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Outsourcing on the increase

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18 November, 2005

THE ARTICLE

Outsourcing on the increase

International financial firms are on a course to increase by five times the number of jobs they move overseas. This is according to a new report from the accounting company Deloitte Touche Tohmatsu. This shift to outsourcing, or offshoring, will help cut staffing costs. Some companies will see up to seven percent of their global staff working in offshore bases. Two million financial services jobs in IT, HR and call centers will be based offshore by 2010. The good news for investors is the tripling of savings from \$5 billion to \$16 billion. Outsourcing has the true potential for huge cost savings.

Deloitte said outsourcing is mistakenly being used as a short-term strategy because many companies experience a sharp fall in cost savings after several years. The report stressed that: "Offshoring is not a straightforward cost savings tactic. Many organizations ...experience 'offshore fatigue'". The advice from Deloitte director Chris Gentle was to think long term and not to "dabble". He said: "Financial institutions that make a half-hearted attempt at offshoring are exposed to all of the risk, while enjoying only some of the benefits. The message is clear...Stay home if you're not committed".

WARM-UPS

1. RELOCATION: You are the human resources manager for a big finance company. Your boss has asked you to move your department to a country where staff costs are cheaper. Which country will you choose? Talk to the other “HR managers” in the classroom about where they want to go and why. Discuss your feelings on being moved overseas.

2. OFFSHORING: As IT makes the world smaller, it becomes easier to use workers in different countries. What do you think of this? What do you think of the following jobs in your country being moved to cheaper countries?

- Customer service call centers
- Computer software design
- Radio and TV shows
- An outsourced president
- Online English lessons
- Banking and financial services
- Clothing
- Express pizza, curry, sushi delivery

3. CHAT: In pairs / groups, decide which of these topics or words are most interesting and which are most boring.

Financial firms / overseas jobs / accounting company / staffing costs / offshore / IT / HR / investors / strategies / fatigue / risks / benefits / staying at home

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

4. SAVINGS: Spend one minute writing down all of the different words you associate with the word “savings”. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

5. OUTSOURCING...: With your partner(s), complete the following sentence starters. After you have finished, change partners and discuss what you wrote.

Outsourcing is _____.

Outsourcing can never _____.

The biggest problem with outsourcing is _____.

Outsourcing is wonderful _____.

Outsourcing means the world _____.

Outsourcing is dangerous if _____.

Outsourcing is important _____.

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- a. There will be a six-fold increase in outsourcing used by financial firms. T / F
- b. Some companies will see 70 percent or their global staff outsourced. T / F
- c. Two million jobs will be created worldwide. T / F
- d. Outsourcing could quadruple savings in staffing costs. T / F
- e. Outsourcing is mistakenly being seen as a short-term strategy. T / F
- f. Many companies are experiencing "offshore fatigue". T / F
- g. An accounting executive advised business managers not to dribble. T / F
- h. The executive advised firms to stay at home if they're not committed. T / F

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|--------------------|---------------------|
| a. course | plan |
| b. move | centers |
| c. overseas | play around |
| d. bases | three-fold increase |
| e. tripling | shift |
| f. strategy | dramatic |
| g. sharp | path |
| h. straightforward | open |
| i. dabble | simple |
| j. exposed | abroad |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|--|---------------------------------|
| a. increase by five times the number | if you're not committed |
| b. outsourcing, or offshoring, | is the tripling of savings |
| c. up to seven percent of their global | used as a short-term strategy |
| d. The good news for investors | will help cut staffing costs |
| e. Outsourcing has the true potential | of jobs they move overseas |
| f. mistakenly being | fall in cost savings |
| g. companies experience a sharp | cost savings tactic |
| h. Offshoring is not a straightforward | for huge cost savings |
| i. Many organizations experience | 'offshore fatigue' |
| j. Stay home | staff working in offshore bases |

WHILE READING / LISTENING

WORD ORDER: Put the underlined words back into the correct order.

Outsourcing on the increase

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Deloitte said outsourcing is mistakenly short-term as used being a strategy because many companies experience a fall in sharp cost savings after several years. The report stressed that: "Offshoring is not a straightforward cost savings tactic. Many organizations ...experience 'offshore fatigue'". The advice from Deloitte director Chris Gentle think was long to term and not to "dabble". He said: "Financial that make institutions a half-hearted attempt at offshoring are exposed to all of the risk, while enjoying only some of the benefits. The message is clear...Stay if you're not home committed".

LISTENING

Listen and fill in the spaces.

Outsourcing on the increase

International financial firms are on a _____ to increase by five times the number of jobs they move overseas. This is according to a new report from the accounting company Deloitte Touche Tohmatsu. This _____ to outsourcing, or offshoring, will help cut _____ costs. Some companies will see up to seven percent of their global staff working in offshore _____. Two million financial services jobs in IT, HR and call centers will be based offshore by 2010. The good news for investors is the _____ of savings from \$5 billion to \$16 billion. Outsourcing has the true _____ for huge cost savings.

