How to
MANAGE PEOPLE
in your REMOTE TEAM

BRIDGE

lessons learned in offshoring and nearshoring

HUGO MESSER

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Written by Hugo Messer, Darel Cullen, Nico Krijnen, Oscar Halfhide, Thomas Tøth, Anneke Keller, and Martijn Leliveld

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Edited by Laura Roberts of Laura's Proofs

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If you have any questions while you are reading this book, please do not hesitate to contact me. You can reach me via Twitter: @hugomesser.

If you do not have a specific question but think we should talk, you can send me an email at h.messer@bridge-staffing.com, call me at +31654230708, or reach out to me on Skype (user name: hugomesser).

We welcome any suggestions or feedback for further improvement. If you are interested in the upcoming eBooks or are an experienced practitioner who would like to contribute your knowledge, please email me.

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Introduction

When I started offshoring software projects about 10 years ago, I believed in 'processes'. I thought the success or failure of distributed development depended largely on how the work was organized—and I still believe that process is important. It matters considerably whether you use a waterfall-like method or an agile method. It matters how well everyone is aligned and understands 'the way we work'. However, I also learned that the first thing to look at is 'people' and not process. If you have great people, they will figure out a way to make things work. If you have a great process without good people, the output will be less than what is possible.

In the software industry, many projects are executed in black-box style: the onshore team spends several days determining what should be built, describes and documents the requirements, and then sends the documentation to the offshore vendor. The offshore vendor makes a big proposal, and after some negotiations, the project scope, planning, price, and delivery dates are agreed upon. Then, something happens in the black box, and on the delivery date, something is shipped to you (hopefully). In this model, you have no influence regarding who works on your software or how they work on it. Hence, you have no control over what will be produced, and in most cases, your expectations are different from what you receive.

You need to 'open up the black box'. The starting point of any successful offshoring project is people. Requests for Proposals (RFPs) do not show what people work for a vendor, so you will need to visit them. I have noticed that the best companies focus on adding 'feeling' to the vendor selection and invest time in picking the first offshore team members. By interviewing and testing each team member, they learn what types of people the vendor employs as well as what they will need to pay additional attention to. Using this information, you can systematically send more work offshore.

This book shares the insights of seven industry experts with regard to managing people remotely. In the first chapter, Darel Cullen's article, "How to Motivate Your Team," applies Maslow's pyramid of needs to offshore teams. With this theory, you can better understand how to motivate each individual in your remote team.

In the second chapter, "How to Create a Self-Supporting Team, "NicoKrijnen shares his experiences with building a remote team from scratch in the Ukraine. He takes us through team growth, day-to-day collaboration, having fun, and giving the team full accountability.

In chapter three, I take you through the differences between managing a local team versus a remote team. Oscar Halfhide explains how relationships are the cornerstone of outsourced work. He developed a framework for soft versus hard control, control versus trust, and building true relationships that deliver value to both partners.

In his chapter, "Making Distributed Teams Work: Trust, Imitation, and Control, "Thomas Tøth shows us how important it is to build emotional connections in real life between the team members. How do you build trust among dispersed individuals, how do you imitate colocation, and how do you control what is accomplished?

Anneke Keller's chapter, "Outsourcing and Different Generations," looks at people from a different perspective to demonstrate how generational differences influence offshore collaboration.

In the last chapter, "Getting Into India," Martijn Leliveld shares his experiences with building a team in India from the ground up. Martijn lived in both India and the Netherlands, moving back and forth so he could dive deep into Indian culture to fully understand what drove his team members. Based on his understanding, he cultivated a team over time that delivered the results he was after.
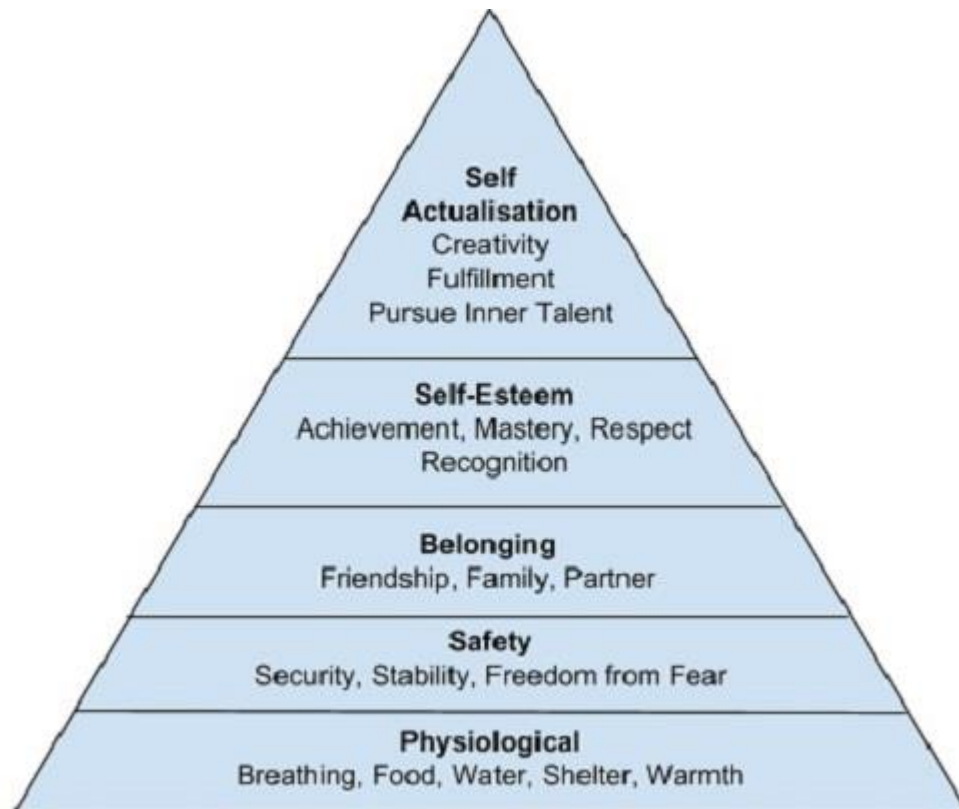
Hugo Messer

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Chapter 1: How to Motivate Your Team

Written by Darel Cullen

Motivation is an incentive that makes us achieve a goal and shapes our thoughts and actions. Managers must be fully aware of this extremely crucial fact. Whether working with remote or onsite teams, one of a manager's key roles is to make sure the staff members remain motivated. When team members are well motivated, staff turnover and absenteeism decrease; productivity, innovation, and profitability increase; and the working environment and cooperation improve.

Maslow's Hierarchy of Needs

What motivates us? Generally—and irrespective of culture—people have the same basic needs, but individuals' motivational needs may vary. To explain what best motivates people, many different theories have been proposed such as Herzberg's two-factor theory, Mayo's theory of motivation, and Maslow's hierarchy of needs. Maslow's hierarchy of needs is usually presented as a pyramid(as shown below) and suggests that humans—in addition to their basic physiological and safety needs—need to feel a sense of belonging, self-esteem, and self-actualization.

Self Actualisation
Creativity
Fulfillment
Pursue Inner Talent

Self-Esteem
Achievement, Mastery, Respect
Recognition

Belonging
Friendship, Family, Partner

Safety
Security, Stability, Freedom from Fear

Physiological
Breathing, Food, Water, Shelter, Warmth

Maslow claimed that, once a level of needs has been satisfied, it is no longer a motivator. Therefore, according to Maslow, staff members can only be motivated by achieving the next level of needs in the hierarchy. Suppose a team member receives an adequate salary and feels secure at work, raising the pay may not motivate that person anymore. Managers will have to find a way to satisfy the next higher level of needs. Employees will want to feel a sense of belonging, and they will need to feel that their endeavors are useful and meaningful. In addition, employees will need enough creative freedom to achieve their goals and should not only feel challenged, but also be given the chance to develop their skills.

Not paying enough attention to these needs can lead to team members feeling unmotivated, which is one of the main causes for failed projects, high staff turnover, and lost knowledge. Therefore, employers should go the extra mile to understand the needs of their staff. Eventually, a motivated team contributes to a happier and more-productive working environment.

Based on my experience with managing remote software-development and test teams, here are some suggestions for building and maintaining staff motivation:

Level 1: Safety

Ensure a **secure and stable working environment**. This may seem obvious, but people cannot be motivated if they are living in a state of fear. In some areas of the world, a high level of security with regard to crime and corruption cannot be found; nonetheless, make sure that you investigate methods for establishing a safe workplace and obtain help from local experts. Some years ago, one of my staff members had to be hospitalized after being attacked by a gang when he left work. Back then, our office was located in a dangerous area of the city. We took this incident very seriously and not only moved our site to a safer area, but also provided excellent health insurance coverage for our staff.

Ensure that you have clearly established and strictly enforced policies with regard to health, safety, and ethics for your remote teams so that there are no gray areas that may cause issues later.

Perform market analyses and set **levels of pay and benefits that meet the needs of your staff** to provide them with the stability and security they need**.** If your goal is to attract and retain the best staff members, then you should consider paying above the market average and offering benefits that competitors in your area do not offer. Reward staff members for their efforts, but be aware that varying cultures value benefits outside of salary differently. Observe and compare the rewarding actions of other companies in the same area so you do not miss specific conventions and insights.

Level 2: Sense of Belonging

Staff members need to feel as if they are crucial parts of not only your company, but also **the team**. One way to guarantee this is to set up enough **face-to-face meetings** that let employees build personal relations across sites. Video conferencing is the second-best solution for creating a sense of belonging when face-to-face meetings are not possible.

Regarding offshore development, do not cut corners when allocating travel budgets. Inform all your team members of every ongoing project as well as other aspects that may not directly

affect them but still be of general importance. Of course, sharing insights with your team regarding the status and development of the company is another essential factor.

Furthermore, ensure that **offshore staff members are always treated the same as in-house staff members are**. Creating this balance is easier in a "captive" offshoring situation such as ours: our team only consists of permanent employees. Successes should be celebrated together, so be sure to schedule enough time and allocate enough of your budget to perform these types of activities, as they help forge stronger bonds among team members. Try to create a positive, supportive, and competitive environment. Most of us are competitive to varying degrees, and occasional friendly competition can help increase motivation.

Make sure that you **get to know your staff members individually and that you understand what best motivates each**. Knowing each member well, as well as his or her level within the hierarchy, allows you to set goals according to individual abilities. When you have large or multiple teams, you will need a local manager who can oversee this task.

To cultivate a sense of belonging, ensure that your employees are **involved in the decision-making process** and **encourage them to come up with ideas**. Onsite managers should also listen to and consider offsite employees' ideas. One method for accomplishing this is to schedule one-on-one meetings with the offsite team and arrange an idea forum. As an extra incentive, you can add activities or awards to reward ideas. Offsite employees may have excellent technical ideas; hence, they should always have access to an open channel for expressing suggestions and innovation. We especially appreciate this input, as it helps further the development of our products and services.

Design a long-term strategic plan for developing the organization, monitor this plan constantly, and avoid making too many rapid changes to the strategy so the staff members still feel a sense of belonging. In addition, monitor staff turnover rates, since a turnover rate that is too high or increasing too quickly is often an early warning that your team is not motivated sufficiently.

Level 3: Self-Esteem

Ensure your staff members know they are appreciated. Of course, this implies being paid well but also means receiving **verbal and visible appreciation** when they have done a job well. Ensure that this appreciation reaches the person or team that has done the job and that everyone in the organization knows about the great achievement as well as which team or person made it happen. This costs very little but can have a great impact on staff members' morale and motivation.

Giving your employees your **full attention and actively listening to them** will increase their self-esteem. Whereas, ignoring them will not only discourage them, but also make them feel devalued. Logistically, it can be tough to dedicate a certain amount of time to informal meetings with all the remote staff members, which is why you should carefully plan your schedule to give remote employees a chance to share their views. Onsite managers should also be approachable and actively listen to remote staff members, both online and in person.

Try not to overuse appreciation so that it loses its meaning. When you give someone positive feedback, it should really mean something and hold value.

Level 4: Self-Actualization

Staff members usually attempt to **develop expertise** in the areas in which they work as well as in the areas they are interested. As a result, they should be given the chance to develop themselves and enhance their knowledge to a level that makes them experts in their chosen skills. If your staff members are not challenged appropriately, they can rapidly become de-motivated.

Financially, it is more profitable if your team members become experts in their areas. By providing a very **transparent career path,** both technologically and managerially, your team can easily progress along their career paths. No doubt, this may be less complicated to accomplish in a captive model compared to an outsourcing model. Hence, in the beginning of the collaboration, it is crucial to clarify the methods by which your partner company intends to develop its staff so that both organizations benefit from this career development.

Keeping your staff members challenged is another key factor for motivating the team. The challenges or goals should vary in terms of difficulty and effort to match individual performances and skills. This implies that you must **set stretch goals** for your superstars occasionally—and provide an added bonus when they actually pull them off. If you visualize not only the goals, but also the progress that has been achieved to reach these goals, team members obtain better ideas of what still needs to be done. Burn down charts are good tools for this.

Sometimes, it may be difficult to motivate people to work on more-mundane tasks. Therefore, you should always **connect each task that the staff is working on with not only the overall success of the company**, but also the customers' requirements that must be met. One way to succeed with this is to ensure that your employees—including remote staff members—**meet your customers personally** and see firsthand how the products they develop are being used. This experience is beneficial for both customers and developers. In our case, bonding with customers is quite easy, as our products are globally distributed. Even in our most-remote locations, one can find end customers.

