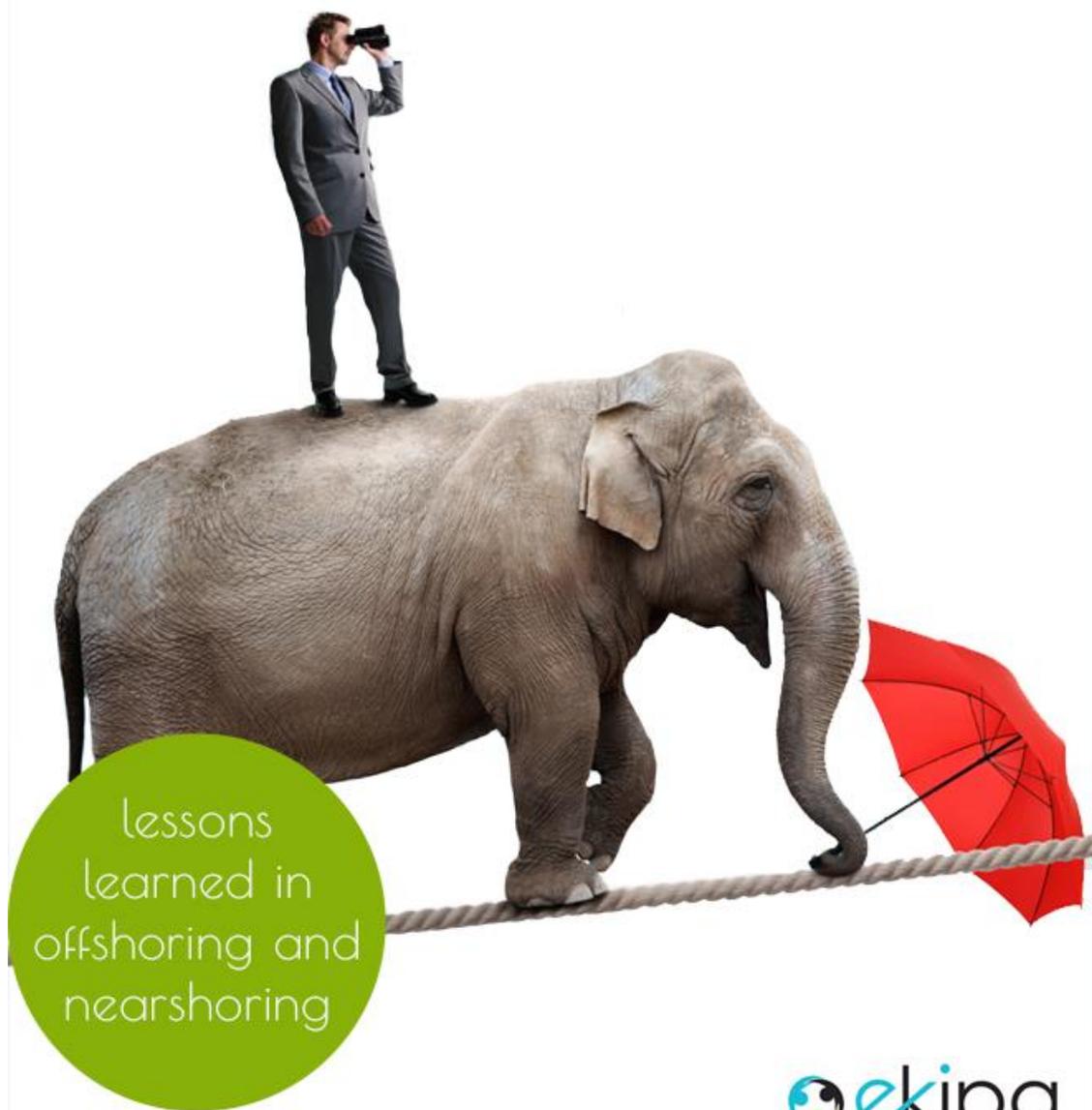


How to **GET PREPARED FOR** managing a remote team



lessons
learned in
offshoring and
nearshoring



HUGO MESSER

ZHENYA ROZINSKIY PATRICK VAN DUN AMANDA CROUCH OVE HOLMBERG ANDREAS BRILLING

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Foreword

Sign up at <http://ekipa.co/ebooks> and be the first one to know when the next eBook on managing remote teams is released

This is the second eBook in a series of eBooks that will be published within a couple of months' interval and later on into one printed book. These eBooks are being written through a crowdwriting project and the authors are experts from all over the world.

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 with your knowledge, please e-mail hugo@ekipa.co

Introduction

Where do you start when you plan to move work halfway across the globe, to a country and culture you don't know, several time zones away? What can you do to prepare your company and your people to make offshoring a success? What have other people done in order to prepare for their offshore journey? Typical questions that come up while preparing, are:

- Which country shall we outsource our work to?
- What project shall we choose to start with?
- Which company suits our needs best?
- Shall we set up our own captive center or outsource to a partner?
- Are we organized well enough to start offshoring work?

Though relevant, these questions are only part of the preparation story. Most people tend to focus a lot on these 'initiation' questions at the expense of wondering 'how to organize'. Preparation is seen as selecting the right country and partner and then 'just get going'. Many problems can be prevented by investing time in the right organization before the 'real work' starts. In this eBook, we try to provide advice on both perspectives, based on experiences from several experts around the globe.

In the first chapter, I describe how to get started. The main questions I answer in this chapter are related to 'initiation' and the questions above. The second chapter is written by Patrick van Dun, an experienced 'offshore founder'. Patrick, a native Belgian, has set up several Asian offices for himself and for his employers. He provides guidelines on the choice of setting up your own remote office versus engaging a partner. In chapter three, Zhenya Rozinskiy, discusses his best practices for getting the right people on your team. Zhenya has set up several teams around the world. Born in Ukraine, he has lived in the US for the past decade. He presents his views about setting up your own team as opposed to outsourcing work to a vendor. In the fourth chapter, I provide a checklist to determine whether you and your company are 'ready' to embark on an offshore adventure.

In the remainder of the book, focus is on the organizing part of preparation. Amanda Crouch from the UK has over 20 years of experience as a management consultant and researcher. She is specialized in collaboration and building partnerships. In the chapter Making Offshore Collaborations Work, she looks at stimulating collaboration at the company and individual level. The central theme is 'trust' and she proposes some tools and metrics related to building a real collaboration. Ove Holmberg, an IT project manager and agile coach from Sweden, describes his concept of the virtual team room in chapter 6. He looks at both the tools that can be used for remote collaboration and the physical organization of the office on both sides.

Andreas Brilling from Germany works as engagement manager for Capgemini and has led a large offshoring initiative from Australia. In the final chapter, I share my personal story of how I got started with setting up my own offices in India and Ukraine.

Hugo Messer

Chapter 1 - How to get started with offshoring?

Author: Hugo Messer

In the past 8 years, I have seen people use many variants of ‘getting started’. The wild entrepreneur running a Web company wants to move fast. He Googles a bit, finds a couple of companies from India or elsewhere, and sends them a short e-mail. Then, depending on the reply he gets, he talks to a few people and hands them a project to be started on a fixed price basis. He may also spend valuable time struggling through profiles on sites like oDesk or Elance to find some freelancer to get him started. Or he may just take a plane, rent an office, and start hiring people.

The other extreme is the big corporate which sends out a huge RFI (request for information) that takes a vendor 2 days to complete. Then comes the RFP (request for proposal), which takes another 5 days to complete as the vendor now has to engage his development team to estimate the effort. And that is all the interaction before two human beings of either company have even met each other. After the RFP, begins the talks and negotiations. Based on the idea that the RFI and RFP give the manager an objective view of who’s the right partner, humans actually may start talking to each other. And after some talks and visits back and forth, the lawyers step in to draw up the contract. And so begins the formal marriage.

I have read a few books on offshoring and most start with very complex and elaborate models on choosing the right country, vendor, etc. Since this eBook aims to help you in a hands-on practical way, I will not repeat those models. Instead, I will share some experiences and a few simple steps to focus on.

Although I don’t like RFIs, I can imagine that a manager in a bigger company must prepare in a formal way. And although I am also an entrepreneur and can understand the urge to ‘just get started’, I think it’s better to take the time to prepare well instead of making an overnight decision. It is human nature (especially for entrepreneurs or managers) to just ‘get going’, because you want to see results. I believe this may be the proper thing to do in a lot of business areas; but with a complex organizational setup (which offshoring is), it is a road with a lot of hurdles.

To avoid the hurdles, ask yourself a few simple questions:

. Should I Set Up My Own Office or Engage a Partner?

This is where the wild entrepreneur thinks, “Let’s set up that office far away in an exotic country”. I have done both. When I started [Bridge](#), I chose to work with partners in Ukraine. After 2 years, I understood that for us to grow our offshoring business, I would need my own

offices. So I decided to set up two offices with existing partners in Ukraine and Moldova, apart from starting from scratch in India. I will share the complete story in another chapter. For now, the main lesson I learned is that to decide on this, you need to do three things:

A. Build a business case and compare which option is most profitable

I have noticed that most of my customers compare the direct salary costs of a remote employee with the costs of hiring a remote dedicated developer from a partner. Doing this gives people the idea that it is much better to set up their own office as the salaries offshore or nearshore can be very attractive. But it's not a realistic case.

As a (small) start-up company, it's hard to attract employees as most prefer a job at a big IT company that gives them status and security. So you'll at least need a recruiter to attract people. It's likely that you also need someone to market your brand among programmers. You need someone to run the office (an office manager). A project manager is necessary to coordinate the work between your programmers and your onshore team. You need someone to keep the books of your foreign-registered company, and an office space where you may have to construct or change things. Other costs are electricity, taxes, etc. All these add up to the overhead which increases the cost of the programmers. These costs must be taken into consideration in the business case. Vendors can spread these costs over a much bigger team of programmers. Usually, even with the profit margin they need, they will be cheaper than setting up your own office.

This business case should also include the setup costs that you incur. It is likely that you'll need to travel back and forth several times and you have to set up a legal entity, recruit the first people, find an office, etc. It's also likely that you make several hiring mistakes and find out stuff that you didn't know about in a new country. Although I do not have a rock-solid calculation, most people in the industry agree that it starts making sense to build your own office only when you have more than 10 programmers. For anything lesser than that, it's better to engage a partner.

In the past, many big companies have set out to start their own ventures. They sent their directors offshore to investigate, set up an office, and hire the people. After a few years, they figured out that it's too costly and too much hassle to run an offshore company. So they sold their setups to local offshore providers, who started servicing them as partners.

B. Ask yourself, “Am I ready to learn the hard way, make a few errors, and spend more money than my most positive business case has accounted for?”

Even if you convinced yourself with the business case you made, it’s likely that you underestimated the investment by two or three factors. As with any project, big or small, people always underestimate the work that is required to complete the project. Maybe you are an exception but probably not. That’s the cost part.

There are all kinds of things that you don’t know about in the new country. When we set up our office in India, I asked a former university friend to set up the office. He moved all his stuff to India and started living there. He rented an office and that’s where it began. To find that office space 3 months prior to his relocation was a challenge. After 2 weeks of circling around the town, we still had not found an office space. India doesn’t have a professional website to show all the available offices. You have to drive around in a rickshaw to actually visit each office. And sometimes that’s just an unfinished concrete space where you are told, “Yes sir, it will be finished in 2 weeks”. Then you rent an office to figure out that the electricity system is slightly different in India. And of course, our office didn’t have the connection we needed to run an IT company. So, we spent a little more than planned. Of course you can choose an office space in a big Indian IT park, but that costs 5-6 times more than an office in an Indian city.

Now that you’ve got your office nailed, used local help to recruit some good programmers, and they all have started working for you, you realize, ‘Hey, things aren’t going as they were supposed to’. You have to go through many learning curves to learn how to recruit the right people, manage them in the local culture, and make them communicate with your onshore team. It’s true that once you have the right people onboard, it goes smooth, but, unless you’re lucky, it is likely that you’ll meet with failures and spend some time here.

Now, I am not trying to discourage you from taking on what seems an interesting challenge both from an organizational and financial point of view. But I want to show you that I loved the challenge and it has cost me way more money and headache than I ever imagined. And I hear the same story from most entrepreneurs that followed the same path.

C. If you choose a partner, ensure that you have a good ‘feeling’

This is where I believe RFIs and RFPs go blank: feeling. If there is no human ‘click’ or ‘cultural fit’ between the people within both the companies, the collaboration won’t work. I believe that it’s crucial to look beyond the data, pricing, number of people, and the track records. Maybe it’s even the first step to take; to shortlist a few companies and visit them. Or first set up a Skype call and then visit them.

Another aspect that I have found to be crucial is the process or model of delivery the company uses. Many companies are used to working on fixed prices so they may ask you to send your requirements to them and they'll just get started. They put their best resources on it (probably 2 times more than you think) and will (try to) deliver the project. This gives you the 'security' that the price is fixed (although in most cases you'll get some 'extra work' or even more of that), but not the security that the delivery date will be held. This model is tough for vendors to comply with; so, it's interesting to find out how they do resource planning, project management, testing, etc. Others, like my own company Bridge, work mainly with dedicated teams of people that work for you. Here too, you have all kinds of flavors – from a team of real people that works exclusively for you to the 'virtual employee'. Sometimes, the employee is literally virtual. An American company I spoke to some time ago, told me that they had a joke in their office that the name of the employee working for them didn't change, but the people did. So every few weeks, it looked like the coding standards and way of working changed, but the name didn't. By visiting the office of the potential supplier and asking them about their processes, the way they work, you'll figure out what fits best to your situation. And you can try to get a feel of the connection between the process described in their company brochure and the real one on the floor.

