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Strategies to Harness the Diversity and Creativity of Global Teams

Consulting and IT services is simply not a mass production business. It is centered on people; transforming unique client processes and helping firms leverage technology to improve financial performance. It is more like custom manufacturing on varying scales than building a simple, high volume product. The analogies that come to mind are movie production for IT projects or maintaining a complex oil platform for IT application portfolio management.

In addition and due to global cost and capability differences, IT services have both a local and a global delivery center “shared” component. To use an automotive example, there is a limited automotive industry in Spain. Conversely, there is intense automotive activity in Nagoya, Japan; Stuttgart, Germany and Detroit, USA. Moreover, key export markets exist in China, the US, Europe and India and firms have to establish local leadership to distribute or manufacture their product in those markets. To provide value to these automotive clients, consultants must be close to their business operations in both their home countries and export markets. A consulting and IT services firm simply can not provide a local perspective, or compelling value when resident exclusively in another part of the world. Similarly, there are countries with distinct IT cost and capability advantages that must form the basis for large scale software development, systems implementation and application support operations. If an IT services firm is not well established in India, they will struggle to compete. As expected, the preponderance of roles executed locally is different than the roles performed in a delivery center. Herein lays the requirement to embrace values, skills, processes and culture to harness diversity, creativity and capability.

The basis for any working relationship is trust. In his recent book, “The Age of Turbulence,” Alan Greenspan marvels at the breadth and depth of global business transactions that occur without any moderation from a legal or regulatory entity:

“It is remarkable that, large numbers of contracts, especially in financial markets, are initially oral, confirmed by a written document only at a later time, even after much price movement.”

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“The greater the trust in the people with whom we trade, the greater the accumulation of wealth. In a market system based on trust, reputation will have a significant economic value. Reputation, capitalized formally as “goodwill” on the business balance sheets or otherwise, is an important contributor to the market value of a company.

Among business and within business, trust is actually the key to exploiting capabilities in an agile and profit generating fashion. Just as market participants trust one another, individuals within the firm have to trust each other. Trust, however, does not emerge naturally. There has to be a foundation upon which to create trust. The starting point within the firm is values which ultimately guide how individuals work together. Values may be unwritten, simply modeled by leadership and thereby embodied by staff. This works well in smaller companies where leaders and staff work consistently close together. In large firms that need to mobilize teams across countries and various disciplines all with challenging financial objectives, values need to be formalized. At IBM, for example, there are three values: dedication to every client’s success; innovation that matters: for the company and for the world and trust and personal responsibility in every relationship. When faced with a particularly difficult situation, individuals within IBM frequently reflect on these values to determine how to resolve the situation. For example, all well managed global consulting and IT service firms have cost and profit centers that carry explicit metrics and targets. Sometimes these divisional, regional even departmental targets and metrics inhibit teamwork across these various sub-organizations. For example, if a client requests a single country contract to execute a multi-divisional solution implemented globally across 22 countries with a profit sharing component, teams need values to guide their decision-making. In the case of IBM and this particular example, dedication to client success, trust and personal responsibility in every relationship are particularly relevant. To react and propose such a complex solution, the organization must mobilize globally and “trust” the country and business unit leading the client dialogue to propose a solution that will make the client successful and reward all the participating internal entities. If IBM has to prescribe and regulate every step in preparing such a proposal to a client, the solution would inevitably be slow and less than competitive.

Just as Alan Greenspan points out, “We bank on the self-interest of our counterparties in trade. Just contemplate how little business would get done if that were not the prevailing culture in which we lived.” Similarly, if global IT firms don’t trust and rely on another’s “word,” to execute business, attempting to guide, let alone prescribe all intra-firm transactions would stifle any firms’ ability to execute.

Values, while fundamental, are certainly not the entire answer. Global teams need well designed and well executed global processes. For the past 30 years, firms have been breaking down silos to improve value chain efficiency both within firms and among value chain partners. Process centric continuous improvement has made incredible impact on consumer value, firm profitability and economic productivity. Examples of just in time manufacturing and distribution are widespread and well known in the automotive industry. Web based buying, order fulfillment distribution and logistics models have flattened and optimized retail value chains thereby creating exceptional convenience, speed and value for consumers. Fundamentally, within firms, well orchestrated, cross functional processes ensure efficiency and speed which equates to value for clients and consumers. Global IT firms are no different. Processes underpinned by consistent methods, software tools and technology are second only to people in determining IT



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consulting firm success. Today, global project teams work in process driven, highly choreographed groups, enabled by prescriptive methods and software tools. For example, if a client is re-engineering a global supply chain, basic expectations of the consulting and services firm would include but not be limited to the following:

- a. leverage established re-engineering and systems implementation project plans and deliverables such as multi-level process models and organization design constructs to facilitate and speed re-engineering and process design work
- b. use world-class project management tools to facilitate multi-level tracking, progress reporting, financial management and return on investment
- c. facilitate a 24x7 shift based work schedule by enabling global project teams to transfer and share work – “following the sun”
- d. enable the entire program with technology such as desktop to desktop virtual conferencing to facilitate remote teamwork and execution.

Every global IT firm must have proven methods and processes to guide projects, portfolios of intellectual property to accelerate project execution and finally the right software tools and technology to manage execution.

There is an old phrase...expect what you measure and measure what you expect. This is also true within global IT firms but as is the case with many catchy phrases...it is a bit more complex.

As discussed previously, global IT firms need values to guide decision-making, processes to execute and metrics to measure performance. The key for global IT firms is balanced metrics that reflect operational priorities and ALWAYS put client success first, firm level success second and unit success third. There are several prerequisites to achieve both objectives. First, all staff need to understand their own and other staff metrics. Second, the metrics need to work together cohesively to delight clients and deliver financial performance. Third, leadership needs to communicate and adjust the emphasis of the organization based on the market requirements. Just as the BCG Matrix MethodTM segments a firm's product portfolio into cash cows, dogs, stars and question marks, global IT services need to segment their portfolio and adjust metrics to allow for high investment in growth markets while moderating investment in stable markets. If the entire firm is rooted in values, executes processes with discipline and vigor, understands the operating metrics and prioritizes segments accordingly -- they have the building blocks to harness the diversity and creativity of global teams.

Today, as a result of globalization and free trade, the economic value generating opportunities for global IT service firms and their clients are exceptional. In this series of articles, I've discussed the market demand and growth opportunities for global IT services firms, the strategies necessary to succeed in the global business environment, some of the more vexing management challenges and lastly concepts for global IT firms to harness their strengths and create value. I hope the readers, buyers of IT services, leaders of IT services firms or investors have gained some further insight into these opportunities and how to extract economic value from this very exciting global market.