Run smaller workshops where more-experienced staff members can educate the rest of the team about new technologies or new development methods. Send the staff to conferences and trainings to support personal growth as well as the organization's development.

Another important aspect at the level of self-actualization is to provide ambitious employees a certain amount of **freedom to make decisions**, meaning that you give your staff members enough freedom to meet their goals in their own individual ways. Micromanaging every capable staff member is less productive at this level; give your staff **a chance to innovate** and find new ways to solve problems.

Motivation is one of the main influences on an individual's work performance. Well-motivated employees are willing to enhance their own methods of working, produce higher-quality work, and are more efficient. It is always worth introducing and applying best management practices to bring success to your company through its highly motivated employees. Managing remote teams might be challenging, but if you consider some of the suggested techniques, there is no doubt that your remote team can be as motivated as your onsite staff.

About Darel Cullen

Darel has extensive experience with the software industry in many different industry sectors,including nuclear, space, air traffic control, and industrial. He currently serves as Director of R & D atVolvohandelnsUtvecklings in Gothenburg, Sweden—a company that develops software for the automotive industry. For many years, Darel has been responsible for global software development. He enjoys bridging cultures and creating effective software teams.

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Chapter 2: How to Create a Self-Supporting Team

Written by Nico Krijnen

A Day at the Beach

It all started a few years ago on a sunny beach in Barcelona. Our salesman and I had attended a business event. We were promoting a prototype of "Elvis," a new software product that we had fabricated. The reactions were so good that we felt this was the best possible direction for the future. Relaxing on the beach before our return flight, we drew up a small plan to present to the company owners. We wanted to convince them that this product had to be developed. The market was screaming for something fresh, something that could break free from the limiting technology that currently existed. We knew this meant that we had to build it from scratch, focusing on an intuitive user interface backed by a high-performance system.

Searching for Manpower

Although capable, our development team alone was insufficient for pulling off the colossal task we had set. The first—and most obvious—thing we tried was finding new people in the local market. However, we were unsuccessful. The job market back then was very tough. It was difficult to find skilled people, and when you did find them, the wage they demanded was too high for our small company.

We made contact with people abroad and initially discussed and investigated the possibilities of hiring developers in Malaysia. However, language and time zone differences made us hesitate. Their proposed method of working was for us to send detailed functional and technical designs to them that they would then build for us. Unfortunately, that was not going to work for what we had in mind.

This project required us to build a system from scratch with new and largely unknown technologies. This meant that we would not be able to create a detailed design beforehand; rather, we had to gain experience while building. It also meant that we needed flexibility to make decisions or change them quickly when necessary. We needed developers who could collaborate with us, people who could come up with their own solutions and argue with us when they discovered weak points in our designs and ideas.

An Unusual Job Interview

Normally, when you hire new people, you read a few resumes and then invite the most-promising candidates to speak with you personally to gain a greater understanding of what each person is like.

When you work with people who are 1800kilometers (about 1100 miles) away, this must be approached differently. The first part, reading the resume, is identical regardless of location. Nowadays, you receive most resumes by e-mail anyway.

My first interaction with our potential colleague in Kiev was through Skype. By then, I was quite comfortable using Skype because we had already been using it to communicate with many international contacts who were selling or using our software. On the contrary, it was my first experience doing a job interview without seeing the applicant in front of me.

With Skype, you only hear a voice—at times a bit crackly and distorted, depending on whether Skype is cooperating. In a sense, this provides a very fair conduit for interviewing someone, because you can only judge candidates by what they say and not by how they look. It is somewhat like the TV show *The Voice*: until the judges choose to take them in and coach them, they can only hear the people auditioning but not see them.

The interview went very well. In addition to excellent technical skills, Alexandra (the candidate being interviewed) had a clear vision for how she could work with us. She clearly had a strong will and warned me that she would not hesitate to tell us when she disagreed with us on a technical aspect—exactly the person and collaboration I was looking for!

Winter in a Cozy Attic

One key element made all the difference in overcoming the distance. When we started designing and building the first parts of our new product, Alexandra was right there. For 2, two-week periods, she flew over and joined us in our office: a cozy attic above an Italian restaurant.

We brainstormed and collaborated to build the complete foundation of the new software system. This face-to-face cooperation allowed us not only to establish a shared vision, but also to get to know each other on a personal level. Knowing what interests people, how they think, and how they express their opinions is invaluable. It also provided a great way for her to experience how the people in the onsite team approached one another. We were always a small independent team pursuing a challenging endeavor. Communication was very direct and allowed plenty of room for fun but revolved around an amazing dedication to the project we were undertaking.

When we were not busy designing, we had long talks about the cultural differences between Ukraine and Holland. It was interesting for all of us to learn more about how one another lived and how our societies worked differently. Through some connections, my boss arranged an apartment for her in a lovely area of Amsterdam, giving her the opportunity to explore and experience our country and culture during the weekends.

Since then, we have only heard each other's voices most of the time. However, having spent those two weeks getting to know each other in person made a big difference. Once Alexandra was back in Kiev, the cooperation was smooth. Everybody had a clear understanding of what to expect from one another. It also helped us to have someone in Kiev who shared our vision and ideas on software development, making it easier to expand the team there.

We did encounter one problem though: everybody in Ukraine seemed to be named Alex—or at least the ones with whom we worked. However, it was apparently quite acceptable, when converting names from Cyrillic to Roman, to use various spellings. I am all for a pragmatic approach, so to prevent any confusion between Alexandra and Alexander, we agreed to write the latter as Oleksandr. This quickly became Olek so we could avoid misspelling it. Later, our team was reinforced with Alex, Aleksey, and Olexandr. Luckily, they already called the last one Sasha; otherwise, it would have been confusing again.

Managing a Remote Team

We now have six developers working with us in Kiev, Ukraine, which is about the same number of people we have in our local team. Managing and leading a team of developers is not something I learned in training or from a course. I learned it on the job, making mistakes along the way but eventually achieving satisfying results. This is probably one of the best ways to learn.

My management role started about a year before the new product was initiated. I was asked to take over leadership of our small development team because of my technical knowledge and experience as a developer. The inclusion of team members from abroad was one of my tasks. To accomplish this successfully, I tried to use the same principles I had been practicing before.

I am a very practical person. Theory can be a good base, but I am convinced that you learn best by doing it yourself, making mistakes, and learning from them. When I obtained the lead role,I studied some management theory. One thing that stayed in my mind most clearly was the theory of situational leadership, which assumes that there are various ways to manage people. As a manager, you have to adapt your style of leadership to the personality, skills, and experience of

the person with whom you are dealing. That made absolute sense; after all, everybody is different.

Nurturing Growth

The goal of situational leadership is to motivate your people and help them grow in their independence and self-confidence. With less experienced people, you must provide ample instructions so they understand exactly what it is that you want them to do. Give them room to make their own mistakes and make sure you monitor the results so you can help them improve. As people flourish, your leadership style changes to coaching. Eventually, you will become equals, and thereby, your teammates will most often be able to manage themselves. They will only need your attention as a team leader occasionally, which provides you with enough time to instruct new recruits who join the team. Even better, the more experienced team members can then help with training new recruits by managing their own sub-teams.

An important aspect of challenging people or a team to grow is to give them responsibility. I experienced this during the internship at the start of my career. On my first day at work, the boss took me along to talk about a new project with a client. Entirely unexpected and without warning, he informed me that he was going to let me do all of the talking. That was a huge boost to my self-confidence. Being trusted with such responsibility makes you take your work very seriously. It brings out the best in you.

Another excellent way to motivate engineers is to give them interesting and challenging assignments. Given the advanced technology we use, and the complexity of the problems we try to solve through our products, this has never been a problem within my team.

Applying this to managing a remote team is, in a sense, similar to managing a local team. It is important to realize that you are working with individuals who are at their own levels of experience and have their own personalities and cultural backgrounds. Whether local or remote, it is crucial to provide new team members with ample instructions. Another important step is to give people more responsibility as they gain more experience. Doing this with your remote team members may take more effort. You cannot just talk about things at the coffee machine or during lunch, which makes it more difficult to determine who needs your help the most. Be aware of this and schedule extra calls to discuss things when needed. Looking at how our team operates now, we are not two separate groups—we are one team. Aside from distance and a few minor practical aspects, there is no real separation between local and remote teams.

My personal experience, combined with the theory of situational leadership, helped me take my team on this journey. It has led us to not only grow in size, but also become more and more productive and professional. It is very satisfying to reach a point where you feel confident that you only need to provide occasional guidance to the team—rather than worry about whether everything will go right—because you know they are fully capable of managing their own activities.

Staying in Touch

When half the team is working remotely, it is much more difficult to keep track of what everybody is working on. Especially in the first few years, this did not always go very well.

Being a small team meant that everybody had to perform additional tasks aside from developing software, including things such as giving product demonstrations to prospects, handling support questions, writing documentation, and maintaining our website. Additional tasks such as these tend to make it easier to lose focus. We have prevented most of this with our remote team members, allowing them to work solely on developmental tasks. In addition, I preplanned and prepared for a few weeks so that everybody knew what to work on. Sometimes, we did not have contact with our remote team members for weeks at a time.

Infrequent communication is a huge risk. We were lucky that our remote team members were experienced and could work well on their own. However, a couple of big dangers associated with rare communication are that team members could develop something incorrectly, or they could become stuck on a problem for too long without asking for help. Not discovering these factors for a week or more causes precious time to be wasted. Insufficient contact will also lead to decreasing involvement in the project.

Communicating Daily

Nowadays, we hold daily 'stand-up' meetings, part of the Scrum software development methodology that is widely practiced and accepted. During this meeting that lasts no longer than 15 minutes, every team member briefly describes what he or she is working on. If anyone is stuck on a particular problem, another team member is assigned to help him or her resolve it. The entire team is always present at this meeting; people working from home or remotely attend the meeting through Skype.

This small change in how we work has made a huge difference. Every team member is up-to-date regarding what the others are working on, and this helps create the feeling that we are doing this together. Another advantage of this meeting is that you can quickly take action if there is a problem or if someone goes off-track.

The daily contact lets you profit from one other important benefit: it strengthens the bonds between team members, both local and remote. In turn, this makes it easier to work together; for instance, it lowers the barrier for asking questions. I enjoyed experiencing how the team recognized this and took it a step further by taking the initiative to set up a Skype chat that included all the team members. When any of the team members had questions or comments, they would post them in our chat session, and thereby, share them with the entire team, ensuring that everybody stays up-to-date.

Having Fun While You Work

During our daily scrum meeting, it often takes a few minutes for everybody to connect via Skype. While waiting, people make small talk about personal matters or remarkable events. You learn things about your colleagues that you otherwise might have missed.

I remember someone mentioning that a snowstorm was flooding Kiev with meter-deep snow—something we can only imagine in Holland. That immediately prompted concerned responses about whether they could get home as well as suggestions that our team members in Kiev work from home the next day to stay safe.

Another example is the laughter triggered by the occasional train that thunders through the speakers as it passes close by our New Delhi software testing center.

Having fun together boosts personal contact. The key here is the involvement with one another on not only a professional level, but also a personal one. We are all human. When you work with trustworthy people whom you know care about you, work is so much more pleasant.

Widespread Involvement

Our software is sold internationally through a network of certified partner companies. A few years ago, we organized our first big event, providing commercial and technical training for these partners. Our Kiev team members also attended the event, which allowed them to feel the level of enthusiasm and professionalism with which we were marketing and selling our product.

They had the opportunity to interact directly with the community members surrounding the product. In addition, they received direct feedback and appraisal regarding the software they had developed. This experience has provided everyone with broader perspectives regarding why we build the software the way we do and how we make decisions about which features to implement.

Welcoming New Development

About a year ago, WoodWing bought our company. They recognized the potential of the product and knew they could propel it to the next level by adding their marketing power, dedicated sales, support teams, and a widespread network of skilled implementation partners acting in local markets.

Our original team is now integrated into the WoodWing organization. We are able to focus more on software development without the distractions caused by additional tasks that are now handled by dedicated departments. Our Kiev colleagues are still with us as well, and we even expanded the team to increase its development capacity. By now, most of our Kiev team

members have visited the new office. They are becoming familiar with everybody onsite as well as with the attitude in our company, similar to Alexandra's initial visit that first winter.

When we joined WoodWing, they were already using a test center in India. Several testers are now working with our team to test the software we have built. The way we work with the testers in India is quite similar to how we collaborate with the engineers in Kiev. Testers take part in the daily stand-up meetings to provide updates regarding their statuses, and they join the Scrum retrospectives to provide feedback on how we can improve our development and test processes.

Lessons Learned

In hindsight, a few things that have been important in forming our well-functioning team, both local and remote, include:

1. Active Involvement: Do not form separate local and remote teams, but rather, make people in all locations feel like part of one, cohesive team. Techniques such as Scrum can help ensure daily contact.

2. Ample, Clear Instructions: Give people responsibility, provide them with clear direction, and help them grow individually.

3. Similar Treatment: Whether working with local or remote team members, they are individuals. Spend time getting to know each one of them personally. This may take more effort with remote team members since you have fewer opportunities for informal contact. Therefore, it is crucial that you find opportunities to communicate informally, tell jokes, and have fun.