Hopefully you find a supplier that delivers on its promises and your collaboration goes smooth. One choice you have here is to take over the team after a defined period. Some companies offer this as a service – they set up and run the team for you for a certain number of years and after that, you can take the team over to your own local entity. However, you'll need to set up a lot of things to make this shift; sometimes providers can also deliver only the facilities, office, and HR management apart from the salaries paid to the programmers.

That could give you the best of both worlds, provided the fee is good.

2. To Which Country Shall I Go and Is It Offshore or Nearshore?

As my company has offices in both Eastern Europe and India, people always ask me what the differences are. I look at it from the standpoint of me being in the Netherlands, but the same logic holds for a US company outsourcing either to India or Mexico. Most people perceive nearshoring as easier, because the time difference is less (between Western and Eastern Europe it is only 1 hour). You can travel there in 2-3 hours and the cultural similarities are greater. Let's look at each of these factors.

A. Time zones

The time difference between Western and Eastern Europe is only one hour. The difference between India and Germany is 3.5 hours in summer and 4.5 hours in winter. With nearshoring, you have more overlap in working hours, which works better in most cases. In

some cases, it might be good to have people in India finish certain work for you while you are still sleeping, and to find it finished once you arrive at office. To make offshoring work well, communication is crucial, and to me, overlap means ‘more time to communicate’. At the same time, it’s easy to get a discipline of daily meetings on fixed times in which you discuss things that matter.

I have learned that with a good team and experience in managing people remotely, I find no difference working with Ukraine or India. What I can imagine however, is working in non-overlapping time zones (like between Europe and China or the US and India); it can be more of a hassle.

B. Travel

If you plan to travel frequently to your offshore destination, it might be preferable to choose Eastern Europe. You do not need a visa for most countries and the flight typically takes 2 hours. Travelling to India takes more time. For sun seekers, it might be a good excuse to choose India and attach a small vacation to the business trip!

C. Cultural differences

This is the most untouchable topic of all and it will be explored extensively in our chapter about culture. People vary greatly in their perception of the cultural differences. For me personally, I have spent almost 2 years living in India and I work with people from India as easily as with people from Eastern Europe. For most people, the impression is that people closer are more ‘alike’. At the same time, when a Dutch does business with a German, there are already vast differences. One could also argue that communism had a big impact on the mindset of Eastern Europeans, which increases the differences between East and West. The key is to become aware of the differences, to spend time with people so you understand the subtle differences. Over time, you can learn to work with people from any cultural background (as long as you work with good people).

D. Language

Almost all Indians who have had an education and work in the IT or BPO sector speak English, with an Indian accent. I can personally understand anybody from India and typically, it takes a few days/weeks for somebody new to the Indian accent to understand it fully. For most Indians, English is their second language, so they know the language. For people in Eastern Europe, it’s not so common. Most have learned English at school and had little practice. Their writing is often better than when they speak

I am a big fan of Skype video calls, so I prefer to work with people who speak English well. If we hire people in Ukraine, we always demand at least basic English and send them on a training if needed. I believe that only written communication enlarges the risks of offshoring. I do see it work for many people, testified by the success of sites like oDesk and Elance. But if you want to build a bigger team that works for you, it is crucial to have human contact, to see and hear each other regularly (both in real life and through video conferencing). With only writing, you miss the power of two or more brains looking at the same problem and discussing solutions. You miss hearing the viewpoint of the other, you miss the subtle thoughts and ideas that people don't commit in writing. And if you work with Scrum, you'll have to talk.

E. Availability of people

This is one of the factors that should have a big impact on the decision about location. It is crucial to get the right people; the bigger the number the higher the likelihood of attracting the best talent. India has about 200,000 IT graduates per year. In 2025, the Indian government plans to have 30% of its youth with a university degree (it is 12% today). Although Eastern Europe too has a large number of IT graduates, the numbers per country are smaller than in India. For certain work, it will be easier to find skilled people in Eastern Europe, whereas for other skills, you can find them in India. I always advise to make the choice dependent on the specific skills that you are looking for, while taking into consideration the skills and the number of people that you envision for the next 5-10 years.

F. Costs

Last but not least: costs. In India and Eastern Europe, 2 factors have a big influence on the salary levels – the city you choose and the type of people you need. Naturally, the bigger cities are usually more expensive than the smaller ones. People in Bangalore ask higher salaries than people in Cochin. People in Kiev earn more than people in Odessa. The Eastern European countries that are part of the EU are more expensive than the ones outside the EU. The salary level for general people is lower in India than in Eastern Europe. If you are in search of a niche specialist, it might be the other way around.

I realize that I have not given an answer to the question this chapter addresses. This is because I believe there is no perfect answer to it. It depends on the specific needs that you have. If there is one general advice I could give as a guiding principle, it's about getting the right people. In which country, in which city, where am I most likely to get the right people at the right cost? If you get smart, talented, driven people, the rest is not important, because you will be able to organize around it.

3. What Project or Process Shall I Start With?

When I started my company, my first customers were Web agencies. People running such agencies were of my age and I had a good rapport with them. And they had many projects that they could send offshore to ‘try offshoring’. I have learned the hard way that a project oriented company is my toughest customer. The challenge is the stress with smaller projects, deadlines, and handling many projects at the same time with all customers seeking equal attention. I have also learned that it works if the agency has in place a very experienced project manager and some solid processes for delivery.

Software or internet product companies find it easier to work with remote people. They usually have a road map for the future, have some strong engineers onboard to manage the relationship, and if they are ‘grown up’, some solid process to manage the development cycle. In all cases, to start any offshore collaboration, it’s best to start with a non-critical project – preferably, an internal project that has been planned for a long time. The project must not have a tight deadline. You should be able to use this project to learn to work with your new partner and/or colleagues. I also recommend that you start with projects that can run for at least half a year. The challenges in any remote collaboration exist mainly in the first 3-6 months. Usually, it goes something like this: in the first 2 months, all is great, we’re on a honeymoon and it’s cool to work with remote people. After 2-3 months, the first few deliveries are complete and, they are not completely as expected for a variety of reasons. In the next 3 months, you learn what you need to do in terms of process and communication to make it work. And, after 6 months, you have built the right routine, the team works in an integrated way and the collaboration is smooth.

In short, to prepare well for your offshore adventure, the primary activity should be to spend time to find the right setup with the right people either by setting up your own office or engaging a partner. My advice is to start with a partner, because that enables you to learn how to manage people remotely and your learning curve will be shorter. When you find a good partner, you have offshore or nearshore nailed (in that order, because you’ll manage around locations and not around bad people). Then, start with a project that has no stress, no deadlines, and that won’t bankrupt your company when things don’t work out as planned.

About Hugo Messer



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

To know more about Hugo, check out his website <http://www.hugomesser.com>. You can also read the [blog](#) or watch videos at [Youtube](#).

About Ekipa Academy

Ekipa Academy is the first online platform educating people on distributed teamwork. Our training programs teach you how to implement agile and scrum in your distributed team, how to manage intercultural teamwork, what tools to use. Courses are offered online, as live training and in-company. We add coaching to help you implement the improvements. Our trainers are all passionate about distributed work. Their backgrounds vary from agile, software development to cultural differences and virtual teamwork.

Website: <http://academy.ekipa.co>

Chapter 2 - Shall I Set Up My Own Office or Not?

Author: Patrick Van Dun

While working in the Philippines, I received this question from a Web development company in Europe.

Of course, one of the first things they wanted to know was, "How are the salaries in the Philippines?" Everybody knows that salaries are often lower in countries suitable for outsourcing. Although outsourcing isn't entirely based on cost benefits, in many cases, it's about availability of resources and how long it takes to find the right team members.

To avoid a dry list comparing the benefits and disadvantages of having your own Outsourcing Company *versus* a virtual team in an existing outsourcing / nearshore setting or working with fixed price projects, here is a Skype-conversation (adapted) with details in the next paragraph.

Descriptions:

- **Virtual team:** A team of people (programmers, designers, call-center agents, emarketers, project manager, etc.), also called ‘captives’ who work for you from a distance being part of an existing company. The existing company takes care of local labor laws and provides work environment necessities such as PC, infrastructure, etc. In this scenario, you don’t have to legally set up your company. You will be billed for the services of your virtual team on a monthly or hourly basis, depending on your agreement.
- **Virtual employee:** An employee who works for you from a distance, in an existing company.
- **Fixed price projects:** You provide a functional description / clear guidelines for your project or campaign. The existing company estimates the required time and proposes a cost and delivery schedule, mostly after asking multiple questions, until all is clarified. For larger projects, a price may be charged for the estimation.
- **Your own Outsourcing Company:** You establish a legal company, hire your own people, HR, accountant, lawyer, rent office space, etc.
- **(Time) Estimations:** After dividing the project into smaller parts, a time estimation is made. How long will the project take? How many people and which skills are required? Some skills have a different price; for example, mobile development skills are generally charged per hour unlike for basic PHP development. It also depends on the required level of experience and skill.

James Web: Hi Patrick, we have a small Web development company and need more resources. We are thinking of setting up an outsourcing office. What would that cost? *Patrick*

Van Dun: Hi James, it all depends on what you want, of course.

- What’s your main goal?

- How many people do you need?

- Which skills do you require; PHP, .Net. JAVA, ... programmers, designers, slicers, copywriters ...?

James Web: We’re thinking of starting with 4 people, 1 programmer who is specialized in the most common programming languages and can take over our server management (Barry does this now, he’s good, but cheaper is better), 1 designer/slicer who is also good in English

copywriting for SEO, etc. (Google, Baidu, Affiliate Marketing, Social Media), 1 developer who has experience with Android and Apple mobile devices, and 1 for cold calling to generate leads. And yeah, if possible, somebody who can translate in Mandarin and knows the ecommerce scene in China to manage our e-commerce in Hong Kong.

Patrick Van Dun: James, is it ok to be very straightforward with you?

James Web: OK, shoot

Patrick Van Dun: I don't think setting up your own outsourcing company is a good idea, James. The good news is, I have a better idea that will suit your needs.

Setting up your own company for only four people and very diverse skills doesn't seem like a good idea because:

A. Your overhead costs will be too high;

- You will have to bear legal costs for the company setup and yearly paperwork. For the start-up, you will have to fly several times to the Philippines, pay hotel and restaurant bills, take taxis and hope they bring you where you need to be (I am not joking), and live with traffic jams. Most importantly, you have to find out the whole process, the right legal partners, and you can imagine what else; all these take time and don't come for free.
- HR doesn't have to be a full-time person, but in some countries an agency could take care of HR activities temporarily.
- Legal support
- Accountancy + office rent, infrastructure, and maintenance.
- Not to forget, of course, the headache of getting started. How to find an office (and to verify local contracts). The wrong location means a bad start to attract the right profiles and even suppliers. Certain areas are more attractive (so are favored by employees) due to transport availability, proper Internet connection, or even a stable power source and power back-up (ask in the building or provide it yourself). In certain areas, it will be impossible to find specific talent. People flock to places well known to them. How to recruit the first managers and your whole team? How will you find them? What salary and benefits will you offer to keep a talent pool? What do other similar companies do? How to handle office policies, contracts, salaries? What is the impact of local labor laws? If you hire the wrong people and let them go in a way that conflicts with local labor laws, it could backfire on you big time. How to adapt to cultural differences, work with local employees, and make the best match, win-win for both? How to find suppliers,

infrastructure, and get them installed? It's not as easy as saying; "I want 3 offers for everything we buy". You may not even get one offer and promises aren't kept. One 'real example', *'it took me more than 1 month to get a phone line in the Philippines'*.

To start all this up, you need a dedicated manager. It's impossible to do all of this in a couple of months; that's 'great entrepreneurial spirit' however it doesn't match reality. I have not mentioned the learning curve yet; it's more difficult than starting a company in the West and you know, it's impossible to get all things right and streamlined the first time. Wrong choices made at the start will affect your operations later on.

Outsourcing to an existing company means that you can:

- Start within a week or a month
- Spend more time focusing on the new business and less time worrying about office issues

B. You will need somebody to manage your team. Do you plan to let one of your employees live in the Philippines or hire a local manager who can manage them, flies over sometimes, or manage everything from a distance? This also has a cost of course.

C. Maybe the most important one:

As in Western Countries, good people like to work together in a team, they like peers who do similar work to learn from and share ideas with. A team of four is not enough to attract the bright minds you envision. Of course, you can find a programmer with experience. But, to find an expert in multiple programming languages, platforms, and one who can also perform server management (depending on the required level) is almost impossible. Somebody is either an expert or is an all-rounder. One person is needed to do cold-calling 8 hours a day on his own, not as part of a team. Let's see if we can find a more efficient solution. The Chinese translator/e-commerce person will be difficult to get. Do you need Cantonese and/or Mandarin? For Hong Kong, it is best to have both. The designer combination you ask for, it would be a dream girl (or guy).

James Web: So you basically say, "Dream on!"

Patrick Van Dun: Hi James, there are other options for now and after a while, when you need more people, setting up your own company could be a good idea.

James Web: What do you mean? From how many people onwards would it make sense?

Patrick Van Dun: 10, 15, or 20 – it depends where you would set up an outsourcing company. PHP-programmers can be found more easily (depending on the level, Drupal and MVC;

framework-specific skills are more difficult) than .Net or experienced mobile device programmers. In large cities such as Manila, there are more possibilities but, there is also more competition for the same workforce. Your future employees will look at the offers at hand. If an established company has 30 people, including specialized teams for .Net, PHP etc. you will have a tough time competing with them, even if you give higher salary. People look for established companies, for job security. Bright people look for team members who are working in the same field so they can learn every day and grow professionally.

