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Outsourcing on the increase

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18 November, 2005

THE ARTICLE

Outsourcing on the increase

Financial firms worldwide are set to embark on a five-fold increase in the number of jobs moved overseas, according to a new report from the accounting company Deloitte Touche Tohmatsu. This increased reliance on outsourcing, or offshoring, to low-cost centers worldwide will help slash staffing costs for the major international players. Some companies will see up to seven percent of their global headcount shifted to offshore bases. This means 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 personnel cost savings to \$16 billion. The accounting giant estimates that many financial firms are currently capturing less than a third of the potential cost savings offered by outsourcing.

Deloitte says outsourcing has generally and mistakenly been regarded as a short-term strategy, with many companies experiencing a sharp drop-off in cost savings after several years. The report reiterated that: "Offshoring is not a straightforward cost savings tactic. Many organizations are beginning to experience 'offshore fatigue', as the initial novelty wears off and the original operational managers return from their 'tour of duty'". The advice from Deloitte director Chris Gentle was to stay for the long course. 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: Don't dabble - stay home if you're not committed".

WARM-UPS

1. RELOCATION: You are the human resources manager for a major international finance company. Your boss has asked you to relocate 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. Talk also about your feelings on being relocated.

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

- Customer service call centers
- Computer software design
- Radio and TV shows
- An outsourced national leader
- 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 / dabbling / commitment

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 essential _____.

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 five-fold increase in outsourcing use by financial firms. T / F
- b. Some companies will see 70 percent or their headcount offshored. T / F
- c. Two billion jobs will be created worldwide. T / F
- d. Outsourcing could be used to quadruple savings in staffing costs. T / F
- e. Outsourcing is mistakenly being seen as a short-term strategy. T / F
- f. Many company executives are experiencing "offshore fatigue". T / F
- g. An accounting executive recommends playing golf on a long course. T / F
- h. The executive advised firms not to dabble or be half-hearted. T / F

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

- | | |
|-----------------|-------------|
| a. embark | lukewarm |
| b. reliance | dependence |
| c. slash | securing |
| d. estimates | posting |
| e. capturing | repeated |
| f. reiterated | dilly-dally |
| g. novelty | cut |
| h. tour of duty | reckons |
| i. half-hearted | newness |
| j. dabble | commence |

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

- | | |
|--------------------------------------|----------------------------------|
| a. a five-fold increase in the | shifted to offshore bases |
| b. centers worldwide will help slash | of duty |
| c. their global headcount | as a short-term strategy |
| d. the tripling of personnel cost | staffing costs |
| e. capturing less than a third | drop-off in cost savings |
| f. mistakenly been regarded | attempt at offshoring |
| g. experiencing a sharp | of the potential cost savings |
| h. experience 'offshore fatigue', | number of jobs moved overseas |
| i. tour | savings to \$16 billion |
| j. make a half-hearted | as the initial novelty wears off |

WHILE READING / LISTENING

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

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Deloitte says outsourcing has generally regarded and mistakenly as been a short-term strategy, with many companies experiencing a sharp drop-off in cost savings after several years. The report reiterated that: "Offshoring is savings straightforward not a cost tactic. Many organizations are beginning to experience 'offshore fatigue', initial wears as the off novelty and the original operational managers return from their 'tour of duty'". The advice from Deloitte director Chris Gentle was to course for stay the long. He said: "Financial institutions that make a half-hearted attempt at offshoring are exposed to all of the risk, while benefits only some of the enjoying. The message is clear: Don't dabble - stay home if you're not committed".

LISTENING

Listen and fill in the spaces.

Outsourcing on the increase

Financial firms worldwide are set _____ a five-fold increase in the number of jobs moved overseas, according to a new report from the accounting company Deloitte Touche Tohmatsu. This increased _____ on outsourcing, or offshoring, to low-cost centers worldwide will help slash staffing costs for the major international players. Some companies will see up to seven percent of their global _____ shifted to offshore bases. This means 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 personnel cost savings to \$16 billion. The accounting giant estimates that many financial firms are currently _____ less than a third of the potential cost savings offered by outsourcing.

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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:

- five-fold
- reliance
- slash
- 2010
- tripling
- a third
- mistakenly
- straightforward
- novelty
- advice
- exposed
- dabble

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 opts for outsourcing?
- f. Do you think quality is slashed along with staffing costs?
- g. How would you feel if you lost your job because of offshoring?
- h. Do you think now would be a good time to buy shares in international financial firms?
- i. What do you think are the causes and symptoms of "offshore fatigue"?
- j. "Tour of duty" is an army term to describe soldiers fighting abroad. Is it a good phrase to use in this article?

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 prefer 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 in 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 many of the jobs done domestically. 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 being used.

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, compromise and decide on just one base.
- Make presentations to other groups promoting your choice of country.
- Alternatively, take a different country each and argue for why that country would best serve your needs 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. T b. F c. F d. F e. T f. T g. F h. T

SYNONYM MATCH:

a. embark	commence
b. reliance	dependence
c. slash	cut
d. estimates	reckons
e. capturing	securing
f. reiterated	repeated
g. novelty	newness
h. tour of duty	posting
i. half-hearted	lukewarm
j. dabble	dilly-dally

PHRASE MATCH:

a. a five-fold increase in the	number of jobs moved overseas
b. centers worldwide will help slash	staffing costs
c. their global headcount	shifted to offshore bases
d. the tripling of personnel cost	savings to \$16 billion
e. capturing less than a third	of the potential cost savings
f. mistakenly been regarded	as a short-term strategy
g. experiencing a sharp	drop-off in cost savings
h. experience 'offshore fatigue',	as the initial novelty wears off
i. tour	of duty
j. make a half-hearted	attempt at offshoring

WORD ORDER:

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