I am still amazed when I recall what we have accomplished throughout these years, starting with a small prototype and creating a successful product from nothing. In hindsight, it was a crazy undertaking. No sane person would have thought that such a small team could accomplish such an enormous task.

It was a very exciting time—feeling small against unknown competition. Being the underdog suited our small, resourceful team. Now that we have grown and become part of a larger company, we still apply our startup mentality. Like a bunch of keyboard cowboys with wild ideas, we continue to develop innovative solutions.

New challenges surface occasionally, and I look forward to meeting them head-on, knowing that I can rely on my team—both local and remote—to solve any problem that is thrown our way.

About Nico Krijnen

      With over 12 years of experience in building content management and digital asset management solutions, Nico was one of the initiators of the Elvis DAM product. He has been the driving force behind its innovative architecture, and after joining WoodWing Software, he has continued to lead the Elvis DAM engineering team.

About WoodWing

WoodWing Software develops and markets a premier, cost-efficient, multi-channel publishing system, Enterprise, as well as the next-generation digital asset management system, Elvis DAM. WoodWing's solutions are aimed at magazine, newspaper, and book publishers and corporate publishers, agencies, and marketing departments to reach their goals for quality, economy, and time-to-market.

WoodWing's publishing system, Enterprise—including the editorial-management application, Content Station—coordinates and streamlines the process of creating, managing, and publishing static, dynamic, and interactive content for all media channels—print, web, social, smartphone, and tablet. Elvis DAM enables users to securely store and efficiently manage the increasing collection of rich-media files.

WoodWing Software, founded in the year 2000, has its headquarters in Zaandam, Netherlands and has regional sales offices in Europe, the Americas, and Asia Pacific. Customers are served locally by over 90 selected partners in more than 100 countries. WoodWing's long-standing relationship with Adobe as a technology partner and its close cooperation with a large number of other technology vendors worldwide confirms WoodWing's position as one of the leading suppliers of publishing software. WoodWing is a privately owned company with all founders actively engaged. Additional information regarding WoodWing's products and services can be found at www.woodwing.com.

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Chapter 3: Is Managing a Remote Team Different From Managing a Local Team?

Written by Hugo Messer

I am currently writing a book about managing remote teams, and I engage many experts from around the world to write about the best practices for offshoring and nearshoring. I recently read an interesting discussion on Quora regarding the management of distributed teams, and I loved [Venkatesh Rao's reply](#):

> *This is a huge topic and hundreds of people weigh in every day with thoughts ranging from book-length to tweet-sized.*
>
> *I have read far too much of it. For a long time, I took the topic seriously and looked for substantial ideas, models, and theories. I found none. And I couldn't make up any myself either. So I concluded: 99.99% of things written/said about this topic are complete dreck. Here's why.*
>
> *Managing distributed teams is a subdiscipline of managing teams of any sort to begin with.*
>
> *Most people who ask or try to answer this question skip the more basic step of becoming good at management first. Most of them are terrible at it.*
>
> *So face-to-face or distributed, they fail. But if the situation happens to be distributed, there is a convenient situational factor to blame.*
>
> *People management involves a dozen difficult psychology problems. The fact that a team is "distributed" is basically irrelevant. It is just another situational variable to deal with much like limited budgets, annoying executives, depressed reports, disruptive team members, bad software, and so forth.*
>
> *If you've learned to think your way around all the other age-old parts of management, "distributed" is just another logistics problem to solve. There's nothing particularly unique or new about it.*
>
> *So why has this topic attracted so much attention in recent times?*
>
> *Two simple reasons:*
>
> *First, there's a lot more of it happening, with mobile and virtual workers all over the place. If there's a lot of something happening, it must be important, right? There's a lot of Lady Gaga going on right now, so she must be important.*
>
> *Second, a lot of people have tools and technologies to sell that solve technical logistics problems (hearing the voice or seeing the face of someone on the other side of the world). One way to sell these tools is to talk far too much (and way more than necessary) about the supposedly "unique" problems of managing without these tools.*

In my experience, given 2 unique people-management problems—one face-to-face and the other distributed—if you assess the top 2-3 problems of each team, the chances are very low that being distributed (or not) is actually a causal factor. It is simply an irrelevant variable most of the time.

I mean, think about it. The Rothschild brothers ran most of Europe's banking with a "distributed team" that ran entirely on letters and couriers. Did they whine about the problems of distributed teams? Cardinal Richelieu ran a formidable spy network across the continent. Did he worry about how managing through invisible ink was different from managing face to face? Or did he focus on the basic people problems?

That said "distribution" does have a lot of significance but not in the management of teams. The impact is at a much more fundamental level, having to do with the relationship between people and organizations and the future of organizations themselves. A lot of people are realizing they don't need traditional employment models at all. Being virtual helps them realize that. They start to orbit away from their traditional relationships with organizations and may decide to go free agent for instance. That's a macroeconomic trend that is too big to influence with management practices. In other words, distribution and virtualization make "managing teams" in the traditional sense moot, because their main effect is to make traditional teams slowly disappear.

So the right question in a sense is not "how do you manage a distributed team?"but "how do you manage a team comprising people with very non-traditional employment relationships to each other and to the organization, if there is even an organization anchoring the relationship.

I had not yet come across a thought like Venkatesh shares. The answer makes me wonder, "Am I thinking too complexly, or is the reality of managing remote teams actually complex?"

I agree with Venkatesh that managing teams, in general, is challenging for most people. It starts with hiring the right people to join your team, placing them in the right positions, and then making sure that they do the right things. That is not easy, and many organizations and projects fail at this point. However, where I cannot agree is with his declaration that problems with managing remote teams exist only due to poor management. I believe that having people who are distributed substantially adds to the complexity.

Working with co-located people has many subtle advantages that one should try to simulate with people who work remotely. My whole company is 'virtual'—even my Dutch salespeople work remotely as do all of my developers in our offices in Ukraine and India. If I visualize having all of those people work alongside me in my Dutch office, I can only imagine that my work-life would be wonderful! Subtle things that influence team organization are:

1. Less face-to-face time

2. Missing nonverbal cues that you cannot see via Skype

3. Not being able to see how the person on your team feels or behaves

4. Less time in between jobs to discuss the business and projects you work on

5. Missing the energy of a CEO or founder regarding the direction of the company

6. Having no contact with end users of the product

7. Needing to manage the team fully on output by using clear metrics and reporting

8. Cultural differences, which are easier to bridge when people spend all day in one office

9. Obvious factors such as different time zones and distances

There are also points at which I fully agree with Venkatesh. By focusing on people and managing a team, you reduce the complexity in your thinking. It comes down to hiring the right people and implementing the right processes and communications with those people. When a team works in one location, it is normal for the members to invest time in understanding the other people, to build a process that works for all members of the team, and to find a way to communicate with each individual.

Somehow, many people expect this to be different in a distributed environment. They believe you should be able to just send the requirements offshore and wait for the finished product to be sent back. They assume that, if the remote team does not ask questions, it means either all is fine or it is surprising. Two weeks later, they receive the remote team's results: if the delivery is not what was expected, they pull the plug on the relationship. I can hardly imagine that any project leader would treat a local team member the same way. He would invest time in understanding the person and ensuring that he or she understands the requirements (even if he is too shy to ask questions or feels he is not allowed to ask questions). There would be a lot of communication and help provided—which needs to be done in a remote setting as well.

The concluding remark of Venkatesh is also interesting. The underlying problem in working with remote teams might be the way companies are organized. Instead of having employees in one office on a labor contract, either 'free agents' or employees of a company in another country are used. This absolutely influences the way we work, as the company culture of the remote team might be entirely different from our own. In addition, freelancers from another country very likely hold different values and beliefs from what you would like to see in your local employees.

In our company, we try to bridge these differences by enabling our customers to choose the team members from our remote office who will work on their projects. Moreover, we enable them to treat the team members the same way they treat their own employees, making the team members feel more like part of their company. We encourage them to send us presents, mugs, share their core values, explain their visions to the team, and enjoy many trips back and forth. With freelancers, we have tried this as well, and I have never seen this work when they are remote. We have never accomplished the level of bonding that is needed to build a solid, highly productive remote team unless they remove the word 'free' from freelancer.

In conclusion, looking at the management of remote teams from the same angle as the management of local teams simplifies our thinking, making us focus on the most crucial aspects of making offshoring work—getting the right people in the right seats doing the right things. At

the same time, we must both identify and work around the complexities that offshoring adds to an organization.

About Hugo Messer

Hugo Messer has been building and managing teams around the world since 2005. His passion is to enable people who are spread across cultures, geographies, and time zones to collaborate. Whether it is offshoring or nearshoring, he knows what it takes to make a global collaboration work.

To know more about Hugo, check out his website. You can also read the blog or watch videos at YouTube.

About Bridge Global IT Staffing

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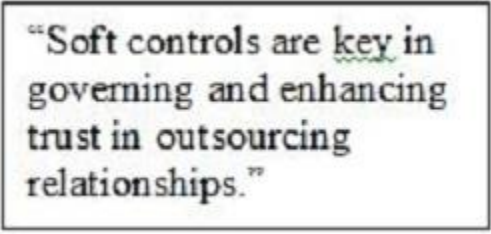
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Chapter 4: Trust Rules in a Globalizing World—The Importance of Soft Controls in International Outsourcing

Written by Oscar Halfhide

Introduction

"Soft controls are key in governing and enhancing trust in outsourcing relationships."

For all parties involved, outsourcing is a complex and often-uncertain journey. The key question is, "How can you make it successful?"Research (KPMG's Strategic Outsourcing Study 2012) shows that outsourcing success stories require significant efforts from both parties. Two out of three outsourcing deals deliver less customer value than expected. About a quarter of all outsourcing contracts end prematurely.

One of the most common causes of poor outsourcing relationships is a lack of confidence and trust, frequently combined with insufficient governance. The consequences of both are far-reaching. Contractual parties are gradually losing mutual understanding and grip. The outsourcing relationship deteriorates rapidly and turns into a struggle for the remainder of the legally binding contractual term. Neither party relishes this prospect.

Nowadays, outsourcing relationships are governed with predominantly hard controls. It is understood that hard controls are valuable, but their effectiveness and unilateral uses also have some important limitations that must be taken into account. Hard controls do not enable one to attain the expected customer value or nurture an outsourcing relationship that is rewarding for all involved parties. Something essential is missing—something that makes outsourcing relationships grow to become valuable and successful.

This article focuses on both the importance of and potential for soft controls in outsourcing relationships. Soft controls are very effective for enhancing trust and creating value through understanding and collaboration between contractual parties. The journey toward sustainable and successful outsourcing relationships requires a shared, cooperative mindset of mutually agreed upon goals, values, and behaviors. This journey should be supported with an adaptive, balanced set of both hard and soft controls that enhances confidence and fits the situation.

Hard Controls Are Necessary but Insufficient

In a globalizing world, hard controls can be defined as formal governance mechanisms that the parties involved can use to manage their sourcing relationship. The popularity of hard

controls is understandable and easy to explain: they are tangible and focus on formal aspects such as supervision, legal positioning, dominance, and appraisal/valuing. There are many common examples of hard controls such as contractual appendices (e.g., requirements, services, specifications, and service levels), performance management (e.g., checks & balances and key performance indicators), financial settlement (e.g., invoices), assessment (e.g., benchmarks and audits),and formal communication (e.g., authorizations and escalation procedures).

The importance of hard controls is genuinely considered a no-brainer: keep it, and if necessary, increase power and grip toward the other party. Admittedly, hard controls are certainly valuable as important maintenance factors; however, parties should be aware of their strengths, uses, and limitations. Hard controls are based on the lowest level of trust in relationships—so-called "calculative trust"(also called Calculus-Based Trust or CBT). The concept of calculative trust is simple: only give trust when trust is returned and the potential gain is higher than the loss. Outsourcing parties rely on each other based on rational calculations of the payoffs and costs of doing business with one another. Achieving the same service levels at market-competitive prices is no longer a satisfier in itself. Now, it is also about autonomous, opportunistic, dominant behavior and reduced uncertainty using unilateral hard controls and contractual safeguards. However, the effectiveness of calculative trust alone is reservedly positive.

It is important to emphasize that hard controls focus on the legal and contractual positioning of parties and their mutual obligations, which may easily lead to undesirable results such as relationships becoming uncompromising and inflexible. Consequently, it may also result in reactive, narrow-minded, task-driven responsibility; risk-avoidance behavior; false security of reported 'facts and figures'; and escalation instead of constructive collaboration and communication. Outsourcing parties easily lose sight of their initial cooperative goals and values.

According to clients, outsourcing vendors do not meet expectations in matters such as delivering sustainable value for money, fulfilling the contract and/or main service levels, and conveying key performance indicators. Problems and escalations are often handled by using and enforcing more hard controls, which in turn, influence or even disrupt the power balance and confidence level between client and outsourcing vendor. This can be further negatively affected when parties 'forget' to manage the outsourcing relationship from an emotional perspective. In such cases, parties often forget to initiate a controlled, de-escalation of the situation to decrease power and grip gradually before returning to normal.

The Importance of and Potential for Soft Controls and Trust Rules in Outsourcing

The effectiveness and authority of using hard controls in outsourcing relationships require a closer look at the baseline of hard and soft controls that organizations have access to during their outsourcing journey.

