for a short-term or long-term project?

❏ What tasks do I need help with? (For help in figuring this out, see Rule #2.)

❏ Have I documented my processes?

❏ Will I be willing to give someone in another country access to parts of my business, such as blog admins, CRM databases, and social media accounts?

The authors of the book *The 4 Disciplines of Execution* recommend stating your goals as:

(Verb) (measure) from (X) to (Y) by (when).

For example:

● Reduce weight from 190 lbs. to 160 lbs. in seven months

● Increase client revenue from $4 million to $5.2 million by December 31 this year

After stating your goal in this way, list down the smaller achievements that will take you there. Let's take the sales team's goal above. To increase client revenue to $5.2 million by December, they may set these smaller goals:

● Meet with five new clients a week

● Send out a 'hot offering' (e.g., promotional product, sample item) to 25 new potential clients a week

● Contact and connect with >90% of new potential clients within seven days of sending the promotion

So what's your ultimate goal for offshoring? **Write it down as (Verb) (measure) from (X) to (Y) by (when).**

Rule #2:
Deconstruct Level 3 Activities

This part helps you identify potential tasks to outsource. It helps you understand where your time is going and make changes where necessary. So if you feel as if you're almost working a double shift, identify tasks to let go of so you can focus your time and energy on more worthwhile and high-dollar activities.

To do this, we first need to identify tasks to **act on**, **automate**, **delegate**, and **discard**.

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Act, Automate, Delegate, Discard

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

If a task is close to you and takes only a few minutes to complete, act on it. If it's highly strategic like decision-making, or brings high value like making a sales pitch, do it.

If there is a task that only you can do, ask yourself: "Can I use a clearly defined process to teach someone else how to do this?" If yes, then you can delegate this task in the near future.

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 you have the budget to invest in automation software. This includes sending thank-you emails, payment reminders, and subscription renewal forms.

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

If you can't automate a task or have no budget to do so, have someone else do it for you. These tend to be low-dollar-per-hour tasks, such as list-building, cleaning up databases, confirming meeting schedules, compiling invoices, offering bonus tickets, and emailing unsuccessful job candidates.

Discard (Level 4, negative-value activities)

Every organisation will find tasks that do not add value to the company. Discard these.

TIP:

Download this worksheet and send it to your team member
to help them identify tasks to act on, automate, delegate, and discard.

Click here to download.

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Rule #3:
Systematise for Scale

When you have a clear and measurable goal, it's amazing how fast you can produce the desired results. Outline the process and you get even more powerful results.

When hiring someone offshore to support your team, allow your team members to identify the tasks to be handed over, and to rank them according to importance. They also need to document the specific process required in performing each task.

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You can teach an offshore employee or Virtual Assistant your processes by creating documents, checklists, video tutorials and process maps.

