



'DISTRIBUTED TEAMS'

THE NEW ART OF COMPETING

SUMMARY

Through the impact of technology in recent years, new opportunities have arisen for companies to evolve the way they work. These opportunities are eliminating geographical boundaries. We are living in a global marketplace, where we can no longer ignore the need to adapt in order to compete.

How can we adapt? Through the utilization of distributed teams.

Distributed teams are the solution to many problems that companies face every day; one of those problems being the local talent shortage. This document will show why distributed teams are the new way to compete. And also, the benefits of working with distributed teams.

INTRODUCTION

To understand where we are, we must know where we started:

- Before the 1990's, the status quo for resourcing was in-house staffing or consulting.
- The birth of the internet ushered in a new concept for resourcing that promised to be THE ANSWER to how companies hired - offshore outsourcing.
- Unfortunately, it failed in many aspects such as in culture, schedule, language and skill sets. Therefore, other concepts were developed such as Nearshore and Onshore. However, these, as well, faced obstacles - the primary obstacle being limitations on technology.
- As technology has advanced, this has opened the door to reconsider the utilization of external teams; distributed teams are the new solution.

Why reconsider external teams?

- In 2010, it was acknowledged that talent shortage was a colossal business risk that would keep companies from competing in a new global market.
- The gap in skills is closing between developed countries and undeveloped countries as per the G.P.D. Growth report from Oxford Economics.
- Global markets are giving rise to innovative, cheaper competition that is open to new methods of operating.

"46% of employers are having difficulty filling jobs, with skilled trade workers being the hardest job to fill."

**ManpowerGroup - 2016
Talent Shortage White Paper**

With a starting seed round of \$250,000 in capital funding, WhatsApp turned to virtual teams to deliver on their vision.

Let us explore an example of success with the case of WhatsApp. Entrepreneurs were able to sell an idea of how to better communicate. They were competing against messenger applications such as BlackBerry Messenger, Hotmail Messenger, and Facebook Messenger. They needed to find a way to develop their promised idea with a small seed round of \$250,000. They found their answer in the utilization of external teams. Today they are one of the biggest success stories of startups, after being sold to Facebook for \$19 billion!

What is a Distributed Team?

A team that is decentralized; Its members can reside anywhere in the globe. These teams often do not reside together, but there are exceptions with certain pockets of team members being nearby. They differ from offshore teams in that they are not bound by talent found where offshore companies reside. The talent pool is now global!

What benefits do distributed teams offer?

- **Reduced Costs**
- **Diversified Experience**
- **Acquisition of Best Talent**
- **Increased Productivity**

Reduced costs

Reduced costs can be found in:

- Staff
- Rent
- Public services
- Furniture
- Transportation
- Time

Companies working with distributed teams can save around 60% on overhead costs.

Example:

A US startup can hire a Web Developer at \$24000/year in Latin American countries as compared to hiring someone in-house that can cost around \$100,000/year. This difference can be the difference between getting through the initial rounds of capital or fumbling through your cash without a product-in-market.

Thanks to the hiring of distributed teams it is possible to hire the best talent at rates which will allow you to compete globally.

Besides the cost of talent, some other costs need to be considered as well related to operations. Rent, utilities, office furniture, transportation and the time involved in managing all these are costs which often do not get considered when deciding between internal and external teams but can put your company budget over the top. Distributed teams can also represent a reduction in these costs.

Thomas Cook returned to profitability by implementing an outsourcing strategy and thus reduced it's back-office costs by 30% within 18 months.

If you reduce the amount of money you spend in physical offices, imagine what you can do with all that money. You could invest in additional and better human talent, tools, training, among many other things.

Diversified Experience

Since distributed teams can be located in different parts of the world, it makes for a diversified team. Team members from South America will have a different experience from team members in Africa concerning user experience, skill sets, and backgrounds. This diversification makes for a stronger team that can produce more input from many more perspectives. The more input results in more ideas, and therefore in more learning, which provides a better execution and delivery of your products.

