



8

Outsourcing

Learning objectives in this unit

- Talking about outsourcing
- Presenting factual information
- Apologizing and responding
- Distinguishing when to use the passive form

Case study

- Making a case for outsourcing

Starting point

- 1 What is outsourcing?
- 2 Does your company or a company you know outsource any of its production or services?
- 3 What are the advantages and disadvantages of outsourcing for the company and the customer?

Working with words | Outsourcing

- 1 Many American and European companies outsource part of their production or service provision to emerging economies like Brazil, Russia, India and China.
 - 1 What opportunities does this provide for these countries?
 - 2 What problems can it cause for them?
- 2 Read the article about India's outsourcing market and compare your ideas in 1.
 - 1 What are the main opportunities and problems for India as outlined in the article?
 - 2 Are the opportunities for India greater than the problems?

Outsourcing to earn India \$60 bn

India could earn as much as \$60 bn a year from information technology and outsourcing, an industry report says.

Potential market

India's IT and outsourcing market is currently worth \$22 bn, and is expected to grow consistently. Within the next five years, business worth more than \$110 bn will be outsourced worldwide to offshore locations, of which India is set to capture more than 50%. IT and outsourcing is projected to double to 7% of India's GDP and account for 44% of export growth.

Employment

The sector currently employs 700,000 people directly, and this is expected to rise to 2.3 m in the next five years. At current rates, there will be a shortfall of 500,000 skilled workers. Indirect employment is also set to treble over the same period, as more software and business process outsourcing (BPO) services are outsourced to India. Many companies are finding that using outside expertise for BPO enables greater concentration on their core activities.

Skills and infrastructure

There is an urgent need to develop at least ten 'knowledge cities' with universities and other training facilities to meet future employment needs. In addition, the infrastructure of these cities should be developed so that they have their own airports, roads, office space and housing to meet the needs of the technology firms.



3 Match the words in bold in the article to these definitions.

- 1 part of a country's economy: _____
- 2 basic systems like transport that a country needs to work properly: _____
- 3 the things done in a company that are most important for its main area of work: _____
- 4 secondary jobs created by the economic activity of a company: _____
- 5 places where people can learn new skills: _____
- 6 an increase in products sold abroad: _____
- 7 people with the training and experience to do a job well: _____
- 8 contracting a business task, such as payroll, to an outside service provider: _____
- 9 special knowledge or skill in a particular subject, activity or job: _____
- 10 based in a foreign country: _____

4 30▶ Listen to three people talking about outsourcing and answer questions 1–2.

- 1 What main points does each speaker make about outsourcing?
- 2 Is each speaker positive or negative about outsourcing and why?

5 Complete the questions with these verbs from audio 30▶.

*improve lead to take streamline achieve
develop get through gain free up create*

- 1 Do you think outsourcing business process tasks will _____ serious job losses in the EU?
- 2 What strategies could governments _____ to cope with job losses and to _____ more jobs in the EU?
- 3 What factors cause a company to _____ cost-cutting measures to reduce spending?
- 4 How do companies that outsource _____ lower overheads?
- 5 How does outsourcing help companies to _____ their operation and become more efficient?
- 6 What tasks could companies outsource to _____ resources for their core activities?
- 7 Why can companies that outsource _____ a bigger volume of work?
- 8 How can a company _____ a competitive edge over rival companies?
- 9 In what ways can outsourcing _____ the quality of life for workers in emerging economies?



Paula Dale
Politician



Christian Amiel
Sales Manager



Chitra Sampat
Call Centre Operative

6 Work with a partner. Ask and answer the questions in 5.

» For more exercises, go to **Practice file 8** on page 116.

