



ESL Podcast 216 – Outsourcing Operations

GLOSSARY

overhead – the money a company spends to run its business

* Moving to a bigger office building will mean an increase in the company's overhead for upcoming years.

to outsource – to have company business done by people outside of the company; to pay someone else to do part of the company's work

* Many companies outsource for services that they need only once in a while.

pros and cons – reasons for and against something; the positive and negative reasons for something; the advantages and disadvantages; the good and the bad parts of something

* She sat down with her parents and made a list of the pros and cons of going to an out-of-state college.

in principle – in general, but not necessary all the time or in all cases

* She followed the recipe exactly, so in principle, the cake should taste good.

downside – the bad parts of something; the negative aspects of something; the disadvantages

* The downside of the job promotion is working more hours.

in house – in the building; within the company

* She used to work part-time for that publishing company, but now that they edit its books in house, she has to find other work.

non-core operations – the services within a company that are not as important to the main business

* When a company decides to downsize, non-core operations are usually the first of many departments to let people go.

IT – short for “information technology”; a department or part of the company that handles computers and technology-related problems

* Lisa was told to make an appointment with IT so she can learn about the new programs that they've just installed on her computer.



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accounting – the department or group of people at a company that keeps track of how much the company spends its money and how much money it receives
* June is a busy month for government accounting departments since it's usually the end of the official year.

call center – a place where people answer or make phone calls for companies
* Many U.S. airline companies forward customer calls to call centers in other countries.

call volume – number of calls; the number of calls during a specific time period
* This month's increased call volume proves that it was a good idea to advertise in major newspapers.

to micro-manage – to tell someone what to do step-by-step; to supervise work too closely and not to let employees make their own decisions
* The new hires wouldn't have to be micro-managed if they showed up on time and did what they were supposed to do.

oversight – supervision; overseeing someone or some work to make sure it is done properly and on time
* Hopefully, having Beatrice working at the downtown office will give her more oversight of the Showland project.

quality control – rules and levels of standard in a company to make sure that something is as good as it should be
* If a product doesn't meet quality control standards, it is never sold.

offshore – company business done in foreign countries; overseas
* It's not unusual for American companies these days to have offshore operations.

to think along the same lines – to be thinking of the same thing or of doing the same thing; to agree with someone else's thinking
* Laura and I were thinking along the same lines and agreed to paint the living room walls blue.

staff – a group of workers
* For Martha's birthday, the staff put money together and bought her a nice sweater.



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COMPREHENSION QUESTIONS

1. Which part of the company is Bonnie and Jean-Luc not thinking of outsourcing?
 - a) The call center
 - b) Accounting
 - c) IT
2. What does Jean-Luc think of Bonnie's suggestion to outsource some of the company's operations?
 - a) He disagrees with her.
 - b) He thinks it's a good idea.
 - c) He doesn't think the staff will like the idea.

WHAT ELSE DOES IT MEAN?

overhead

The word "overhead" in this podcast means the money used to operate a business: "If we don't reduce our overhead, we'll need to fire at least 10 employees." The word "overhead" can also be used as an adjective to mean something that is above your head: "This room is too dark. We need to install some overhead lights so visitors can see the displays better." Or, "While I was sitting on the beach, a really big bird flew overhead and made a lot of noise." In an airplane, the storage space where passengers put their bags above their seats are called the "overhead compartment": "I was the last passenger to get on the plane and there was no more room in the overhead compartment for my briefcase."

staff

In this podcast, the word "staff" is used as a noun to mean a group of workers: "The staff's positive attitude made it a pleasant place to work." The same word can also be used as a verb, "to staff," which means to supply or hire people to work on something or for someone: "Make sure to staff the event with at least eight waiters and five busboys." "Staff" can also be used as a noun to mean a long stick that is usually as tall as or taller than the person carrying it: "In the story, the old man who lived on the side of the mountain always carried a staff to help him get around."



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CULTURE NOTE

Many companies outsource to reduce costs. It makes sense that if a company can get work done by hiring an outside firm, they will have a “competitive advantage” or a better chance of getting a customer because of their lower prices. As outsourcing has become more common in U.S. companies, however, it has become more “controversial,” or something that people disagree about. The most controversial part is “offshoring,” or transferring a company's work to another company in another country that specializes in that type of work. The two areas in a company most likely to be offshored are production and service.