Soft controls are defined as informal governance mechanisms that the parties involved can use to manage and enhance the outsourcing relationship as well as their inter-organizational behaviors. Common examples of soft controls are management philosophy, organizational

culture, communication, and interpersonal competencies of individuals, teams, and organizations. Recent observations show that the popularity of soft controls is growing, but the use of soft controls is still limited, subconscious, unstructured, and in most cases, not fully put into place. The main reason is that soft controls are less tangible and far more difficult to apply. The importance of and potential for soft controls in international outsourcing is huge, but putting them into practice needs more explicit and serious attention.

Our vision of soft controls can be reflected in a set of trust rules (KPMG (2009) *Trust Rules*: *Nine Principles for a Better Balance Between Rules and Trust*). Although it sounds paradoxical, trust requires rules. Trust rules should focus on guarding and enforcing desired behaviors, enhancing understanding and collaboration within the outsourcing relationship, and improving reciprocal confidence in achieving the mutually agreed upon outsourcing goals. It is important to define appropriate trust rules and implement them in a correct manner. This means a proper, balanced, and selective use of informal (and formal) governance mechanisms that push the outsourcing relationship to the next trust level. Be aware that personal experiences, values, beliefs, and visions—as well as courage to abandon formal governance mechanisms and hard controls that exploit trust and confidence—may impact the outcome.

Below, you will find a brief explanation of the most important trust rules that should be applied to make global sourcing meaningful, successful, and sustainable.

1. Define and Agree Upon What Trust Is and How it Should Be Captured, Nurtured, and Preserved. Make sure 'how' can be defined by the people involved in each hierarchy. This will stimulate their creativities and abilities to rectify mistakes. Empowerment is a typical soft control that enhances trust and commitment.

2. Define Shared Goals to Stimulate the Level of Trust Between Parties Positively. The shared goals should be defined as objectives that parties want to achieve at every level of hierarchy. To take this a step further, management should place more emphasis on their trust and respect for employees and teams when defining outsourcing objectives in and among organizations. Accommodations should be made to encourage the use of individual responsibilities and insights to achieve business goals or objectives. Empowerment is a typical soft control that enhances trust and commitment. People can take responsibility for removing inefficiencies and bottlenecks in processes to increase customer value. No hard controls are needed; simple rules that help to avoid unpleasant surprises will do.

3. A Shared Vision and Mutually Agreed-Upon Goals Must Be Established Through Transparent Communication to Enable Trust-Based Soft Controls to Build and Enhance the Outsourcing Relationship. It is crucial that the management state rules as "We should/could/need to..." instead of "You should/could/need to...."Outsourcing should be considered a journey with the same destination for all parties. It requires trust-based collaboration supported by clear ownership, commitment, and a 'can-do mentality' to take the relationship to the next level. Informed trust is the best way to achieve open and honest communication regarding dilemmas, challenges, and mistakes.

4. *Personal Contact* **Is the Key to Building Trust as Well as Effective, Interpersonal Outsourcing Relationships at Every Level.** This applies to the effects of personal experiences, values, and beliefs in understanding peers and being complementary. People will be more aware of social and moral responsibilities, which creates an interpersonal culture in which taking responsibility is awarded.

5. It Is Essential That *People Treat One Another as Equals*—**Especially When Building, Enhancing, and Maintaining Outsourcing Relationships as Well as When Achieving Goals and Objectives.** This trust rule is pivotal, because when inequality prevails, the distance between management and workers increases and negatively affects the outsourcing relationship.

6. It Is Crucial That All Stakeholders at Every Level *Set Good Examples and Demonstrate Exemplary Behaviors***.** The behaviors of leaders, managers, and peers directly affect the behaviors of individuals. Therefore, setting an example is essential. Good behavior should be defined and agreed upon as an important starting point for managing mutual expectations. It should be based on mutual respect and capability to execute. This provides a foundation that others will use. Good behavior includes aspects of integrity and corporate social responsibility.

7. *Dare to Experiment and Learn From Experiences***.** A culture that encourages challenging, understanding, experimenting, learning, and making mistakes is tolerable once individuals, teams, and organizations are able to learn from their previous experiences. Avoid the mistake of

immediately tightening the reins when someone drops the ball. This natural reflex will only cause fear and mistrust to increase, people to dodge responsibilities, and game play to rise. Action-learning programs and on-the-job coaching are both effective instruments for enhancing organizational learning capabilities regarding governance and sourcing management. Knowledge and experience programs can be executed collectively or individually—bringing effective usage to life—through top-down organizational development combined with bottom-up ownership.

8. Be Lenient Toward Mistakes and Suppress Abuse. Accept mistakes. Focus instead on learning from them and avoiding future mistakes. From a behavioral perspective, this means stay on course and remain calm—even when things go wrong. Meanwhile, abuse or repeated violations of trust must be corrected. They should be sanctioned accordingly and immediately because both undermine trust. When this occurs, it takes much more time to restore the trust and confidence. Be aware that violations of trust are sometimes inevitable. Play hard but fair.

9. *Rely on Informed Trust and not on Blind Trust***.** Make sure you have a balanced set of formal and informal governance mechanisms in place to back up your own gut intuition on how trust and confidence truly evolve. Make trust and confidence measurable and explicit so you can refer to them when necessary. An example of this would be to discuss trust and confidence—or use instruments such as customer satisfaction surveys—at regular meetings.

10. *Ensure Cultural Intelligence (CQ) Becomes Part of Your Professional DNA When Managing International Sourcing-Relationships***(Creque & Gooden, 2011)**.Cultural intelligence is a recent concept that refers to the abilities of individuals, teams, and organizations to understand, manage, and adapt to cultural diversities in the global marketplace properly and effectively. This trust rule will be further explained in the section below entitled, "Inter-organizational Ability to Manage Cultural Diversity."

This trust-rule approach is quite different from the ways in which outsourcing relationships are currently envisioned, positioned, and governed in the global marketplace.

Managing Cultural Diversity

> "Cultural Intelligence (CQ) is an important soft control that enables individuals to manage cultural diversity in the global marketplace effectively."

Cultural differences have often been cited as one of the biggest barriers to successful outsourcing relationships. Unfortunately, they are not always fully understood and/or righteously applied by individuals, teams, or organizations.

Examples of cultural differences in the global marketplace are examined below.

Cross-country cultural differences and legacies are based on six dimensions (Hofstede, 2001):

1. Power Distance: Latin, Asian, African, and Arabic countries demonstrate higher acceptances and expectancies of unequally distributed power. In Europe, power distance tends to be lower in northern countries and higher in southern and eastern regions, and the United States is positioned in the middle.

2. Individualism: North America and Europe can be considered far more individualistic and less integrated in comparison with Asia, Africa, and Latin America (more collectivistic and group-integrated). Japan and the Arabic countries maintain middle values on this dimension.

3. Avoidance of Uncertainty: Society's tolerances for ambiguity are highest in Latin American, Southern/Eastern European, and German-speaking countries and lowest in Anglo, Asian, and Nordic countries.

4. Masculinity: The distribution of emotional roles between genders is far less masculine in Nordic countries (more feminine), relatively high in European countries and Japan (more masculine), and more contrasted in Latin countries.

5. Long-Term Orientation: Eastern Asian countries achieve the highest long-term placements; Eastern and Western European countries score a moderate balance; and Anglo, Arabic, African, and Latin American countries demonstrate more short-term orientations.

6. Indulgence: East Asian, Eastern European, and Arabic countries demonstrate higher restraint regarding societies' attempts to control desires and impulses, while Latin America, regions of Africa, the Anglo world, and Nordic Europe score higher on indulgence.

**Easterners perceive objects holistically through a wide-angle lens, whereas Westerners perceive them in isolation through a narrow lens with sharper focus (Nisbett, 2003).

**In Indian culture, importance is placed on age and seniority, they tend to be more sensitive to criticism, and they have difficulty saying 'no'.

**The risk of the so-called "mum effect" is higher in Asia than it is in the West (Sajeev & Ramingwong, 2010).Stakeholders who have information indicating that an international and intercultural project (e.g., offshoring) is failing may remain silent to avoid the social stigma of 'losing face'. Possible causes for this are gaps in communication, fear of consequences, and lack of team solidarity.

**The UK is very direct with criticism, focused on productivity, and has a slightly circumlocutory style of communication.

**In the US, the work culture is very informal, they practice direct—but sometimes overbearing—communication styles, and they employ an "It is all about time and money" approach.

These cultural distinctions, among others, may directly or indirectly influence confidence and trust levels in international outsourcing relations in terms of interactions, communications, interpretations, understandings, commitments, productivity, and comfort. To illustrate this, higher power-distance cultures in the East typically use indirect communication and wait for

decisions to be made by upper-level associates before taking action to solve the problem. In contrast, lower power-distance cultures in the West do not see a hierarchical gap in and between involved organizations, taking ownership as long as the job is done professionally and satisfactorily. It is important to point out that there is no right or wrong; the methods by which we communicate (directly or indirectly, verbally or nonverbally) and operate as biased individuals complicate matters further. The key here is for involved parties to ensure that cultural differences in international outsourcing relationships are effectively, respectfully, and appropriately recognized, understood, and managed through informal governance mechanisms (soft controls).

Cultural barriers can be addressed by using three principles:

1. Addressing Cultural Barriers Is a Two-Way Street. For example, a director of a leading cultural-training institute once complained that 'the Chinese didn't know how to work with them'. However, he never considered that he and/or his team might be the ones who did not know how to work with the Chinese.

2. Conscious Effort, Intention, and Patience Are Required for Cultural Awareness to Become a Regular Behavior. To build a pattern of cultural awareness, each individual, team, and organization must commit not only to being aware of one another's cultural differences, but also to being diligent in understanding one another's differences.

3. Addressing the Cultural Barrier Requires a Shift in Individual Thinking. Each culture brings a unique perspective, and that is what is required to solve today's complex problems. We are accustomed to viewing other cultures through our own perspectives. To accept one another, we must try to move away from the personal frame and adopt an observational one.

It is a fair statement that outsourcing in the global marketplace requires intercultural soft skills summarized as Cultural Intelligence. Individuals, teams, and organizations should be (more) aware of cultural differences; to level the playing field and make things work, they must understand the basic variances and country-specific distinctions. It is often common practice for outsourcing parties to increase cultural awareness by conducting explicit activities to make both sides aware of each other's cultural practices (Kaushik, 2009). Culturally compatible resource deployment involves having local, native onsite persons to manage the onshore client relationship or even having a culturally compatible offshore workforce in which people from one country are located in another.

Organizations and cooperative relationships, combined with large distances and cultural differences, require intensive and complementary informal, relationship-based governance mechanisms. This ensures mutual commitment, involvement, understanding, and management of interdependencies during the contract lifecycle.

Implementing by Doing

From day one in a sourcing relationship, it is important to spend time building the trust between parties at each level of hierarchy. This requires effort and investment from the supplier and the customer organization, meaningful and autonomous activities, and a clear relationship

between effort and reward(Gladwell, 2008).Action-learning programs (e.g., *Motivating Your Outsourced Offshore Team* and *Strategic Visions on the Sourcing Market*) and on-the-job coaching are effective instruments for implementing hard and soft controls and enhancing organizational governance and sourcing management capabilities. These programs can be executed collectively or individually—bringing effective usage to life—through top-down organizational development combined with bottom-up problem-solving skills.

Of course, trust can only be built overtime and is earned by providing it and placing value in it. Attempts to build and govern trust should be carried out gradually and in the right sequence. This can be achieved by using a so-called 'hierarchy of trust'. Predefined trust levels are used with boundaries to take the relationship a step further (Figure 1, below; Goles & Chin, 2002).
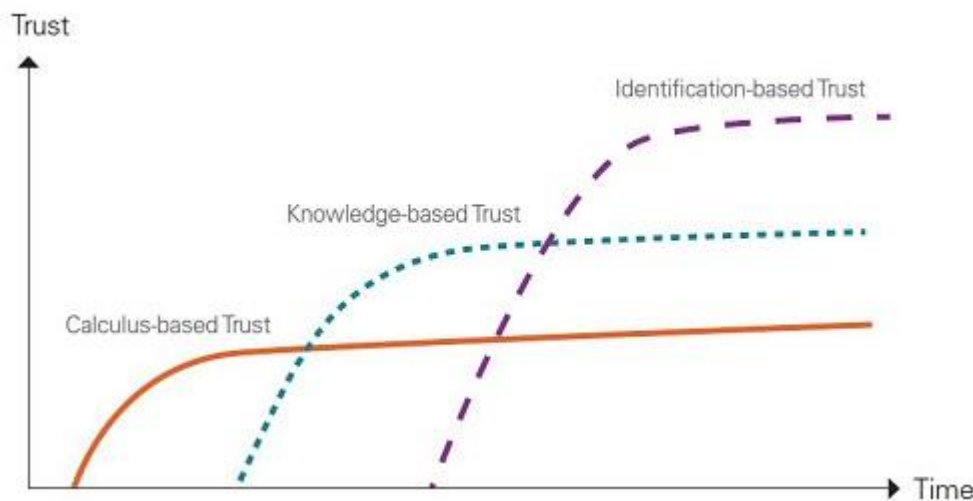

Figure 1: Building Organizational Trust (hierarchy of trust levels)

In building and enhancing outsourcing relationships, three levels of trust should be recognized.

