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STRATEGY



Align business and Globalisation objectives

This is the fourth in a series of an excerpt from the newly published book by Atul Vashista, 'Globalisation Wisdom: The Seven Secrets of Great Globalisers'

I've said before that a company that wishes to flourish in today's global market must adopt a services Globalisation strategy. However, not every company is ready to Globalise each of its processes today. A successful services Globalisation strategy takes diligent planning and thought – and that takes time and focused effort.

In the previous article on adopting a lifecycle approach (Secret #3), we talked about answering the following questions:

- > Should the organisation Globalise?
- > Why will the organisation Globalise?
- > What will the organisation Globalise?
- > When will it Globalise?

The last two questions are more operational than strategic; the first two – about why the organisation is Globalising and if it even should Globalise, are purely strategic. In answering those strategic questions, an organisation must look at Globalisation in relation to its overall business strategy. This is the fourth secret: Align business and Globalisation objectives. If the two don't align, the organisation is wasting its resources and should not Globalise.

When talking about GE's Globalisation strategies, former CEO Jack Welch, arguably one of the best strategists of modern business and a highly successful Globaliser, says: "If GE's strategy of investment in China is wrong, it represents a loss of a billion dollars, perhaps a couple of billion dollars. If it is right, it is the future of this company for the next century."

Not every organisation will risk billions of dollars in its Globalisation strategy, but each runs the risk of unsuccessfully Globalising and missing out on the opportunity to complement business strategy with Globalisation. In order to successfully leverage services Globalisation – to "be right" in Globalisation decisions – organisations must ensure that their strategy is driven by and aligned with their business strategy.

As services Globalisation becomes a business imperative for industries from financial services to health care, companies will be even more inclined to jump on the bandwagon with their peers. Afraid of being left in the dust, too many companies Globalise without really considering whether services Globalisation is right for them – and whether their particular approach to services Globalisation is the right one.

While it's true that services Globalisation is becoming a business



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By Atul Vashistha

imperative and should receive due consideration from executives at every organisation, it is not a one-size-fits-all proposition: the way Company A executes its global strategy will not necessarily work for Company B, just as the reasons for Company B to Globalise are not necessarily the same as Company A's reasons.

In other words, too often Globalisation initiatives are taken on with no real strategy. Or an organisation allows its Globalisation strategy to drive its business strategy. Successful Globalisers, in contrast, develop very clear Globalisation strategies before setting one foot out the door, and those plans are driven every step of the way by the corporate strategy.

Applied Materials' Group VP and CIO Ron Kifer says that aligning business and Globalisation objectives is really about securing the future for the company. "Your business strategy should be the primary driver of the Globalisation strategy because Globalisation doesn't happen in isolation. If you look at what Applied Materials is doing with Globalisation, we're all-around optimising performance and focusing on the core, critical competencies of the organisation, the cost-effectiveness of the solutions closer to our customers, and that means a different geographic footprint."

Successful Globalisers thoroughly assess their business process portfolio, financial state, goals, objectives, risk and transformation needs, as well as the supplier landscape and market capabilities in provider loca-

tions. Using information from those assessments, successful Globalisers build a Globalisation strategy that includes the following elements:

- > Future proofing
- > Risk management
- > IP protection
- > Transformation
- > Service extension
- > Resource redeployment
- > Innovation management

Armed with a Globalisation strategy, successful Globalisers develop an execution roadmap, which includes:

- > Geographic placement
- > Ownership model
- > Third-party supplier relationships
- > Transition timing
- > Financial return
- > Governance organisation

Too much, too fast

One S&P 100 global investment bank offers a good example of a company that did not allow its business strategy to drive its Globalisation strategy. Instead, perhaps eager to jump on the bandwagon of financial services firms adopting services Globalisation, the company did too much, too fast.

The organisation Globalised its application development, application support and maintenance, IT infrastructure management, and internal IT help desk all at the same time. Overloaded and lacking a clearly defined strategy, the investment bank began to experience performance and quality issues with its offshore internal IT help desk services.