James Web: I was thinking you could help me but, you say it is impossible? What you say makes sense but...

Patrick Van Dun: Don't worry; I have a perfect solution in mind. Do you still have 10 minutes?

James Web: OK

Patrick Van Dun: For a start, I propose to work through an existing, well established company that establishes a virtual team for you. It could work like this:

1. Clearly define the kind of skills you need. For example, you could specify which CMS you often use so that the existing company can look in their available workforce or hire people tailored to your requirements.
2. The existing company can take care of the overhead cost (infrastructure, HR, etc.).
3. The company can hire and manage your employees.
4. If you don't need a full-time designer or slicer (most designers aren't good in slicing), you could hire them part-time or on an hourly basis, only when you need them (to be agreed on); that could be a good option.
5. You will still have to follow-up with your virtual team and organize project management from a distance or hire a local project manager, who needs your guidelines.
6. The disadvantage is that you will pay more per employee if you look purely at the salary. Depending on the amount of people you need, your total cost, including overhead will be cheaper than starting and managing your own company for only 4 people.
7. The existing company will invoice your company.

James Web: OK, the established company provides a platform for my virtual team, so they can work and take away all the hassle about local HR laws, etc.

And, what if my team needs to grow? For example, after a while, I have 15 people working for me. What will happen if I, at a certain point, want to start my own company? Do I have to buy out my virtual team or start from scratch?

Patrick Van Dun: I advise to make an agreement with the existing company in case you decide to start your own company, that you can take your virtual team with you. This should be without extra cost or depending on what you agree. It should be clear from the start.

James Web: Sounds reasonable, and would they provide a Chinese employee to support our ecommerce in Hong Kong?

Patrick Van Dun: I propose that we talk again soon. For the Chinese employee, I propose to work together with an internet-marketing company specialized in the Hong Kong and the Chinese markets. You could hire a virtual employee from them or work together on a fixed price project model. If you could write down the requirements/responsibilities for this person/project and e-mail it to me, I will look into it ASAP and put you in contact with potential partner companies.

James Web: OK, thank you! That's a lot to think about!

What To Do?

Setting up my own outsourcing office, working with an outsourcing company, or using freelancers?

You can make a decision depending on the below parameters:

1. Where (in which country or city) would you like to have a team?

The place you choose should match your current and future needs, a very important decision:

- Availability of resources for the skills you need
- Price versus quality
- Ease of communication (language, cultural barriers, and time-zone difference)
- Political stability of the region
- Infrastructure (electricity, Internet, water)
- Distance (travel time, expenses such as a hotel/restaurant close by and accessibility)
- Labor laws, and in general, rule of law
- Cost and regulations to set-up your own business (100% ownership allowed or?)

2. What's your budget (long and short term goal)?

If you need a team for a short time, obviously it's better to work with an already established company or freelancers, as can be found through www.odesk.com or www.freelancers.com to name a few.

What is a 'short time' to decide whether you set up your own company, partner with an existing company, or hire freelancers? This depends on how many people you need and how fast you can recover the cost from setting up your own company including the learning curve, management, and overhead cost (hiring, administration, infrastructure, management and communication time, etc).

Similarly, the budget has to be in line with your goals whether it's with an existing company or your own company. Whichever choice you make, both will require time from your management and cultural adaptation to communicate and work together. With an existing company your learning curve is shorter; you can start much faster, and most importantly, focus on your core business.

3. Is your project a long-term project (years) or a short-term development with change requests or new features?

Let's say you have a project for 500 data entry people for a period of 2 years. You also have management with experience in this kind of projects in outsourcing countries, available and willing to relocate for the duration of your project. Depending on the calculations and profit margin, it could be a good option to do it yourself or in partnership with an established company who helps you in the start-up period. I used the above example to make clear that aspects such as workflow, ability to streamline production, and quality control have to be taken into consideration. A data entry project that is well estimated based on trial runs is easier to streamline than a web and software development unit with ongoing new projects, new features, and bug fixing for projects that were finished a long time ago.

4. Can outsourcing work for a small web and software development company?

A small web and software development company which wants to work with an established outsourcing company or setup their own company would have to look into the following:

- How many hours of work do they need each month?
- Is the required amount of hours large enough to set up your own company?
- If it's only the occasional WordPress, Joomla, Drupal, website and/or small software projects for 4 weeks or less that comes along, it is not easy to find the right

outsourcing/nearshore partner; neither is it worth it to set up your own. The outsourcing company has to sell hours and should earn back their extra project management efforts. In case of many small projects, the project management overhead is high. Small website clients have often small change requests that require a lot of communication time. Making outsourcing profitable for small Web and software development companies can be done by optimizing the work and communication flow.

- Look for an outsourcing partner who specializes in the CMS you use (it's easier if you use only one or two CMS systems). If the outsourcing company knows the software in and out, it can install and upgrade the CMS easily and give first-hand advice regarding new add-ons and features. This will benefit your sales, time to delivery, and client satisfaction thanks to a good after service, including change requests. If you work often with the same outsourcing company, it can become more like a partnership. Your sales team will be able to use website packages and add features to that. Time (and cost) estimations will be fast and easy to make (with a minimized risk of errors) so sales can focus on selling and the outsourcing company on delivering. Programmers who are focused on one CMS can deliver faster and do a better job with fewer errors. Web design is always a challenge because people can discuss for ages about colors and design. It's often also easier if the client can stand next to the designer's screen. If the web design is not delivered by the client company (company that hires the outsourcing partner), you can use an online whiteboard to go over the design in an online session. Alternatively, you can also temporarily set designs online (without slicing) to show the different options or they can be shared by e-mail or file sharing websites.
- To improve communication, use an issue or task management system to communicate about small updates and avoid a lot of small details in multiple e-mails and attachments. An experienced outsourcing company will guide you to find the best workflow. Often easy (and free) tools such as Google Docs can be of great help for small projects.
- To get a good price, make a deal with your outsourcing partner regarding sales volume in website packages or development hours. If you can't afford your own outsourced development team because of an unstable production (not enough work for your developers) you will have to work on a project basis. The outsourcing partner will deliver ASAP considering ongoing projects and deadlines.

Although you could approach multiple outsourcing companies and order from the one that requires minimum time, I don't suggest this approach. If you work with one company you build loyalty, a partnership, and get used to communicating efficiently together. By asking for estimates too often and not giving projects, you may realize that you don't receive estimates anymore and your company will be seen as a less important client. One of the big success factors

of an outsourcing company is to decide which estimates to put effort in and which clients to work for. For larger projects it's not uncommon that estimates are requested. For example, some outsourcing companies work only for corporate clients whereas requests from individuals (private persons) are ignored. Any time spent in estimations and communication that doesn't lead to more income in the long term, is wasted time.

You get the best outcome when the outsourcing partner and the client company share a partnership based on mutual benefit from their cooperation. It's logical, of course, but easily forgotten. I once heard a web development company say, "*Our client doesn't have budget for this and we forgot to include it*", and now there's the expectation that my outsourcing company would do it for free. In a partnership, companies can agree to help each other out (depending on what/how); it's also nice to do if possible, as long as it is both ways.

5. Can you or your project management team bridge the language and cultural gap, be flexible and available, recognizing potential time differences, and still have time to do their other work?

Easiest answer is, "We get it done anyway". However, in the meanwhile, your business and all daily work is still ongoing. Underestimating management time is the same as buying a Ferrari and having no time to drive it. If you decide to set up your own company in an outsourcing country, it comes with all the work and hassle a Western company faces. To make it more complex, you're in an unknown country with different customs, laws and administration, and time zone differences. Imagine doing your daily work (8-12 hours) during European office hours and having to get-up at 4 a.m. to start with your team in India and quickly go through major issues.

A key success factor to get things done is keeping your remote team members and (Western) management motivated. An established company will have a project manager who can bridge cultural gaps, filter out messages when a client uses some harsh language in a fit of stress. Do you have managers available to bridge the gap? In one instance, a client used words such as "Bullshit", etc. in an e-mail directly to a programmer. OK, it's a harsh word but the impact on the employee in Asia was serious, much more serious than meant by the client.

6. Does your team have experience in managing projects from a distance, making functional and potentially technical descriptions that can be understood by a remote team, using supporting software?

What happens if a new employee starts in your Western company? The person needs attention, guidance, and probably some specific training. It's the same if you have a company

in an outsourcing country! If you work with an existing outsourcing company, they can guide you through the process and have supporting software and procedures available.

7. Would you like to manage your team remotely or at the location, fly frequently to the destination, or live over there?

If you choose to start your own company abroad, obviously, you will have to fly over often and for sure during the initial months. Finding local management who can run your company is a possibility; however, it is easier said than done and it takes time. Also, the management in your current company will have to adapt and learn how to work with the outsourcing team. Working together always requires a learning curve. If you prefer to work with an existing outsourcing or nearshore company, the learning curve is much shorter but still exists.

8. If you would use an existing company, do you prefer :

- A team managed by that company on an hourly basis or for a fixed price (if your projects are described in detail and can be estimated accordingly)?
- A virtual team that you manage from a distance for an hourly rate?

9. How many people do you need in your team?

If you only need a small number of people (less than 10 or 15), depending on the skills required and your location, it's likely that the overall cost of your own team is more expensive than working with an established company. Good calculations, where all costs and time required are included, are of key importance.

10. Do you need team members who can use the local language and/or other languages? For example, for translations, data entry in multiple languages, etc.?

Modern communication and fast travel opportunities mean that language proficiency, cultural differences, and market adaptation are the main barriers for worldwide business. If you need offices in different countries and multiple languages, you have to choose between setting up all these offices yourself and working with one or more partner companies in the required countries.

It also could mean that you need a large production unit and sales offices. Imagine you produce technical devices for the European market, or have a large translation team and want to market this in China. Suppose you choose to have your production in China (for example, 300+ FTE). Your production unit will probably not be in Beijing (too expensive) but your sales HQ should be. Besides the cost, an important consideration is also: "Do I want to spend

most of my time managing my foreign companies”, “Do I want to focus on sales and business development” or “Am I sure that I am able to do both”?

In their enthusiasm and desire to get things done, hands-on entrepreneurs often take a big bump by underestimating costs and time required to set up and manage their outsourcing offices. I experienced first-hand how much energy, time, and money it takes. Last I said to a friend, “If a job is too easy, it isn’t interesting.” That’s who I am and why I like to work with outsourcing countries and hidden adventures. Business-wise, I need to make things as easy as possible, apply risk control so clients see only a smoothly paved road, and money rolls in. Whatever your decision is, I wish you good luck and the right amount of adventure in business and life.

About Patrick Van Dun



Patrick Van Dun worked in Europe (Belgium, The Netherlands, Spain) and Asia (Nepal, Philippines) for global technology driven companies such as media groups, ICT, BPO, IT outsourcing, legal data entry and translation services.

In 2005, while working remotely with programmers in India, Patrick had his first offshore outsourcing challenge. Later on he reorganized a Belgian-Nepali IT Outsourcing company in Kathmandu as first foreign manager sent to the Nepali office. After this assignment he started his own IT Outsourcing Company in Nepal where he lived and worked for 5 years. The Philippines provided a new challenge; Patrick managed and grew a data entry/enrichment and translation company. He expanded the team from 27 to 330 people in less than 6 months. Middle management grew from 3-20 people.

Patrick gained management experience in telemarketing, business development, HR, project management based on Prince2/PMBOK, e-commerce, e-marketing, software & website development, data-entry/enrichment, translations localization and legal data (patents, trademarks).

At this moment he is studying Mandarin in China to broaden future business and offshore outsourcing opportunities. He loves languages and speaks Dutch, English, French, German and Spanish, has notions of Brazilian Portuguese.

His personal drive, language studies in China, Spain, France, Ireland, Italy, Guatemala, Brazil and work experience around the world made him a flexible no-nonsense manager for positions at all levels.

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Chapter 3 - How to Select the Right People

By: *Zhenya Rozinskiy*

In years of building remote teams, I learned one thing – your team will make you succeed or fail. You may say that it took me a long time to understand the obvious and you are right. Too many times I have relied on others to build teams for me; too many times I blamed regions or providers for my own failures.

Just like many of those before me and many that will follow, I looked at outsourcing as a way of solving a technical problem while maintaining or even cutting costs. After years of trial and error I am now a firm believer that no one but me can build my team. People are not widgets that can simply be fitted to a specific spot and just work.

PART ONE: HIRING

My process of building a new team focuses mostly on a few areas. This process is very similar between growing a local team and growing one remotely. There are some caveats and extra challenges that I try to pay attention to when doing it from thousands of miles away without being able to meet with every candidate. These areas are:

- Detailed analysis of the team's need
- Behavior not skills
- Prepare screening and interview questions
- Conduct interviews
- Make a decision

Below I will go into more details on each of these components, but before I do I'd like to touch on one the most important aspects of all - TRUST. If you can't trust your team, if you hire people that are not mature enough to be trusted, if you think they need to be treated and managed differently from your local employees, you will not succeed. Not only will trust help you achieve what you need, but it will also allow you to hire absolutely the best. The truth is that remote guys are used to not being trusted. They are very familiar with tight control and micromanagement. They know how to deal with constantly having to explain their decisions or, even worse, not being able to make decisions. Give them a little bit of freedom and show them that they are equal and you have just created an unstoppable recruiting machine.

Another interesting aspect of trust is that it's universal. There are many debates on which country/regions are best for outsourcing. Some are productive and some are not as much.

