OPTIMIZING BUSINESS VALUE THROUGH GLOBALLY DISTRIBUTED WORK

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Today's business context is very global and becoming more so by the day. Linear and localized delivery models for business services across different industries have become obsolete and prohibitive for growth and realization of value for the corporation and its stakeholders. Globally Distributed Work (GDW) offers a new paradigm in this space. This paper explores the morphing of the globally distributed work, evolution of GDW structures, analyzes the levers and optimization techniques for a GDW structure in a framework and level generic enough from manufacturing to a knowledge based industry.

Keywords: Globally Distributed Work, Optimization, Innovation, Business Model.

1. CHANGING IMPERATIVES OF BUSINESS

Business service delivery in a global scale is evolving and it is set to see a few disruptions. This is because; businesses themselves are finding new ways to tap competencies from outside enterprise boundaries. The scope of what got defined as customers or supply chain sources or even operating models for different business have blurred to a large extent, with focus increasing on maximizing share of participation with customers to provide extended value chain. Global footprints, sprawling supply chains and cycles of industry consolidation, they all are prompting industries to embrace new operating models. We see patterns of re-ordering in the way industries trying to reach out to new marketplaces and discovering new value streams by harnessing competencies beyond the enterprise. The root of the emerging patterns lies in the realization that clusters of knowledge are the key sources of business sustainability; and the clusters are not confined to organizational boundaries.

Monolithic structures and business models for delivery of business services and value to stakeholders is increasingly being traded in favor of more agile and responsive to changing dynamics of world economies and its impact on business environment. Globalization, agility, right sourcing of resources (both material and knowledge) are no longer fads, they are a reality and necessary imperative of businesses in the 21st century. The trend we see is increase in the velocity of this osmosis and higher order requirement of thought leadership, aggregation and assembly functions by businesses.

With the advancement in real time and reliable information availability on a global basis, expectations of consumers of business services and stakeholders are also rising. Benchmarking is no longer an internally focused improvement tool; it is a performance expectation from the broader stakeholder community from any business. Another key change in the business context in last few years has been the tighter integration of technology in delivering business services.

Proliferation of global businesses has been necessitated by the changing power structures of global economies and facilitated by increased cross-culture appreciation, communication and travel infrastructure. At the same time, we see rapid changes in product and service portfolio with standardizations and technology disruption.

Hence the definition of business value itself has transformed from being the delivery of top line and bottom line growth to a broader one where business value is delivering sustained leadership in shareholder value and earning power in a dynamically evolving global ecosystem while being a responsible corporate citizen. By this definition, true business value is derived when the foundation and systems for a business are created that will enable it to be agile in a dynamic ecosystem.

Success of businesses in coming days is going to be determined more by the increased ability to build and manage optimal networks of competencies and resources. The era of complete self reliance in a contained organization is dissipating.

downstream impacts are not considered as design parameters, the considerations and assumptions made in the short term change starkly. Innovators have built entire industries out of a macro-economic redefinition through their business model. Good case in point in Henry Ford's Model T which transitioned automobiles from luxury to mass consumer product. TATA Motors is taking that stream of thought further with its Rs 100,000 ($2200) car. The automobile market is expected to go through another tectonic transition in another 5-7 years time.

Regulatory, language and cultural reflections have become more prevalent in designing business delivery models on a global context with increased awareness and education on those parameters. The challenge is to model relevancy of designed structures keeping in mind future developments in this space contributed by social, economic and political changes.

Very closely tied to the above point is inclusiveness of knowledge imperatives in global service delivery designs. Knowledge constraints are difficult to qualify in a quantitative fashion making it difficult to become a design parameter. Simple frameworks can be developed to asses required knowledge inputs, source of knowledge (specific people, globally available, frequently changing, etc), the flow of knowledge in the business delivery, methods of capturing and usage points. This aspect is more visible in knowledge based industries like IT services outsourcing, business process outsourcing and consulting. Even such corporations did not adopt this consideration from get go and is being looked at deeper in the recent years with manifesting in work component segregation and localization. The significance and bearing of knowledge systems is equally applicable for material dealing industries.

3.2 Innovation incubation

Accelerated innovation is one of the foremost benefits we have seen arise out of globally distributed work environments. Innovation is primarily of two kinds – disruptive and incremental. While incremental innovation is an improvement in current design, work practices and output, disruptive innovation brings fundamental change in thought, design and action, often leading to new market places and business models.

