

Finding the right offshore service for retail

There is nothing inherently new in offshore solutions. They have existed for some time. However, many offshore solutions are inappropriate for retailers. Also, there are many potential pitfalls for the inexperienced and unwary. This document examines the issues and potential problems that face retailers making an 'offshore decision' and presents the approaches and solutions designed to deliver success. To do this requires something completely different from the traditional approach.

PMC established an India-based subsidiary - PMC India (PMC-I) to provide retailers of almost any size with an offshore service that uniquely combines retail industry specialisation with offshore cost savings - but without the problems and inefficiencies of traditional offshore solutions.

Paul Mason, CEO of PMC explains. "Today, retailing is tougher than ever before. Tempting though it may be to sit back and see what happens, retailers cannot come out of the recession in good shape if they do nothing. Don't batten down the hatches, change nothing, improve nothing, and invest in nothing. Do something – but make the right choices. Looking offshore is an option. Looking at the right offshore solution is vital."

Retailers must drive cost efficiencies. They must strive for better value in every service they buy or contract they secure. Retailers that want to make step changes in their IT cost base must think laterally. And that includes offshore solutions - to support an existing solution or develop a new one. The important point is to ensure an offshore solution has a retail focus.

Ensure a retail-focus and drive for success

A retail focus needs more than a traditional offshore solution. There is no place for factory-based development assignments, they lack specific focus. Neither should there be a priority to just deliver for the lowest possible price; that encourages providers to decompose everything to the lowest possible level.

All a generic solution does is strip out the added value that is critical to offshore success. The focused approach concentrates on 'added value' relationships where customers expect the provider to contribute significantly to the system or project. This requires self-motivated and self-sufficient teams focused on the entire project – not working slavishly within a methodology and structure that reduces everything to the lowest common denominator.

"That all-important retail focus needs an onshore presence. In the UK we have talented, experienced retail people. That enables our Indian team to build up their retail experience and learn quickly. Our native, intuitive retail understanding adds a layer of value and protection for our clients within a framework that is transparent and integrated between the UK and India," states Mason.

A skilled onshore presence enables a provider to handle the important functions of business analysis, requirements gathering and specification in the UK, where the retail understanding exists. The UK-based business documents the specification, gives it to the customer to verify before sign off and then presents it in a structured format that developers in India can understand. To ensure that delivery matches specification it's important to retain Testing and QA in the UK. This creates a 'gate keeping' role, in and out of the development process, to ensure total retail understanding and a secure 'top and tail'.

Make sure you get the 'A' team

Unless you are a large Tier One retailer a potential offshore provider could drop you down their list of priorities. The aggressive growth ambitions of most large Indian offshore providers put them in a race to see who can be the biggest, fastest. Retail is an attractive vertical but unless you're offering a multi-million dollar deal you have to question whether you'll get the 'A' team or the 'Z' team.

Before you make an offshore decision fix clear objectives:

- How much will the offshore provider value your business?
- How much do you expect your offshore partner to add to your business?
- Do you expect them to add value or just decompose a specification into lines of code?

If you decide on a cheap offshore 'code factory' understand the implications:

- YOU will have to make sure the specification is 100% right
- YOU will have to build a rigid testing regime
- YOU must ensure you have qualified coders working on your team
- You must invest the intellectual resource needed for that essential retail understanding.

Neglect those points and you will face delays and extra cost. Alternatively, if you want to work with an offshore provider that will handle your problems and help you solve them, change the approach. Look for a provider with the vertical market skills you need, one that understands retail and what you're talking about. Look for a provider that knows and specialises in your industry. Ensure their offshore development team understands exactly what you want and how it is eventually going to work.

Effective offshore management

Usually offshore means dealing with a different culture and your offshore provider will 'natively' think differently to you. And their people will have different ambitions. For example, systems professionals in India have different career and personal ambitions from those in the UK. Their expectations of employers and clients are different. You must recognise those differences, ensure you understand your side of the bargain, and know what's expected of you. You can't simply put a human-based business relationship in a box – it must be nourished and nurtured.

Mason continues: "When you're dealing with a different country thousands of miles away, and a different, often alien culture – there must be mutual understanding. Before you start an offshore relationship ask the provider about cultural education. If they don't offer it, or if they are negative about the need for it, then question how much they understand about successful off shoring."

Wherever in the world you locate an offshore service, you must understand what people mean when they speak, and how they work. You must understand how they work, their expectations, their views on training, and their career structure aims. These issues will go on in the background of your relationship whether you like it or not, so it's important you understand them.

Any outsourced relationship will (or should) have more structure around it than an in-house service. With an in-house service there will be people in the business that were there when its systems were brought in or developed. It may not matter that processes are poorly documented or out-of-date, those people will have an accumulated pool of knowledge about the systems. Most companies rely on those people.

Unfortunately, few companies have robust documentation with clearly laid out processes. Nor do they have well-structured training courses for new people joining the development or support team. Some do but they are the minority. Too many depend on that accumulated knowledge. With off shoring that 'knowledge' is missing.

One solution is to bring the offshore team to your company. Of course, you need to visit the offshore provider regularly to check progress, meet people and ensure they buy in to your plans. However you should also cycle the offshore team through your business so they understand what it's about. It's possible that some members of that team will have no idea what western retailing looks like – let them 'touch it and feel it', it's the only way to succeed.

