

How to Work With an Offshore Team Effectively

Since the late 1980's outsourcing has been a hot trend in the industry. Companies all over the world rely on this approach to manage different areas of their businesses. With today's technologies and approaches, outsourced agencies become full fledged in-house teams, taking part in the most complex projects and activities of the clients' companies.

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Here are some of the most notable [statistics](#) for the outsourcing market:

- IT jobs are the most commonly outsourced ones among the SMEs.
- By 2024 the IT outsourcing market is predicted to grow by \$98 billion globally.
- About 300,000 jobs get outsourced out of the US only each year.
- More than 37% of small businesses outsource in order to improve efficiency.
- 71% of financial companies offshore some of their services.

Outsourcing comes with many benefits and some challenges at the same time. By knowing what to look for, while delegating your project to a dedicated offshore team, it is possible to mitigate risks and come out with a great product. So, in this post we'll shed some light on effective tactics and strategies of working with offshore teams.

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5 Main Reasons Why Businesses Hire Offshore Teams

Companies are on the constant lookout for the ways to improve their strategy, reduce costs and come up with better and more efficient solutions. In this regard, outsourcing is a great and proven way to do that, as well as develop high-quality products. Here are the top five benefits that this approach offers.

#1 Controlled costs

For new companies or projects with limited budgets price can become a deciding factor in determining whether or not to outsource product development. Even small in-house teams can sometimes cost business owners thousands of dollars to maintain. Recruitment costs, hardware, office rent, software licenses, salaries and taxes — these expenses can easily take up a large share in the project budget, and even burn a hole in it, if not managed properly.

By outsourcing project development to offshore agencies, companies reduce business expenses and, thus, free up resources that can be invested into the product itself. Offshore outsourcing is also a much more viable strategy compared to onshore development.

The price of software development in the US, for example, goes up to \$300 per hour (for Enterprise-level products) when dealing with a domestic company, meanwhile offshore development companies from Europe offer rates that are *three and even four times lower*.

#2 Drastically improved efficiency

When companies outsource their projects they can concentrate on those business processes that usually fall off of their focus. With the help of offshore developers such activities as marketing strategy, branding, demand planning can be executed during project development and not rushed through once the project is done.

Offshore agencies are also much less prone to understaffing, which means you don't have to worry of employees getting sick, being late to the job or aren't showing at all. With an outsourcing company the work on the project can continue around the clock.

#3 Focus on overlooked areas

The saying '*shoemaker's kids have no shoes*' perfectly describes the state in which lots of businesses live on a daily basis. Companies can deliver great products or services to their clients but may not have time to deal with the internal projects. As a result, great ideas end up sitting on the farthest shelves, gathering the dust.

Outsourcing projects in full or partially expands business' capacity, allowing managers to allocate internal human resources to other projects that are normally overlooked. Another advantage of outsourcing is that a company becomes immune to market fluctuations or sudden shocks.

Doesn't matter if it's an unexpected bug in the product, change in customer demand or a new competitor on board — the company will always have free in-house resources to come up with a solution to the problem.

#4 Access to a global talent

In-house teams are limited by their local markets. This means that businesses often need to compromise when it comes to human resources or recruitment activities. For one, it's still hard to recruit skilled tech talent locally. Even with the global pandemic rolling on, the War for Talent is not going to cool down anytime soon. Top-tier tech specialists still get bombarded by dozens of emails and phone calls from recruiters.

On the other hand, if your project requires a combination of uncommon technologies or programming languages, the only way to find a professional with relevant tech expertise would be going offshore. And this is where outsourcing can come in handy.

#5 Flexibility

Product development is rarely a straight line or a map where all directions are known. It is a process that often means developing a new approach, or changing the existing plan. If that happens it is important to ensure that the team can also be scaled up or reduced in order to meet new requirements.

In case, if you are doing a project with an in-house team it would be extremely hard to do any adjustments. Once the work scope changes you will end up maintaining an extra workforce that is not involved in the project anymore. Of course, you can dismiss full-time employees, but it can make things even worse, as recruitment of an in-house team for a new project will be even tougher.

With outsourcing, you are free to choose how much resources you need at every stage of project development, and once the project is complete you are not required to retain extra workforce. You can just end up working with an offshore development team, or request a small team, just to support your project.

Challenges of Working With an Offshore Development Team

Does outsourcing come without any cons? Of course, not. No strategy is perfect, and here are the most common challenges that clients come across while handing their projects to third-party vendors.

Cultural differences

Business owners are always focused on the company's growth, strategy and market demand. And that's totally ok. However, when it comes to outsourcing, what works for your local market does not necessarily work for the country you delegate a project to.

Such nuances are closely connected to the culture and may come out on the different stages of product development in form of the misunderstanding between client and outsourcing vendor or inability to meet some of the project requirements.