What remains to be true is that people want to be trusted the same way anywhere in the world. If you treat them as adults and give them room to maneuver, they will respond with excellent work and amazing creativity.

The next several sections will provide a more detailed look into each step and what has worked for me and many of my peers who have successfully built teams in multiple locations all over the world. This would also be a good time to explain my definition of what a successful team is. I am only satisfied when a remote team is equally productive to a similar local team as measured by its customers. It's just that simple. Note that it doesn't include costs or number of people or anything like that. I simply expect a similar team structure producing the same quality and quantity.

Detailed Analysis of Needs

For me, the building of any team starts with a very detailed analysis of what my needs are. This analysis is a lot more extensive than just a list of technical skills. By starting with analyzing your entire work process, you are more likely to find people that fit in. Some of the questions that may help you are:

- What are the personality styles that I require? What is my current team like? Is it a high-energy, outgoing group or more quiet and reserved? There will be plenty of challenges in integrating teams across the world. By picking the right personality we make it a lot easier for ourselves. Another factor that I pay a lot of attention to is the right blend of personalities. A team without a natural leader or a few will not move, but a team with too many leaders in it will have conflicts.
- What is the communication level that I require? Will this team be working directly with other departments? Clients? Partners? Will they be required to attend meetings with senior management or executives? I prefer to hire people who can speak up and voice their opinion. I would much rather deal with objections upfront than missed deadlines later.
- What is the work structure? Do I have detailed requirements that I can pass to my team or do I work in an agile environment where extensive collaboration is required? Am I looking for people that are motivated and creative or those that simply follow directions?

By having a good understanding of the type of person I need, I can now focus on technical skills and a breakdown of seniority. One of the main objections I have to a majority of outsourcing providers is their 'blended rate' approach. Blended rate means that they will provide a client with a mix of people needed to complete a job. This mix consists of developers, testers, project managers as well as senior and junior people for each group. Unfortunately this approach takes any control away from clients and may not address their

needs. I am a very strong believer in building my own team and interviewing and picking each person individually.

While this approach is more time consuming in the beginning, it pays off over time and uniquely positions you and your company to be able to scale your operation.

Create a Job Description

Creating a job description is probably the least challenging step in the process. Once you know what your team's needs are you simply need to document them. The tricky part is to include both technical requirements as well as personality traits you require. A job description you've created will act as an ad and a marketing brochure for potential employees. Write it so it's appealing to the right people.

By being so involved in building a remote team you are probably shattering many standards that exist in your market. Most large outsourcers simply staff projects with people they have and when they hire, they hire for themselves. You, on the other hand, are not hiring for a provider, you are hiring for yourself. By not limiting your job description to just a list of skills but expanding it to talk about challenges and opportunities as well as culture, you will make it very appealing to a mature and self-sufficient job force.

Behavior, not Skills

Having the right people on my team is a lot more important to me than having people with the right skills. When interviewing, I pay all my attention to how they will work with the team, how they will solve problems, and how motivated they are. While technical skills are important and some knowledge level is required for each position, these skills are a lot easier to learn than to change someone's personality.

In today's world of agile development and fast pace, our requirements change constantly. New products are being built and the old go away. By hiring the right team players I am a lot more likely to succeed under any conditions and be able to adapt to current business needs.

Having the right people is what will differentiate this undertaking from many that failed.

High Initiative

One skill that you will not be able to teach and train is initiative. I always focus on finding people with high initiative because such people are the foundation blocks that will always get things done. Because of the time difference, your remote team will work in isolation most of the time. They will come across problems like not understanding requirements, or not knowing something, or just having technical issues with your systems. The level of initiative

in your team will determine what story you'll hear in the morning. Will it be "here is an issue we had and here is what we did to overcome it" or "we didn't complete our task because we had this problem".

Interviewing for initiative can be challenging. There is no one question you can ask that will give you a full answer. A good place to start is just to ask "Tell me an example of when you showed an initiative." It's a very open-ended question which will help you get started. Another question that I always ask of a candidate is this: "Give me an example of when you worked for a company and realized that something could be improved. It could be a process or anything else. What did you do about it?"

Interviewing Questions

I don't doubt that you have a set of interview questions that your team uses. This would be a good time to evaluate them. Are those questions geared toward discovering what a person knows or what a person can learn? No candidate will know everything you need. They will always have to learn new things. By creating an interview set that helps you understand how people learn, how they react, and what their overall capabilities are, you will learn a lot more in the long run than simply discovering their knowledge level about a specific technology.

For remote team members, I try to concentrate my discovery on areas that are important in this particular situation:

- Can a person find a solution to a complex technical problem?
- Can a person work without constant supervision?
- Communication skills, specifically communication skills over email and phone

I recall asking someone a question related to a specific technology we use. A candidate said: "I don't know, but I can find out and learn it". Since we were talking over Skype and he was sitting at a computer. I immediately said: "Great. You have five minutes. You have Google. Go for it." In much less than five minutes I had an excellent answer to my question to more depth than I anticipated. Really the skill I was checking wasn't technical knowledge, but the ability to solve a problem and move forward.

Conducting Interviews

The first and unbreakable rule for me is that I will only do interviews using some kind of video technology. It could be Skype, Google Hangouts, or whatever else is available. Video allows you to better understand your candidate and also put them at ease. You'll be surprised

by how much easier it is to talk to people by video. Even some of the language issues disappear as people start using an international language of pointing fingers.

It's an interview, not an interrogation. It's a two-way interview, not a process of selecting a product to buy. I see this happening so frequently, especially with remote teams. People will get on a call or a conference and will fire question after question hoping to make a decision. Remember this is a sales opportunity. Do you want to hire the best or the first person qualified to do the job? If you are looking for the best, you need to spend a lot of time on selling your company, this opportunity, and yourself. Often you'll have to spend more time and effort on the sales component than on 'interviewing'. In many markets where offshoring exists, there is a shortage of good people. You need to attract them. If mediocrity is an option, you may continue with an interrogative style of interviewing.

Let me make a few suggestions on what to avoid when talking to people, even if it is at a risk of offending few people that are expert interviewers.

- Conduct interviews with one or two people at the most. Don't do group interview. Your goal is to set up an environment where a candidate can show his/her best, not be afraid and reserved.
- Make people feel comfortable and special. Remember they will make you successful. You need them as much as they need you.
- Offer a candidate plenty of opportunity to ask questions and share their thoughts. Not only does it make them feel special, but also gives you an opportunity to learn a lot more about them.

Closing a Sale

The biggest disappointment for any hiring manager is when an offer is turned down. You don't want that happening. After all you just spent a lot of time and multiple cycles of evaluation selecting the very best person. Here is a little thing that I do which really helps me a lot. When I am ready to present an offer, it's presented with the following quote. "Mr. Best Candidate, please review this offer and this opportunity. If you have any questions or hesitations about the position, please don't hesitate to reach out to me (this would be an HR person) or directly to the hiring manager. His/her email address is XYZ and his cell phone number is 123". This makes a candidate feel very special and it tells them upfront what kind of relationship and communication they should expect. If during an interview we feel that there is a high risk of rejection, I will actually make a call myself later in the same day when an offer is presented. It's a little courtesy that often closes the deal.

PART TWO: SETTLING IN

After you have hired your team, the real work begins. Just putting right people in right places is not enough to call it “Done”. The next step is to make this team work together, which is a much harder job.

Forming, Storming, Norming, Performing

Any time you make any changes to your team and especially when you build a new one it will go through stages of first discovering who they are, followed by conflicts and misunderstandings, which will, in turn, be followed by team members figuring each other out and learning to work together. Only after going through all these stages will the team start functioning as expected. The same stages are applicable not only to interpersonal relationships, but also new projects, new processes, etc.

As a leader you’ll be challenged to move your team faster through all of these stages, but if you rush too much you are risking not having the right foundation for the next step.

Forming

This stage can be described as a honeymoon period. People are still learning about each other, they are polite and courteous. Some will engage in active conversations and others will observe from the sidelines. This is also the time when your remote team is trying to impress your local team, while your local team might be viewing them as a threat. In my experience of building teams, this period is usually surprisingly short. While this can last a few weeks/months in local teams, it is frequently limited to days or just a couple of team for those that are remote.

Managing this stage can be done by introducing people to one another and ensuring that no one is left out. Extra time should be spent on introducing teams across shores. Investing in some travel where few of your senior people can travel and visit the team offshore will go a long way.

Storming

As the initial politeness fades away, people’s real personalities start to emerge. Arguments may break out and some negative emotions can start forming. These are the conditions under which the situation can be especially fierce: more than one person is fighting for a leadership role, objectives and/or roles are not defined and people feel threatened. Remote location and distance between teams and team members only adds to the complexity. People’s minds tend to always assume the worst and as a result, anything that’s done by someone else is frequently

taken out of proportion. Because of natural insecurity surrounding local teams when an offshore team is born, this where you'll frequently see passive-aggressive behavior or openly hostile relationships.

Managing storming is best done by first eliminating all external factors. Define roles and responsibilities, define short and long term goals of the team, and address any external threats that might exist. Beginning to establish rules promoting communications and collaboration can also help. At the very least this is the time to understand why those rules are needed. Since you are dealing with geographically distributed teams, this is the time to start managing communications. The key is to develop mutual respect between teams and team members. Once there is respect the rest will start falling into place.

Norming

As personal conflicts are ironed out and roles are defined, the team will start focusing on accomplishing tasks. Feeling more as a team people will start helping each other. Group rules are defined and refined. Also internal conflicts might be replaced by external and 'us vs them' attitude. As in many offshore teams, this phase is associated with the understanding of roles of the remote team and fears beginning to subside. As teams continue to work toward the same goal, minor issues and disagreements will disappear.

Managing norming requires a very balanced focus on people and work. As people get used to working together, things will just start happening. As a leader you need to continue pushing your staff to work together and work past their differences. It's too easy to accept conflicts as a norm and start working around them, but it's not productive. Another challenge is not to stop too early. Seeing teams getting better at working and results improving, one might assume that the work of establishing a team is done. It's not so and stopping too early will push teams back to earlier stages of development.

Performing

This is the stage where your team has reached the optimal level of performance. A team now is like a good group of friends where personal differences are worked out. The ultimate test to know if you've reached this stage is to have any separation of onshore/offshore or local/remote teams removed. Work should be progressing without any regard to the person's location, and performance measurements should be absolutely identical for any individual regardless of their location.

This is not the time for a manager to just let loose and disappear. Instead of focusing on people the focus should shift to work and projects. Attention should also be paid to maintain an effective team ecosystem.

Your teams will be constantly changing by way of adding and losing people, changing projects, changing management, etc. The cycle described above will be repeated over and over again. With every major change, you should expect going through all stages for forming, storming, norming, and performing to some degree. As your group's leader, it's your job to identify those stages and apply the right level of involvement where needed.

Training

Another very important factor of building a team is to maintain it and let it constantly grow. As part of the remote team-building plan, there should be a section dedicated to ongoing training. Not only will you need to provide initial product training to get the team growing, but you also need to invest in ongoing technology and developmental training for your internal team.

The beauty of a well thought through training plan is actually two-fold. First you'll provide training, which will help your team grow. But even more importantly, it also provides one of the best retention and recruiting opportunities.

You may think that everyone provides training and yours wouldn't be any different, but this is not the case. Your competition is another company that is in business of either building an outsourcing shop or using an existing outsourcer. When companies view their remote teams' members as easily replaceable widgets, they don't invest in them. This is what will make you stand out. Your approach of having a remote team as your own and treating them as you would your own, will bear fruit in no time.

The good news is that doing so will not break your bank account. For example, a good professional conference in Ukraine may cost under USD 500 to register. Travel costs are also not comparable to what you'll find in the United States. This is a very small investment which will bring an ongoing string of qualified and dedicated candidates.

Apart from formal training and conferences, don't forget to use existing team members for peer-to-peer knowledge sharing. It is important to pay extra attention to provide this training both ways. Way too often companies will do training sessions where someone from their main office teaches their offshore team. This is unavoidable as this is how knowledge transfer happens, but as time goes on and both teams develop unique skills, they need to start sharing it both ways.

I remember well the first time I told one of the senior engineers in my remote team to conduct training on a technique he developed for our team in US. His was really uncomfortable with the proposal and was very concerned that he is 'just an offshore guy'. Not only did this

training session help with sharing a very useful skill, but it also helped break yet another barrier in the way of team integration.

About Zhenya Rozinskiy



Zhenya Rozinskiy has over 20 years of experience in the software development industry. During this time, Zhenya has had numerous opportunities to help grow and make many companies of different sizes and different maturity levels successful. His experience includes delivering shrink-wrapped software, enterprise solutions, custom product implementations, and high-availability, high-traffic eCommerce sites. After first getting into outsourcing and offshoring development models and failing, Zhenya made it his personal challenge to find a way to make outsourcing work. Now, 16 years later and after successfully launching offshoring teams in almost every continent, Zhenya has acquired a unique know-how for successful software development outsourcing. By combining his years of experience working with people and building effective teams with his practical approach to outsourcing, Zhenya has become a recognized thought leader in all areas of establishing and growing responsive engineering organizations.

Chapter 4 - Are We Ready?

Author: Hugo Messer

I often speak to companies that have not had any experience in offshoring or nearshoring. We discuss all the ups and downs involved in an offshore collaboration. Sometimes people tell me: “My organization is not ready yet; we’ll prepare and then we’ll start”. Although in the short term, my business would benefit from signing them up quickly, I believe it’s better for any outsourcer to first get ready. The question is: what does it take to be ‘ready’?