1. The First Trust Level Is Calculus- or Calculative-Based Trust (CBT), Which Indicates 'I am ready to work with you'. This trust level can be identified when the outsourcing relationship is newly initiated or poorly developed and immature (low trust level).

2. The Second Trust Level Is Knowledge-Based Trust (KBT), Which Enhances Understanding and Indicates 'I am getting to know you'. This level of trust focuses on deepening the trust by increasing mutual understanding and effective knowledge-based routines to secure the flow of knowledge between organizations.

3.The Third Trust Level Is Identification-Based Trust (IBT), and it Focuses on True Relationship Value and Indicates 'I am beginning to like you'. This level of trust entails becoming familiar with an individual, recognizing his or her positive, unique qualities, and establishing a deep level of respect for one another.

> "Organizations need dynamic capabilities to survive in the active and ever-changing international marketplace."

Using trust rules to build trust should be supported through the implementation of a responsive, flexible, and adaptive inter-organizational governance structure with a balanced set of controls that improves mutual understanding, enables trust, and affirms 'structure follows strategy'. This also impacts the organization's capabilities for being successful in an ever-changing international environment. Organizations operating in a dynamic and global marketplace need dynamic capabilities (Eisenhardt & Martin, 2000) to survive and be competitive (Volberda, 1998) and to orchestrate and reconfigure their competencies and infrastructures quickly when needed. Modern, flexible, responsive governance structures should be addressed in the design principles of the target operating model.

It is clear that soft controls add distinctive value to the outsourcing relationship, focusing on achieving mutual goals and benefits. Inter-organizational collaboration that uses soft controls leads to explicitly shared knowledge and learning, maximized understanding, increased productivity, and sustainable trust.

> "Achieving true value from outsourcing relationships requires a change in mind-set with more explicit focus on mutual goals, collaboration, and building

Creating the Right Mindset and Balance

Changes in the mindsets of individuals, teams, and organizations are vital for making the outsourcing journey more sustainable, successful, and rewarding from both angles.

Low-trust outsourcing relationships should be challenged on their effectiveness and returns on investment by placing more focus on strengthening trust, value, and collaboration in the outsourcing relationship.

Figure 2 (below) provides an overview of the most-relevant hard and soft controls in outsourcing relationships. This list can be used by contractual parties for discussion, positioning, and the arrangement of controls. It should be regularly evaluated and calibrated according to the situation.

Balancing Between Control and Trust	
Performance-Based Hard Controls:	**Value-and Trust-Based Soft Controls:**
1. Contract, fulfillment, metrics, and performance management 2. Continuous improvement of quality, cost, time, and business 3. Frequent feedback: monitoring, reporting, and forecasting 4. Peer-group parity: benchmarking, applying best practices 5. Common languages such as processes, Prince2, ITIL, Agile 6. Goals, standards, and objectives: metrics, operational customs, and technical practices 7. Roles and responsibilities: What needs to be done and who will do this (RASCI matrix)? 8. Demand management of values, costs, and resources 9. Prediction, qualification, assessment, prioritization, and planning of change and innovation 10. Organization, prioritization, and execution of decision making and follow-ups on actions 11. Financial management of costs, budgets, and contingencies	1. Definition and agreement of what trust is and how it should be preserved 2. Personal contact 3. Development of trust with clear rules of engagement at each hierarchical level 4. Definition and agreement to collective goals and objectives 5. Responsibility for half of the relationship and your role in the relationship, being a representative role model in terms of behavior 6. Focus placed on trust-based information instead of blind trust 7. Leniency toward misunderstandings and swift management of abuse 8. Ability to experiment and learn by experience 9. Confidence, trust, and responsibility: hold a steady course and remain calm—even when things tend to go wrong 10. Cultural intelligence should be part of your DNA in managing international outsourcing relationships, cultural diversity, cultural awareness, and compatible resource deployment 11. Responsive and adaptive governance structures that enable 'Structure to follow Strategy'

Figure 2: Hard and Soft Controls for Developing and Managing Outsourcing Relationships

Clarity about who is using what controls should be part of your sourcing management and governance.

Raising the Bar and Harvesting the Benefits

Transforming your outsourcing relationship into a success story starts with the right positioning, mindset, and governance. It is vital to set the right expectations that balance objectives, service, performance, value, and trust at the start of an outsourcing engagement.

As stated before, effective governance of outsourcing relationships should be supported with the right mindset and an adaptive, balanced set of hard and soft controls that fits the situation. In practice, this means that you always have to use a combination of formal, performance-based (hard) controls and informal, value-based (soft) governance mechanisms that fits the context at each hierarchical level.

When raising the bar for governing outsourcing relationships, clients should be more aware that professional stewardship is crucial. This requires a mature combination of competence and behavior for managing suppliers and contracts as well as for securing business value. Clients

should develop and manage supplier relationships actively by focusing on defining and achieving shared objectives, creating and optimizing value, and lowering costs with exemplary behaviors.

Enhancing the outsourcing relationship should result in the outsourcing supplier being more prominent and communicative with the client. This can be achieved by behaving in a trustworthy manner and generating benefit, creativity, and empathy in all phases of the contract lifecycle. Reaching out to, investing in, understanding, and knowing your client well (soft controls) will increase a supplier's chance for being selected for the next round.

Figure 3 (below) encompasses the most-important guidelines for enabling contractual parties to enhance their outsourcing relationship by using a balanced set of controls. This list can be used during implementation or in continuous improvement programs and should be regularly evaluated and calibrated to fit the situation.

Guidelines for Implementing Controls and Enhancing Outsourcing Relationships	
Clients: Improve Your Stewardship!	Suppliers: Make Significant Impacts!
1. Take responsibility for entering, maintaining, and developing a true, high-value cooperative client-supplier relationship. Be constructive and professional. 2. Make sure you do not step into the supplier's shoes (behaviorally). Let your supplier have free rein on taking responsibility. Hold your distance, be clear, and remain approachable. 3. Make sure you know and learn from your outsourcing supplier. 4. Exchange plans, visions, and challenges. If necessary, take proper measures on business alignment, goals, and performances. 5. Reach a common understanding based on confidence and trust. 6. Use vendor segmentation and management since not all suppliers are equal. 7. Allow your outsourcing vendor a reasonable margin for maintaining focus on business value. Do not strive solely for the lowest price. 8. Execute active supply management and contracts, optimize business value and utilization, lower costs, and manage the fulfillment of mutual obligations. Focus on continuous improvement of quality, cost, time, and business. Make sure you invest in your outsourcing relationship actively. 9. Keep your promises and fully comply with and fulfill your obligations. 10. Make use of professional on-the-job coaching. Invest and improve your internal supply management capability. The return on investment is short, and the benefits are substantial. 11. Make sure that individuals, teams, and organizations understand, manage, and adapt to cultural diversity.	1. Position the customer's value and success centrally in everything you do. 2. Demonstrate your capability and value as a true partner as the outsourcing relationship evolves. The more you understand and know your client, the more value you can bring to the table. 3. Have a 'can do' mentality for making things happen and take responsibility and calculated risks. 4. Behave as a flexible and understanding business partner, being cooperative and innovative. 5. Agree on measurement and control objectives and report regularly. Measure, control, and settle on client satisfaction. 6. Initiate spontaneous, structural, cost-saving measures with a solid business case. 7. Be transparent in your communication and reporting. 8. Be proactive on business-enabling technology innovation. 9. Do not negotiate solely on the lowest price possible because this eliminates the focus on business value. 10. Use Service Improvement Plans for optimization, standardization, rationalization, and innovation. 11. Institutionalize knowledge-based routines to let knowledge flow between organizations.

Figure 3: Guidelines for Implementing Controls and Enhancing Outsourcing Relationships

Successful outsourcing will not happen overnight. It requires balanced and effective outsourcing governance—especially at the customer's side. From a behavioral perspective, this means professional stewardship: taking responsibility for entering, developing, and maintaining a true, high-value, cooperative outsourcing relationship. It requires active management combined with a constructive, professional attitude. Make sure you have consistent validation, deliver what you promise, and that you fully comply with and fulfill your obligations.

Suppliers should prove that they are solid and trustworthy and that they take the customer's success as their main focal point. They can visibly stand out by generating benefit, creativity, and empathy in all phases of the contract lifecycle. Topics that really reach out to the customer include demonstrated, value-added partnership; risk-taking, entrepreneurial behavior; business-enabling technological innovation; and suppliers who spontaneously create structural, cost-saving measures. This kind of behavior will earn and increase the customer's trust, and in the end, will enhance the supplier's chance for being elected for the next round.

Conclusion

Outsourcing is definitely (and always will be) more than a mere technical purchasing transaction of specified and predefined products, services, and resources. Just asking for and delivering upon contractual obligations does not provide involved parties with long-term, sustainable value from an outsourcing relationship perspective.

It is more realistic to consider outsourcing as a journey with explicit relationship-management requirements that are supported by adaptive, inter-organizational, dynamic capabilities and the cultural intelligence of all individuals, teams, and organizations involved. All activities related to the outsourcing relationship and its goals should be meaningful and autonomous with a clear relationship between effort and reward that enables opportunities to be seized and success to follow a more predictable course.

Inter-organizational value and benefits can only be created, nurtured, collected, and increased through deep mutual understanding and shared visions, goals, and knowledge for achieving sustainable collaboration. For this particular reason, the trust rules come into play as parts of the inter-organizational controls that are supported by a balanced and 'fit for purpose' repertoire of governance mechanisms that include hard and soft controls. Trust-based soft controls are complementary to hard controls, but at the same time, they also add distinctive relationship-oriented value that hard controls lack. If used correctly and timely, soft controls will support the outsourcing journey effectively, improving mutual trust, value, and confidence levels and resulting in increased productivity and inter-organizational benefits. Trust rules and the correct use of soft controls enable parties to exceed a marriage of convenience that defines most outsourcing relationships.

The key question is "Are you up for the challenge, and do you really want to take your outsourcing relationship to the next level?" Truth or dare!

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About Oscar Halfhide

Oscar joined KPMG Shared Services & Outsourcing Advisory in May 2011 as senior manager and practice lead for governance and sourcing management. As a sourcing professional, he worked for senior clients in several branches such as government, pharma, utilities, industry, telecom, healthcare, insurance, finance, and media.

Prior to KPMG, he worked for EquaTerra as a senior sourcing advisor (2007 – April 2011), CGI as a principal consultant (1996 – 2007), and Pakhoed in general IT and Information management (1985 – 1996).

Oscar has senior experience in project, interim, advisory, and negotiation/mediation roles regarding general strategic advice, sourcing, and (inter)national outsourcing in the regions of the Americas, EMEA, and Asia Pacific. He maintains a deep understanding of international outsourcing (ITO/BPO), strategic sourcing, shared services, procurement, demand/supply management, IT (Service) management (application and infrastructure management), service integration, and professionalizing and improving demand/supply organizations.

As an entrepreneur, Oscar operates with a clear vision, which enables him to convince people to work with him and be successful. He is aware of political structures and is able to

communicate with all organizational layers. In crisis situations, he keeps his head clear, creates oversight, and works effectively using pragmatic solutions and delivering the best value for the client.

He is involved in several professional networks and communities; is an experienced professional trainer, facilitator, and speaker; publishes regularly in well-established professional magazines; and has been quality reviewer for several service management publications. As a representative of the Information Service Procurement Group, Oscar has acted as a committee member for the ITB, an umbrella organization for several IT communities. He also worked as an international service management examiner for EXIN for many years.

He earned degrees in business administration (MScBA, RSM Erasmus University) and business engineering (BA, Hogeschool Enschede) and is based in Utrecht (Netherlands).

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Chapter 5: Making Distributed Teams Work: Imitation, Trust, and Control

Written by Thomas Tøth, PhD.

In traditional, co-located work environments, we easily become familiar with one another: We eat lunches together, gather for social activities after work, and share personal details about our families, interests, vacations, and more. Over time, we establish interpersonal relationships that transcend our professional collaborations. This is usually not the case with distributed teams.

Interpersonal Relationships Are Important in Distributed Teams

Interpersonal relations are tremendously helpful when engaging in problem solving. My research within global software development clearly shows that distributed teams that have succeeded in building rapport across locations perceive the cross-locational collaboration as more efficient, effective and flexible, than teams where this is not the case.

Relationships are also important because *lack of relationship building often result in negative relations* where the team members produce negative perceptions of the remote colleagues. This has a negative influence on the collaboration in distributed teams. In the process of establishing interpersonal relationships, we learn many things about one another that otherwise may not be easily and explicitly communicated. Michael Polanyi (1962) coined the term *tacit knowledge* more than fifty years ago to describe this process.

Difference between Co-Located and Distributed Teams: Passive Face Time

While working in a co-located environment, we tend to imbibe a lot of contextual information. We know who is present and when each team member arrived, we gain insights into our colleagues' moods, and we easily recognize when they are stressed out, overworked, and so on. All this happens automatically and unconsciously; all we have to do is be present. Within the field of research, this concept of "just being around" is customarily referred to as *passive face time* (Elsbach et. al., 2010).

In a research paper published in 2010, Kimberly Elsbach and her colleagues concluded that, by 'just being around', we tend to draw positive conclusions spontaneously and unconsciously regarding the characters of our colleagues. We assign personal traits such as reliability, dedication, and accountability merely based on co-presence.