7 Work in small groups. Read about Company X.

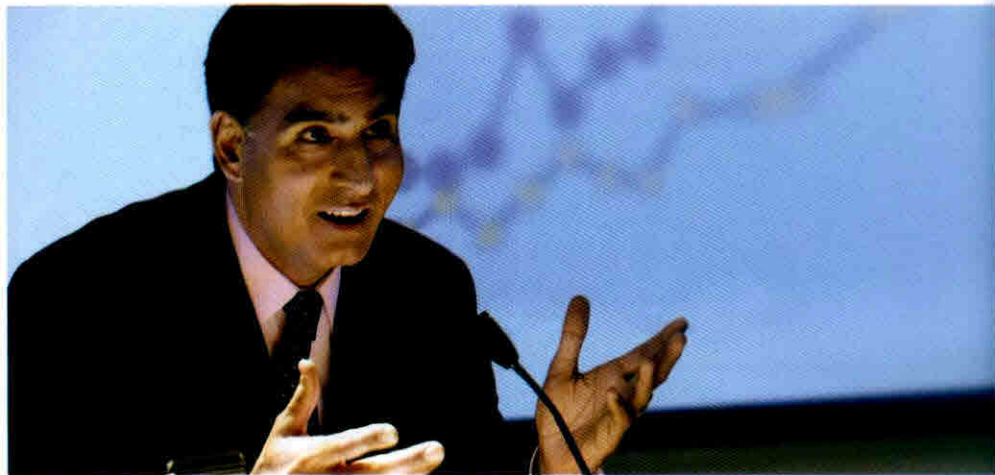
- 1 Would you advise this company to outsource? Why or why not? What would be the results of outsourcing for the company?
- 2 Present your ideas to the class.

Company X is considering how it can reduce some of its costs and free up resources to concentrate on its core activities. It has recently reviewed the quality and efficiency of its IT section. It has experienced difficulties recruiting experienced IT operatives. In addition it needs to reduce its IT budget. It is currently considering outsourcing the IT section, including its customer help desk, to a specialized computer company in an offshore location which operates 24/7. This will involve cutting 70 jobs in its home office. The offshore company (based in one of the emerging economies) would charge an annual fee for salaries, and administration and maintenance costs. This would be a saving of 45% for Company X.

Context

Sanjit Kundu works for Business Initiatives Bangalore. The Bangalore region has been singled out as a prime area for European companies to outsource to. Sanjit's role is to inform potential clients about Bangalore's business connections and its IT industry. Sanjit is 'on tour' in Europe and has been invited to make a presentation to GSV Chemicals in Belgium. This international company is considering outsourcing its IT Department to a cheaper location.

Presenting | Presenting factual information



- 1 31▶ Read the *Context*. Listen to Part 1 of Sanjit's presentation and answer questions 1–2.**
 - 1 What are Bangalore's key selling points as a location for outsourcing?
 - 2 What presentation technique does Sanjit use to keep the audience's attention?
- 2 31▶ Listen again and answer questions 1–2.**
 - 1 What two phrases does Sanjit use to prove his information comes from factual data?
 - 2 What phrases does Sanjit use to explain the cause of
 - a Bangalore's educational institutes having international recognition?
 - b Bangalore becoming the fastest growing city in Asia?
- 3 32▶ Listen to Part 2 of the presentation and answer questions 1–3.**
 - 1 Is Bangalore's ability to attract industry a recent development?
 - 2 What do these figures relate to?
a 25–28% b 512 c 64 d 1,000
 - 3 What is Sanjit's final argument for investing in Bangalore?
- 4 32▶ Listen again and complete these phrases.**
 - 1 I've _____ the background, so _____ some business facts.
 - 2 You _____ the breakdown of traditional industries.
 - 3 As _____, this has earned us the name 'India's Silicon Valley'.
 - 4 Let's _____ some specific facts on the IT sector.
 - 5 Looking _____ it is expected that Indian IT services will continue to grow ...
 - 6 And _____: more than 1,500 software and outsourcing companies ...
 - 7 _____, nearly 1,000 new staff are being taken on every month.
 - 8 Before _____, I'd like to _____
 - 9 Investment in Bangalore _____ dramatic, positive lifestyle changes for its people.
- 5 Put the phrases in 4 into these categories.**
 - a Explaining effect: _____
 - b Moving from one point to another: _____
 - c Referring backwards: _____
 - d Referring to visuals: _____
 - e Concluding on a strong note: _____

» For more exercises, go to **Practice file 8** on page 116.

