

# **ACTION PLANNING GUIDE**

## ***INTRODUCTION***

Developing an offshore outsourcing strategy is a process where many people are involved. Part of the process is action planning. The objective of action planning is to identify and prioritize critical issues and draw a roadmap how to improve the company's offshore services potential and how to compete more effectively in a highly competitive global market. The action plan is not only a list of actions to be taken but it also assigns responsibilities and deadlines along with measurement indicators to individual action items. Action planning also involves SWOT analysis and prioritization.

**IMPORTANT! MARK THE ACTIONS WHERE YOU WOULD REQUIRE EXTERNAL ASSISTANCE. THE ACTION PLAN SHOULD FOCUS ON IMPROVING YOUR IT OUTSOURCING MARKET ENTRY POTENTIAL OR EXISTING MARKET POSITION IN FOREIGN MARKETS.**

**DO NOT SPEND TOO MUCH TIME TO WORK OUT THE FIRST DRAFT VERSION OF THE ACTION PLAN. SHOW IT TO AS MANY PEOPLE YOU CAN. CREATING THE PLAN IS AN ITERATIVE PROCESS...**

**ACTIONS ON YOUR PLAN MUST BE MEASURABLE! IN THE DETAIL SECTION DEFINE HOW ARE YOU GOING TO MEASURE PROGRESS.**

**DO NOT BE TOO GENERAL!**

**GROUP YOUR ACTIONS IN THE FOLLOWING CATEGORIES:**

- **COMPANY AND REPUTATION**
- **MANAGEMENT**
- **MARKETING AND MARKETS**
- **PERSONNEL**
- **TECHNOLOGY & PROCESSES**
- **OFFSHORE IT OUTSOURCING**

**IF YOU USE THE ABOVE CATEGORIES YOU CAN DIRECTLY LINK THE ACTION PLAN TO THE "ITO COMPETENCE RATING".**

## ***ACTION PLAN – IN ACTION***

Before you start action planning we would recommend you to complete the first round of the ITO competence rating.

### **A good start: start action planning with SWOT analysis**

SWOT analysis is a tool for auditing an organization and its environment. It is part of the strategic planning process and helps to focus on key issues. Once key issues have been identified, objectives can be formulated. Strengths and weaknesses are internal while opportunities and threats are external factors.

- Strength:** any internal asset, resources and capabilities that can be used as a basis for developing competitive advantage, value proposition and fight off threats.
- Weaknesses:** the absence of certain strengths, resources or capabilities which would be necessary to be competitive and distinguish from the competitors. Internal deficits hindering the organization in meeting demands.
- Opportunities:** new opportunities that exist in the external environment. Any external circumstance or trend that favors the demand for an organization's specific competence.
- Threats:** changes in the external environment which represent threats to the company. Any external circumstance or trend which will unfavorably influence demand for an organization's competence

Simple rules for SWOT analysis:

- be realistic about the strengths and weaknesses of your organization
- analysis should distinguish between where your organization is today, and where it could be in the future
- be specific. Avoid grey areas.
- always analyze in context to your competition i.e. better then or worse than your competition
- keep your SWOT short and simple. Avoid complexity and over analysis
- SWOT is subjective.

SWOT-Analysis focuses on the following questions:

- What are our objectives ?
- What do our ITO customers want ?
- How do we distinguish ourselves from competitors ?
- How can we improve our services?
- How can we distinguish internal conditions (strengths and weaknesses) from external conditions (opportunities and threats)

Which are the elements of the SWOT that are directly effecting your IT outsourcing capabilities and competitiveness?

### **Define your objectives**

At the beginning of the action plan the overall objective should be defined.

Also at the beginning you should list the strength and weaknesses of your company (related to offshore IT outsourcing) The actions in your plan should reinforce the strong points and eliminate the weak ones.

The action plan should answer the following questions:

- WHAT
- WHY
- HOW
- WHO
- RESOURCES
- WHEN

### **Prioritize your action items**

There are a number of ways one can prioritize issues.

#### **Guidelines:**

- (a) Define the issues beforehand
- (b) Create and explain scoring values. You can use a scoring range 1-10, but you can also use 1,3,5,7 (this is especially useful because people must make a choice, one can not simply take the middle value). Beside these, you can use any other scoring values even pictures or signs (■, ●, □) but you always have to explain what they mean.
- (c) Verify scoring results

1. The simplest way is to list the issues or items and assign a score to each of them;

Item	Score

2. Another way of scoring is to assign a weighting factor to each issue or item;

Item	Weight	Score	Value

**Weight** indicates the relative importance of an issue or item. Weight must be distributed among all items to add up to a certain value (10, 100 for example)

**Value** = Weight x Score

3. It is also possible to use multiple scoring schemes and create a cumulative Value. This is especially useful to score opposing interests to create consensus.

Example for scoring opposing interests;

- (1) In software development it is common that the CUSTOMER and the DEVELOPERS must agree on the priorities to implement

certain requirements. This process is often tense and source of disagreement.

- (2) In the model the list of requirements, functions, features are the same for the CUSTOMER and the DEVELOPER
- (3) The CUSTOMER must score the Relative Benefits of a function might provide and the Relative Penalty the Customer might suffer if the feature is not included.
- (4) The DEVELOPER must score the Relative Risks associated with the implementation of a specific feature as well as the Relative Cost of implementing a feature.
- (5) Alternative: weighting factors could also be used for the individual features or to establish the relative importance of main categories, that is using weighting factors for Benefits, Penalty, Risks and Costs.
- (6) The scoring scale is 1,3,5,7

The CUSTOMER scoring table looks like this;

Features	Benefits (B)	Penalties (P)	Value (B+P)
F_1			
F_2			
F_3			

The DEVELOPER scoring table looks like this

Features	Costs (C)	Risks (R)	Value (C+R)
F_1			
F_2			
F_3			

The accumulated scoring table might look like this;

Feature	Value(B+P)=A	Value(C+R)=B	Score A+B
F_1			
F_2			
F_3			

Based on the score the CUSTOMER and the DEVELOPER can agree on the phases when (and if) a specific feature will be implemented.

It is also possible to devise a more accurate and/or more complex model for scoring opposing interest.

## Action plan

### *Revision History*

Name	Date	Description	Version

### *Overall objectives*

State here the overall objectives here

### *Strength and weaknesses*

List here the strength and weaknesses related to your ITO potential.

### *Stakeholders*

List of stakeholders in the action planning and implementation. Include their role and overall responsibility here.

### *Action plan summary*

No.	What	Why	How	Who	Resources	Deadline
1.						
1.1						
1.2						
1.2.1						
...						

## ***Detailed plan of action***

**No:** 1

**What:** describe the activity here

**Why:** explanation, goals, objectives

**How:** explanation

**Who:** names and explanation of participating people, group AND responsible person

**Resources:** list of resources

**When:** period and/or deadline

**Remarks and deviation from original plan:**

**Measure:** how do you intend to measure progress for this activity?

**Priority:** what is the priority of this action?

---

**No:** 1.1

**What:** describe the activity here

**Why:** explanation, goals, objectives

**How:** how to achieve the goals and objectives

**Who:** names and explanation of participating people, group AND responsible person

**Resources:** list of resources

**When:** period and/or deadline

**Remarks and deviation from original plan:**

**Measure:** how do you intend to measure progress for this activity?

**Priority:** what is the priority of this action?