

LESSON 12

OUTSOURCING

● KEY POINT GLOBALIZING CREATIVITY

Consider the following:

How has outsourcing affected your life?

Are products cheaper?

Are services better?

Do you know of anyone who has been laid off from their job?

DEFINITION:

Globalization: World markets

Globalizing is having an impact on all sectors of activity. It will soon include the creative sectors. Read the following article on outsourcing and find out what is going on, in our ever-globalizing environment.

Time 30 Minutes

Vocabulary Globalizing

Key Points Globalizing Creativity.

Grammar Must Have Got To Should

Objectives To learn International Commerce

Vocabulary

Review Previous Chapter



● VOCABULARY AND EXPRESSION BUILDERS

Manual labor: To work with your hands.

They required manual labor to build the building.

Delocalize: To decentralize.

They delocalized the office.

To pull out of: To leave.

They pulled out of the project.

Biannually: Every second year.

The organization meets biannually.

Dealing with: To manage something.

They had to deal with the problem.

Taking on new shape: To change.

The company took on a new shape with the new director.

Stealthy Hidden.

Confidentiality requires stealth. **Globalization:**

World markets

The market is globalizing.

Adapting: To get used to.

They are adapting to the globalized markets.

Infrastructure: Network

The region requires more infrastructure.

Industrial sector: The primary sector.

The industrialized sector in Asia is growing very quickly.

Harsh: Difficult.

The conditions for globalization can be harsh.

Procedure: Steps in a process.

The procedure for the application are complex.

SENTENCE BUILDERS

Read each sentence out loud several times.

1. They pulled out of the harsh conditions.
2. The biannual meeting talked about globalization.
3. The infrastructure of the industrial sector is not adapting.
4. The stealth conditions created a harsh working environment.
5. It was hard to adapt to the new procedures.

COMPREHENSION BUILDERS

**Forbes Editor
Paul Seymour**

Recently an entire computer service company moved to South Africa from Chicago to take advantage of the lower South African currency, the Rand. Now they run all of their operations from Johannesburg. The only activity left in the States is the sales activity. Another recent major move in America was a huge company called Halliburton. The multibillion dollar American defense support and service company announced that it was moving its head office to Dubai to be closer to the client. All of this after finishing a \$10 billion contract with the American government. Outsourcing is permitting companies to locate to just about anyplace. Today it is possible to be anywhere in the world and to operate at lower costs. How far can outsourcing go and how does the future look?

Outsourcing can take on many different forms, including direct and indirect activities. Large multinational companies must be prepared to react to these competitors. Sectors such as the auto industry are being attacked from competition in many different ways. The most obvious attack is from the outsourcing of manual labor. Many companies are required to delocalize their work forces to cheap labor economies such as in Eastern Europe or China. South America has also benefited. Companies that have their manufacturing infrastructure in first world nations have been forced to adapt. The impact is much more harsh in Europe to the point where the UK has pulled out of the auto industry altogether with the closing of Rover. England is moving out of the industrial sector and into the service industry.

To make it more complicated, outsourcing can come from various sources. This has been seen in the travel industry. Until a few years ago the majority of all travel activities were purchased in travel agencies. Today 83 percent of travel is purchased on the net including train and plane tickets, car rentals and hotel rooms. Basically, travel agencies are almost gone. To make it worse most of the computer activities related to the sites are managed and maintained in other countries.

Outsourcing is also forcing companies to react to the competition in the service markets. We have all been hearing about the outsourcing of the computer industry to cheaper market economies. Recently several large multinational companies in Germany were going through a general audit. It is required for publicly traded companies to do this biannually.

COMPREHENSION BUILDERS

There is nothing particular about this situation except the expertise was provided by Price Waterhouse Coopers in India. The financial legal and managerial consulting for German companies was being managed by Indian consultants with expertise in German law, accounting and managerial procedures. They completed the project at 30 percent of the cost of local service providers. The team from India visited the client for three weeks following which they returned to India to complete the reports.

These are only a few situations where outsourcing is taking on a new shape. When will creative talent be outsourced? What about new ideas? With companies becoming more international and globalization increasing at a fantastic rate, this form of competition will be evolving. It will be the most dynamic and adaptable surviving.

Forbes
Paul Seymour

QUESTIONS

1. An entire computer company moved to South Africa _____.
 - a) because of South African currency
 - b) because their head office was in Dubai
 - c) because they need creative talent
2. Many companies are forced to delocalize their activities _____.
 - a) because the Rand is lower
 - b) to match the competition
 - c) because they need creative talent
3. Recently managerial, financial and legal consulting was outsourced to _____.
 - a) Dubai
 - b) Germany
 - c) India
4. The most obvious outsourcing is _____.
 - a) accounting
 - b) manual labor
 - c) legal

TECHNIQUE BUILDERS (Using a few, few, a little, or little.)

must have, got to, have to

Expressing need and necessity.

must have: expresses necessity.

got to: must be preceded by have.

have to: must be followed by a verb.

Examples

I must have the report by Monday.

I've got to see my lawyer.

I have to find that report before the client calls.



EXERCISES

1. The consulting company has (must have, got to, have to) _____ get more clients or it will go bankrupt.
2. Charlie is going to be the first to (must have, got to, have to) _____ do the market report presentation next week.
3. Brussels is the fifth busiest city in Europe and they've (must have, got to, have to) _____ get a new airport to meet the demand.
4. We were talking to the outsourcing company and they said we have (must have, got to, have to) _____ prepare the project report for them.
5. The briefcase has been lost. We (must have, got to, have to) _____ forgot it in the hotel.
6. The accountants (must have, got to, have to) _____ the financial reports ready by the AGM.
7. You are the tenth person who (must have, got to, have to) _____ asked me for the outsourcing report.
8. Kevin was spotted by the headhunter at the conference who (must have, got to, have to) _____ been looking for him for a while.
9. They affectionately call him Jack. He (must have, got to, have to) _____ gotten the name when he was at school.
10. Catherine has (must have, got to, have to) _____ complete the annual review before we can offer her the raise.