

Roles Sourcing Managers Play

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Managing Complexities in the Modern Organization

Executive Summary

Within the leadership and governance teams that determine the roadmap for a sourcing relationship, the sourcing manager's role is critical to the success of the relationship. The demands placed on sourcing managers are highly dynamic in nature and require them to play the role of a sourcing expert, negotiator, financial whiz, and operational/subject matter expert (SME) while demonstrating his/her entrepreneurial skills all at the same time. Buyer organizations quite often make the mistake of moving either an SME or a procurement expert to a sourcing manager.

This paper brings out the complexities of the role and why organizations need to think differently when deciding who the sourcing manager should be, along with the right level of investment needed for learning and development to help ensure success.

The Dynamics of Managing Teams Old vs. Modern Organizations

Globalization brings challenges that require a rethinking of the traditional views around managing teams. Today, globalization is seen as an imperative by some organizations and is no longer considered a choice.

Before we begin our discussion on the demands that managing a globalized workforce places on the managers, let's look at the dynamic environs of the modern organization.

The Four Attributes of the Modern Organization:

The modern organization is characterized by the following four attributes:

- Global workflow
- Global resource base
- Thirst for efficiency and low cost
- Automation

These four parameters are the extensions of an organization's natural drive toward optimization. With technology as the key enabler to help achieve this optimization, the manager of today is poised to deliver greater value in his/her role than ever before. However, the challenge lies in being able to develop the right framework and toolsets to achieve the best possible results. Further, the definition of the organization he/she is managing is significantly different from the traditional structures. Today's organization includes or could include his/her virtual teams, outsourced organizations that deliver services to him/her and quite often, involves other third-party and internal stakeholders.

Demands on the New Manager's Role

The traditional manager's role and responsibilities:

The Traditional Manager

Set directions and goals. Monitor and analyze
Communicate policies and goals. Reward and punish
Motivate. Report

Demands on Modern Managers

Broadly speaking, there are three demands that are placed on the modern manager's role:

Flexibility: An outsourced/global work environment usually includes more than one time zone and multiple cultures so it is important for the manager to understand those implications. Whether it is daily or weekly team meetings, project plans or deliverables, the manager needs to have flexibility in his/her work schedules, and oftentimes in their leadership approach. It is not uncommon to find various client managers starting their day early or scheduling calls and meetings before daybreak in the U.S. morning. In addition, most managers tend to be on e-mail or wireless devices through the weekends for any important communications, work related requests, or questions from their global teams.

- Contract mechanism: All contract arrangements clearly define the process or the application environment that is being sent to offshore locations and, in most cases, there are

specific service level guarantees or clearly defined deliverables to be met by the vendor company. This tends to be true whether the contractual relationship is with a captive offshore company or a third-party arrangement with single or multiple vendor companies. One of the key challenges that the managers face in this environment is aligning the contractual requirements with the work or process requirements.

- **Internal governance:** Managers are usually required to present data points and updates to internal stakeholders on how the outsourcing/offshoring arrangement is working and what amendments, if any, would be required to be negotiated from a contractual stand-point. This becomes necessary because the processes and work flows tend to change in a dynamic way and cause productivity and cost implications to the vendor.

Outsourcing arrangements with multiple vendors at multiple price points also present a challenge.

Sourcing Arrangements – A Managerial Perspective

Sourcing arrangements place a significantly different demand on managers nowadays and therefore the skills currently required are much different and more complex than what would have been found in the past for a traditional managerial role. Quite often, when filling a sourcing manager role, the tendency is to put in place contract managers who are, more often than not, either process experts (who the organization would like to retain) or financial managers. The key challenge is to understand the true value derived by the buyer organization. Therefore, sourcing executives need to have cross-functional skills. Sourcing executives have both a strategic role and an operational role: they help select strategic suppliers, support transition, establish governance structures, manage service delivery, and should be able to think creatively in order to get more from their suppliers.

Roles Sourcing Managers Play

Goal Oriented. He/she should be able to navigate adeptly the political currents inside and outside the organization and be capable of working internal politics and organizational issues with a focus on the business goals that have been outlined for the sourcing relationship. Often, this involves exerting influence across multiple functional areas and stakeholders.

