

■ G. Keong Leong, Management Department, University of Nevada, Las Vegas

Spring is here and with it another issue of *Decision Line* filled with several thought provoking articles. In his last message as president of the Decision Sciences Institute, Professor Thomas E. Callarman, Arizona State University, thanks the members of the DSI Board and staff members for their contributions and welcomes Professor Mark Davis, Bentley College, as the incoming president. He also describes his experiences in China both from a research and personal perspective.

Professor T. Grandon Gill, University of South Florida, winner of the 2005 Instructional Innovative Award Competition, has graciously agreed to share his submission entitled "A Learner-Centered Capstone Course for a MIS Master's Degree Program" in this issue. One of the innovations of the capstone course is the use of Elluminate, an Internet application which enables live discussion and dynamic interaction to engage students, enhance learning, and improve comprehension. The implication is that case discussions and debates can be carried out online relatively easily with the right technology.

In the International Column, David Booth, VMC Consulting, a subsidiary of Volt Information Sciences, presents current trends in offshore outsourcing. We are currently seeing an increasing number of U.S. firms outsourcing to foreign countries where labor is cheaper. A trend he envisions is the use of regional program management desks to help reduce the pressure on those managing the domestic outsourcing relationship. Quite often, business process outsourcing fails because of the poor choice of location. Another trend is the selective use of near-shore locations to provide a high-quality service experience.

As noted in the feature article by David Booth, offshore outsourcing is an issue many organizations have to deal with today. Associated with an increase in off-shoring activities is the need for improved logistics. Professor Michael F. Gorman, University of Dayton, dis-

cusses the impact of international transportation on supply chain, production planning, and inventory. He concludes that transportation infrastructure must keep pace with an increase in global trade to avoid port and highway congestion.

Two former students of Professor Rick Hesse, Pepperdine University, approached him regarding a problem common to chip manufacturers. Typically, chip manufacturers are awarded large contracts from several companies for chips that go into several different products. A spreadsheet was developed to forecast cash flow in the future, given the design awards. However, when real data was used, the model surprisingly did not perform well.

Today, a cell phone is more than a cell phone, serving as a wireless device that can send e-mail, browse the Internet, take digital pictures, and make phone calls. Cell phone technology is increasing at a rapid pace. Professor J. P. Shim (Mississippi State University), Julie M. Shim (SoldierDesign, Cambridge, MA), and Professor Kyungmo Ahn (Kyunghee University) discuss Cellelevision, the latest innovation in cell phone technology. Cellelevision is defined as "a multicast process that captures digital broadcasts and delivers multimedia (text, television images, and videos) to mobile devices in motion, such as cellular phones, PDAs, and in-automobile devices." The authors provide an overview of digital multi-media broadcasting (DMB) and discuss findings on the users' perception of DMB cellular phones in Korea.

Professor Ralph F. Mullin, Central Missouri State University, in The Deans' Perspective column discusses how business schools can achieve quality. He cautions that making improvements to an "obsolete, stable system" is not the solution. Instead, what is needed is a transformational change to a completely



### G. Keong Leong

is professor and chair of the Management Department in the College of Business, University of Nevada, Las Vegas. He holds a Bachelor of Engineering from the University of Malaya, an MBA

and a Ph.D. from the University of South Carolina. Professor Leong has held leadership positions in Decision Sciences Institute such as at-large vice president, Doctoral Student Consortium coordinator, Instructional Innovation Award Competition coordinator, and POM track chair. He has published articles in *Decision Sciences*, *Journal of Operations Management*, *Interfaces*, *Journal of Management*, and other journals. His current research interests include international operations, operations strategy, technology management, and supply chain management. Professor Leong has co-authored two books, won teaching and research awards, and received the Educator of the Year award from the Asian Chamber of Commerce in Las Vegas.

keong.leong@ccmail.nevada.edu

See EDITOR, page 8

many direct flights to key locations such as Delhi, India-travel times can be as long as 36 hours including all layovers. Lastly, where cost is a factor, many U.S. companies have continually moved their sites in order to take advantage of cost differentials. Companies today doing business in India may, in one year or more, make the decision to relocate some of their outsourcing to lower-cost locations such as Vietnam.