In contrast, in distributed teams – characterized by lack of physical proximity, and thus, a lack of passive face time – we tend to evaluate the remote team members more negatively than we do our co-located colleagues. Hence, *distance causes spontaneous and unconscious negative evaluations of remote colleagues.*

My own doctoral research on collaboration within the field of global software development clearly suggests that when a group of stakeholders repeatedly experience what they *perceive* as unsatisfactory performance – such as missed deadlines – or irrational methods from remote colleagues, they react by 'inventing' plausible explanations to explain why 'the others' acted as they did. Such invented explanations fall into two categories: *lack of ability* and *lack of commitment*.

In summary, we tend to evaluate the character of co-located colleagues positively and remote colleagues negatively, clearly demonstrating that passive face time has a significant impact on collaboration.

It Is Vital to Meet in Person to Know Each Other Well: Fact Or Fiction?

In quite a few research interviews I have enquired about the value of meeting face to face occasionally, when working in global teams. Mostly, the answer is that "it is important to get to know one another". Typically, the respondents elaborate that they:

** Discover something about each other's strengths and weaknesses when they attend meet-and-greets

** Gain insights into their remote colleagues' work processes and patterns of thinking

** Learn how to communicate more effectively

** Obtain a greater understanding of the hierarchies and power distributions in the remote location

** Acquire contextual knowledge i.e., they obtain basic information such as the appearance of the office, quality of the technical infrastructure, and challenges related to transportation to and from the office

Some may argue that meeting face to face is hardly necessary for getting to know someone. After all, you could gain an understanding of all the factors above via mediated communication. However, establishing relations without physical proximity is difficult for a number of reasons:

1. Contextual Knowledge: Everything that we learn automatically when we are co-located becomes more difficult to pick up when we are working across distances (see above). Because the contextual knowledge is tacit (Polanyi, 1962), we never consider explicitly telling our colleagues these things – or asking them for that matter.

2. Lack of Non-Verbal Cues: Nonverbal cues are predominantly nonexistent. Daft & Lengel addressed this 30 years ago when they coined the term 'media richness' (Daft & Lengel, 1984) and concluded that the ease of communication suffers when we use asynchronous media that does not reveal body language – and adding to this complexity, the risk of misinterpretations increase.

3. Social Factors: Finally, there is a social aspect. Based on many years of psychological studies Kiesler & Cummings (2002) concluded that team members' wellbeing and performances are

higher when they interact face to face with each other. Therefore, merely being in physical proximity has a positive impact on social interaction.

In conclusion, many viable reasons exist for my respondents' answers that "That's just the way it is" when asked why it is important to meet face to face to get to know each other. However, does that mean that we cannot establish good interpersonal relationships without physical proximity?

Trust: The Foundation for Cultivating Relations

My own ethnographic field studies confirm that *the foundation for establishing good relations is a certain level of trust between the parties*. As such, my research is aligned with a wide range of academic resources that analyze virtual collaboration and distributed teams. In other words, if the parties do not trust each other, they cannot develop and maintain a positive and fruitful relationship.

In co-located teams social interactions usually occur automatically. Over time, trust develops and relationships are established. This is not the case in distributed teams though. Social interaction does not happen automatically, as we usually seek to minimize interaction in distributed teams. As Herb Clark (1996) suggested we apply the *least collaborative effort* and due to distance and lack of nonverbal cues we are not animated to engage further with each other.

In distributed teams we tend to be more straightforward. We minimize socialization, avoid personal enquiries regarding one another's wellbeing, and refrain from engaging in small talk about weather, family, weekend activities, vacation plans, and so on.

Thus, collaboration in distributed teams is usually characterized by an absence of trust and interpersonal relations. Consequently, as Kreijns (2004) rightly argues, to improve collaboration among distributed teams social interaction must be *designed*. Hence, *it is imperative that the manager places focus on establishing interpersonal trust among distributed team members*.

What Is Trust?

How can you, as a manager, actively promote a trusting environment among distributed teams? The first step is to understand what trust is. Within academia trust is customarily divided into two high-level categories: *cognition-based trust* and *affect-based trust* (Möllering, 2006). In this chapter I focus solely on cognition-based trust, as affect-based trust is developed over time and builds upon a foundation of cognition-based trust, meaning that cognition-based trust is the starting point for developing interpersonal trust.

Cognition-based trust is founded upon the evaluation of another individual's ability and integrity. That is: is the person able to do as expected and can we trust that the person will do as he or she says? Both of these parameters are evaluated based on previous experiences with the same individual in similar situations.

If the trust that has been placed in another individual has been honored, cognition-based trust becomes more abstract over time. It can then be applied in new situations that resemble previous experiences in which trust has been honored.

Additionally, it is important to note that trust can only exist when it entails some level of risk. Therefore, if no consequences result from breaches in trust we cannot label it as 'trust'. The level of trust that is necessary in a specific situation is proportional to the risk entailed. For example, the trust required to lend $10 to an acquaintance is fundamentally different from the level of trust required to lend the same person $10,000.

How Do We Establish Trustful Relations in Practice?

Since we can only talk about trust in a meaningful way if something is at stake, it becomes apparent that we need to take an incremental approach to building trust.

A challenge that I have repeatedly experienced as an offshoring and outsourcing consultant within the IT industry is that managers expect a high level of trust from the very outset of distributed team collaboration. They are eager to get everything up and running instantaneously. However, their lack of patience inevitably leads to dysfunctional teams, and my experience clearly shows that it is inherently difficult to repair a dysfunctional team.

Therefore, it is important to start slowly; it takes time to establish trust! If the risk is too great in the early stages of collaboration it can have a significant, long-lasting, negative impact on the collaboration.

As a manager, you are responsible for the success of long-term collaboration. By ensuring that team members can start their cross-locational collaboration without feeling a sense of imminent risk, you will pave the way for a much smoother and trusting collaboration in the long run. You must ensure that team members are eased into working in distributed teams. Cross-locational dependency among tasks must be proportional to the trust that team members have for their remote colleagues' willingness and abilities to solve their part of the task. Gradually, higher interdependency can be introduced as trust begins to blossom.

Another vital aspect in getting off to a good start with regard to distributed collaboration is ensuring that each team member's role and expected contribution is made visible. Research shows that well-defined, recognizable roles can enable trust-based interaction over a shorter period of time (Möllering, 2006).

By explicitly stating the reason why every team member has been brought onboard the manager paves the way for *swift trust:* a form of trust that is disconnected from actual knowledge about the trustee and instead based on referral. Swift trust is "a unique form of collective perception and relating that is capable of managing issues of vulnerability, uncertainty, risk, and expectations" (Meyerson et. al., 1996; 197) in which the temporary trust being established is based on well-known categories. For example, we tend to trust doctors and what they say, merely because they are doctors, without any knowledge of that particular doctor.

Imitating Co-Location

As mentioned above, one of the most significant differences between working in a co-located team and a distributed team is the absence of passive face time in the distributed team. However, there are ways to compensate. Let me present a few examples that I have found effective:

1. Say 'Hi' to Your Virtual Colleagues Everyday Via Chat. Similar to what happens as you walk through a physical office space, when you greet virtual colleagues on chat, conversations will most often be kept at a short "Hi, how are you?" However, this little gesture can sometimes serve as a reminder of a work-related issue that you actually need to discuss. And sometimes, just as it is in co-located teams, the greeting will lead to a brief chat about something more related to the personal sphere (i.e. "how was your weekend", "how is the weather" etc.)

2. Keep the Webcam on for an Entire Day. Doing this enables you to keep visual contact – just as if you were sitting in a shared office. Furthermore, it diminishes the "mental distance" when questions pops up; and it puts a face to your remote colleague who becomes a human of flesh and blood. A trick to this is to move the camera a bit away to avoid it being too much of an "in your face" experience.

3. Schedule 3-hour Slots for 'Open Chat' Meetings. The idea is not to have wall-to-wall agenda, nor to talk or write together for a full three hours. On the contrary, the idea is to signal availability; to say that it is all right to make contact when needed and that this is not considered a nuisance or a disturbance. This practice is especially useful when inducting new people into a team and in the very beginning of collaboration – especially when one is the expert and one is a newcomer.

An obvious challenge when imitating co-location is that it may seem artificial and strange. However, in my experience, this is only true in the very beginning. Over time – and typically within a few days – it becomes normal; a natural, relaxed and productive way of working together.

Some of the practices mentioned above may not work for your particular team. However, I highly recommend that you experiment until you come up with solutions that fit your team.

Using Control Mechanisms to Make Invisible Work Visible

One of the most significant challenges of working in distributed teams is that only the output produced by remote team-members is visible to us. We have very limited insights into the work *process* and we are usually left clueless when it comes to whether our remote colleagues are buried in work or if they are having two-hour coffee breaks every day. As Rosen et al. (2007) rhetorically ask: *"Does a failure to make a promised entry in the team's web archive mean that a teammate is struggling with a complex issue, under pressure from on-site management to make other issues a priority, or just slacking off?"* Consequently, we need to adapt the way we customarily work.

In my native country of Denmark, we take great pride in employee autonomy. We proudly convey that we trust our subordinates to be proactive, independent, and diligent – and micromanagement is kept to at a minimal level. Danish organizations may be more radical than most other companies are in this sense. Nevertheless, I suspect higher levels of trust and lower levels of control apply to most Western countries when compared to those in Asia.

However, in distributed teams, lack of control is detrimental – not only because we engage with colleagues who are accustomed to higher levels of control, but also because *a low level of control contributes negatively to transparency on remote colleagues' ability, productivity and engagement.*

Arguably, distributed teams are challenged by the lack of natural interaction. Relationships characterized by a high level of mutual trust are, by default, scarce due to a lack of passive face time. Consequently, we need to work proactively to make invisible work more visible – and control mechanisms do the job!

We customarily think of control as being the opposite of trust. However, control mechanisms can both substitute trust and be a catalyst for it. For example, a remote team could deliver a weekly status report that clearly exhibits what they spent their time doing during the previous week. This report provides insights that can compensate for the lack of physical proximity and over time (insofar the report display a reasonable use of time) it is a trust-catalyst as it proves remote team-members trustworthy. Over time the report will become obsolete exactly because it has helped build the necessary level of trust.

Now, do not misunderstand me! I am not suggesting a strict control regime, but rather an intelligent and reflected approach to providing visibility in distributed teamwork. It is indeed control. It may be considered offensive and "not our way of collaborating". But if we strive for success in distributed teams work we need to be able to adapt the way we work to this new reality.

To establish trust between team-members in distributed teams, we need to:

1. Start slow. Increase risk over time to get off to a good start.
2. Use role descriptions and introduce every single team-member: Why is he here and what is he expected to contribute with?
3. Imitate the work life of a co-located team
4. 'Use control mechanisms to make the 'invisible work' visible. Controls are necessary in distributed teams.

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About Thomas Tøth

 Dr. Thomas Tøth has been working with outsourcing and offshoring extensively for the last five years. Before starting up his own consulting business, he was expatriated to India as a part of the Danish management group of a 500+ resource offshoring setup. He has successfully

managed large distributed teams of Indian developers and worked extensively on optimizing collaboration and productivity in distributed teams within software development, IT operations, and BPO.

Thomas is managing director and offshoring & outsourcing consultant at SourceWise. Furthermore, he holds a PhD degree from Copenhagen Business School and has published the PhD dissertation entitled: 'Trustworthiness: Enabling Global Collaboration. *An Ethnographic Study of Trust, Distance, Control, Culture and Boundary Spanning within Offshore Outsourcing of IT*'

About SourceWise

SourceWise is a research-based consulting company committed to helping organizations improve and succeed in the operational aspects of offshoring of IT development, IT operations, helpdesk services, Business Process Outsourcing (BPO), and administration.

In addition to consulting services, SourceWise offers training and workshops within cultural intelligence, cross-cultural collaboration and management, virtual communication, and leading distributed teams.

See more at http://www.sourcewise.biz

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Chapter 6: Outsourcing and Different Generations

Written by Anneke Keller

A colleague once told me, "Anneke, you are now talking all the time about making your team more efficient by optimizing your processes. That is great. What are you doing about improving the motivation of your team? Optimizing and being smart about your processes and team configuration is good. However, working with a motivated team will probably bring you better results more quickly."

I pondered this briefly. Could this be true? Then I realized that this should be obvious. For a moment, consider how you handle your work. How much different are the results of your work when you like what you are doing? Moreover, how much different is the quality of your work when you know you will receive praise for it? This would improve your work tremendously, right?

I think of this lesson often. I have put it in practice many times and have seen the results. When thinking about outsourcing, it is important that you keep this lesson in mind as well.

Outsourcing is not about reducing development costs, fixing your resource problems, or trying something different. All this may happen, but only if you focus on building a strong team. In this article, I will give you some theories that you can use to build a strong, motivated team in the "flat world."

Management as a Craft

I think of management as a craft. Alan Moore has described it beautifully in his book, *No Straight Lines*: "His hand is guided by his eye, informed by his creative mind; his productivity an act of unique creation. Indeed the master craftsman is adept in using a philosophical framework, as well as tools and materials, to deliver useful things to the world."

If you are a manager, you often work along basic proven principles. You focus on the quality of your work, and you need tools to support you. If you think about it, the same is true for a carpenter.

