

# Sourcing out Jobs to China

## How Communication Management Secures Success

*The ongoing hype about China is mostly related to the huge business potential the country is promising to Swiss enterprises but does not reflect the sentiment in Switzerland. Having cost efficiencies, the potential of a new supplier market with low wages and reduced labour rights and a vibrant entrepreneurial environment in mind, many business newcomers tend to neglect the potential downside risks such as the uncertain outcome of the China engagement and new kinds of unpredictable events caused by fundamental differences in culture, religion, political culture and ethical standards. While a growing number of managers are increasingly aware about the complexity of the Chinese market, challenges in the home market especially in the relationship with all relevant stakeholders tend to be neglected. The majority of stakeholders don't share the management's optimism or even enthusiasm and perceive risks rather than benefits.*

As a matter of fact, the China venture and the outsourcing of jobs to China may have a significant impact on a company's reputation built over years. In order to prepare the stakeholders for the China challenge the management has to meticulously plan each step of the expansion and collateral communication activities beforehand. Communication Management is turning out to be the key factor for a successful outcome in this process.

### **The stakeholders' diverging agenda**

While the management and potential investors are upbeat about the prospects of the China project, most of

the stakeholders are afraid of becoming loser in the "game". And they all have individual concerns: Employees are fearful about losing their jobs or about a gradual erosion of a long-term earned status and labour rights. Dealing with peers from a completely different culture with an unknown language may only be appealing for a small percentage of mostly younger staff; pre-occupation and enthusiasm will co-exist among staff and thus cause tensions. The Supervisory Board's concern are related to the management's capability to deal with a variety of new business and cultural challenges in China. Swiss authorities will fight against the company's exodus from the country as an employer and tax payer. Opposing the political and human rights environment and working conditions in China critical journalists from Swiss media will question the company's commitment to global ethical and human right standards. Long term suppliers probably fear the loss of an important client and thus a source of revenues. Virtually overnight a small or medium sized enterprise can be exposed to critical activist groups which require a particularly sensitive "treatment". Globally organized human rights or environmental activists' general criticism of China may overshadow the company's China venture from the very beginning. Last, but not least, existing key clients wonder if the attention of the local management will be distracted from the Swiss market and the personal client-relationships.

Managing all these challenges properly without distracting the company's attention to the ongoing daily business means a huge challenge to the management.

## Communication is key

In order to avoid speculations and gossips about the China project the top management has to design a clearly structured communication plan. However, there is no standardized "tool box" available to manage this process smoothly and effectively. This plan has to define meticulously the target audiences, messages, media and timing while comprising all appropriate on- and offline media.

In this critical phase the CEO has to lead the communication management process. In his new role as "Chief Communication Officer" the CEO must be fully aware that he or she is under particular observation. Everything he or she does is a form of verbal or non-verbal communication.