➔ To remedy the problem, the organisation had to backtrack, taking steps that it would have been wiser to take initially, including securing buy-in from key client stakeholders, providing for effective knowledge transfer, and building a well-planned, solid governance framework. After taking those steps and determining that its newly defined services strategy did follow its overall business strategy, the company was able to successfully resume its initiative.

In addition to aligning its Globalisation strategy with its business strategy and ensuring that it is the business strategy that's the driver, the successful Globaliser has a clear idea of what part of its business strategy Globalisation will help execute.

Former Lenovo CIO Steve Bandrowczak explains that Globalisation is not just for the sake of lowering costs. "We were lowering costs not because we were not competitive in the industry. We were lowering costs because our stakeholders expected it and competition demands it. You keep getting back to what are the strategic objectives of your business."

Bandrowczak added that in his staff meetings, the alignment between Globalisation and business strategy was crystal clear. "If you had sat in my staff meeting, we didn't say 'Okay we're going to shut two data centres down and we're going to save three centres'. Instead, we said 'We're going to improve our expense-to-revenue ratio from an IT perspective because we're going to get in line with industry standards and we have to deliver US\$100 million to the bottom line of Lenovo'. You constantly have to keep tying

your global initiatives to those business and strategic directions."

Lack of clarity & definition

A Fortune 500 electronics company provides an example of an organisation that did not develop a clear idea of the part of its business strategy that Globalisation would help execute before beginning its Globalisation initiative. As a result, the organisation encountered a number of (avoidable) problems.

The company initially decided to offshore its corporate business customer service, retail customer service, levels 1, 2 and 3 customer support, order processing, accounts payable and receivable, and order-to-cash processes to third-party suppliers as well as a captive centre in India and the Philippines.

Once the initiative was underway, the electronics company found significant performance and quality issues with corporate business customer service processes within its captive centre. Additionally, the ramp-up of higher-end, customer-facing processes was slower than the company had originally expected.

After analysing the problems that had occurred within its services Globalisation initiative, the organisation realised that its fault lay in not fully analysing its portfolio of processes to understand the fundamental what, when, where and how questions that services Globalisation requires. Additionally, the company found that its fragmented processes needed to be aggregated and that an effective transition needed to be based on a detailed analysis of processes.

This Fortune 500 electronics company responded to the deficiencies it found in its services Globalisation rollout, re-planned the initiatives by answering those critical what, when, where and how questions, and developed a clear picture of how Globalisation would help the company accomplish its business objectives. Now it has a very suc-

cessful offshore operations.

Leading with strategy

A Fortune 500 health and life insurance company provides a good example of the strategic considerations a company might make at different levels of the organisation. This company had a very fragmented and inefficient life claims process, with no existing manuals or desktop procedures. Each examiner had his/her own version of the process and method for calculating claim amounts.

In addition, the organisation was bogged down in paper-based calculations that were full of errors with no audit trail. Furthermore, process output/productivity, accuracy, and efficiency were not tracked. As a result, the firm was unable to leverage its systems and knowledge to compete in the market against new players.

This organisation resisted the urge to adopt services Globalisation as a fix-it solution to its inefficiencies. Instead, it considered its strategic goals and how it could accomplish those goals with an aligned services Globalisation strategy. Each executive team member contributed in a different way to the strategic development: the CEO had a strategic focus, concerned with leading the business into the future; the CIO took a performance focus, concerned with flexibility, productivity, guaranteed services levels and proven technology. The CFO took a bottom-line focus, concerned with reducing current costs and managing future costs.

Instead of using services Globalisation as a substitute for sound business strategy, this Fortune 500 health and life insurance company used a well-developed services Globalisation strategy to complement its business strategy, which was geared in part towards overcoming several process inefficiencies. □

While it's true that services Globalisation is becoming a business imperative and should receive due consideration from executives at every organisation, it is not a one-size-fits-all proposition.

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