Globalization: Updating myths, realities

Outsourcing, offshoring have become outdated terms

BARBARA T. BAUER

BARBARA T. BAUER is president of a new consulting organization GlobalSight Partners, which supports companies creating or improving globally distributed teams. Previously she held executive positions at Sun Microsystems, StorageTek, US West, Raynet and Bell Laboratories. She also serves as the Director of International and Volunteer Projects for Curriki, a nonprofit organization providing infrastructure, tools, and services supporting Open Source Curriculum. She is a recognized leader in technology innovation, global management and the support of women and minorities in technology. She has served on executive advisory boards for her alma mater, St. Louis University, the Women’s College at the University of Denver, and the UCB College of Engineering. In 2005, Bauer, who holds a B.S. and M.S. in physics, was inducted into the Women in Technology International Hall of Fame.

Enabled by the World Wide Web in their search for partners and new markets, record numbers of small companies are making a splash in global waters. The Web, an equal opportunity enabler, is also responsible for the birth and growth of Curriki, a community of learners and educators around the world.

Barbara Bauer addressed both these topics at the International Executive Roundtable sponsored by the Institute for International Business.

According to Bauer, a very high percentage of Colorado IT companies are involved in global activities. "Mid- and smaller size companies are now becoming connected in a way that has not been true in the past" she said, adding "the technology that supports globalization has allowed this to happen."

In this ever-changing environment, new players are entering the arena. "What I see emerging — in India, for example — are boutique or niche firms becoming proficient in some more narrowly defined technology or business process and then connecting with partners who will help them exploit that capability internationally."

The Web facilitates the search quickly and cost-effectively. But forging a business relationship requires a thoughtful, careful approach. Bauer recommends that the best way for a US company to check out the reputation and capabilities of a prospective partner is to do appropriate due diligence, including a visit to its base of operations. "You need to meet their team and get a firsthand look at the company's culture and internal/external interactions just as you would when partnering with someone here," said Bauer.

Labor rate differential

One of the myths associated with globalization is that the quest for lower labor costs drives international expansion. Bauer said the motivator is not only cost; it's growth and being able to leverage competencies on a local level in order to produce high-quality work and deliver to different, broader markets."

While lower labor costs do exist in some overseas markets, Bauer points out that companies new to the global arena often forget to factor into the overall cost model, the proactive investment in management and communication essential for warding off problems likely to arise down the road. "This includes management time, communication, cultural and location challenges plus training, risk management and all sorts of details that have to be addressed in the early stages of the operation. When you negotiate strictly on labor rate, you get exactly what you bargain for: the least qualified employee on your team," said Bauer.
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With business increasingly global and borders inconsequential, “the terms outsourcing and off-shoring have become outdated. We should get them out of our vocabulary,” said Bauer. “It’s hard to tell these days whose shore is the ‘off’ one and who’s the ‘out’ in the outsourcing.”

And, yes, Bauer acknowledged, “the global distribution of work can result in the loss of US jobs.” However, the current data reveals that appropriate use of global efficiencies promotes overall economic growth, including additional job creation. The alternative is to stifle growth.

Global education

Curriki is a nonprofit wiki-based repository spawned by Sun Microsystems in 2004 to create and distribute quality educational materials that can be shared with students and educators free of charge no matter where in the world they are.

Short for curriculum wiki, “Curriki is built on open source wiki software which allows for both structured and free-to-edit content. The idea is to make it easy for educators to create new content that can be validated by experts when posted.

Curriki supports curriculum resources for all ages, but the current efforts at this time are on K-12 education. “The objective would be to support K-12 students in the areas of math, science, technology, reading and languages. Higher education and vocational adult education are being started by professors and educators around the world.”

Asked how Curriki transfers learning to other cultures, Bauer said, “Our objective is to partner with foundations, education ministries and local companies everywhere to translate the material and render it out in the local language and with appropriate cultural localization.”

Educators and textbook publishers are invited to share their knowledge with the Curriki repository. Curriki is offered free of charge and therefore does not compensate professionals who contribute material.

“Publishers will make their money not on the content but on the services they provide around that content. Educators may be motivated to contribute based on personal and career goals.”

Internet availability

Curriki’s online environment has a built-in challenge: “In many places where the materials could be the most helpful, we can’t make the assumption that network access is available,” said Bauer. “In the developing world you can typically find a laptop that you can take to a village but what you can’t do is connect it to anything.”

To offset this problem, Curriki is partnering with printers in major cities of countries like India, Cambodia and Laos. “The printers download the information, print it out and distribute it to the village.” Partnerships are key to Curriki’s continued growth, particularly between the business and academic communities.

Curriki is seeing increasing interest and participation from all levels of educators and from many private companies. “It’s almost always some leadership quality within the company and within the academic institution that makes the partnership possible,” said Bauer. For more information log onto curriki.org.