

Chapter 23: Employee Transition and Exit Management

One of the hardest things about outsourcing is how to manage the people it impacts. Regardless of all the benefits brought to the arrangement by both parties, the process can fail because of poor transition management and people are the single most important factor in any transition.

Outsourcing is not a process of discarding years of loyalty and experience in favour of a cheap solution, yet it often receives negative media coverage and so most employees fear the process. However, outsourcing is a major change to the way a business is operated and it may involve the transition of employees to a new role, a continuation of their existing role or redundancy - voluntary or compulsory.

A typical reaction to outsourcing is reflected on by Gurcharan Das, in his book *India Unbound*, as he describes the news that upmarket London retailer Harrods planned to outsource customer services to Delhi: "A regional radio station in Yorkshire reported in a rather blunt manner that the local community which had earlier operated the Harrods call centre was deeply concerned; trade union officials in London quickly issued a statement expressing reservations about British companies shifting their 'back offices' to India. Another newspaper raised questions about whether the distinguished customers of Harrods would be able to understand the English spoken by Indian boys and girls."¹ The response from Harrods was both a defiant show of support for their new team and a statement of fact: "Indians speak English just as intelligibly as the citizens of Yorkshire."

In many outsourcing deals, there is in fact the opportunity for employees to join the vendor, so change is minimised for vendor and customer. In the UK, the TUPE directives protect the working terms of the employee and similar regulations are applicable elsewhere. Obviously this does not apply when a project is moved offshore, but as outlined in this book, outsourcing generates new roles throughout the economy. The positive aspects of outsourcing as a business tool are often brushed over in the popular media, leaving the newspaper readers of Europe and the US in fear of an Indian spectre looming over their company.

Even huge corporations can struggle to manage a transition and exit policy that satisfies the requirement to communicate what is happening to internal employees and keep the public informed of why outsourcing is being undertaken in the first place. The telecom giant BT suffered a poor media and trade union response to its use of Indian technology staff and plans for a number of call centres in India.² The insurance company, Prudential, has seen a similar public reaction to its plans for a call centre in India³ and the threat of industrial action forced a watering down of the transition plan. American Express has been accused of replacing employees

with 'untrained Indian staff'.⁴ A Computer Weekly opinion piece recently featured the headline 'Exporting the future', prompting a flurry of supportive letters to the editor from technologists with a fear of the future.⁵

BT has attempted to allay many of the fears about outsourcing by stressing to its own staff and the media, that outsourcing is part of an entire package of strategic sourcing measures. It is certainly not about getting staff 'on the cheap'. BT has even announced a major initiative with the telecommunications union Connect, where they guarantee that no permanent employee will be displaced by any outsourcing deal.⁶

In the Financial Times, Prudential finance director Philip Broadley said: "The infrastructure and potential for savings and productivity gains made India a winner."⁷ Broadley mentions the potential for savings, but the higher quality infrastructure is clearly the primary reason for working with India. In theory, this should dampen the incendiary media coverage, however most employees care little for the strategic reasons behind outsourcing. They are worried about their next mortgage payment and the credit card balance that is still reflecting Christmas presents bought last year.

Understand the Fear

Change is not enjoyable for most people. Think about how often you vary your journey to work each day. If you change route regularly then count yourself in the minority. When a situation is full of fear, uncertainty and doubt it is no surprise that people resist and everyone needs their job so resistance to the threat of outsourcing is natural.

Commenting on the fear of organisational change during an outsourcing programme Charles L. Gay and James Essinger, authors of *Inside Outsourcing*, said: "This is one of the most serious problems that will need to be overcome if the outsourcing initiative is to succeed. Essentially resistance is a vote for the status quo."⁸

Richard Finn, Managing Director of Penna Change Consulting said: "The people that stay may see their jobs change significantly, so you need to rethink talent, rethink career paths and then there may still be some redundancies."⁹

Gay and Essinger have produced a detailed list of reasons why regular line staff will resist all attempts to explain the benefits of an outsourcing initiative.

- They feel that they have lost control over their jobs and possibly their lives.
- They are upset by the uncertainties surrounding the project.
- They are afraid of the difference – what will I be doing, how will it affect me, what will I have to do that I don't do now?
- In some cases they might fear increased workloads without any compensation.
- They will almost certainly feel that they have lost some power or been disenfranchised, even if this is not the case.