

SOME THOUGHTS ON OUR GLOBALIZED WORKFORCE

Stuart Robbins

THE POSITIVE IMPACT OF A globalized workforce has become confused with the misfortune of job losses across our country. To conduct a meaningful dialogue about these issues, we need to look past the political rhetoric and consider the more complex issues facing IT executives and organizations.

We are certainly facing a transformation in the manner that we organize and assign work to human capital. Sourcing strategies — where and to whom we assign units of work to be completed — now include technologists who may not speak our language, who come to work in their morning as we leave the office at night. The trend toward workforce diffusion increases our anxiety about retaining our intellectual capital.

During a recent conference of offshore development companies in Russia, these issues were brought into clear focus. As I listened to the Russian executives explaining their plans to address these concerns in the American market, I realized that, once again, we are forgetting the very human issues that threaten our ability to manage corporate information in a sustainable manner. Our global technology partnerships must be formed on the basis of mutual trust and the open exchange of information that comes from that trust.

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This suggests a need for a deeper inquiry into the problem of *sustainable knowledge* in order to appropriately design the best staffing strategies for the future, with a workforce beyond our borders.

First, consider Tom Davenport's fundamental principle of knowledge management (the natural process from Data → Information → Knowledge), which has been thoughtfully extended by Jim Cates, the CIO at Brocade Communications. In Cates' "ladder of business intelligence," there is a natural maturing process as companies move from Data → Information → Knowledge → Business Wisdom, and each stage includes systems and processes that must be refined before the institution can naturally progress to the next step.

Next, consider the core versus concept metaphor, which essentially indicates what systems and processes must be retained "in-house" (core) because they are mission-critical, and what systems and processes are good candidates for outsourcing (context). It seems to me that the core/concept balance within our companies changes as the company matures, and that the implications of Cates' maturity model for knowledge management can also be applied to outsourcing.

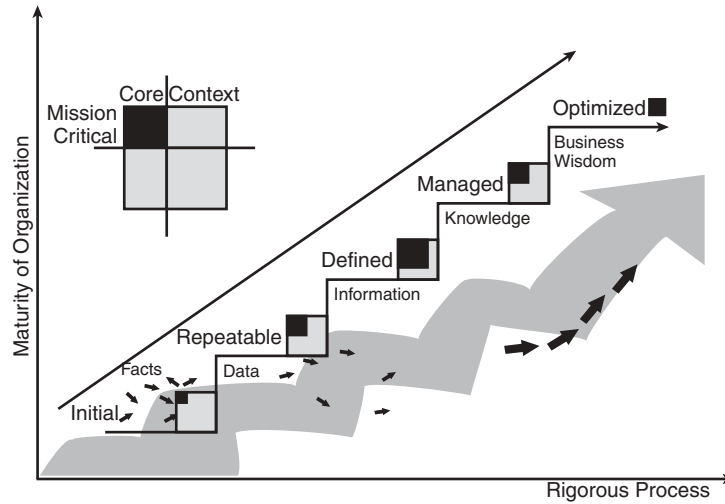
For example, start-up companies have very few processes that are core, other than the development of their unique product or service — all other business functions can and often are *outsourced* until the company is

large/successful enough to hire permanent staff to perform those functions. However, mid-size companies with intense competitive pressures are likely to utilize a much larger percentage of *in-house expertise* as they struggle for market share and intellectual property/capital to distinguish themselves from their competitors. Large enterprises (e.g., General Motors, Pfizer, and Cisco) often *increase the percentage of outsourcing* to maximize profit margins, enabling broad ecosystems of partners to provide critical portions of their product/service.

Outsourcing strategies must be viewed in relation to the maturity of the business: different staffing strategies are needed at different stages of the company's growth. Outsourcing is neither purely good nor bad for a business. Rather, like knowledge management initiatives, they should be applied at the correct stage of an organization's maturity, as a means to continue growth for the coming years.

These ideas are shown in [Figure 1](#). The "stepladder" process reflects Cates' notion of companies moving from management of facts to management of data to information to knowledge to business wisdom, over time. The clear lesson from this "stepladder growth" is that you cannot successfully institute knowledge management until all the appropriate work is completed in the previous stage. The "dark versus light square" images reflect the

FIGURE 1 Core versus Context over Time (Source: Adapted from Jim Cates' chapter in *CIO Wisdom*, Prentice Hall, 2003; printed here with the author's permission.)



ebb and flow of the core/context dynamic, over time.

Initially, when firms have few internal processes and few internal systems, much can be outsourced. Consequently, when the company is mature, outsourcing partnerships can be efficiently and productively managed. However, the middle (Defined) stage is the most difficult stage for managing outsourcing relationships,

as the company is still developing its information systems (and capturing what it knows). If your company is at this stage of growth, the pros and cons of an outsourcing strategy need to be seriously considered, as they may have different knowledge implications for your business.

An emotional response to offshoring (*they* are taking our jobs) reflects a poor understanding of the complex

economic and corporate processes that exist in our global business environments today. *To capably address outsourcing*, whether onshore or offshore, you must assess your company's ability to manage its institutional knowledge; and to address that, you must honestly assess the maturity of your organization and its management team.

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