



Manila, Philippines

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Our place in global outsourcing

Outside the Box
John Mangun

The Canadian Chamber of Commerce, under the organization of Mr. Richard Mills, chairman of the ICT Committee, hosted its ICT Leader's Forum early this week. The guest speaker was Mr. Gerry Clark, head of Southeast Asia for TPI, the world's largest BPO consulting firm.

Founded in 1989, the company is the global leader in sourcing advisory services for Global 1000 organizations. If it has to do with business outsourcing, TPI is the expert as it advises most of the firms that are setting up outsourcing companies here in the Philippines.

Companies go to Mr. Clark to ask how, why and if they should set up out-sourcing operations in a particular country, so this man is the expert on how a nation is doing and what it needs to do to attract more business.

There were many foreign faces in the room as these are the people that have the money, expertise and the contracts which provide the jobs outsourcing brings to the Philippines.

Mr. Clark knows a little about the Philippines. However, even some of the "local" foreigners took issue with one of the "disadvantages" he mentioned about the Philippines. Does "political stability" sound familiar?

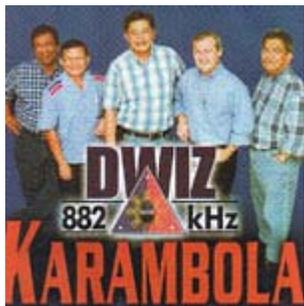
On one of the slides about some of the disadvantages of setting up business in the Philippines were the words "political stability." Yet in the summary portion about the overall highlights in doing business in the Philippines were the words "political stability." Some of the outsourcing operators commented on this fact and felt that there is little problem with this issue. The fact that this idea cropped up on both the plus and the negative side probably tells much about our situation here.

The Philippines "is" stable but gives the impression that at any time the situation could reverse itself. However, we, and the foreigners doing business here, know that the reality is this: It is always business as usual.

The major problem that we have is that the outside world is not sure which way the wind is blowing and that is what creates the problem of attracting investment to the Philippines.

As one who has spent a little time here in the country, Mr. Clark emphasized that perhaps the greatest obstacle to attracting business to these shores is that we do not know how to properly tell our story and to explain the benefits of investing here. He commented that the Philippines must become more proactive in its marketing efforts. Here again, our government has failed in doing its job to let foreign money understand why they should come to the Philippines.

It is not enough to simply organize a road show or have the President or agency head host a luncheon in New York or London. Mr. Clark's word was that we must understand that "This is war!" And that is the mentality that we must embrace. The Philippines, through its government agencies that are responsible for bringing in investments, have yet to grasp the fact that there is intense competition among nations for foreign investment. It is not only a



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matter of smiling and answering investors' questions, but that we need to be aggressive. Perhaps as aggressive as we are in our political arena.

Another point that Mr. Clark made is that the Philippines is somewhat lacking in the ability to be innovative both in the creative meaning about how we do business and in the ability to adjust to changing circumstances. I sensed that here again, he could have been talking about the way that the government markets the Philippines.

When I look again at the supposed disadvantages to forming an outsourcing business in the Philippines, there did not seem to be anything too specific as in the other countries that we are competing against.

For example, a very small pool of qualified English speakers is a problem in China. India is having a major problem with employee turnover in the outsourcing business. The only specific weakness in the Philippines was that we have a somewhat smaller pool of people with broad IT skills. That is why India is far ahead in computer software developers. But that is not a negative. It only means that we are not in a position in that one area to become a world leader in terms of the number of those types of outsourcing companies that might look to invest here.

India is far and away the leader in attracting outsourcing businesses. All the other countries playing in this game are mostly tied for second place. No one really stands out.

However, for all of the others "tied" for second, there were detailed problems that they needed to address in order to rise above the rest. In the Philippine case, we were just sort of lukewarm, neither particularly good nor markedly poor, in the categories that these countries were being rated on. Based on the surveys and studies I have read, the Philippines does outstrip much of our competition.

In this case, it was like hearing an insulting comment and not being sure if it was meant for you or not. Are we good enough to do business with or not? Maybe the rest of the world is just waiting for us to help them make up their minds about the Philippines.

E-mail comments to mangun@email.com.

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