What characteristics does your organization need to possess to start offshoring?

Size

In general, I believe that offshoring is a possibility for organization of every size. However, there are some guidelines. I have found that at the very low end of the scale, a rough guideline for software companies is to have at least 15-20 employees. For 'end customers' (in my view, any company that doesn't have software development as its core business), the threshold is about 200 employees. Below that threshold, your organization often lacks the structure to engage in a successful remote collaboration. Having said that, there are many companies smaller than 15, even one-man companies, which work with remote people.

A friend of mine, for example, has built his own website for booking buses to go from A to B. He has built the website with a programmer in India. His telemarketing associate lives in Argentina. His designer is from the Middle East. His content writer is from the US. And he manages everything through oDesk, while he has another company generating his income on the side. The underlying logic is that my friend has time and uses this way of working to keep his costs low. He values money over time.

In a company that has between 2 and 15 employees, it's usually the CEO who starts the offshoring initiative. Since, in most cases, the CEO is usually also the entrepreneur and has multiple parallel activities, he/she is not the ideal person to manage an offshore collaboration. Usually, there is no 'official' project manager who can be assigned full time to the cooperation. There is no structured process to handle projects from start to finish. The people in such small companies usually have little time (and often, little money). This makes it harder to create a success story through offshoring.

In comparison, software companies with over 20 employees typically have a project manager who's not the CEO or CTO. This person has time to manage projects and is not developing code himself. He also has time to manage a remote collaboration. Because the company has achieved some size, it also needs structures and processes. In such companies, projects are not ad hoc but usually follow a structured development process such as scrum. The combination of a dedicated project manager and a structured development process creates a good basis for offshoring.

However, in end-user companies, the criteria is somewhat different. If you use only industry software packages 'off the shelf', it probably isn't very useful to start offshoring. If software is an essential part of your business, you might have your own internal IT team. For the size of that team, the above indicators of structure and size apply. You may also have outsourced a part or all of your IT requirements. If your governance of the external provider is in place, you should be able to manage the remote collaboration too. Perhaps it's still too early to discuss the structure you'll need to do that, but you will need at least a technical project

manager, an architect, and/or a business analyst (or your offshore provider delivers these last two people).

Take the example of one of our ‘end customers’ in the construction industry, with over 14,000 people working worldwide. Their software development is scattered around the world and managed by different people from different locations. They develop their own ERP system, so software development plays a vital role. They also develop different packages. Each project has a project manager who is experienced in managing remote teams. This company is fully structured to manage offshore collaborations.

Another example of a company at the low end, is an ‘end customer’ in ‘water management’ with about 50 employees. We developed a software package for them which gives their engineers information on their mobile devices, about their water management systems all over the country. The project manager is a non-technical person who managed our team in Ukraine. She had the support of her husband who is a software engineer. This collaboration has been working well for several years now.

Vision and Strategic Decision

What business problems are you are trying to solve by offshoring? If your problem is, “My company is stuck in its growth because I can’t find the right talent locally”, you have a real problem and it can be solved by tapping into an offshore labor pool. If your problem is, “I have a very complex software project which I can’t manage by myself because it has an incredibly tight deadline”, you do have a real problem, but it’s not going to be solved by going offshore. Most likely, it will make your problem worse, because you need time to learn to manage the offshore team and you are going to lose valuable time with the extra communication required. If you have a software project for which you need expertise for a longer period of time, offshoring is a good solution.

It is important that your company makes a long-term strategic decision to go for offshoring. Only with this starting point, will the senior management be able to create the support and dedication in the whole organization to make it work. The vision needs to be long term.

More views on this topic can be found in the first chapter of this [eBook](#).

Industry

The biggest distinction regarding industry is whether software development is your core business or not. If it is, the viability of offshoring depends on one central element: is your business model based on projects or products? Let me explain this further.

In the past, we have had many internet agencies as our customers. These companies build websites for ‘end customers’. 95% of the business is done at a fixed price. Often they get their projects from design agencies. As design agencies have no programmers, they outsource the technical part to internet agencies. The internet agency would in turn outsource the coding to an offshore partner. The two elements that make it hard to manage such collaborations are: A. Too many management layers; B. discussions on what was included in the agreement. I have found that for these project-driven organizations, it is very hard to make offshoring work (although I have had many cases where it did work).

Product-driven companies are software companies that sell a software package (for example, Microsoft) or internet companies that operate their own online website, system, or web shop. Such companies usually possess a roadmap for the future development of the product. The roadmap outlines a long-term vision and a solid process to release new versions of the product. Usually there is also less ‘stress’ on project deadlines compared to project-driven agencies. This makes the product-driven company much more suitable for offshoring. For ‘end customers’, the industry doesn’t matter much; the only question is whether your company develops own systems or only buys packaged software.

People

Another crucial element is the kind of people you have in your own organization. There are two variables here – technical expertise and ‘mindset’. Overall, there are (at least) 2 critical roles for the offshore collaboration:

1 . A (technical) project manager

This person has time to manage the people who collaborate remotely. He has knowledge of the projects under development and ideally has technical knowledge to support remote engineers. This technical knowledge can also be supplemented by another person (or you can rely completely on your remote engineering team if the trust is high enough). In scrum terminology, the project manager can either be the ‘scrum master’ or the product owner (in which case you have the scrum master remotely).

Last but not least, the project manager is 100% dedicated to the cooperation and doesn’t have more roles other than leading the remote team. Although a lead developer can sometimes manage the cooperation, there are two possible hurdles – firstly, this person’s focus is split between development and communication (which can be disturbing); secondly, most developers have a ‘not invented here’ syndrome which could derail the project from its overall goal.

2 . A process manager

In some companies this person is called a ‘quality manager’ or ‘program manager’. In any case, this person is not (deeply) involved in the project and only leads the cooperation. The main role of this person is to speak to all actors in the cooperation and ensure that communication and collaboration works smoothly. This person doesn’t need to have a technical background (although this can help) but must be emphatic and good at managing cooperation among people.

Mindset

Perhaps more important than technical skills is the mindset which determines whether an offshore collaboration works or not. The keyword here is ‘empathy’, which I define as ‘identification with and understanding of another’s situation, feelings and motives’. Your existing team needs to be open to offshoring. If they fear losing their own jobs, they may say yes to the adventure and boycott the cooperation below the surface. They need to have the patience to learn how people in the other country are different and manage around the differences. They need to invest time to manage around the culture, distance, and time differences.

In short, they need to think about ‘us’ and not ‘us versus them’. The focus has to be on ‘collaboration’ on top of ‘performance’. It is advisable to identify and assign people with the right mindset to drive the collaboration. As Amanda Crouch describes in her chapter on collaboration, it takes time to make any collaboration work and if you focus only on performance and not on collaboration, it’s hard to make offshoring work.

Infrastructure

In general, I believe infrastructure is a no-brainer and whatever infrastructure you have, you can change it to be ready. There are enough technical tools available that can make remote collaboration work. I have learned that infrastructure questions always come up during the preparation phase. However, once we get started, the discussion is gone and people automatically change systems to fit the new situation. Having said that, if you still use Windows 98 and you spend half your time on Word documents, you may have a challenge.

It helps if you use an online project management tool or scrum tool like JIRA, Redmine, or Basecamp. It also helps if your code repository is in the cloud and you use a tool like GitHub or SVN, Word is replaced by Google Docs, and you use Skype instead of your mobile phone. The only hurdle here might be working in a big corporation that has very strict rules on using all these tools. You may need to bend or change these rules before you are ready.

To summarize, here is a checklist to understand whether you are ready:

- Do I have a minimum of 20 people as a software company or roughly 200 as an end user?
- Am I focused on developing my own products or systems?
- Do I have a long-term problem that I want to solve with offshoring?
- Do I have a (technical) project manager that I can dedicate 100%?
- Does my team support the endeavor and are they willing to make it work?
- Am I willing to change my infrastructure?

Chapter 5 - Making Offshore Collaborations Work

By: *Amanda Crouch*

Collaboration: working with each other to do a task and achieve shared goals.

In the world of outsourcing, experience has shown that most business expectations have not been realized. There are many reasons for this but the fundamental reason for unrealized expectations is that organizations do not spend the necessary time or allocate the right level of resources to understand what the outsourced collaboration means for each organization and how it impacts the individuals involved.

I have spent the past 8 years researching into the successes and failures of business collaborations and in particular, I have dived deep into the offshore outsourcing industry. Therefore, the focus of this chapter is to provide an understanding of the concept of ‘collaboration’ and identify what needs to happen within organizations to make it work.

Creating a collaborative business environment is becoming ever more critical to the success of organizations. To achieve global competitiveness, manage scale and risks, and overcome regulatory hurdles, CEOs are revisiting strategies to emphasize collaborative opportunities. Organizations increasingly seek to remove boundaries and build networks of inter-locking value chains, which increase resilience and lower costs. In such a connected global economy, the ability to collaborate successfully is a key strategic enabler.

Technology is helping organizations to collaborate extensively across the globe, as well as challenging the basic concepts of tried and trusted traditional business models. The constant fast pace of emerging new technologies is driving significant changes in today’s business environment. Virtual working, the Cloud, Social Networks, and Open Source are all key drivers of a new connected workplace and collaborative working. But what does ‘collaborative working’ really mean and how can it be implemented? And what does it take to create a collaborative business culture?

Research conducted by my organization, the Global Business Partnership Alliance, with over 100 companies worldwide, (Unlocking Your Partnership’s Profit Potential), identified that the ability to collaborate is both a function of our individual nature and of the environment we find ourselves in. Therefore, the organizations that want to be successful in the future must focus on spending their attention and resources on developments in two key areas:

- building a collaborative environment
- developing the collaborative skills of individuals

The combination of collaboratively capable individuals working in an environment that supports and rewards collaboration, is extremely powerful.

It is a fact that the organizations which invest in ‘collaboration’, experience unparalleled business rewards. However, investing in one without the other does not lead to success.

Research conducted by the United Nations in 2010 found that:

- 40 % business value is derived from collaborations
- 50 % of partnerships and alliances fail
- 80 % of ad hoc collaborative approaches fail
- 80 % success by investing in collaborative capability

When entering into an offshore collaboration, the client and the supplier organizations need to be very clear about what the collaboration means to their organization and the individuals within it. It is necessary, at the very start to spend time articulating the answer and communicating it internally at all levels. Unfortunately, in reality, this important step of the collaboration success story is often skipped, leaving a gaping hole in understanding for the individuals involved. Without this understanding, offshore collaborations fail, as there is no clarity of purpose or rationalization regarding the changes required.

This lack of understanding often creates defensive behavior and leads to protection of the previous ways of doing things, rather than embracing new ways. Organizations that truly want to succeed in offshore collaboration need to ensure that a common purpose is established and a compelling requirement to succeed is communicated within their own organization at all levels and with their collaboration partner.

Another critical area that is often overlooked and contributes to the failure of offshore collaboration is measurement. Most organizations have extensive performance measurement processes in place based on timely delivery, quality of service, and cost. However, very few organizations take the time to measure the status of the collaboration itself. Without regular measurement of how well the individuals in each organization are working together, it is impossible to identify where performance obstacles may be.

In my experience, over 70% of **performance/delivery** issues have **relational/collaboration** root causes and therefore, it is essential for collaboration measures to sit alongside those of performance.

Organizations that experience offshore success have established core collaboration values, underpinned by motivation and reward schemes focused on the regular monitoring of collaborative behavior and performance.

So, how do we put all this into practice? In the next section, I will take each of the success factors outlined above (in bold) and identify practical solutions for each. I hope that by sharing these solutions, readers will be able to make a comparison with their current offshore collaborations.

Building a Collaborative Environment

This is all about focusing on creating a culture where collaboration is highly valued. In order to value collaboration, it is necessary for organizations to understand what it means to them and their offshore partner. Taking time out to specifically articulate the vision of a collaborative culture for their own organization also enables the identification of the type of organization they need to collaborate with for success.

Case Study 1

A major pharmaceutical company wanted to appoint an R&D offshore partner but had little idea about the type of organization they needed to partner with. They undertook a collaboration visioning exercise and produced a document that articulated the type of collaborative culture they have now and where they wanted to be in 3 years. This was an extremely valuable exercise and produced enlightening results. They realized that their existing culture was not as collaborative as they thought it was or would wish it to be. They identified the areas that needed to be changed and appointed a R&D partner that demonstrated an understanding of their collaboration vision and could help them on the journey towards where they wanted to be. The collaboration vision became the mantra by which everyone in both organizations worked in the offshore collaboration.

Once the collaborative vision had been developed, the company invested in communicating it throughout their organization to ensure complete understanding. They also held communication sessions with their R&D partner to ensure that everyone was on the same page. This took time, but both organizations agree that this exercise was a major catalyst in creating the successful collaboration that exists today.

A collaborative culture is not only about ways of working and values. It's also about the physical surroundings. So many organizations espouse collaborative working but fail to reflect this in their workplace design. Investing in providing collaborative working spaces and embracing collaborative technologies is also an essential part of the offshoring puzzle. Organizations such as Google that actively invest in building physical environments which

encourage collaboration, are more successful at it. I used to work in a building where Google was on the floor below and we could see their working environment. There were bean bags, bright murals, and their meeting rooms were beach huts! They had sofas and open spaces where people could get together for work or social activities. Some organizations, including the one I was working for at the time, will think this frivolous and unnecessary, but not only did their employees enjoy being there, they communicated better and stayed longer, which increased productivity in the long term.