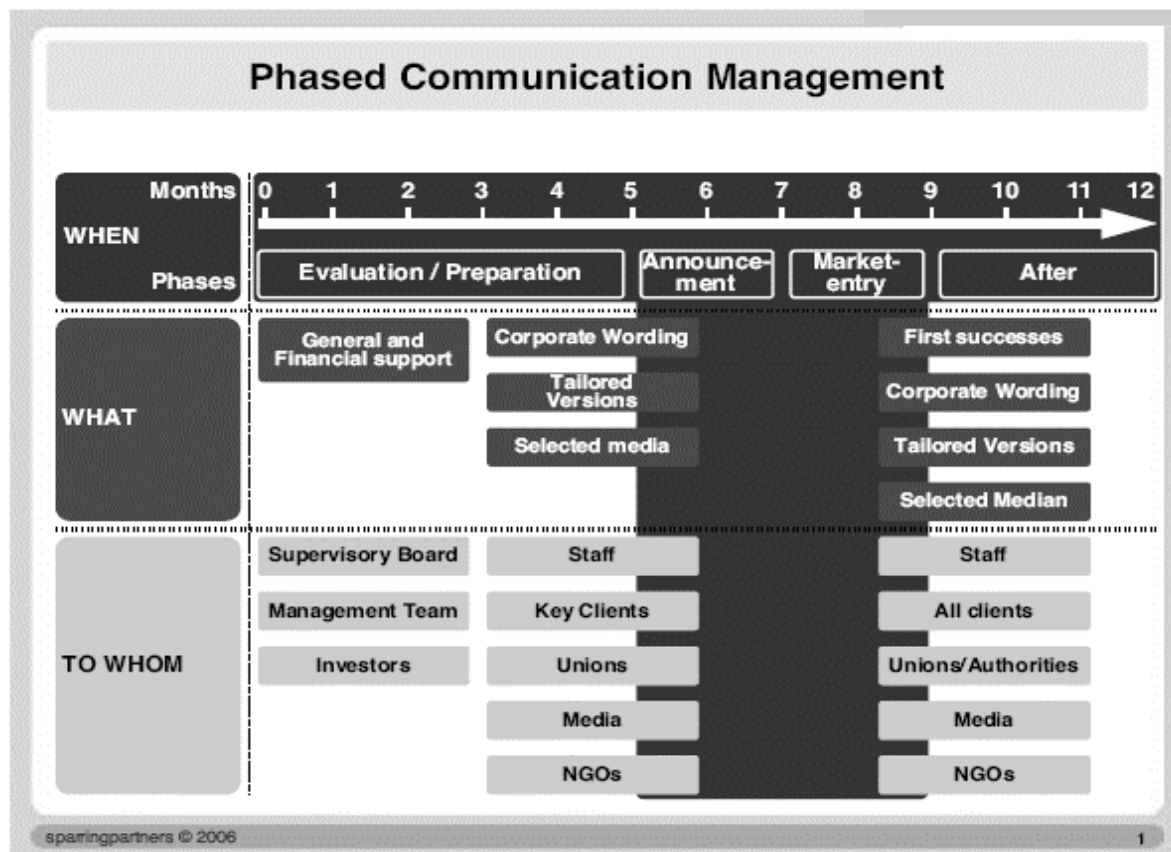
Beforehand the CEO should structure the process defining key parameters:

- Verbalisation of China strategy: What are the key objectives?
- Identification of relevant stakeholders in this process. Where are the main concerns located? What are possible counter arguments?
- Planning the next 12 months: Definition of a project and communication task force and a clear, unmistakable and plausible wording describing the reasons and objective of the outsourcing of jobs
- Definition of a task force led by CEO
- Emergency scenarios and adequate argumentation lines

The key parameter for the CEO is to have control over the entire process. Step by step the CEO has to win over the key stakeholders' support for the venture starting with the constituencies inside the company.

1.) In a first step the CEO has to win the long-term commitment of the Supervisory Board and the Investors. In order to achieve this, the manager has to gain an in-depth understanding of the opportunities and the potential risks of the venture. If the manager is not a China expert himself he is well advised to consult multi-disciplinary China experts to highlight potential risks from various angles. The CEO should not try to convince the board through naïve enthusiasm, but is well advised to be over-critical himself and be well prepared to any critical questions. Before presenting the plan to the board the CEO should identify his or her supporters and opponents within the board and prepare convincing answers to potential critical questions.

2.) With the backing of the board and the financial support from the investors it is time to inform the peers on the management support and calculate the consequences. It is pivotal that the management is aware of all financial and organizational consequences caused by the decision. A corporate wording has to be developed with respect to stakeholders' expectations and concerns. In order to avoid whistle-blowing the CEO has to act quickly. Informal information may cause disastrous effects.



3.) The CEO has to inform key clients and staff and make sure that these key constituencies hear the message from him/her personally or a person of trust. The CEO should highlight the potential gains from the change such as innovation, new products and markets and joint business potentials.

4.) The CEO should communicate successes early, never over-promise and inform about difficulties and time delays but never let doubts arise over his/her personal commitment to lead this project to success.

### **Communication Monitoring**

It is important to measure the effectiveness of the communication plan on an ongoing basis. An analysis of the media publications including internet, weblogs as well as

staff satisfaction surveys provide relevant insights but can not replace the CEO's ongoing personal contact with key stakeholders.

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