Mason explains: "Retailing in India is totally different to the UK. That's why it's often hard for Indians to conceptualise UK retailing. That creates the potential for the people developing your systems not understanding the experience you are trying to deliver to your customers. There are over 10 million 'Mum and Pop' stores across India. That makes large, principally self-service environments alien to most Indians. As a result, those UK retailers that have set up in India use a different staffing structure. Consider a catalogue environment. In the UK staff are at the till or the service counter, but there are no staff front of house. No one in the UK expects help to look through the catalogue before they buy. In India it's different. Customers expect staff front of house to help them."

Understanding the UK retail environment is vital to create an offshore development service focused on the needs of the UK retail industry.

If the development team doesn't understand what they're dealing with then there is little chance that you will be happy with the work they produce. That's why enlightened providers bring their Indian team to the UK and send them shopping. To some developers it must feel strange but it helps them understand the UK customer experience.

It's important to also take them deeper into the retail environment. For example, do they know what a 'sku' is? Do they know how a sale is defined or what a 'void' is? What do they understand by a 'part-exchange' or a 'special order'? The learning curve is steep but essential.

Language, culture and understanding

Many offshore providers have people that speak English. However, there is a huge difference between the command of English needed for a social conversation and that needed to conduct an IT-based business meeting. It's not just the two and three letter acronyms that populate IT conversations, everyday phrases cause confusion too. Talk to the team at your offshore provider and find out how many of them know what 'low hanging fruit' means!

Many western-based organisations find that Indians can attach surprising interpretations to western expressions. Such as: 'Let's not eat the whole elephant in one go' and the instruction to: 'Take everything in bite-sized chunks'. In the UK, we use those and many similar expressions liberally without thinking because we know people know what we mean.

If you intend to liaise with a manager, analyst, and programmer on the other end of a telephone on the other side of the world it's important they can pass the 'conference call' test.

Although most graduates in India study, learn and sit exams in English, that doesn't mean they can discuss complex retail IT issues or understand every nuance of a conference call conversation. There are issues of accent, speed, and figures of speech – and it works both ways. Many people in the UK think the French and Italians speak quickly. Interestingly, most Indians think most people in the UK speak English incredibly quickly. It's usually too fast and contains far too many colloquialisms.

Breaking down the communication barriers

Mason continues: "With PMC-I we began with communication in mind. We teach our teams about retail but we also help them practice their written and oral English. We run a 'buddy' system, so each member of our Indian team talks to and emails their UK 'buddy' once a week. The 'buddy' corrects their English and helps them understand the detail of the language – with a special bias towards retail."

Effective communication exchange and understanding significantly improves the levels of English used by offshore teams, both written and oral. The team's confidence, understanding and their ability to compose written documents improves and they soon recognise the benefits in understanding specific retail industry-based English. They communicate better with their UK colleagues and their clients, and build stronger offshore teams.

The value of being there

Being there makes all the difference. A successful offshore solution is not a 'fit and forget' solution. It demands time, effort, planning. Above all it demands getting involved. That means there will be times when you need to be with your offshore partner. Success will not just happen on its own.

The best way to assess a new relationship, especially one as strategic as off shoring is to go and look at the entirety of what you're buying. That includes the 'where' as well as the 'what'. Location has a lot to do with being there.

Travel does not have to be gruelling unless you choose a provider located in the 'wrong' part of town. They may well offer you a serviced flat rather than a hotel – but how attractive is a flat in the 'wrong' part of a strange town? This may seem trivial at first but eventually it will strain the relationship.

Mason says: "Always 'get behind the sales pitch'. Find out what's really on offer. Few retailers would buy a new EPOS system without seeing how it works, so treat an offshore service the same way. See how it works. Don't go into an offshore relationship based on a sales pitch in your own office. Of course, it's tempting to have the salesperson come to you. After all, you're the customer. Don't think like that – go and see what you're getting."

When an offshore provider tells you they know retail, take the time to visit their offices and walk round the floor. Leave the meeting room and talk to the people that do the work. Find out how much they know about retail and how much retail-based work they've done. Break away from the structured sales approach and dig around. It will be worth the effort.

The provider may say you can't meet their people because they don't speak English too well – if they do be wary. Successful IT comes down to having the right person doing the right thing, at the right time. Someone has to make the right decision and liaise with colleagues about the right course of action.

If a potential offshore provider can't offer you people that you can talk to, people that can understand you and people that you can understand - then you're heading for trouble.

Facing the issues and creating success

Few problems are insurmountable. Neither are all offshore providers beset with issues. However, you must ensure the people you're going to work with can do the job you need them to do. You have to recognise that this third-party organisation may eventually be an intrinsic, important part of your business. Think of their people as an extended part of your own team. They have to understand what you're trying to achieve as a business and how they fit into that.

An outsourced relationship is necessarily one step removed from your organisation, activities happen in the care of people that are not your employees. They have not grown up with your company systems and may not know how they work. And importantly, they are taking activities away from you to make them repeatable in the place where they can operate cost-effectively and therefore make profit. That means you must understand in detail what's going on before you let go.

Mason states: "Part of the Indian culture mind-set means they want to understand how they can make a difference to your company. It will matter to them. So if you don't tell them your plans, where they fit in and how they will add value, they won't feel engaged with what you do. To create a performance advantage work within not against the Indian culture."

Your offshore partner will 'natively' think differently to you. Their people will have different ambitions. To get the most out of the relationship you must appreciate those differences, understand them and know what's expected of you.

For a retail-focused offshore service you must search for that unique retail industry specialisation. Before you make an offshore decision talk to PMC to experience offshore cost savings without the problems and inefficiencies of traditional offshore solutions.

To find out more about PMC's Offshore Solutions and Services please visit www.paulmasonconsulting.co.uk or contact PMC on 01235 521900