At GO-VA, we like to create the map with a client and the team member who will be supported by a Virtual Assistant. Using a collaborative tool like LucidChart, we create a visual, understandable workflow together during a video conference. Next, the client and team member meet online with their Virtual Assistant housed at GO-VA, as well as a Results Coach. The Virtual Assistant may record the meeting for reference.
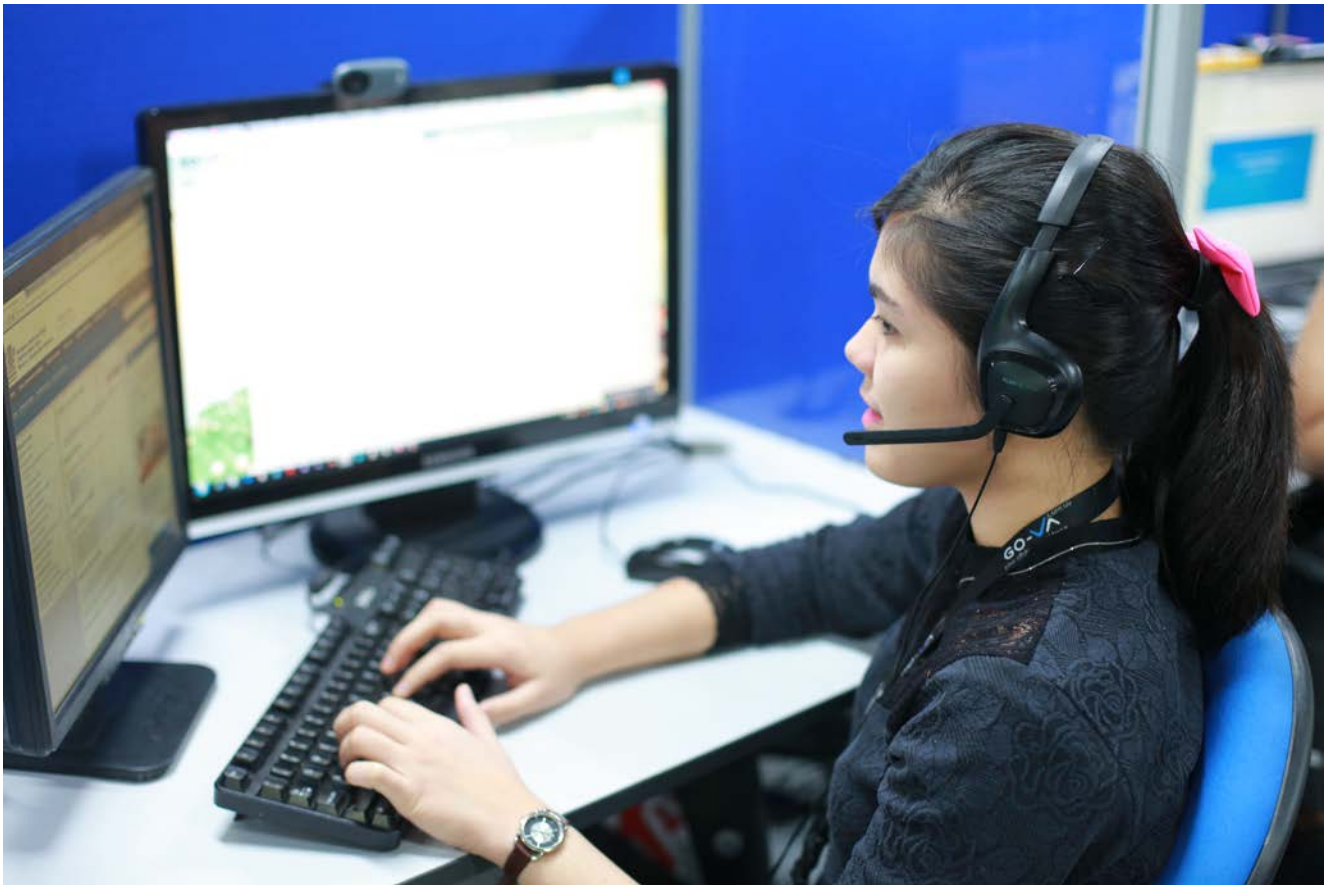
Here's part of a sample process map:
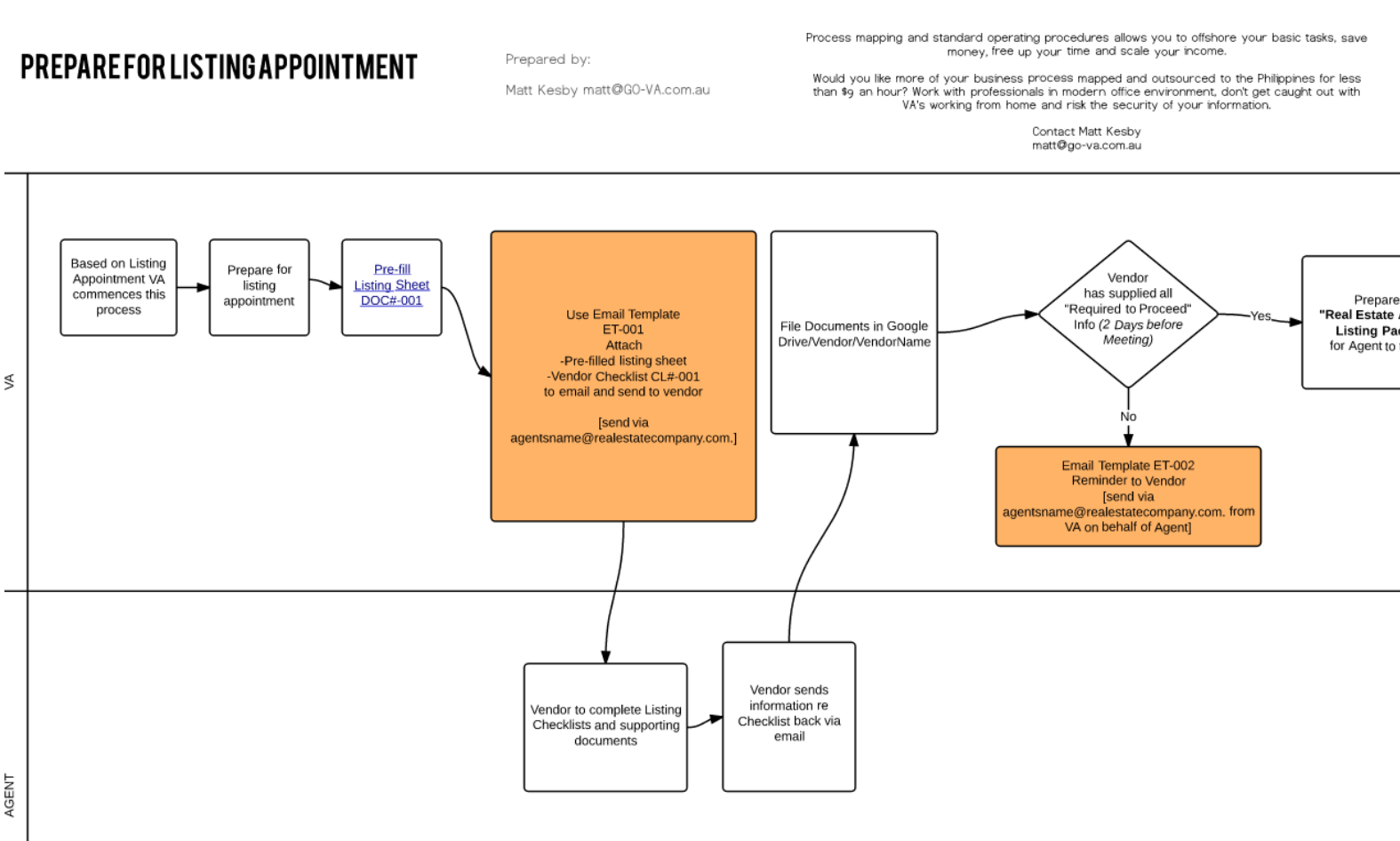
Rule #4:
Use the Right Talent Selection Criteria

