

## **The Vikings Are Coming**

By Samuel Rachlin

Two days of presentations and debate proved, once more, that outsourcing is one of the hottest and most challenging issues of our times for politicians, business leaders, consultants and Labor organizations alike. If someone had any doubts, globalization and outsourcing go together and feed off each other. “Global Outsourcing and Nordic Insourcing” – the conference organized by the Nordic Council of Ministers, The Nordic Council and the Nordic Innovation Centre – left no doubt that it is of paramount significance to face these challenges, choose a strategy and coordinate our efforts if we want to preserve the prosperity of the Nordic region and remain on top of the global competition for excellence and economic success.

### **Followers or leaders**

One of the speakers, Rolf Larssen, on the second day of the conference, raised the question: “Do we want to be followers or leaders?” It was, of course, a rhetorical question because it is obvious to everyone that the Nordic countries do not want to be and cannot see themselves as followers. Being a follower is not an option for a group of countries that have become accustomed to being considered as leaders in economic terms, social achievement, education, accumulation and implementation of knowledge and high-tech development. The question now is how to exploit our comparative advantages and sustain all our accomplishments in the age of globalization and outsourcing.

One of the conference’s clear messages was that outsourcing is not something being done to us, but something we have created ourselves and contributed to thanks to the open borders, the free flow of capital, goods and information around the clock and

around the globe as some of the blessings of globalization. There was general agreement that this benefits our economies, companies and the prosperity of our societies. But it was also clear, especially at the conference's first day, that some people feel that outsourcing is more than a challenge. Although they did not describe it as a danger or a threat they tended to see it as something that we needed to shield ourselves against. For some speakers, "insourcing" seems to be the alternative, the counter weight that could balance what we lose to outsourcing. They emphasized the strengths of the region that make it attractive for foreign investors – from the Scandinavian way of life and the fabric of culture to our infrastructure, political and economic stability, our highly educated workforce, industrial structure and innovative ability. Industrial clusters in bio-tech, ICT, pharmaceuticals and other sectors create an environment that is attracting capital and people from outside the region.

### **Close up or Far Away**

Seen from that vantage point, there is definitely no shortage of advantages, strengths and reasons for the region to maintain its leadership position and counter outsourcing with insourcing. It became clear in two break out sessions on the first day of the conference that the region has much to offer in that respect and by integrating some of the neighbouring countries. Part of this discussion focused on neighbourhood outsourcing as opposed to "far away" outsourcing.

Although it was not stated explicitly, the discussion revealed that what appears as outsourcing to one country is insourcing for another. The fact of the matter is that distance and neighbourhood does not really matter in the age of globalization. Distance is dead, borders are, to a large extent, non-existent, and whether the prefix is "out-" or "in-" they are part of the same process and forces and lead to the same benefits for the players at both ends. Several speakers as well as participants in the audience, pointed out that outsourcing is what merchants and businessmen always

have done everywhere under different conditions and names, but driven by exactly the same motives – better and cheaper goods and services, efficiency and profitability. In that respect, there is nothing new under the sun except the speed and ease that the new technology and infrastructure has provided.

Summarizing the outbreak session he was in charge of, Petri Peltonen, dwelt on the Nordic strengths that had been discussed and analyzed by the participants in his session. They found numerous advantages that gave the Nordic countries global visibility and placed the region in a strong position to face competition from other countries and regions. One of his points though was that we have to keep asking ourselves about our qualities. Yes, we are good, but at what? Yes, we are well positioned, but for what? Like other speakers, Peltonen emphasized the importance of education and research to ensure continued growth and support innovation. He pointed out the need to break down the shutters between the universities that focus on research and the business community that can apply the results of the scientific achievements and convert good ideas into projects.