Deloitte said outsourcing is mistakenly being used as a short-term _____ because many companies experience a sharp fall in cost savings after _____ years. The report stressed that: "Offshoring is not a straightforward cost savings _____. Many organizations ...experience 'offshore _____'". The advice from Deloitte director Chris Gentle was to think long term and not to "dabble". He said: "Financial institutions that make a half-hearted _____ at offshoring are exposed to all of the risk, while enjoying only some of the benefits. The message is clear...Stay _____ if you're not committed".

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words '**cost**' and '**center**'.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. WORD ORDER: In pairs / groups, compare your answers to this exercise. Check your answers.

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "OUTSOURCING" SURVEY: In pairs / groups, write down questions about outsourcing and the winners and losers.

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

- course
- shift
- seven percent
- 2010
- tripling
- huge
- mistakenly
- straightforward
- fatigue
- advice
- exposed
- home

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a. Did the headline make you want to read the article?
- b. What do you think of outsourcing?
- c. Which word do you like better, 'outsourcing' or 'offshoring'?
- d. Do you find it difficult to understand a lot of business jargon?
- e. Who are the winners and losers when a company chooses outsourcing?
- f. Do you think quality is cut when staffing costs are cut?
- g. How would you feel if you lost your job because of outsourcing?
- h. Do you think now would be a good time to buy shares in financial firms?
- i. What do you think are the reasons and symptoms of "offshore fatigue"?
- j. Do you like staying at home?

STUDENT B's QUESTIONS (Do not show these to student A)

- a. Did you like reading this article?
- b. What do you think about what you read?
- c. What do you think outsourcing does for the global economy?
- d. What does a CEO have to consider before he/she outsources?
- e. Three top outsourcing bases in the English-speaking world are India, Singapore and South Africa. Which would you choose?
- f. Do you think outsourcing damages some people's lives?
- g. Would you like jobs to stay in your country and pay a little extra for the goods and services?
- h. Do you make half-hearted attempts at things or do you go full-steam ahead?
- i. Have you ever dabbled in the stock market or other investments?
- j. Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a. What was the most interesting thing you heard?
- b. Was there a question you didn't like?
- c. Was there something you totally disagreed with?
- d. What did you like talking about?
- e. Which was the most difficult question?

SPEAKING

OUTSOURCE BASE: You are the CEO of a major international financial company. You know you can save millions of dollars in staff costs by outsourcing. You must choose one of the countries below as your outsourcing base. With your partner(s), discuss the advantages, disadvantages and potential client reaction of these countries:

COUNTRY	ADVANTAGES	DISADVANTAGES	CLIENT REACTION
India			
Singapore			
Zimbabwe			
Iraq			
Bulgaria			
Tahiti			

- Choose which of the countries is best based on what you discussed.
- Change partners and show each other what you previously discussed and decided. Provide feedback on each other's ideas and choices.
- In groups, decide on just one country.
- Make presentations to other groups about your choice of country.
- Alternatively, take a different country each and argue why that country would be best as an outsourcing base.

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information on the Deloitte Touche Tohmatsu report. Share your findings with your class in the next lesson. Did you all find out similar things?

3. OUTSOURCING: Make a poster outlining the pros and cons of outsourcing. Show your posters to your classmates in your next lesson. Did you all think of similar things?

4. REDUNDANT: The CEO of your company is deciding on whether or not to outsource your job and all of those in your department. Write a letter to him/her explaining your feelings on your current situation. Show what you wrote to your classmates in the next lesson. Did you all write about similar things?

ANSWERS

TRUE / FALSE:

- a. F b. F c. T d. F e. T f. T g. F h. T

SYNONYM MATCH:

- | | |
|--------------------|---------------------|
| a. course | path |
| b. move | shift |
| c. overseas | abroad |
| d. bases | centers |
| e. tripling | three-fold increase |
| f. strategy | plan |
| g. sharp | dramatic |
| h. straightforward | simple |
| i. dabble | play around |
| j. exposed | open |

PHRASE MATCH:

- | | |
|--|---------------------------------|
| a. increase by five times the number | of jobs they move overseas |
| b. outsourcing, or offshoring, | will help cut staffing costs |
| c. up to seven percent of their global | staff working in offshore bases |
| d. The good news for investors | is the tripling of savings |
| e. Outsourcing has the true potential | for huge cost savings |
| f. mistakenly being | used as a short-term strategy |
| g. companies experience a sharp | fall in cost savings |
| h. Offshoring is not a straightforward | cost savings tactic |
| i. Many organizations experience | 'offshore fatigue' |
| j. Stay home | if you're not committed |

WORD ORDER:

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