



Managing Global Offshoring Strategies

- A Case Approach

By Jacob Pyndt, Torben Pedersen

This book addresses the challenges associated with managing global offshoring strategies. Offshoring and offshore outsourcing are hardly new phenomena. What is new is that information technology creates new opportunities for geographically dispersed business activities and enables the fragmentation of the value chain for "traditional" production and service companies. The pace of offshoring is likely to gain further momentum. The authors' intention in this book is to "put a face" on some Danish companies as they contemplate and engage in offshoring projects.

When selecting the cases, the authors chose a diverse set that exemplifies the complicated range of challenges that companies face when they migrate products or services. All of the cases were developed on the basis of in-depth field research and close collaboration with the respective company managers.

The book targets bachelor, master and MBA students taking courses on global strategy. It can be used in conjunction with a set of readings and articles on global strategy issues. Although the book is meant to serve as teaching material, the authors hope that business professionals also find inspiration and interesting insights applicable to their own organizations as they search for global offshoring opportunities.

Reviews:

"The book makes clear that success in globalization is as much a function of the ability to organize and manage as it is the ability to create a sound strategy. Each of the eight in-depth cases presented in this book focus on a particular management problem. Together the cases shed considerable light on the challenges inherent in managing a global value chain. The book is valuable to students as well as to business people interested in how to manage global activities."

Anders Knutsen, Chairman of the Danish Council for Trade and Industry and member of the Globalization Council

"This book is both timely and important, covering the most important and difficult strategic issue facing most European companies today: outsourcing and offshoring. The book argues convincingly for a value-chain approach to those often painful decisions. This involves not only an issue of cost-savings, but also of significant positive value creation within an evolving global strategic framework. This trail blazing approach is illustrated by eight in-depth case studies, adding empirical credence to the prescriptions given. Ultimately, global outsourcing and offshoring should be embraced, not resisted, neither by the firm, nor by stakeholders at large. This book is a "must read" not only for students, but also for executives and politicians."

Peter Lorange, Professor of Strategy & President of IMD, Switzerland

Contents:

- Managing Offshoring - An Introduction
- ECCO A/S - Optimizing Global Value Chain Economics
- GN ReSound - The Challenges of Amalgamation
- Coloplast A/S - From Plowed Field to Efficient Plant
- Danfoss A/S - Global Manufacturing Footprint
- Danisco A/S - Optimizing Global Innovation Processes
- MAN B&W Diesel - Managing Licensees in a Globalized World
- Ribe Maskinfabrik A/S - Developing New Business Areas
- GPV Group A/S - New Supplier Opportunities
- Conclusions

Summary of the article "Gør det du er bedst til" by Torben Pedersen and Jacob Pyndt, printed in Dagbladet Børsen, 18 January 2006:

Do What You Do Best

The term 'offshoring' has just entered the Danish language. It refers to the act of moving a company's activities to predominantly low-wage countries in Asia or Eastern Europe, and it is here to stay. But which effects will this have on the Danish society and which strategies do the companies use?

In a research project, Torben Pedersen and Jacob Pyndt have analysed global company strategies and have published the book *Managing Global Offshoring Strategies - A Case Approach*. This book looks into eight major Danish companies and how these companies are attempting to utilize the global opportunities.

Today, only the most creative and innovative activities in the initial and final phases of the supply chain are still located in Denmark, whereas all routine and standardized activities are offshored. In Denmark today, this means that e.g. textile companies need designers, managers, researchers and marketers more than they need seamstresses and unskilled workers.

Offshoring is about achieving cost savings but also about taking the opportunity to focus on the company's core competencies.

This new type of company will put emphasis on becoming increasingly more specialized within a limited field by utilizing the resources within the company and strengthening its core competencies as well as establishing a network of suppliers and subsidiaries to handle the middle part of the supply chain.