### **Don't Worry, Don't Panic**

The core question that followed the deliberations as an undercurrent on both days seemed to be “What are we left with in the Nordic countries when outsourcing runs its course and will affect our societies on a much more massive scale than we have seen so far?” There were no custom tailored answers, but speakers like Tor Jacob Ramsøy and Peter Rasmussen admonished decision makers in the public and private sectors not to panic and understand that the majority of jobs in the economy cannot be outsourced, and that job creation will outpace offshoring by a wide margin. Ramsøy, furthermore, pointed out that as Europe is lagging in outsourcing compared to the U.S. European companies will be suffering under a significant competitive disadvantage until they catch up. The road ahead of us must be based on learning

from the existing experience on outsourcing and then act in accordance with the accumulated knowledge and understanding of the importance of cost savings, improvement of quality and performance and innovation. The refrain of the conference seemed to become that the Nordic countries have everything working for them, they are in a strong position to face the challenges ahead of them, but they must avoid complacency and understand that they cannot afford to ignore the mega trends that are unfolding on a global scale.

They need to act in a timely, strategic and coordinated manner to exploit their comparative advantages and realize that outsourcing despite pain and tears at the initial stage will benefit the national economy and the society in general

### **A Recipe for the Road Ahead**

On day two, all 4 speakers in the morning session, Anders Knutsen, Börje Svanborg, Rolf Larssen and Fabian Wallen, focused on the strategic approach and encouraged their listeners to embrace outsourcing as the rational solution of our time to enhance the value chain. We should mobilize all our regional resources in developing our competences and expanding our knowledge by taking full advantage of the existing clusters and giving the highest priority to innovation through education and research. The message was unambiguous: outsourcing adds value and benefits everybody.

Fabian Wallen, in his presentation, had a clear view of what it will take to get the utmost out of the present challenge by looking at it as an opportunity. His recipe for the Nordic countries' global success requires:

- flexible labour markets to ensure a smooth and efficient job turnover
- strong incentives to work and educate oneself which among other things would mean that there must be a bigger difference between transfer incomes

and income from regular work. At the same time, taxation must be changed to make it attractive for workers and professionals to work

- keeping rising labor costs on a sustainable low level
- improving the investment climate
- uniting behind the Lisbon agenda to reach the goal of Europe as the most competitive and knowledge-based economy in the world.

### **Who Are We?**

During the concluding panel discussion, one of the participants in the audience drew the attention of the speakers to the fact that they kept referring to “we” in their presentations. He wanted to know who “we” are. Although he recognized that the Nordic family has a lot in common and shared many interests he also found that each nation has its own characteristics and its own specific interests. He cautioned against too far reaching generalizations in the effort to optimize the regional advantage.

Nevertheless, when it was my turn to summarize the proceedings in an attempt to wind up and at least try to sketch an outline of a conclusion I could not help but presenting an image that had taken shape in my perception during the two days of presentations and discussion. It was clear to me that we are dealing with a moving target and are not just witnesses, but participants of a process that is still very much in its development stage. While we are discussing what to do and how we should adapt ourselves to the new reality that same reality has already changed and moved on. That’s how fast things are moving when globalization, technology, and production patterns are concerned. It’s an exercise like trying to capture an eagle in its flight.

### **Myth And Reality**

During the conference, we heard “the Chinese are coming!”, “the Indians are coming!” It is, of course, true that these two nations and other countries have

experienced tremendous growth – a development that was almost unthinkable 10-20 years ago. Taking the clue from the speakers and the ensuing discussion, I suggested that I had found out who “we” are. We are, of course, the Vikings – some of the most daring explorers of their time who went out to trade and barter and became the earliest outsourcers of this part of the world. I recognize fully that the image is not all positive, and that part of the Viking legacy is that they were raiders and plunderers. They went berserk when they had too much to drink. But this is part of the legacy we easily can shed while keeping the Viking image as a symbol of modern entrepreneurship and frontier spirit along with the ability and will to lead.

Vikings enjoy a lot of name recognition all around the world and are a fitting image for what the Nordic countries are and want to be. Thus, it’s appropriate to conclude by saying that “the Vikings are coming!” It is the second coming of the Vikings, but it’s not a threat. It’s a promise of what the Nordic countries have to contribute to the continued success of their own region and other countries near and far. Ideally, all our partners in this globalization gambit will benefit from our skills, knowledge and talent along with the cultural and social values that are part of the package we bring to the table.

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