6 Work with a partner. Use this chart to prepare a short presentation about the benefits of outsourcing to Bangalore. Give your presentation to another pair.

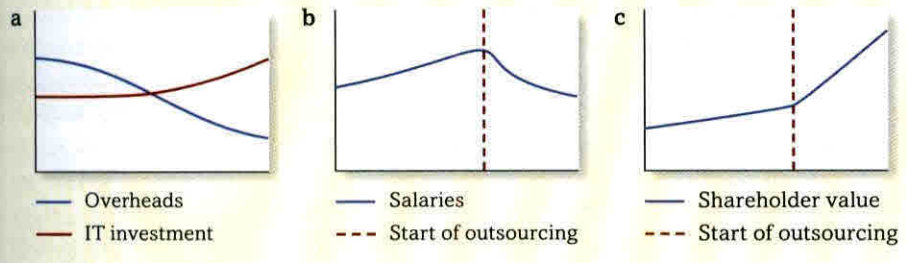
1 Advantages of Bangalore

- Cheap location
- Labour force
 - skilled / strong work ethic
 - multilingual
- Established international community

2 Your benefits for outsourcing

- Reduce costs
- Become more international
 - better communication
 - networking and synergies
- Invest early in emerging market

3 The facts



Key expressions

Presenting factual information

- Statistics show ...
- Recent data illustrates ...
- Research indicates ...

Explaining cause and effect

- Due to ...
- As a result of ...
- The effect of this is ...
- (This) has resulted in ...
- Subsequently, ...
- A knock-on effect of this ...

Referring to visuals

- You will notice on this chart ...
- Looking at this slide, we can see ...
- Have a look at these figures ...

Moving from one point to another

- Let's turn our attention to ...
- I've (briefly) looked at ... so let's move on to ...
- A further point to mention is ...

Referring backwards

- ... which relates back to ...
- As I mentioned earlier ...
- ... which I referred to earlier.

Concluding on a strong note

- Before I go today, I'd like to leave you with some food for thought.
- The message I'd like to send you away with today is ...

i » Interactive Workbook » **Phrasebank**

7 Prepare a short presentation about one of topics 1–3 below (or any other topic you're interested in). Make sure you

- introduce yourself and the topic
- include some facts and figures (these don't need to be true / accurate)
- refer to any changes and explain cause and effect
- conclude on a strong note.

- 1 changes in your company or in the economy of your country
- 2 why a particular company should relocate to your town / city
- 3 why a potential investor should invest in your company

i » Interactive Workbook » **Email**

Practically speaking | Apologizing and responding

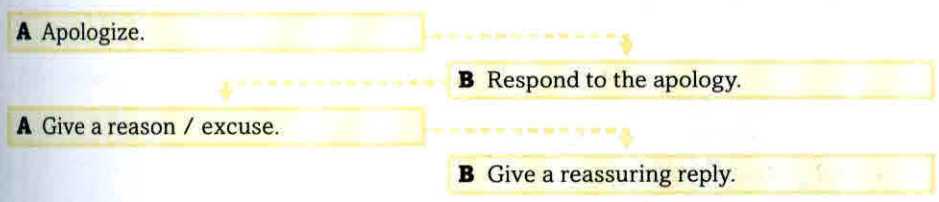
1 33▶ Listen to six apologies and answer questions 1–2.

- 1 What does each person apologize for?
- 2 What is the reason or excuse?

2 33▶ Listen again and answer questions 1–3.

- 1 What phrase does each speaker use to apologize?
- 2 How does the other speaker respond?
- 3 Which apologies are more formal?

3 Work with a partner. Take turns to apologize about the situations below. Follow this model and refer to the *Useful phrases* on page 134.



- missing an appointment
- sending an email to the wrong person
- forgetting a birthday
- losing a customer's telephone number
- spilling a drink over someone
- not phoning someone back

Tip | Apologizing

When we apologize, we often add information to explain the situation. When we accept the apology, we often make an extra comment to help the person apologizing feel better.

Language at work | The passive

1 Read these two sentences. Which is active and which is passive? Why is each form used?

- 1 Thousands of European back-office jobs **have been outsourced** to India.
- 2 EU companies **have outsourced** thousands of back-office jobs to India.