There are three key ingredients for nurturing innovation – imminent market demands, interplay of multidisciplinary bodies of knowledge and practice, and non-linear thinking. Higher the quantum of inputs and collaboration of the same, greater the chances of innovation outputs. An optimally designed and implemented GDW structure facilitates amplification of this phenomenon. Social, economic, political, cultural and demographic differences in different parts of the world drive different requirements of business and services, and also drives differential thinking and work practices. Increasingly sources of innovation are being recognized outside the organizational boundaries. Advancement in technology helps in harnessing the causative factors, sources and opportunities for application of innovation.

3.3 Knowledge management and collaboration

Any multi-functional global servicing has the pitfall of operating in silos of knowledge clusters. As the size grows, this is a perceived challenge. Fluidity of knowledge depends on structural boundaries. Global nature of operations demands structural boundaries that are multidimensional. Typically engagements operate though formation of project organizations, where a part of the knowledge is supported by entities outside the project. The complexity is further compounded when the project organization is geographically distributed. An optimized GDW structure helps in circumventing these and making these dimensions key differentiators for corporations. The dimensions mentioned above provide a strong operating foundation to be partners in agility. If we look back to the classic onsite-offshore operating model, we would see that the above pitfalls were actually known limitations within which we operated. With bound project organizations, we had limitations in putting the best knowledge mix and promoting its fluidity. Moreover, interfaces with customer were largely in local contexts of the project.

A GDW structure harnesses the clusters of knowledge and diversity by promoting fluidity of knowledge with sound mechanisms making this orchestration possible.

Firstly, project organizations need to be strategically distributed with loose boundaries. This creates open interfaces with internal groups. Communities of Practices and Centers of Excellence provide resource pooling and knowledge support to the project organizations.

Secondly, the fluidity and distributed nature of project organization helps in developing multiple touch-points with customer organization. This aspect plays a pivotal role in bringing customer perspectives in individual projects, which otherwise would have remained obscure within the context of the individual service being executed. In an agile

rendering it possible to make up for the identity crisis caused by globalization and the blending of cultures. Global workforce management takes on a new dimension when people are actually willing to learn about each other and reassess their own attitudes, if only limited to their job routine. Bringing international staff together is an exciting challenge but always an enriching process.

3.5 Cybernetics influenced design approach for GDW structure

The twin domains of cybernetics and systems science study all forms of “organized complexity”, that is, different components assembled in a way that is neither random nor repetitive so as to form a “system”.

Organization can be defined as structure with function, that is, a system of components arranged in such a way as to fulfill a certain purpose. The main insight that cybernetics has contributed to the understanding of organization is that of the control system. A control system is involved in a negative feedback cycle, so that its output (actions) influences its input (perception), in such a way as to bring the perception as close as possible to its goal. Cybernetics has shown that all forms of goal-directed action are based on such cycles (Gareth 1997).

After this insight was formulated in the 1940’s, it led to plenty of applications. Yet, the emphasis was on the organization of a given system rather than on the issue of where that organization had come from. This emphasis on rigid structures led to a counter-reaction in the 1970"s: second-order cybernetics. The rationale behind this approach was that systems are not given, physical entities, but models constructed by an observer to clearly distinguish themselves from these more mechanistic approaches, by emphasizing autonomy, self-organization, cognition, and the role of the observer in modeling a system. In the early 1970"s this movement became known as second-order cybernetics. They began with the recognition that all our knowledge of systems is mediated by our simplified representations—or models—of them, which necessarily ignore those aspects of the system which are irrelevant to the purposes for which the model is constructed (Gerald 1975). Thus the properties of the systems themselves must be distinguished from those of their models, which depend on us as their creators. An engineer working with a system, on the other hand, almost always know its internal structure and behavior to a high degree of accuracy, and therefore tends to de-emphasize the system/model distinction, acting as if the model is the system.

Cybernetics helps us in creating an interlinked business model with delivery design being the foundation. Drawing a Cybernetic Influence Diagram (CID) will help decision makers understand the inter-relationships and the control linkages from a cause and effect perspective. This approach also significantly contributes to the holistic understanding and representation of a business model and comprehend the impact of changes to the foundation of the design.

4. CONCLUSION

With portfolio and marketplace being tactical in the current environment of demanding dynamism, business agility is the emerging facet of innovation. We can see patterns of portfolio cycles being shortened; processes being more adaptive to cross-enterprise and cross-cultural dimensions; and operations being more distributed than ever before. This trend is heading towards a scenario where boundaries between enterprise and business services providers is fluid a lot like how it has happened in matured supply chains. However, the key distinction in this consolidation would be in terms of how business service providers emerge as stakeholders in customer’s changing imperatives. From a service delivery point of view, we are moving towards *agile service delivery for agile businesses*. Effectively managing and optimizing globally distributed work will be key differentiators for organizations operating in a global context.

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