Finally, when you think you're ready to send tasks offshore, follow these basic tips:

- **Don't confuse hourly rates with output.** If you want a truly professional product, don't hire an amateur.

- When choosing a freelancer or Virtual Assistant, **test them based on specific tasks they'll be performing for you.**

- **Outsource to a country where the majority of the workforce speak English fluently** and can easily learn a neutral accent if needed. This is one reason why the Philippines has become a favoured outsourcing hotspot.

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It's a great advantage to have a trusted recruiter 'on the ground' for you.

- **Work with a trusted recruiter.** This significantly improves the quality of your hires and your relationships with clients. For us here at GO-VA (Go Virtual Assistants), this factor made an even bigger impact when our Australian recruitment director decided to move to the Philippines, serving as a bridge between two cultures.

- **Help select the people who will be working with you.** This isn't possible when hiring a BPO company, but you can do this when working with a freelancer, setting up an offshore subsidiary, or using managed operations services.

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Now I know my goals and tasks to delegate. What next?

Now you need to know the **four core approaches to offshoring**.

This will help you figure out what suits your:
- product and/or service offering
- needs (in terms of skills)
- project
- timeline
- budget
- team members who need support
- required amount and extent of support

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The 4 Core Approaches to Offshoring

Hire a Freelancer

A freelancer works solo, typically from home.

Pros:
+ Paid hourly
+ Paid per project

Cons:
- When your team of freelancers gets too large, managing them consumes your time.
- They have other clients; you're not priority.
- They may come and go after each project.

Set Up a Company Offshore

This may be in the form of a subsidiary.

Pros:
+You get lots of control over your team and processes.

Cons:
- You need to shoulder the setup costs, manage leases, get government permits, learn local employment laws, find a local business partner, etc.

Hire BPO Services

You hand over a very specific task to someone employed by an overseas company.

Pros:
+ Cheaper costs

Cons:
- You don't get to choose who works on those tasks.
- You hand over a lot of control to the BPO company.

Use Managed Operations

You hire overseas staff and manage them with the help of another company.

Pros:
+ You choose your staff and their tasks.
+ You are responsible for training your team, just like you are in your home country.
+ You don't handle legal issues, etc.
Cons:
- If your team gets very large, you may be better off opening an offshore subsidiary.

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We believe the sweet spot is Managed Operations.
But it may not work for everyone.

While managed operations tends to offer you the best of both onshore and offshore worlds, it might not work for you if you're only looking to test the waters with one small, short-term project.

On the other extreme, your team may grow so large that you need to set up your own company offshore.

It is also important to understand that managed operations is like having an extension to your office. This means you and your leaders must lead and train your offshore ("virtual") staff. Those that are attracted to managed operations like this level of control and ownership, especially if team members are working with sensitive data.

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Managed Operations
It may work perfectly for you.

Managed operations involves outsourcing the day-to-day management of staff to a third party.

It does **not** involve:

- surrendering authority over your team members

- losing control over team members' tasks and processes

This is why managed operations appeals to many as an offshoring method. *You* get to choose who works for you; *you* get to choose what they do; you can even make sure they perform their tasks they way *your company* requires them to be done.

What makes managed operations work

The managed operations method works when the service provider, which is the company managing your offshore team, offers you transparent processes and provides you with sufficient tools to work seamlessly with your staff.

Your key to playing your part successfully lies in the four simple rules for effective offshoring. Know your goal and clearly communicate this to your team. Involve team members in identifying tasks to act on, automate, delegate, and discard. Document your processes clearly, and teach them to your Virtual Assistant. Most of all, remember that your virtual staff are still part of your team, so welcome the opportunity to choose them with the help of the managed operations service provider.

The Functions of a Managed Operations Service Provider

- Provides the workplace, hardware and software for each Virtual Assistant
- Handles recruitment, hiring, employee relations and benefits
- Provides coaching
- Ensures transparency and productivity

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Have a question?

You might find an answer in one of these short,

<u>*informative videos*</u>.

You can also drop us a line at <u>sales@go-va.com.au</u>.

Book a consultation

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