2 Read these extracts from audio 31▶ and 32▶. Why is the passive rather than the active used? How does this compare to the use of the passive in your language?

- 1 Bangalore's educational institutions **have been awarded** international recognition.
- 2 It is **expected** that Indian IT services will continue to grow by 25–28% annually.
- 3 Sixty-four new offices **were opened** in the city.
- 4 The job market is **being fuelled** by the tens of thousands of students ...

3 Read these sentences. Which sound natural in the active form? Which would sound more natural in the passive form? Change them into the passive.

- 1 Somebody stores a lot of our sensitive information in secure remote sites.
- 2 Somebody phoned you while you were out at lunch.
- 3 Somebody must know where Jason has gone.
- 4 Workers will manufacture the new Mini at BMW's factory in Oxford.
- 5 Somebody has closed the road for repairs for two weeks.
- 6 You can't use the lift today because someone is servicing it.

4 Use the passive to rephrase these sentences so they are more impersonal.

Example: They think that the company will open an office in Electronics City.

It is thought that the company will open an office in Electronics City.

- 1 *People say that Bangalore's very nice, but I've never been there myself.*
- 2 *Everyone knows that Indian software engineers are extremely good.*
- 3 *Most people think that property there is a bit overpriced.*
- 4 *People believe that Microsoft is interested in expanding its operations in India.*
- 5 *Some people expect that outsourcing to China will increase in the next five years.*

5 Work with a partner. Make a sentence giving impersonal information using the verbs in *italics* in 1–5 in 4.

6 Use the passive to rephrase the phrases in *italics* so you are not saying who is responsible for the action.

Example: I'm afraid I didn't get your voicemail – our administrator deleted it by mistake.

*I'm afraid I didn't get your voicemail – it **was deleted** by mistake.*

- 1 I'm sorry, but you are being made redundant. *I have made the decision* and it's final.
- 2 I can't make a copy of the contract because *Bob hasn't fixed the photocopier* yet.
- 3 *John from the post room sent the package yesterday*, so it should arrive tomorrow.
- 4 These cuts are unavoidable, and *I am making them* to try and save money.
- 5 I can assure you that *someone will deal with your complaint*.

» For more information and exercises, go to **Practice file 8** on page 117.

7 Work with a partner. Take turns to talk about a new controversial law or regulation in your country or company. Give details of

- what the law / regulation is about
- when it was / will be introduced
- what people think of it
- who will be affected by it
- whether it will be changed / abolished in the future.

Making a case for outsourcing

Background

Epam in Russia

Epam is Central and Eastern Europe's biggest IT outsourcing provider. It has development facilities in Russia, Belarus, Ukraine and Hungary. Epam has successfully developed software solutions for a wide range of industries in over 30 countries worldwide. One of its clients is Colgate-Palmolive.

To help sales representatives manage a large portfolio of customers, products and promotional material, Colgate-Palmolive wanted a software application that provided up-to-date information on demand to every salesperson in offices in 30 countries. Epam developed a software application that:

- provides sales people with customer, product, availability, promotional, order status and reporting information
- saves costs by replacing the global paper mailing of tens of thousands of product updates and reports each month
- enables a salesperson, with a laptop computer, to collaborate with internal contacts, manage customer calls, manage and track sales goals, access a product encyclopaedia, enter and monitor orders, analyse sales data and enter and process orders online with no processing delays.

As a result, Colgate-Palmolive's sales force has become more efficient and effective, especially in dealing with multiple languages, currencies and promotions. This in turn has increased staff morale. The variety of tools and options has increased sales staff's product knowledge and improved their accuracy. This has led to greater productivity.

Discussion

- 1 What were the advantages of outsourcing IT software development for Colgate-Palmolive?
- 2 What factors do companies need to consider when choosing a provider of outsourcing services?

Task

Work in groups of three. A large European company is currently considering outsourcing part of its software development work to Epam's facility in Russia. You have been asked to research the advantages of Russia as an outsourcing location and to provide an example of a successful project organized by Epam. Your task is to present your research to senior management to persuade them to outsource to Epam.