Developing the Collaborative Skills of Individuals

Since the origins of mankind, collaboration has always been a learned rather than an instinctive behavior. Collaboration requires recognition of the benefits (and risks) inherent in working together and honing the skills to support collaborative behavior. Empathy, compassion, generosity, integrity, and understanding of other people do not develop spontaneously. Civility, responsibility, independence, and the ability to work with others are qualities that can be learned. They begin developing early in life through observing the behavior of good role models and they continue to do so through our own experiences.

There is also a connection between personality types (eg Myers Briggs) and the ability to collaborate. Work in areas like education has looked at pair-wise fit – i.e the fact that some personality types collaborate more easily with certain others. However, in a wider business setting there is likely to be a bigger group involved, and there is no ‘poor collaborator’ personality type.

To an extent, business culture reflects predominant personality types, which may be influenced by the leader or by the type of people typically needed; for example, bright creatives in media vs detailed analysts in an actuary’s office. A misfit in any given culture may be both a challenge and a strength, as they often act as an agent for change.

So, both background experience and our natural personality style play a part in shaping how collaborative a person we are. And our propensity to collaborate in business is both a function of our nature and of the environment we find ourselves in.

When resourcing offshore collaborations, it is extremely important to identify those individuals who have a propensity for collaboration to fulfil key management roles. It may sound as if I am ‘stating the obvious’, but too often, organizations do not consider this aspect of offshore collaboration fully and more often than not, put the ‘available’ person in the management role rather than the ‘right’ person who has the ability to collaborate.

Case Study 2

A major financial institution had made a strategic decision to offshore their IT support and found a partner organization in India to provide the required support. In order to ensure that they put the right people in the right roles and ensure the success of the collaboration, they identified all the key people who would be involved and carried out ‘collaboration assessments’ with each of them. The results were not as expected; those with the best collaborative capabilities were at a lower level within their organization. This posed a dilemma; should they continue to give their existing management team responsibility for the offshore collaboration or should they promote those individuals with the best collaboration skills to do so? After much consideration, it was decided that it was better to promote those individuals who could make the collaboration successful, rather than risk failure. The outcome was a successful collaboration in India that exists today but, as a result, some of the original management team left the company.

Earlier, we mentioned the importance of measuring the status of the collaboration on a regular basis, to highlight the obstacles that are impacting performance and delivery. Using collaborative measures also drives accountability for the collaboration to all involved, and influences behaviors to ensure that the collaboration continues.

Case Study 3

An international conglomerate needed to drive better collaboration between their businesses and IT outsourcing partners so, they invested in developing a collaboration assessment. This assessment was carried out with all the partners on a quarterly basis and resulted in surfacing obstacles and highlighting best practices. Interestingly, the assessment also yielded a score to assess the level of trust that was exhibited in the collaboration. This score was incorporated into the KPIs of all the individuals in each organization to drive accountability and ensure that the success of the collaboration was given equal importance as performance and delivery outcomes.

Incorporating a ‘trust’ measurement into individuals’ KPIs has influenced the behaviors of all involved and a collaborative approach is now second nature to all involved. Not only this, but there has been an increase in the level of innovation too, as acting in the best interests of each other is the norm.

Many people believe that it is impossible to measure ‘trust’, but this is not the case. In business, trust exists when the following behaviors are in place and evidenced on a regular basis:

- mutual commitment
- confidence and respect

- integrity and honesty
- clear communication and transparency

Identifying the underlying behaviors required to evidence each of the above and asking questions to reflect the behaviors, enables the measurement of trust. I have implemented trust measurements in several organizations alongside performance measures and it has always had a positive impact on the collaboration. It changes negativity to positivity by building respect and enables more open and honest communication.

In this chapter, I have tried to provide signposts to some of the key areas that organizations need to invest in to make offshore collaborations succeed, and provide practical examples of how it can be done.

However, before I sign off; the most important things that an organization needs to have to ensure offshore success is:

The appetite to collaborate and the understanding that it requires significant investment of time and resources.

Therefore, while considering whether to enter into an offshore collaboration or not, it is essential to have considered the appetite for both collaboration and investment as part of the business rationale and business case.

If organizations were to give as much attention to these areas as to reducing costs and increasing profitability, I am certain that the number of successful offshore collaborations would outweigh the failures.

About Amanda Crouch



Amanda Crouch is considered a leading expert in the collaboration and partnering field and advises both private and public sector organizations to enable their critical business relationships in reaching their full potential. She has extensive knowledge on how to effect cultural change to enable collaboration both within organizations and with their business partners.

Amanda has over 20 years' experience in leading worldwide research programmes and management consulting. She has worked with many leading IT supplier companies and client organizations in building and implementing effective business-led IT strategies. In particular, she has experience in identifying the impact of change programmes on individuals and teams and leading them through the change process.

Alongside her successful consulting career, Amanda has also created and managed a range of senior management education and development programmes focused on the areas of IT Management, Leadership, and Skills for research organizations such as Gartner, Forrester, and the UK Government.

Amanda also founded the Global Business Partnership Alliance, which focused on enabling organizations to develop effective vital business relationships. GBPA is a research-led organization that specializes in best practices for building collaboration and retaining successful business engagements.

Before launching GBPA, Amanda undertook in-depth research work into the key enablers and obstacles to partnership success across 100 organizations worldwide. This has given her unique knowledge and insight into the challenges organizations face in establishing effective collaborations.

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Chapter 6 - The Virtual Team Room

Author: Ove Holmberg

The team room is a physical place serving as a focal point for all project activities. It is a good practice to have team rooms at the start of projects and always during the end. It's even better to have the team room throughout the project, but sometimes that's not possible due to physical constraints. This article enumerates my **best practices** for a team room setup.



Team room for the Bumblebee project at Bonnier digital, 2012. This document was used from start to end and was a significant factor in the project's success.

General

The minimum requirement for a team room is to have a physical wall somewhere as a focal point for the project. In a distributed development setup, you should also setup a virtual team room (aka Jira, Rally, SharePoint, etc.) to make sure information is shared across locations.

The main purpose of a team room is to enable close and effective collaboration and reduce lead time for decisions and actions. By setting up a team room, you can also enforce teambuilding and a culture of openness and rich communication. Some other effects are:

- It encourages moving away from the irony of sending e-mails for every small detail and then waiting for a reply
- It's the easiest way to see everyone related to the project, in one room.
- Asking a question is as simple as waving at someone.
- It promotes a more open culture and free communication.

- Everyone can see the Product backlog.
- Stakeholders are nearby whenever needed.
- Everyone can see the current stories in development, and the alert signs and cards.
- It becomes the continuous integration server for everyone to access and show the progress of all modules.

Ideally, a team room is an open area that is big enough to fit all project members in working mode, with workstations. If the location only supports cubicles or a non-open environment, project members should be equipped with laptops (not stationary computers) to be able to move around.

Another necessity is the availability of conference rooms with technical equipment for meetings with distributed team members or stakeholders. Smaller private spaces for private calls and brainstorming exercises is a best practice too. (Someday) I would personally like to have a room for my power naps. But as a contractor this is taking trust too far and is not in this version of the team room.

Having experienced a couple of team rooms, I will share with you my best practices about setting up a team room for your project. As usual, I recommend that you don't go by the book or take the best ideas only... dare to try the crazy ones as well.



This document has been used to set up several team rooms and you need this document if your current team room looks as bad as this. This was our setup until we transformed it into a team room. Notice the non-ergonomic furniture and the combination with dining/coffee room.

Why a team room?

Always start with why. To understand why you need to set up a team room for your project, you need to understand the principles behind Agile development, which has been around for

12 years now and has become an industry standard for IT projects. What 17 project gurus agreed on in 2001, was called the Agile Manifesto:

“We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:

- ***Individuals and interactions*** over processes and tools
- ***Working software*** over comprehensive documentation
- ***Customer collaboration*** over contract negotiation
- ***Responding to change*** over following a plan

That is, while there is value in the items on the right, we value the items on the left more.”

This is the foundation of Agile and I strongly recommend this to be on the wall for everyone to follow; this principle is proven to lead to more effective projects, if applied with common sense. When you have doubts about applying Agile principles, always check with this list and follow its recommendation. For instance, if you need to improve the way you work with risks in the project, do not configure the tools or/and the processes before you have consulted the people on how to do it. You may be surprised to learn that perhaps you don't need a process or a tool! Maybe, the need for a tool or process can be handled as part of your daily meeting? Consider processes and tools as 'waste' as long as you have good individuals and interactions. If not, apply tools and processes.

The set up process

In a distributed team, you should add a mobile web camera over Skype, panning as much of the team room as possible. Each team should have one camera and during daily meetings, zoom in to the person speaking. Ideally, the camera pans the wall and the person speaking has a fixed spot to stand on. This is hard to maintain but it is worth a try.

It's a good idea to have a dedicated room or space for demos. This room should contain good (and unfortunately, expensive) devices for videoconferencing and audio. I recommend WebEx for screen sharing, Skype or Google hangout for video and a “non-VOIP” tool (for example, Telia Telemeeting) for audio. This room could also double up as a conference room.

All workstations should be equipped with headsets to be able to work in peace and attend virtual meetings directly from the workstations. However, you must also set ground rule for how and when to use headsets so that natural osmotic communication within the team is not lost.

As a final touch, put up the sign “Team Room for Project XYZ” at the entrance, append basic ground rules and a fun slogan under the sign, and start collaborating.

The Wall

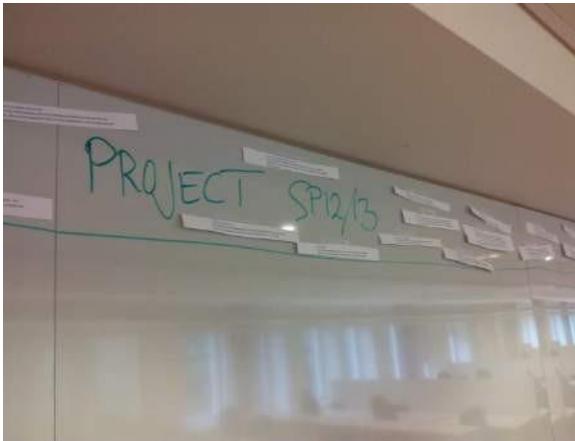
The most important part of the team room is the wall. The purpose of the wall is to visualize your team work and make it the focal point. Make sure the post-its stick to the wall; if not, I suggest you buy plastic wallpaper that post-its stick to.

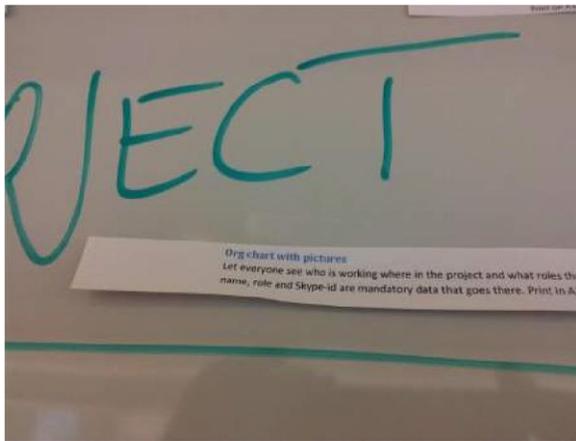


Project wall for the Bumblebee project at Bonnier digital, 2012

Regardless of whether your team is co-located or distributed, all teams should have a wall; for distributed teams, a webcam comes in handy for remote teams to visualize all project artifacts.

Below is my checklist for stuff to put on the wall.





▪Org. Chart with Pictures

Let everyone see who is working where in the project and what roles they have. Picture, name, role and Skype-ID are mandatory information that goes here.

▪Purpose and Vision

Everyone in the project should know this. Typically it is an elevator pitch – two sentences that you can tell a friend and to describe the project.

▪Business Problem Statement

What is the client's business and what challenges/possibilities do they see with this project. Why are they doing this? What are their expectations of the product/project and how do we measure success?

▪High-Level Plan

Spanning from start to end of the project, a high level overview using the client's preferred process, with milestones. HLP is modified only after steering group meetings.

▪Mid-Level Plan

The MLP is reviewed at the start iterations. The plan shall span the current + 2 iterations maximum and should end with a milestone. It is based on two graphs:

1. The product backlog burn-down / burn-up chart
2. The three-iteration plan with a goal for each iteration

▪Low-Level Plan

The LLP is visualized with:

1. The iteration burn-down chart
2. The iteration backlog that is on the wall with post-it for every story/defect/task. You could also have the stories printed on A4 sheets and append the tasks to them as post-its. Each story has its own swim lane and starts with column ongoing and ends with done.
 - a. The iteration backlog for development should be of type Scrum
 - b. If in the post-development state (UAT, SIT, and similar) we do not use iterations anymore to be more adaptive to change; in such a situation, we use the Kanban approach and the Kanban board instead.

▪Next Demo

Put up a poster a couple of days before the demo, if you want the whole company to attend.

If you only want core stakeholders, just send it as a PDF to the audience.

▪Project/Track Status

Be very clear what state the track/project is in. Definitions:

- Red: We will not meet the next milestone and/or we have risks that are red.
- Yellow: We are behind the plan but will be able to catch up.
- Green: Everything is going according to plan and no risks are red.

▪Mood Board

Before going home each day we all put one X each on a graph where we signal our mood.

The mood is the combination of stress and fun. If there's no stress and a lot of fun we put an X on the top of the board on that day. Next day, we repeat the activity and if we get a negative trend or just one X on the bottom scale the scrum master reacts.

▪Definition of Done

The DOD is how the product owner and the team define a done story. You could also have characteristics for done iterations, done projects, and done defects. The DOD is written by the team but accepted by the product owner. Please add TDD as the first part of DOD on a story to minimize defects later on and get a better understanding of the requirements. Other stuff like all tasks checked in to repository and set to done in tracker, etc. is optional but often necessary.