Example:

In the TechAID Marketing team, there are team members from the United States, Venezuela, Colombia, and Ecuador. These four countries have different cultures. Due to the difference in culture, marketing strategies are approached from different perspectives in each country represented. When the members of the team meet, they provide their ideas according to what they know and what they have experienced. This environment results in a plethora of ideas which result in more efficient campaigns.

Guy Kawasaki, Apple Consultant, and Marketing Specialist said: ***“Don’t hire people like you, hire your compliments. Are you white and male? Hire a woman of color? Are you young? Hire someone older. Hire the things you don’t have, like experience or a diverse perspective. Hire a wide range of ideas.”***

Acquisition of Best Talent

Distributed teams are erasing the lines drawn up by country borders. Obstacles generated by local immigration laws have prevented top talent from reaching those companies who are desperately looking to stay on top. This obstacle is why, now, the way to move around these obstacles is to go out and reach out to this talent through distributed teams.

With distributed teams, the world is your talent pool. This broadens your ability to hire the best talent.

How are employers addressing the talent shortage



The majority of employers are recognizing that recruiting outside their talent pool is the answer to the talent shortage. This is why distributed teams are the answer to this business risk.

“Service companies that have been able to leverage global labor pools are better positioned to bridge the people and engineering gap” - John Carmody, Head of North American Sales, (EPAM Systems. (NYSE: EPAM.)

Higher Productivity

Why are distributed teams more productive?

For the most part, companies still believe that people need to have close oversight to be productive. This relates to an old belief that can be traced back to Bible times. The idea was that if people were not watched over by their slave masters, the people would naturally not produced. This concept carried over to the industrial age in assembly lines, and today, it continues to keep companies from transitioning into what is needed today to compete.

86% percent of the employees said they preferred to work alone to “hit maximum productivity.”

(SurePayroll)

80% of workers reported higher morale when working from home, while 69% reported lower absenteeism.

(PGI-Software services)

A study by The Stanford University concludes that working from home increases productivity by 13%. Of which 9% came from more minutes worked (less downtime) and 4% from the realization of a higher number of calls per minute that is attributed to a quieter and more convenient work environment.

Some people have had to leave their jobs because they had no one to take care of their children or because a relative was found with a severe illness, preventing them from attending a regular work schedule in an office.

Thanks to the flexibility found in working from home, distributed team members find themselves with less stress, a better work-life balance and the ability to tend after their loved ones.

An employee who is happy with his/her work and life balance is found to be more productive. It is not merely the money that he/she gets that will allow the company to retain them; it is also for the work environment.

Barack Obama said: ***“Attracting and retaining employees who are more productive and engaged throughout flexible workplace policies (like remote, telework) it is not just good for business or our economy. It is good for our family and our people”.***

What obstacles do distributed teams face?

To provide a broader perspective of distributed teams, it is also important to talk about the obstacles that are still faced by distributed teams.

As companies adapt to distributed teams, they will face the same problems that any foreigner faces when stepping on foreign territory.

- *Culture*
- *Language*
- *Time Zone Differences*

- Companies do not understand local cultures nor do employees understand the culture in which the company resides.
- Furthermore, although people from around the globe speak English, they may not understand the idioms utilized by local employees.
- Last but not least, there is a difference in business hours which some consider it to be an advantage, but we at TechAID consider it to be a disadvantage because this difference impacts the communications between the team members.

This means that jumping into the world of distributed teams is not a smooth transition. Companies need a liaison into the global talent pool. This is where TechAID proves to be very valuable.

We specialize in providing that integration that is needed to make the experience of distributed teams a successful experience. We can find the best talent for you and allow you to take advantage of distributed teams without having to deal with its obstacles.

Want to take advantage of distributed teams? Hit us up for a *free consultation* to discuss how you can implement your very own distributed team:

howdy@techaid.co

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