For example, a basic principle for a carpenter making a table might be to connect different pieces of wood to make it strong while making sure not to use too much wood or the table may become too heavy. Many carpenters have done this before and have discovered the best way to do this. Without saying that this method cannot be improved with future innovations, the carpenter uses the methods of his or her predecessors to build a table, ultimately becoming a better craftsman because of his experience.

Craftmanship
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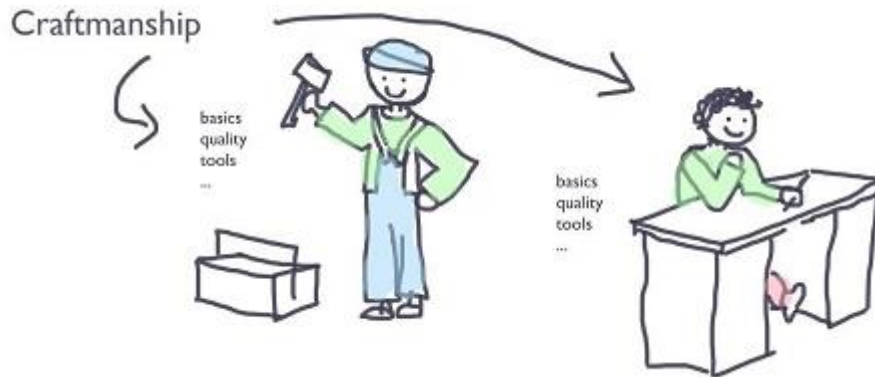
Managers often wisely follow a standard process to maintain or change their organization. Time has taught them that this process works in most organizations—small or big, outsourced or not.

The first step is to make a plan regarding what you want to achieve (e.g., an annual plan or a special temporary plan to achieve some specific goals). Although this phase often takes much effort, it is the easiest phase when changing the workflow in an organization. It is important to define clear goals to achieve in this step.

The second step is to find followers; in some management talks, these followers are called "tribes." Seth Godin discusses this in his 'TED talks'. Mainly, this means that you need to communicate the goals to your team and convince them to start working with you to achieve these goals.

The third step is to get reactions from others, causing people to start thinking about solutions and talking with one another about goals. The manager has less influence in this step, but it is still a good idea to follow along closely and provide your own input in the process when needed.

Finally, the last step is to motivate others and show them whether they are or are not on track with the goals you have set. Mainly, you do this through making results visible and celebrating successes.

1 KPJ's? 2 TRIBES 3 SKYPE/CHAT BLOG 4 +50%

Following a proper process yourself—as well as ensuring your management team does the same—is very important. As stated previously, management is a craft and not everyone can do it.

Maintaining high-quality managers is very important for a well-managed team. This is true with any team, but especially with outsourced teams, this is a crucial aspect to watch. One reason is explained in the following issue.

In some cultures, management is one of the few career paths that employees automatically end up on after they have achieved several years of experience. This happens, for example, in big Indian IT companies and has two bad effects. The first bad result is that the management layers of these teams become top-heavy (slow and expensive) very quickly. Secondly, compiling years of experience is definitely not the only factor for becoming a good manager. I would even argue that age and/or experience might not have that much influence over what makes a good manager.

So how would the above process work in practice? In my career, I have had opportunities to build partially outsourced teams three times—for three different companies—between the Netherlands and India. With a "fresh" team (recently hired or new to me), we normally start by making sure that the entire group that will collaborate on the project is physically together. Furthermore, we always make mixed development teams with members from both India and the Netherlands.

Then, we make sure we work through step one, making it very clear to the entire team what the KPIs (key performance indicators) or goals are for the coming months. Normally, we do this by holding small group sessions comprised of approximately 6 people and their team lead. This can be a product owner when using scrum or a manager/project lead. This depends on the development process that is chosen. Normally, my role is to manage the leads of the development groups, so I have to make sure that my leads are all on the same track when it comes to the goals for the coming months.

Then we start working with the teams to gain followers. We do this by holding workshops (or planning sessions) where the teams collaborate to make a plan. When moderating such a session, make sure that the outsourced resources take a good part in the discussion. Dutch people are dominant by nature. Your goal at the end of these sessions is for the whole team to be motivated to work toward achieving the goals.

The third step is the most difficult. The teams will return to their home countries, and without proper measures in place, everyone will quickly return to their normal routines and forget the common goals. To avoid this, you need to place emphasis on maintaining communications and processes. Below is an example of something you can do to help.

One thing you lose when the group begins working in two separate locations is having members of the group sitting together. By utilizing some simple technology, you can reduce that effect. For one team, I made sure that the offices both in the Netherlands and in India looked the same. The table setting was the same as well as the overall look.

Next, we made groups of 4 desks, both in the Netherlands and in India. Every group of tables had a computer screen and webcam, a chat option, and sound that could be switched on when needed. A team consisted of 4 Indian members and 4 Dutch members, and by switching on the webcam and computer screen on both sides, they could see each other work. In the beginning, the teams had to become accustomed to this way of working. They felt "watched "by the other side. However, after only a few weeks, the webcams became common place, and just a

few weeks later, I heard the team members proudly mention their system to other teams that were not that far along yet.

The fourth step is not difficult but very important to remember. Results must be measured and demonstrated. Especially for people in India, this is a very common process that they understand and pick up quickly.

Tip: Ask your team in India to create the reports. They are often very good at it, and they will feel motivated to make them.

Normally, we generate a short report from the most important goals we share as a team and share it with my whole team and my management so that everyone has the same information. Often, we have a screen somewhere in the department where the results are displayed as well. Usually, people begin reacting to the measurements—whether they are good or bad. The team will feel proud when the results are good, or the team will feel as if they need to put forth extra effort to achieve better results next time. Both are right, since either will increase the effectiveness of your team.

Communicating With Different Generations

From the last paragraph, we learned that, to achieve something among a group of people, we need a lot of communication. When thinking of proper outsourcing, we also need to consider the way in which we communicate.

We used to write each other notes and talk face to face quite often. Later, we added the telephone—first landlines and then mobile—and with the advent of the internet, we added e-mail, chat, and Skype.
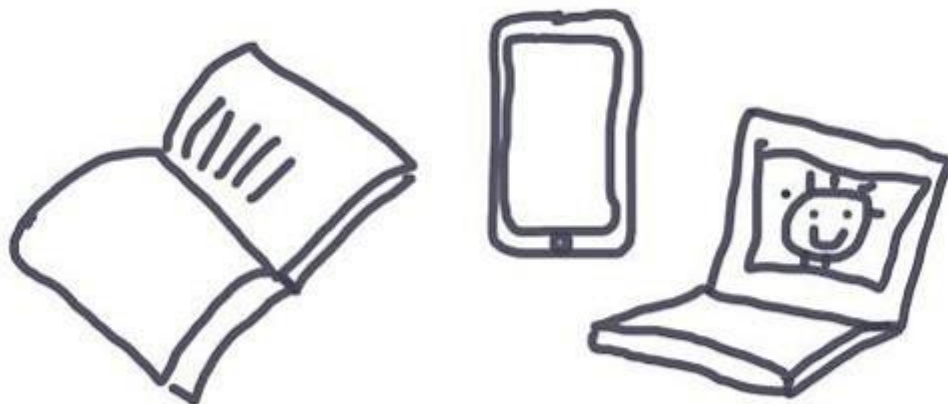
This might sound like a history lesson, but most managers working for companies nowadays have seen these different communication evolutions pass and have learned to work with each of them.

Nowadays, the workforces in most companies in Europe consist of three different generations[1].The oldest generation, the Baby Boomers (people born from 1946 – 1964), learned as adults to communicate with computers. The middle generation, Generation X (people born from 1965 –1981), grew up as digital communication evolved. Finally, the youngest generation, Generation Y (or Millenium Generation, born from1982 –1999), grew up with digital communication as a normal aspect of their lives.

Oftentimes, in companies, Baby Boomers are at the top of the organization, Generation X is divided between the top and middle management, and Generation Y makes up a big portion of the workforce.

Another difference between the different generations is their reasons for working. Baby Boomers work to create sustainable and secure futures, because growing up immediately after World War II, their parents had fresh memories of the horrors of that period to share with their children. Typically, Baby Boomers work hard, do not complain much, and they do not have problems with top-down management.

Generation X works for status and money. They accept top-down management as long as it is clear and they have some influence. They can be motivated by goals, measurements, and bonuses.

Generation Y is much more involved with taking care of the planet, not as interested in economic goals, and they often have issues with top-down management. They communicate more and with a bigger audience.

This teaches us that it is not enough to base our management practices solely on a basic process such as that described in the section above, "Management as a Craft." We also need to take different approaches to communicating and motivating people within our team who are from different generations.
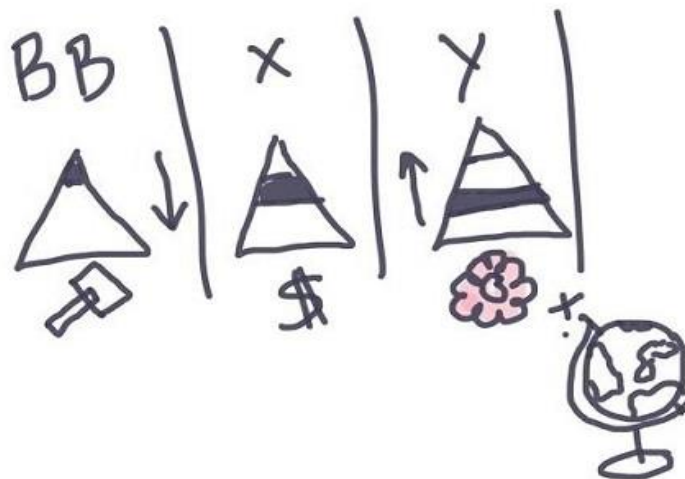
Different Generations in Different Countries

Culture and History are other aspects that are very important for maintaining good communications between teams from different countries. Just as with other places, within Europe are many different generations, each related in some way to our own history (World War II created the Baby Boomers, for example). When outsourcing work, the history of the people you hire is different in every country. Therefore, their generational differences will vary as well and need to be investigated before you will know how to act accordingly.

Throughout my working life (the last 12 years or so), I have worked with many mixed teams from the Netherlands and India. As I stated before, I was fortunate to have opportunities to build outsourced teams three times for three different companies. The average size of each team was approximately 20 people. To do this properly, I read quite a few books about the Indian culture, and I had many discussions with my team members.

I have learned that, in India, the differences among generations also exist. While they are very different from the ones in Europe, some similarities can be found as well. In India, as in Europe, a generation exists that has worked hard to build the country to its current state (comparable to our Baby Boomers). Correspondingly, this generation had children who reacted to the better economic circumstances by becoming more materialistic than their parents were (much like our Generation X). Furthermore (although only recently in India), the youngest working population in India has begun to think more about work-life balance and environmental issues and has started having issues with the very strong hierarchical structure within Indian companies.

What cannot be compared are the ages of these generations. India is in a far faster transition phase both culturally and economically than Europe is, meaning the generations exceed each other more quickly. In my teams, we employed people from all three generations, and the ages of the people were not that widespread (20 –40years old in my Indian teams and 20–60 years old in my Dutch teams).

Communication in an Outsourced Team

We now understand that we need to communicate properly with outsourced team members. We need to consider both generational differences as well as cultural differences in all our communications with team members from different countries. This is quite a challenge. The best way to do this is through direct, authentic, and frequent communications or 'managing by walking around'. Both methods work great but are pretty much impossible to carry out with outsourced teams. The good news is that social media is becoming increasingly popular, especially with the younger generations. Let me tell you about our journey to solve this issue.

I had a team in India and a team in the Netherlands; both were developing software. We decided to start using social media for our team members. First, we tried a tool called Yammer: a Twitter-type tool for business purposes. Unfortunately, this tool did not work well because it

does not give you the option to structure the communication, quickly resulting in discussions about holidays and weekends and not about the important issues of the department. On the other hand, it did connect the teams, so finding some kind of Twitter-like communication seemed to be a proper goal.

We searched the internet for other solutions but could not find any. Finally, we decided to build our own solution. We constructed a chat tool, but one that a manager can structure so that goals, targets, and measurements are the focuses. The tool is not huge: there is a homepage that presents the 5 top goals for the department and a text box in which you can add your comments to either one of them. If you click on the goals, you can view the results we have achieved in previous months—simple but effective.

In my experience, colleagues—especially Indian associates—like to view results and are motivated by them to react. Furthermore, because we restricted the message lengths (to a maximum of 144 characters), the team remained focused on discussing the goals and results— just as you would want to have happen. You can check out our product at www.limegreendrops.com.

Combining Everything

To build a strong, successful outsourced team, you must keep a few things in mind:

**Motivation: Focus on motivation within your team—both in your home country as well as in your outsourced country. Both teams should be managed in the same way.

**Diverse Management: It pays to put much effort into cultivating the best management team possible. To do so, you must consider generational and cultural differences. You want to have a balance of managers from different generations and countries within all the teams. If possible, relocate persons from the outsourced country to your home country (and vice versa),and preferably, add one to the management team.

**Communication: Use direct communication as frequently as possible. Practice using the methods your team members are accustomed to with regard to generational and cultural differences. Add social media to connect all the members of the entire group. Calling the 35-year-old boss of your outsourced team and using Skype to contact the younger people might also be a good idea.