How to overcome: Give the outsourcing team all the information it needs. Precisely describe the target audience of your product and the nuances of your market. Provide detailed feedback on all the vendor's questions to ensure their perspective is in line with your vision and project mission.

Lack of business or domain knowledge

The success of a project can be identified by how well it fits the needs of an audience it is built for. If your project is domain-specific, for example, building a [machine learning educational platform](#), it's better to find a team that already had some experience working on similar projects. Otherwise, you'll have to dedicate a lot of extra time and effort to keep the team on the right track.

Even if the offshore agency of your choice has five-star feedback from their previous clients, but zero expertise in the domain you're looking for, there's no guarantee they will be able to complete your project.

How to overcome: Check the vendor's portfolio and make sure that they have the needed know-how for your project.

Communication challenges

There are two things that can make or break the whole project: time-zone difference and language skills of an offshore vendor. Significant difference in time-zones makes it difficult to communicate with an outsourced team, postpones calls and video meetings, lowers team productivity and delays project delivery.

On the other hand, an outsourcing team that struggles to understand project requirements because of the low language skills will cost you more in the end. Not to mention time and nerves that will never be recovered.

How to overcome: There has to be at least 2–3 hours overlap between you and an offshore partner. Overlapping hours can be effectively used for communication, feedback, checking the project progress, etc. Hire only those outsourcing teams whose level of English is Intermediate or higher.

Possible quality problems

With the booming outsourcing market, the price becomes the only competitive advantage for lots of offshore agencies. In order to offer clients the lowest rate, vendors hire low-level talent or use a so-called '*Bait-and-Switch*' strategy. For example, they pitch an A-class offshore team for enterprise client and shortly after the work starts, hand the project to the less-experienced developers. It all results in a poor code, wasted time and resources.

How to overcome: Don't opt for the lowest price: *if it is too good to be true, it probably is*. Assess average rates of the market you want outsource your project to, and compare them to the price an offshore vendor is offering. Check the feedback from their past clients to ensure there will be no quality issues whilst the project development.

Ineffective project management

The unclear roadmap or not understanding what's going on at each particular development stage, without a doubt, are the red signs that something goes wrong. If you came across these offshore team challenges, it can either mean that the vendor is incompetent or aren't following the methods that you use in your work.

How to overcome: Ensure that the outsourced team fully understands and follows the development methodology a project requires. Make sure that the outsourcing company does have access to the technologies or tools needed for the completion of the project.

7 Steps to Working Effectively With an Offshore Team Sprint tasks:

#1 Clearly communicate your vision and expectations

When all the expectations are set upfront, it becomes much easier to achieve them, as well as monitor the development process. The outsourced team has to clearly understand what is expected from them and what the requirements for the future product are.

#2 Define the scope and schedule of the project in advance

Setting the scope for the project will help to precisely plan deliverables and align goals with expectations before the project actually starts. It's important to describe desired results as clearly as possible, schedule delivery dates, identify job roles and key responsibilities. It has to result in a complete list of work to be done.

#3 Communicate frequently

Good communication is a cornerstone of the entire project. In order to succeed with your remote team, implement regular remote meetings, use shared documentation, adopt standards for presentations. The team should understand that the client is easy to approach, which will, in turn, eliminate possible conflicts in the future.

#4 Provide instant feedback

Project development is always a two-way street. Make sure to provide instant feedback and address all the questions, concerns and ideas of the outsourcing team. This is how you will boost the efficiency and eliminate bottlenecks during a project development.

#5 Make effective use of overlapping hours

2-3 hours overlap is a great time to hold virtual meetings, get updates on what has been done by the offshore team in the past eight or nine hours, set priorities and establish tasks for the next working day. This helps to eliminate delayed decisions and develops the healthy working environment.

#6 Make sure you know what's going on at each particular moment

Staying constantly updated on the work progress is especially important when your team is half-world away from you. To make the most out of it, use one of the project management models (Scrum, Kanban, Agile, etc.) while working with the outsourcing agency. The task becomes even easier if you start working with a self-managed agile dedicated team, as this type of vendor requires the least level of supervision from a client, offering iterative development and collaborative partnership at the same time.

#7 Tie payment to milestones

To avoid missing any features during the production releases, tie payments to milestones that have particular acceptance criteria. By doing so you break a project into smaller tasks making it much easier to complete it, instead of delegating to an offshore team a huge pile of work, all at once.

Final Thoughts

So, that's pretty much it. As you see, even with some risks that outsourcing may bring to the table, with the proper execution and dedicated offshore developers by your side, it is still worth the effort.

If you are looking for a dependable offshore team for a startup or enterprise-level product development, look no further than [Fayrix](#). With the extensive expertise and dozens of successfully completed projects, we can develop your project following the best Agile practices during the development process. Call, send us a message or fill up a form and our customer support representative will get back to you!