The result is that U.S. managers can be heavily pressured by cultural, time-zone, and travel challenges, as well as by the impacts of relocating their location and, hence, the onsite personnel with whom they work on a regular basis. Threats of Intellectual Property (IP) theft also create fears in the mind of many U.S. companies that their outsourcing may include unrecognized costs. The effect of these combined pressures is to create a non-monetary “qualitative buffer” to outsourcing. A solution that can serve to minimize these buffers is for the outsourcing vendor to create a “program management desk” in a higher cost yet highly stable, culturally compatible, and IP-protection compliant nation. Countries which fit this description include Singapore, Malaysia and Australia.

From the perspective of the U.S. companies outsourcing their work offshore, they have now have gained significant benefits over the traditional outsourcing relationship. Their vendor contacts, overseeing the creation of the IT product, now reside in a more culturally-compatible location, and they straddle their working hours so as to be available during a large portion (> 50 percent) of U.S. business hours. The distribution of IT work is now handled out of a location where IP protection can be better protected. In addition, by utilizing a central location, the outsourcing vendor can continually relocate their client’s outsourced work between locations without impacting the client themselves.

As we can see, the adoption of a regional program management desk can minimize many of the buffers that today impact the outsourcing of information technology work. The coming

changes within Business Process Outsourcing (BPO), including call centers, also involve the use of interim locations in order to reduce qualitative costs. However, these changes are primarily focused on impacts to the end customer, rather than the personnel tasked with managing the outsourcing effort.

## Trend Two: Selective Use of Near-Shore Locations

The “failures” of BPO that have gained publicity, by and large, stem from work that has been located improperly. This can be caused when high-value client contacts are routed to centers that are designed to handle lower-value clients or interactions. Additionally, clients can be impacted when their contact, whether through phone or email, is transferred between locations. Troubleshooting, or account, histories can be lost in the transfer, and high-value client contact requests can sit in a pool of lower-value contacts.

The resolution to these problems can be delivered by outsourcing vendors capable of providing both service and via customer life-cycle management through a near-shore location. High value contacts can then be segmented and delivered to higher skilled and/or more culturally similar agents. With modern contact center software, customer contacts can be efficiently tracked and monitored in order to meet multiple service-level objectives. With the use of these software programs, a manager at a near-shore provider can track progress and escalate a customer and the transaction- or technical-support resolution history to a near-shore agent while meeting service-level obligations.

We see that the outsourcing function is now segmented in such a way that the lower cost, process-oriented organization can focus on delivering the service to the client, while the higher-cost but customer-service-savvy center can manage the customer experience. Additional benefits are also available through this practice, including the capability to provide low-volume non-English language support

through the near-shore location where the skill sets are more easily sourced than in a low cost labor market.

The net result of both of these key strategies is to further lower the barriers to offshore outsourcing by minimizing the friction within the outsourcing relationship, both to the end customer as well as to those who must manage the outsourcing relationship domestically. ■

EDITOR, from page 3

new learning system. He concludes that “[s]potting quality will be evident when people who have the power to change the system step forward and lead.”

Professor Varun Grover, Department of Management, Clemson University, provides a checklist for doctoral students at various stages of their program. He observes that doctoral students are very much like the seven dwarfs. They are Dopey and Bashful at the beginning. Along the way they could be sick (Sneezy), tired (Sleepy), and irritable (Grumpy). In the end they are called Doc, and they leave the program feeling Happy.

Professor Wei Zhang, University of Massachusetts-Boston, reviews two textbooks for an undergraduate Knowledge Management (KM) course. He defines knowledge management as “identifying and leveraging what an organization knows to gain sustainable competitive advantages.” He finds that the first book, *Knowledge Management*, by Elias M. Awad and Hassan M. Ghaziri (Prentice Hall), is well-written and better suited for courses geared more toward theoretical exploration. The second text, *The Knowledge Management Toolkit*, by Amrit Tiwana (Prentice Hall), is considerably cheaper than the first text and has a CD containing a knowledge management toolkit, which includes an interactive 10-step KM roadmap, and several software tools.

Have a great spring! ■