▪Ground Rules/Social Contract

Typically, a sheet with each team's ground rules. Timekeeping, check-in routines, e-mail handling, meeting discipline, etc. goes here. Also consider not to talk about anything else than work in the team room. If implemented, you must provide an area nearby to have these discussions.

▪Penalty Sheet

According to the ground rules, we have a system that has been agreed by the team by consensus. I recommend singing as a penalty. Singing has more effect than money and it's fun but not desirable.

▪Awards

If you have a penalty sheet you also must balance this with a sheet for awards. The *Iteration Hero* could be a person that brought a cake or did magic solving a problem for the team. Perhaps a *Hall of Fame* even?

▪The Agile Manifesto

If the project is run in an agile fashion we should be open about our core agile values and not use agile as a buzzword. Put the agile manifesto on the wall so we are reminded on how we prioritize these virtues.

▪Retrospective

I recommend appending a minimum of one improvement per iteration. Improvements are validated and accepted/rejected by the team at the next retrospective meeting. The purpose

of the retrospective is not only to improve our processes and work more effectively, but also experiment with new processes and tools. Improvements that are accepted are printed in bold.

Improvements that are rejected are printed in strikethrough and improvements that are ongoing are in plain text.

▪ **Release Plan (for Software Projects)**

What is the detailed plan for the release? The closer we get, the more detailed it becomes.

Also add a countdown to release.

▪ **Weekly E-mail Count**

To maximize discussions and minimize e-mail, we can have a graph on how many e-mails flow through the project. Hopefully this goes down over time as an indication that we talk to each other more.

▪ **Physical Architecture Diagram (for Delivery Projects)**

The architect updates this as soon as it changes.

▪ **Impediment Backlog**

What problems do we have and how do we avoid them? If we don't log our problems we will not be able to find out the root cause and we will make the same mistakes over and over again. We also need to prioritize our problem. Should we wait until tomorrow when the problem probably is solved or should we solve the problem ASAP? By keeping track of impediments we can add these to our retrospective meeting and mitigate these if there is a pattern. I suggest plastic wallpaper with the columns *New/In progress/Done* where *Done* impediments go into retrospective, *New* is where you as problem owner put your post-it so that the team leader can prioritize it and solve it. Only the team leader puts problems in *In progress* state. The impediment backlog is updated every daily meeting at question 3 – What problems do I have?

▪ **The Heartbeat (aka Communication Plan)**

Keep track of and visualize the recurring events in your project/team. The cycle of time that we call the pulse is probably the same as your iteration length, but can be two or three iteration as well. Mandatory events are the daily meeting, iteration planning, the demo, and the retrospective. Optional are preplanning, spike, teambuilding, review, etc. The purpose of the pulse is to be pleasantly predictable in the project and to allocate resources (not people, but conference rooms, tools, etc.) needed for the events, in advance.

▪ Birthday Calendar

Keep track of birthdays and make the celebrant bake a cake for all. Buy a calendar with nice pictures or create your own by just printing out an empty calendar from Outlook. Add at least one “celebration” to the calendar each month.

▪ Priority Slider with Metrics

Quality, scope, time, and cost are the four usual dimensions of how we measure and prioritize our projects. But we can also add agile dimensions such as value, tools, processes, and people. In the start-up phase of a project, core stakeholders will prioritize these dimensions and put metrics against them. The team keeps these priorities and metrics on the wall as a reminder of how the project shall be executed.

▪ Metrics

Metrics is data to be able to follow up on our overall project/team goals. For instance, stakeholder satisfaction according to expectations, lines of code, technical debt, completed tests, test coverage, team improvement, velocity, performance, etc.

Explanatory Comment (*not to be pasted on the wall*): Some people think this is valuable. I think it is counter-productive and waste; but this is my opinion and not the general one.

When I act as the product owner, I always go for one metric and that’s the ‘*hit rate*’. A 100 % hit rate means that the team is demoing all stories that they have committed to – nothing more, nothing less. A good hit rate is achieving between 95-105% over all iterations. The first iterations always are way below 100% and that’s OK as long as the second iteration is not the same. Two iterations with a bad hit rate is (for me) a red project. Bear in mind that I do not fancy that you deliver more than you have estimated. For me, it symbolizes bad understanding of the complexity of the project and a bad team. So I’d rather see you being predictably pleasant (good hit rate) than unpredictably pleasant (above and beyond expectations).

▪ Creative Design Suggestions

These designs visualize the final product and should be up on the wall so we can keep them in mind when we are under the hood.

▪ Risk Log

Often, risk management is done in an online tool, but too often this is a good way of hiding the risks and just for keeping your back free. When shit hits the fan you can address the log

and call out “didn’t I say so?” If you visualize the risks on a wall you will have them in your face daily and you will start to question risks that don’t move from the high severity area.



Use two axis – Impact and Probability. If a post-it is placed on the top right part of the risk log you must mitigate it ASAP.

Summary

This is my wish list for a successful team room. Just like all wish lists, it comes with a lot of disappointment. But please start with a few of these practices and implement at least one each iteration and so on.

For a remote team, it is important to adapt to the processes and tools of the co-located team and vice versa so that they both have the same prerequisites. When both teams have the same information, they all feel “at home” regardless of where each is physically located. You can easily swap team members between the teams - something that is highly recommended for bridging the communication and cultural gap. So please copy the setup in all your teams but also remember that each team has its own autonomy and needs to decide for itself. Do not enforce stuff. Make the team desire the team room and its setup.

Last but not least, give the room a name that promotes creativity and spirit and put up a sign – what about *Home Ground of Team ‘Creators’*.

About Ove Holmberg



Ove has more than 25 years of experience from IT related assignments and projects in various roles such as project manager, agile coach and system developer. Through his career, he have been active in a wide variety of industries with a slight focus gambling/betting, banking and insurance. Some companies he has worked for, for more than six months are: Trygghetsrådet, SAS, Folksam, Trygg Hansa, Betsson, Unibet, Telia, ICA, ICA Banken, Bancotec, Bonnier, Cloud Nine, Posten, G4S and TUI.

Distributed projects and Agile PMO setups are Ove's specialities. This dimension to the project adds problems and possibilities that he find challenging and exciting.

In 2003 he introduced the (until then unknown) term Agile for the Swedish IT-market. Since then he is an active agile evangelist and mentor. For him it means to boost the team and involve the business and users in the project even more to get an early ROI.

Agile coaching, stabile deliveries and teambuilding is Ove's craftsmanship. With his genuine experience from several software development projects, he give the project a good start and a handrail with his experience and best practices.

Chapter 7 - How to Prepare Your Onshore Team - for an Offshore Project with India

Author: Andreas Brilling

It was a couple of months after I had taken over responsibility for my first offshore project. After a long flight and a short night I was picked up from my hotel in Mumbai by a German colleague whom we had sent to India to help us get started with our offshore endeavor. After a bit of small talk, I suggested to leave for office and I got this typical shaking of the head

you normally only see Indians doing. I could not believe my colleague had managed to assimilate himself to his host country in just a few months, to an extent that he was perfectly able to move his head in a way that Europeans are absolutely incapable of.

Later that day and in the following days, I learned that my colleague's "assimilation" was very much appreciated by his Indian colleagues and that was a fertile soil to establish true collaboration across two culturally different teams.

In this article I will elaborate on the importance of preparing your onshore team for an offshore project and the required elements of that preparation: understanding the differences in behavior of offshore team members, establishing the right mindset, creating cultural awareness, and adapting your software development process. One key success factor – maybe the most important one – is to have people trying to understand the culture, values, and habits of the chosen offshore country to a degree that creates respect (if not affection) for your 'new' colleagues. This meets some onshore engineers' personal interest for other countries and cultures, whereas others need a little help.

Some context

We were in the middle of a multi-release multi-year development project building a new application for a big automotive manufacturer and had decided to build major pieces of one release using our company's offshore capabilities. Even though our company had a workforce of over 25,000 in India, our German subsidiary had little to no experience in utilizing that workforce. The same was true for all members of the onshore team. Most, if not all, of the existing documentation (specification, developer handbooks, code comments, etc.) was written in German. To get started we had decided to send one colleague to India to train the 25-member team on the software development environment, architecture, methods, and procedures established by the onshore team. This person also became the main communication channel between onshore and offshore – with unfortunate effects later on, but that is another story.

The size of the offshore team mentioned here as well as the partitioning of the development work mentioned later in this article is still rather typical for our engagements with offshore delivery component. However, the offshore share varies greatly with the complexity of the engagement as well as the maturity of the onshore team and the client.

1. Understand the differences

Other than the mentioned colleague, many software engineers (and it is most probably the same in other professions) have reservations towards offshoring that have to be overcome.

Some will come biased having heard of all sorts of problems of offshoring in general or of problems working with India in particular. The sources of this bias are press articles or hearsay within their own organizations. Others might develop these reservations while interacting with their offshore colleagues during their first weeks of cross-cultural collaboration.

Offshore team members are different in many ways. Those differences can result in misunderstandings and frustrations. Make your team aware of those differences so they are prepared. If your team has already encountered their first bad experiences, it will help to explain the root causes of those problems to eventually overcome them.

- Language – For many Europeans (other than the English of course) communicating in English is something they need to get used to. They will typically be surprised by the rich vocabulary and profound English grammar a lot of Indians are capable of speaking. At the same time they will struggle with the pronunciation of many Indians, especially if their first exposure to Indian English has been over the phone.
- Asian communication approach – Do not expect to ever hear a clear “No” from your Indian colleague and don’t over-interpret the yeses that you hear; it may only mean “Yes, I hear you” and not “Yes, I agree with you”.
- Problem solving expertise – Indian engineers come with a different educational background and have a different approach to solving problems. Young graduates often do not have a lot of experience in problem solving techniques as they join their first company at a very young age. They will develop such skills on the job and need coaching to do so.
- Quality – The understanding of what quality is and how it can be achieved is likely to be different. Indian IT organizations are more process oriented fostered by popular certification programs like CMMI. On the other hand, European engineers are typically more product-quality and less process-quality oriented. Europeans may wonder how a process-oriented approach will render the desired product quality in the end. I have seen European engineers feel surprised at Indian engineers not adhering to state-of-the-art software quality standards.
- Business process background – Expect your offshore colleague to ask a whole lot of questions on the business processes of the customer. This is a reality because he/she is remotely located and comes with a different understanding of business processes. For example, the understanding of typical insurance products might be different from the understanding of the onshore colleague, just because the products in the two countries are different.

Do not leave your team alone with these kinds of experiences which challenge their willingness to accept their ‘new’ colleagues on equal terms.

2. Create the right mindset

Besides the obvious cross-cultural challenges of offshoring, one must not lose sight of the fear lurking in the minds of the onshore team. Although this fear is often unspoken, addressing it is significant to the success of the offshoring engagement. When you introduce offshoring, address the aspirations of the offshore colleagues and the concerns of the onshore team which sets it up for success.

- Overcome the onshore colleagues' fear of losing their job - The onshore colleagues might fear a drastic change in the nature of their jobs. A real fear is that they will be moved away from their technical software engineering content to a role that involves more coordination and communication (typically, the coding activities get offshored first and the customer communication and coordination stays). Not every software engineer will like that change; even so, it typically means gaining responsibility quicker as in a pure onshore setting. Some might even fear their job eventually being transferred in the long run. Help them understand the opportunities of offshoring for their own careers.
- Accept your offshore colleagues' ambitions - Often onshore managers fail to understand that Indian colleagues are typically very ambitious and keen to develop their own careers. An approach that favors a slow offshoring pace giving the offshore colleagues a lot of time to learn before they need to deliver is equally bound to fail as an approach that assumes the boring repetitive work is the right chunk of work to get offshored (first). This will only lead to propelled team rotation or increased attrition as the offshore colleagues will not have the patience to hang around long enough for these approaches to pay off.
- Identify a number of offshore advocates in your team and/or organization to create the right positive team spirit ("we want to make it work") and openness to the offshore colleagues. Find the team members that are open to other cultures, their values and ways to approach things. Look out for people that like to travel to (what we sometimes call) exotic countries. Chances are high that you will find colleagues that are highly motivated to work with Indian colleagues and willing to overcome initial hurdles just to make it happen while they enjoy the thrill of working and interacting with a different culture to enrich their personal lives.

At an organizational level you need to make your onshore team aware of what you want to achieve through offshoring. These goals must drive the approach to get there. A recommendation and a caution on this:

- Recommendation: Make yourself dependent on the offshore team – In general, any "let's try and see whether it works" approach is destined to fail for two reasons. First, the offshore team will realize they are not really needed and will be either demotivated to

deliver pure quality or simply run away. Second, the onshore team will not put enough effort to make the model work when they hit tough challenges and Plan B “forget Offshore and deliver from Onshore” will always be easier. The doubters will soon take over and offshoring will be an even tougher delivery model to sell within your team.

- **Caution: Don't wag the dog** – The onshore team typically believes they have the ultimate say on how to run the project as they ‘own’ the customer; after all, this is where the money comes from. However, the offshore organizations in India tend to be very big, much bigger than the organizations of the European customer-facing front offices. Their pressure and power to streamline their processes, methods and ways of doing things should not be underestimated. Often it will be the front-office centers that need to adapt to rules established by the offshore delivery center, not the other way round.