Most importantly, management is a craft. It needs to be carried out by people who are capable of doing it. If you are in charge of a team—outsourced or not—make sure to keep the basics in mind (such as following the described process to focus your team). Hire people to manage the outsourced team properly and let go of people who are not beneficial.

Footnote

The exact data for these generations are debated in different books. The source of the data used in this article is Wikipedia, which presents an average of what is found in these books.

About Anneke Keller

Anneke Keller is a manager of IT development for Coolblue. Her passion—aside from her husband and children—is working with developers from diverse backgrounds, cultures, and skills.

After studying at the Delft University of Technology, she began working for Royal Dutch Telecommunications. As a management trainee, she was given all the opportunities she needed

to grow as an IT manager, including experience managing more than 250 teams. In 2005,she managed her first outsourced software team in India.

In 2007, she joined TomTom Navigation Systems as a VP of software engineering. At that time, TomTom was rapidly accelerating its growth as was her team. Their biggest challenge was meeting the deadlines for delivering the embedded software for the TomToms. She can proudly say that they succeeded: in 2009, they delivered all 10 (!) software projects on time without experiencing problems with quality later. Her team at TomTom comprised people from 20 different nationalities. Most of the team members were from Amsterdam, while some were from Taiwan, China, and India.

In 2011, she once again had an opportunity to build an outsourced team in India for the company CCS. She was a member of the board and responsible for software engineering. Together with her team, they created Level 7,a software product for the insurance industry.

Currently, she works for Coolblue, the fastest-growing company in the industry and one of the biggest online retailers of the Benelux. For a year now, she has been responsible for the IT development team, currently consisting of 17 scrum teams. Team members work mostly on the software needed for the front- and back-ends of the ecommerce platform, and some teams work on the infrastructure needed to run that platform. Since Coolblue is predominantly managed based on data analysis, they have 4 teams focused on business intelligence. At Coolblue, they use hardly any software products, creating most solutions themselves.

When she is not busy working, you can usually find her in her shed, busy with her favorite hobby: woodworking. She does not claim to be the best carpenter in town, but she can build a table that does not break during its first dinner! And more importantly—she loves doing it.

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Chapter 7: Team Building at a Distance—Getting 'Into India'

Written by Martijn Leliveld

One of the challenges a software-development company faces is maintaining a knowledgeable staff within the company. This simply means holding onto the people who are experienced with the product. When hiring new people, you must keep in mind the aim of a long-term relationship. It often takes a lot of time and energy to train a new employee before he or she can really be productive. Most people have experienced the decline in productivity that accompanies an increase in the number of new employees; an increase in productivity is only clearly visible later.

As software-development manager for a software-development company, I was challenged to increase productivity. After we had optimized the process, we needed to hire more employees. Because of a limited supply of workers in the Netherlands, we decided to build a team in India, which meant that we also had to prove that the standard prejudices (e.g., high turnover rate, Indians only say 'yes', etc.) would not apply. Therefore, one of the issues we faced concerned building a team at a distance while keeping turnover at a minimum.

There is no obvious answer to this, but I think it is important to understand what motivates someone else. In this respect, people are heavily influenced by their cultures. Everything a person does is based on culture: their beliefs, life philosophies, standards, morals, values, so-called archetypes, and so on. Observing the behavior of individuals, groups, and populations is done within one's own mindset, which contains certain prejudices—even if one claims not to have any. If you remember this, working with people who come from a slightly—or even completely—different background can be a lot of fun.

To build our team, I traveled to India myself to recruit people, train the new colleagues, and build a team. Building our new team was a learning experience that took a bit of exploration and discovery. I will describe a few experiences that I consider the most important building blocks.

The Recruitment Process

I highly value a good recruitment procedure. A marriage is often preceded by many years of spending time together, living together, spending holidays together, and so on. Even then, you are not 100% guaranteed to have found a good, never-ending match. To put my money where my mouth is, a colleague and I traveled to India to lead the job interviews. Doing this shows the candidate that he or she is important to you.

The CVs I read in India were all very neatly arranged; they even contained the social backgrounds and professions of parents, brothers, and sisters. This information is very useful, as it can provide insight into what made the candidate apply for a job at your specific company. We always look for people who have strong social ties to the city in which our office is located. You also must realize that people from India often do not mind relocating to another city—even when

the city is located 1500 km (roughly 932 miles) away. However, to maintain a long-term relationship, social ties are essential.

At the end of an interview, I always determine how much time the candidate spent talking and how often I spoke myself. In my opinion, this should be balanced in a good conversation. This lets you know that the candidate understands what to expect from you and vice versa. This is already your first criterion. Does the candidate ask questions? If so, are they valid? You will speak to candidates who will not ask anything, attempting to be polite (one of the stereotypes associated with people from India).However, just as many candidates ask very sensible questions. The latter are exactly the type of people you will find most useful.

Furthermore, language is always a challenge. In general, more-educated Indians speak English well but often with a typical Indian accent—and that is exactly the point. Check regularly to ensure s/he understands your English as well as your accent. Here, it is often safe to assume s/he will understand other colleagues from the Netherlands if s/he understands you. Of course, it works the other way around as well. Do you understand the candidate? Do you understand his or her English even with the Indian accent?

The topics mentioned above are always key points to me. It is understood that a selection should also be based on knowledge and skills that are relevant for the execution of the work as well as the candidate's enthusiasm regarding the job.

Starting a New Team

Next to the training and preparations, the most important thing is to build a team that makes people feel truly important and appreciated. This may sound challenging, but in reality, it is actually very easy. The execution, on the other hand, can be tricky. Here are a few success factors I have learned:

** Establish a Presence and Demonstrate Importance: Make sure you are present in India. You can do this in different ways, but make sure that someone is in India at least three quarters of the time. By doing this, you clearly demonstrate how important team training is to you. If you cannot be in India full time, spend time in the Netherlands further motivating your Dutch colleagues to cooperate with those in India. I used pictures of our new colleagues to practice learning their names during the first night so I could immediately address everyone by his or her correct name the following day.

**Bring New Team Members to Your Home Office: A different approach in the beginning is to send the new team to the Netherlands for two months. Your Indian colleagues will not only feel more appreciated and important to the company, but also see this as status enhancing—an additional advantage!

**Maintain Good Public Relations (PR) on the Dutch Side: Within a week after we started in India, we gave a company presentation in the Netherlands that I attended with our Indian team via live video connection. In this presentation, we introduced our new Indian team members as new colleagues, and our Indian team members were beaming with joy!

Encouraging Cooperation

I am a big fan of scrum. The challenge is how to scrum well when part of your team is a 12-hour flight away from you in a completely different environment, and the team members have a slightly less direct, proactive background. Again, here are a few success factors I have found:

** **The Team Always Shares a Common Goal:** Of course, using scrum, this is easy to organize.

** **Occasionally Bring Team Members Together Physically:** This is possible by letting Dutch people travel to India and vice versa. An additional advantage is that both sides will gain a better understanding of what working on the other side is like.

** **Communicate With and Address the Team as a Whole:** This sounds obvious, and it is easy to arrange. Half our scrum teams are Indians and half are Dutch people. Via a separate personal computer (PC), we have a live connection between both countries. We called this PC 'the communication corner'. A clever arrangement ensures that you can use it in several ways (stand-ups, demonstrations, etc.).

** **Encourage Direct Calls:** Use the opportunities presented by video. Being able to see each other during a conversation has an enormous benefit. Body language often says more than 1000 words. If you arrange this well with two screens, you can use one screen for the video, and the other for screen sharing to support explanations.

Ensuring Work Is 'Satisfying'

During my first few months in India, I talked with our Indian colleagues a lot, being especially interested to learn what they find important about work. In the Netherlands, I always say that work is about three simple things: challenging work, pleasant colleagues, and a satisfying salary. A high salary alone can never make you feel happy about your job. It will work for a certain amount of time, but in the end, you end up unhappy if that is the only benefit you have. It surprised me to hear similar things from our Indian colleagues. In India, I came to the following conclusions regarding contentment in work:

** **Challenging Work Is an Important Aspect:** A gratifying, stimulating job combined with ongoing training that increases someone's personal market value contributes significantly to satisfaction in work.

** **Balancing Work and Family Is Essential:** The standard of living for people working in information technology (IT) is improving rapidly. Allowing team members time off to spend with family increases their desire to give back to the company by working harder.

** **Assuring Job Security and Salary Results Is Crucial:** In India—just as in many other countries worldwide—people felt the consequences of the financial crisis. Where Indians were able to change employers easily in the past, we have now noticed that employers are suddenly

letting go of employees. This happens, for instance, when a big customer cancels a contract. The teams involved have to look for a new employer.

** **Adventure Is Motivating:** Being able to travel abroad is a benefit. We allow our Indian colleagues to come to the Netherlands at least once during the first year. First, this works well to take cooperation among team members to a higher level. Second, it gives the Indian colleague extra prestige and motivation.

** **Regular Promotions Establish Security and Pride:** If an Indian team member can tell others that he was promoted again on his employment anniversary, it increases his status. Keep this in mind when defining your job structure.

Differentiating Yourself

During our first year, I discovered that our Indian colleagues took few or no days off. The remarkable thing here is that holidays disappear at the end of the year. I believe that the human mind needs to rest from time to time in the form of a vacation that allows you to recharge your batteries, so to speak. I explained this to our colleagues in India and asked them to take two weeks off once a year. At first, they looked at me strangely. They were not used to working for a manager who was concerned about their mental wellbeing. This offers a great opportunity to explain again that you also care about the *person* and not just the employee—another building block toward establishing a long-term relationship.

Knowing Your Colleagues

When it comes to team building, it is important to not only know the backgrounds of your colleagues, but also to be familiar with their current lives. The caste system of Hinduism is, of course, a cultural background that I will not discuss further here. However, it is important to be mindful that it exists.

Family is very important in India. You must understand that a colleague may take a day off to go to the hospital with his or her child. If one of the parents suddenly falls ill, a colleague may even be gone for a week. The journey to visit parents can easily take a day in India due to the size of the country.

It struck me that, when a colleague took a day off, s/he would mention that it was for private reasons. I had no idea whether it was to arrange matters with local authorities or because a son or daughter was ill. Because I work toward establishing long-term relationships, I always asked whether I was allowed to know if something was wrong. This sincere interest was not only appreciated, but also provided me with better insight into the Indian lifestyle.

Laughter as a Lubricant

I mentioned earlier that we took pictures of our new team members on the first day, and we learned their names the first night. In doing so, I noticed that everyone in the pictures looked extremely serious; not one person had a smile on his or her face. Apparently, this is part of the culture. During the building phase of our team, I discovered that laughter could be found even while everyone maintained extremely serious looks. I encouraged my team to laugh more—and it worked! We gradually became a real team.

Keeping an Open Mind Cultivates Collaboration

When building your Indian team, do not think that the development process in your organization is flawless. I discovered that, while certain steps in our process were clear to me, to a completely new team from a different country, this is not always the case. The ambiguities become clear in a painful way. Be prepared for this and resolve these issues as quickly as possible. This is good for your own business processes and makes it clear to the new colleagues that they are important. Use this enormous opportunity for both business and collaborative growth.

Submerge yourself in everything that is India. Your colleagues will be honored to share their lunches with you and teach you about their culture. Enjoy this experience and consider it a chance to strengthen ties.

The Dutch colleagues can make or break the cooperative effort—this may even be the most important aspect in establishing teamwork. To build an effective team, you also have to work with your Dutch colleagues. Make sure you have people on the Dutch side of the team who look forward to the challenges presented by cooperating with their Indian counterparts and who see travelling to India as enrichment. As mentioned earlier, starting a team takes time, and thus, productivity. The Dutch team members truly have to enjoy training new people in a completely different environment. I do not want to spend too much time discussing this part, but take good care of PR in the Netherlands.

The Moral of the Story

I do not want to say that it is difficult to build an Indian team that cares for your business, has a low turnover, and so on; however, it can be challenging. To summarize the most important points:

** Personally recruit people in India.

** Understand your colleagues' backgrounds.

** Stay close to yourself, taking into account cultural background.

** Ensure that the people in your team are visually connected to one another and let team members travel back and forth to meet each other and cooperate in their own environment.

** Make sure that people matter.

You will see that India is full of genuine people who will be very loyal to both you and your company.

About Martijn Leliveld

Martijn Leliveld works for CCS, located in Woerden, Netherlands. CCS produces Roundcube, which is a general insurance solutions software provider and a wholly owned subsidiary of CCS, the market-leading insurance solutions provider in the Netherlands. The company brings a culture of grounded Dutch innovation to the insurance industry, drawing on 30 years of experience supporting many of the world's leading insurers.

Roundcube is a cloud-based, modular SOA insurance solution that is completely customer-centric for all users, whether they are end-customers, employees, or third parties.

Roundcube is platform independent and can be added to any currently implemented core insurance system. By preserving and extending legacy applications, which is a less costly and safer approach than rip and replace are, Roundcube can address the limitations of these systems and propel insurers into the future.

Companies can capitalize on their system's longstanding strengths and reap the benefits of the Roundcube customer-centric approach immediately.

Martijn graduated from the TU Delft and works as a principal software engineer for CCS. He was challenged to develop and integrate an Indian team within the CCS teams. The result was a wonderful life experience in spite of the challenge.

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Conclusion

We hope you had a pleasant read and have gained some new and useful knowledge that will help you in your work and bring you success!

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