Global Executive. Think globally and think strategically. Be able to understand cultural nuances and sensitivities. He/she should be able to look beyond personal cultural experiences and relate to people of different cultures and countries. He/she should be conversant with statutory/compliance requirements in different parts of the world. Further, he/she should have a strong grasp on the macro-economic factors such as exchange rate fluctuations, and a multitude of others.

Process/Domain Expert. He/she should possess knowledge of the domain and have hands-on operational experience.

Negotiator. Ability to negotiate skillfully and shape win-win sourcing relationships. The sourcing manager's role has only just begun the moment the contract is inked. The real negotiation skills involve driving the business results and working amidst internal pressures while providing the requisite support, direction, and tools to partner organizations.

The Quintessential Entrepreneur. In quite a few ways, sourcing executives function like entrepreneurs and need to have a clear focus on the value they can create for their organization. Compared to typical managers, they have a different perception of risk and are able to deal with different types of risks. The role is by design cross-functional in nature. While the sourcing executives do not need to be experts in technology or most business processes, they do need to be able to focus on value and understand different functional areas at a broad level to create value by aligning suppliers and internal stakeholders in the right direction. He/she must also maintain an unwavering focus on the results that the sourcing strategy was developed to achieve in the first place.

The Futurist. Learn and respond to a dynamically changing environment. The sourcing manager has a view on the future state of the process/environment and is working on driving the organization towards the end goal.

There are both operational and strategic roles that an organization needs in the sourcing. Titles such as VP of Infrastructure Sourcing, VP of Vendor Management, Offshore Contract Manager, VP of Strategic Sourcing, Vendor Manager, and more, are among several designations that are used to suggest the diversity of activities that fall under the sourcing manager's functions.

Let's analyze some of the things that a sourcing manager's role encompasses:

Sourcing Manager's Responsibilities – Transcending Different Functional Areas

1. Governance Methodology	7. Technology Environment and Improvement Plans
2. Transition Management	8. Disaster Recovery and Business Continuity Planning
3. Forecasting and Resource Deployment	9. Reward and Recognition Programs, (independent of the contractual reward provisions)
4. Production Management and Productivity	10. Financial Performance Review of the contract arrangement
5. Contract Review and Change Management Process	
6. Reporting and Communication Systems	

The responsibility on the manager tends to vary depending on the type of outsourcing arrangement. A third-party single outsourcing arrangement typically requires the manager to be involved in a more detailed manner on all the 10 of the functional areas listed above. A third-party multi-sourcing arrangement would place comparatively less emphasis on responsibilities 3 and 4. A captive type arrangement would ease the pressure on the manager to a large extent, and access to information tends to be much better in this scenario.

Why is Finding the Right Resources Difficult?

Outsourcing suppliers have evolved their service delivery models to include a complicated architecture. For example - the integration of applications and business processes in today's environment may help the buyer organization unlock a different level of value. However, it is typically difficult for buyer organizations to successfully integrate and combine services/solutions. Not only is the degree of change high, but there is also difficulty in finding the right individual(s) to navigate through the diverse array of demands that are placed on the sourcing manager in these more complicated environments. More often than not, companies settle for less than the desired skill set.

Invest in learning and development. It is also not uncommon to see organizations focusing primarily on the end goals and not the means to achieve it. Very few companies invest in creating a strong learning and development framework to coach and develop sourcing managers for their complex roles. Quite clearly, organizations looking to reap the benefits of a sound sourcing strategy need to make the investment to create the human resources ecosystem needed to sustainably leverage global sourcing.

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As the business process solutions operations leader for India and Manila at Dell, T. Narasinga Rao (TNR) manages services delivery comprised of transaction and call center processes across multiple vertical segments. His expertise lies in conceptualizing and leading the development of service delivery frameworks that build competencies and institutionalize best practices.

TNR has vast experience in developing operations plans and building empowered service delivery teams. He strongly believes in metrics led management by equipping his team with the right tools that can help them manage their performance objectively.

Working in leadership roles for more than a decade with some of India's largest Business Process Outsourcing (BPO) organizations including Sutherland Technologies and Brigade Corporation, TNR has amassed a wealth of experience across multiple verticals. Through his career, TNR has been involved in building customer-focused solutions aimed at enhancing retention and loyalty and developing pricing and revenue models, besides managing service delivery.

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