3. Create cultural awareness

Back to the more personal level. I remember receiving very strong feedback from one of my Indian colleagues whom I thought I know very well as he had lived and worked in Germany for a couple of years. We had been working on a very challenging offshore project together and later in a cross-functional team to spread the offshore knowledge we had gained in our onshore organization. After a team workshop (in a team of four where everybody knows each other well) in which we had controversial discussions on a number of topics, he demanded me to never ever criticize him again in front of the ‘public’. Assuming that my Indian colleague had adapted to the German culture, I was completely unaware that I had deeply hurt him with what I felt was an open discussion but was perceived by him as open criticism.

Just about everything is different in the Asian compared to the European cultures, and there is quite a variety of differences between the European cultures themselves. In day-to-day project life it is important to correctly interpret communication and behavior of your offshore colleagues. According to the iceberg model, the ‘visible’ behavior on the observational level (dress, skin color, punctuality, laws and customs, institutions, rituals) are driven by the invisible (beneath the surface) cognitive (norms, roles, ideologies, beliefs, thinking, habits, interpretation) and emotional (values, attitudes, tastes, desires, assumptions, expectations, myths) levels. It helps to understand those hidden levels in order to understand the behavior of people of a different culture. Of course there are many other models that help to understand communication challenges in general and cross-cultural communication in particular.

Different cultures come with a different set of predominant values. These value sets and the corresponding attitudes and beliefs are programmed into people during their upbringing. One can distinguish between task- or people-oriented values further underpinning the profound differences in value sets. For example, the majority of the German values (punctuality, orderliness, equality, individuality, education) are so-called task oriented values whereas the

majority of the Indian values (family, hospitality, spirituality, respect for elders, knowledge, dependability) are people oriented.

In intercultural communication, one's own cultural self-perception as well the understanding of the other culture comes into play on either side.

As a result the meaning and importance of such important concepts as time and, with it, the value of punctuality can be very different in different cultures. This difference in meaning can create all kinds of misunderstandings and communication challenges.

I consider an intercultural training a must. It is not to understand and analyze all of the above to the very last detail but to create awareness of such differences and their origin, as well as introducing dos and don'ts in cross-cultural communication in order to avoid harmful miscommunication as described earlier. As a nice side effect, an intercultural training is always a nice opportunity to reflect on one's own values and beliefs and resulting behavior.

4. Adapt your software development process

Now that we have talked about cultural differences, we also need to acknowledge that offshoring introduces significant changes to the software development process compared to a pure onshore delivery model. We are moving away from a set of co-located teams delivering chunks of a typical software development process (i.e. requirements and specification, design and implementation, test) or even a single team delivering all of the above, to a set of teams divided by location, time zone and language. In addition, the dispersed teams most probably have a different understanding of the software development process to be used as they come from different organizations or even companies. Also the quality standards they are used to may vary.

Let's assume the onshore team develops the specification documentation in close interaction with the customer, the offshore team does the majority of design and development, and unit and component level testing. System and integration tests are then carried out onshore as it requires end-to-end business process understanding and the availability of test environments of the interfacing systems that might be difficult to transfer offshore. This breakdown of the development life cycle activities to be worked on by dispersed teams requires precautions be built in to the development process. A few recommendations:

- Ambiguities in specification documents will be very expensive as they will require clarification across shores, time zones, and language challenges. So you better make sure (for example, by introducing a quality gate early in your specification phase) these documents are written in a way the offshore team can understand.

- Since the offshore team does not directly interact with the customer, expect a lack of background understanding of the business processes. This needs to be adequately addressed through knowledge transfer sessions.
- Introduce a formalized work package handover process to ensure that the offshore team has all the required information before they begin their work. Also make sure you have developed a common understanding on the expected deliverables.
- Agree on quality expectations (such as code structure) to avoid lengthy discussions later on about what acceptable code should look like.
- Clearly define which quality assurance measures (i.e. code analysis, peer reviews against the code quality checklist) will be executed on which shore and what level of testing is expected before the work packages are declared ready and handed back to the onshore team for further testing.

All this does not necessarily need to be seen as overhead of an offshore delivery. It can also be seen as a driver to enhance the quality of your development process as it forces you to introduce clearly-defined touch points between the phases of your process.

All this may sound and probably is common sense but you need to make your onshore team aware that these changes to their way of working are mandatory when moving to an offshore delivery model. By virtue of their own experience, the offshore team is aware of all these necessities. They just need to adjust themselves to the specifics of a new onshore organization they are working with.

5. Put everything in a training

At least an intercultural training to prepare your onshore team is a must; however, a lot can be accomplished in a day. Delivering training sessions on a set of best practices or even ready-to-use tools, checklist, etc. is a clear bonus and will jump start your team. You can easily pack a 3-day agenda if you want to cover the whole development process, blend it with background information on India, market trends in offshoring of your own country, and of course exercises to deepen the learning experience.

As with any training, timing is key to success. You want your team to be already exposed to the new working model before going into the training. This way, they come with their first good or bad experiences in working with offshore colleagues. A mix of participants, with different levels of expertise in offshoring, greatly helps to fuel the discussions for the benefit of all participants. I have also had very good experiences with a mixed audience of onshore and offshore participants. This is definitely a bonus when it comes to agreeing on how to work together in future and building of relationships between onshore and offshore team members.

Trainings should always be fun and motivating, so why not introduce some fun activities into your training agenda. Simple activities such as having an Indian dinner or lunch, watching a Bollywood movie or the wonderful satire movie “Outsourced”, can be great cross-cultural learning experiences.

6. Next steps

Now that you have prepared your onshore team you are ready to bring the onshore and the offshore team members together and build your project organization, meeting structure, project level processes, etc. My company uses a well-defined workshop format called RapidStart to accomplish that project setup. This approach also works well for dispersed teams. The result will be a draft project management plan or project governance like we call it.

In order to establish a partnership on equal terms between the onshore and the offshore teams, we follow the idea of the One Team approach. The One Team approach tries to build mutual trust between teams so they can share the responsibility of successful project delivery. Of course, this mutual trust requires building relationships which will only happen if the team members know each other. So one of the first tasks will be to build a travel plan that allows as many team members as possible to meet in person and work together in one place at least for a limited time.

Conclusion

Not every European will learn to shake his or her head like an Indian, nor will every European want to live in India. However, most will be able to create an understanding and respect for the cultural differences – the first and inevitable step in establishing respect for competencies and skills of the offshore colleagues, a prerequisite for a partnership as equals. This is at least as equally important for the joint success as the right mindset towards offshoring or the required amendments to the software development process.

About Andreas Brilling



Andreas Brilling is an **Engagement Manager** at Capgemini, based in Stuttgart. He has more than 20 years' experience in software development projects in various international settings. Andreas has worked 12 years for Hewlett Packard and Agilent Technologies before he joined Capgemini. He has worked in and has led multinational teams in Germany, US, as well as in Australia. He has been responsible for the first major offshore project of Capgemini, Germany by utilizing Capgemini's extensive Indian workforce. Later he has used his experiences to broaden Capgemini Germany's offshore capabilities in custom software development. In that responsibility, he has been an important driver for the creation of the OCSD (Offshore Custom Solution Development) methodology, which enhances Capgemini Germany's development method to meet the challenges of offshore delivery. He has coached many project managers to offshore delivery success and has built together with his team the Capgemini internal training "One Team Offshore Training" and delivered it numerous times both to German employees as well as German-Indian mixed teams.

About Capgemini

With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Rightshore® means working with the right people, at the right location, at the right time tailored to the needs and for the benefit of our customers. Capgemini Germany takes advantage of its nearshore development center in Poland as well as its offshore development centers in India.

<http://www.capgemini.com>

Chapter 8 - My Offshoring Adventures: A Personal Story

Author: Hugo Messer

While writing this eBook on how to prepare for offshoring, I looked back at my own experiences. I started offshoring without any experience, but with a vision to start a global outsourcing company. I believe these experiences may help you figure out what you should and should not do. This is a brief ‘interview with myself’. I could write a whole book about my adventures, but I hope this short overview provides you with valuable insights.

What drew you to this market?

Honestly, it was an odd combination of events. Shortly after the millennium, I was working in a publishing company in Amsterdam. They published city maps, sponsored by advertisers from each city. The interesting thing about this organization was the division between their sales office, which was in Amsterdam and their studio, which was in Breda (some 100 km away). The sales office would gather all the materials for the ads from customers (this was the CD ROM pre-fast internet era) and send it by post to Breda. The designers in Breda would create the ad and send a print proof back to Amsterdam. Amsterdam got it confirmed (or gathered changes) and so the process went. So I wondered, if this company makes a process to create designs remotely, why wouldn't it be possible to do this in another country where everything is cheaper?

Around the year 2000, the IT market hit an all-time high – companies couldn't find programmers in their own country and started searching elsewhere. India started booming as its government had invested in educating loads of engineers since the 90s.

So I left the company and travelled through India for 3 months. And that's when I decided that I had to establish an outsourcing company. The whole country spoke and dreamed about IT and still does. IT is India's way to become a world power and move staggering amounts of people out of poverty. And there is an abundance of smart, friendly and hardworking talent. I wanted to become part of this movement, which in my view contributes to a better balance in the world as it creates jobs in developing countries while bringing growth and profit to both developed and developing countries.

What do you like about it?

First of all, the fact that I could build an interesting business within the offshoring industry. I love working with and meeting up with people from other cultures. I find it incredibly challenging to find ways for people to cooperate remotely; in any cooperation that we set up with a client, we also had to find a way for clients to work with the programmers we hired for them. It is immensely satisfying to make that work out, to see that the cooperation between someone in Western Europe with someone in Eastern Europe or India produces positive experiences.

I also find it inspiring to build our company culture across borders. I had initially built a company that worked as an intermediary between customers and foreign suppliers. But that gave me no influence on what was going on inside the ‘black box’ of the supplier. Since 2008 we started setting up our own offices, first in Ukraine, then in India. In our own offices, we’re able to decide who joins us and to deliberately build a culture that stimulates behavior needed to succeed in cross-border cooperation.

What do you dislike?

In hindsight, I disliked having to go through so many mistakes. In the first few years, I was in the dark about what was needed to cooperate with someone in India or Eastern Europe. I made all the mistakes you can imagine: hire the wrong people, work without any process, not using any online project management tools, communicating through chat only, working with suppliers that were not trustworthy, getting stuck in the middle between client and supplier, not being able to deliver a project to a customer, and then another bucket of mistakes opening an office in India without any prior experience or Indian contacts.

If somebody had told me upfront that I would have to learn 5 years to figure out a business model that will work and make people happy, it’s likely that I would have chosen another venture. But now it works. As an entrepreneur, it is better not to know what lies in front of a new venture as otherwise you wouldn’t start and it wouldn’t be worth trying.

What are your greatest achievements and failures?

The biggest achievement is that I have built a company with great people, spread out over many countries, that knows how to make remote collaboration work. I had set out to build an outsourcing company and through trial and error, we have developed a formula that works.

Specifically, I am proud of our office in India, where about 30 people work together in a culture that feels like a family. Every time I speak to my colleagues, they tell me that our culture is different from any other company in Kerala, and that the company feels like a second home. I didn’t know anything about setting up a business in India, started completely

from scratch (took my bag and a friend to Cochin and we rented an office and off it went), and went through many hardships. And it worked out.

A more personal achievement was living in India with my wife and 8-month old twins. This gave our family a fantastic experience, made me understand Indian culture on a deeper level, and enabled us to lay a strong foundation for the company.

And now let me look at the failures. First of all, there were many failures on the customer side. I didn't know a thing about managing remote cooperation when I set out with Bridge. So I had to screw up a lot of projects to learn what I should and shouldn't do.

Another failure (although I see this as a very positive experience overall as written above) was that I moved from the Netherlands too quickly. I had set up Bridge in 2006 and in 2008 I thought I had it all figured out for our Dutch office. We had two well-performing sales guys and two project managers, we had been growing steadily for three years, and we had just started our Indian office. So I appointed somebody as 'director' for Bridge Holland and left for India with my family. My plan was to build and grow our Indian company and then move on. But I had just landed in India when trouble started. First of all, recession started, which didn't help us. We hired the wrong project manager (he was doing other stuff than what we paid him for, to say the least), lost a big account, drove one of our account managers mad along the way (which resulted in his departure few months later), and started losing more clients in the spring of 2009 because of the financial crisis. So one year later, back I was in Holland. And it took me quite some time to rebuild what was destroyed. But OK, I had a great time in India!

How would you advice others on offshoring?

First of all, I sincerely believe that unless you are building a company similar to mine, it is not a good idea to set up your own team in another country. Of course you may be lucky, but I am certain that you'll face many of the hardships described above. Although I wouldn't want to have missed them, I think it doesn't make economic sense for an SME to invest the time and money I did in a captive center.

The most crucial aspect is getting the right people in your newly found company. And you'll choose the wrong ones invariably (again unless you are lucky), because you don't know what to pay attention to in another culture. On top of that, you'll have to learn how to work with remote teams.

I believe it is crucial for European companies to engage in offshoring, because there is no denying that it's hard to find talented people. And it will go worse as our population gets older. The safest course of action is to work with a company that knows how to get the right

people, which already has a setup and above all, can help you in managing your remote team. If your dream is to own a foreign subsidiary, you could start with a supplier and agree to establish a joint venture that takes over the team after a certain number of years.

On a more general level, I recommend everyone to start working with remote developers. It enriches your life, you get to see more than your home country, you learn a lot, better the world, and have fun along the way!

- See more at:

<http://academy.ekipa.co>

The Art of Managing Remote Teams

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! In the near future, the next book in this series of books “The Art of Managing Remote Teams”, will be published. This third book will guide you through how to make the process and organization work.

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