- 1 Read the information about Russia in File 19 on page 142 and refer to the Epam text above. Brainstorm ideas for your presentation.
- 2 Prepare your presentation, including one or two visuals.
- 3 Give your presentation to the class.

The Expert View

There are two perspectives to every outsourcing deal. Outsourcing is seen as a quick and easy way for customers to reduce their costs. The main challenge is to create a contract that allows for changes over time. Often the people who negotiate outsourcing contracts don't understand the business and its processes well enough to future-proof a contract. If changes to the original contract occur, costs savings can become cost increases. Suppliers provide a service and want to ensure a return on their investment. Their main challenge is in fully understanding their customers, so they can adapt to changes in customers' needs over time without losing revenue.

Dr Ashley Braganza, Director, Centre for Organizational Transformation

Cranfield School of Management

Information files | 19–26

File 19 | Unit 8

Case study, Task, page 53

- By 2007, Russia will have 5% market share of software outsourcing revenue.
- More than 250 global companies are active in Russia-based offshore software development.
- Currently Russia ranks number three in the number of scientists and engineers per capita worldwide.
- There are approximately 250,000 IT professionals in the country.
- The number of newly-graduated IT specialists has risen by 11% this year.
- Scientific talent has attracted western companies to open development centres in Russia: Intel, Sun, Motorola, Siemens.

Advantages of Russia vs Asia

- Russian business hours are in better sync with US and Europe.
- Russia is physically closer to US and Europe – more face-to-face interaction possible.
- Russia has closer cultural affinity with Europe and US.

File 20 | Unit 9

Language at work, Exercise 5, page 58

Student A

You are the manager in a small country office. Student B wants a temporary secondment for six months in a department in a large city office – to get wider experience (and to fill in for someone on maternity leave). Say 'no' to the request at first, but see if you can come to an agreement.

Student B

You work for Student A in a small country office. You have the chance of a temporary secondment for six months in a large city office. This will help you get wider experience while replacing someone on maternity leave. You are prepared to make a lot of compromises to get Student A's agreement.

Talk about:

- A: The negative effects on the day-to-day running of office
B: The positive effects in terms of learning new skills, etc.
- A: The staffing difficulties this would cause
B: The solutions for the staffing problems
- A: The negative effects on B's ability to do the job when B returns
B: The positive effects of the secondment in terms of personal development and experience
- A: The impracticality of a long transfer as opposed to a two-week secondment
B: The impracticality of a two-week secondment as opposed to a long transfer
- A: The possibility of a salary reduction after the secondment
B: The possibility of a salary increase after the secondment
- A: Other outcomes if the secondment was approved
B: Other outcomes if the secondment was not approved

File 21 | Unit 9

Business communication skills, Exercise 6, page 57

Pair B: Employees

Your company is finding it difficult to keep staff – its competitor has better working conditions. You have spoken to your managers about leaving to join the competition. You don't really want to change jobs but the offer is very attractive. Your managers have invited you to a meeting to discuss whether they can improve working conditions. The areas that the competitor has made attractive to you are

- flexible hours / home working
- better travel expenses
- more perks: fitness club membership, lunch vouchers, new computer
- increased salary
- less bureaucracy in the job
- more training for future promotion.

Discuss these with your managers and see if they can improve your working conditions. Decide which points are important to you and what you want the company to offer. Be ready with some proposals and be prepared to bargain.

File 22 | Unit 10

Language at work, Exercise 5, page 64

Student A

- 1 Use the information in the table to answer your partner's questions. Say what you have been doing this week and what tasks you have / haven't done.

Ongoing this week	Done	Not done
Telephone insurance companies to get quotes. Research possible accounting systems. Discuss website with local IT company.	Write business plan. Check availability of our proposed company name.	Contact solicitor about drawing up legal documents.

- 2 Use these prompts to ask questions about the progress your partner has made. What two tasks has your partner actually completed?
 - contact business adviser
 - think about business locations
 - make list of estate agents
 - find information about premises
 - look into transport
 - visit any locations