American companies have, for a long time, offshored production or manufacturing to countries where “labor” or paid work is cheaper. For instance, U.S. companies may “manufacture” or make their electronic parts in Taiwan or make clothes and toys in China. Until recently, companies didn't think that services could be offshored. With the creation and improvement of telecommunications, however, many large U.S. companies have transferred their call centers offshore. Even though the company provides a phone number in the U.S., calls are “forwarded” or sent to a different company that's been contracted to take them, such as those in India, South Africa, or the Philippines.

Although offshoring is becoming more and more common, there have been “critics,” or those who have a negative opinion. One of the drawbacks they point out is that offshoring results in lower quality of service. These critics argue that because outsourced workers don't actually work for the main company (they work for the company that's been hired to do the work), they might not care about the quality of the job they're doing as much as regular workers would. And, since outsourced companies tend to do one type of work for many companies, some say that special needs that a company has may not be served.

Comprehension Questions Correct Answers: 1 – a; 2 – b



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COMPLETE TRANSCRIPT

Welcome to English as a Second Language Podcast number 216, “Outsourcing Operations.”

This is English as a Second Language Podcast episode 216. I'm your host, Dr. Jeff McQuillan, coming to you from the Center for Educational Development in beautiful Los Angeles, California.

Remember to visit our website at eslpod.com to find more information about this podcast, additional services we offer and a complete Learning Guide to this episode. The Learning Guide contains all of the vocabulary, additional words, explanations, sample sentences, cultural notes and a complete transcript of this episode.

This podcast is about a business that tries to hire, or get, another company to do part of their work. It's called “Outsourcing Operations.” Let's get started.

[Start of story]

Bonnie: I wanted us to meet today to talk about ways to reduce our overhead. One suggestion is for us to outsource some of our operations. I'd like to hear what you think are the pros and cons of doing that.

Jean-Luc: I think that, in principle, it's a good idea. It would save us a lot of money, but I see a downside. We would lose control of some of our key in house operations.

Bonnie: Well, I think that we want to focus on non-core operations, such as IT or accounting. I know that other companies have outsourced their call centers, but that would take a lot of training, especially with our call volume.

Jean-Luc: I completely agree. I don't think that the call center needs to be micro-managed, but it does take more oversight than IT or accounting for quality control, especially if we decide to go offshore.

Bonnie: Okay, I think we're thinking along the same lines. Let's call a meeting with the rest of the staff to get their thoughts. How about next Tuesday at 10 a.m.?



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Jean-Luc: That works for me. I'll send out an email out to everybody today.

[End of story]

The title of this podcast is, "Outsourcing Operations." To outsource, "outsource," one word, means to get another company to do part of your work. So, if your company or organization does many different things, it may hire, "hire," or pay another company to do part of your work. Operations just refers to the different things that a company does.

Our dialogue is between Bonnie and Jean-Luc, and they're in a meeting - always an exciting thing. Bonnie says to Jean-Luc, "I wanted us to meet today to talk about ways," or methods, "to reduce our overhead." To reduce means to make less or to lower. Overhead, "overhead," is the money that a company pays for its rent, for its insurance, for all the things that it needs to keep the company going.

Overhead is sometimes called fixed costs. Fixed, "fixed," costs, "costs," are costs, or expenses - money you have to pay - that do not depend on how much your company produces. For example, if you are a manufacturer, a maker of chairs, you need to buy materials, to buy things to make each chair. But, there are some expenses, some things you have to pay for - the rent, the lights - that do not depend on how many chairs you sell, and these fixed costs are your overhead. It's what the company pays, no matter how much it sells of a certain thing or makes of a certain thing. The word overhead actually has a couple of different meanings. Take a look at the Learning Guide today to find out what else overhead means in English.

Bonnie says, "One suggestion is for us to outsource some of our operations." We know what outsourcing means. It means getting another company to do some of your work - paying another company, or another person, to do part of the work of your company. This has become very popular in many companies in the United States. Take a look at our Learning Guide where we talk about this more in detail.

Bonnie says, "I'd like to hear what you think," Jean-Luc, "are the pros and cons of doing that." The pros, "pros," and the cons, "cons," refer to the good things and the bad things. The pros are the good possibilities, what we may call the advantages, and the cons are the bad things, or the disadvantages. We also use the expression, "the pluses and the minuses." A plus is something that is good



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that adds something, and a minus is something that takes something away, or is a negative thing.

Jean-Luc says, “I think that, in principle, it’s a good idea.” The expression here, in principle, “principle,” means that Jean-Luc likes the idea in general, but not necessarily for this specific case, for this specific situation. So, when someone says, “Well, that’s good in principle,” they mean, well, in a general way, maybe for some other situation, but not necessarily for this particular situation. We might also say, theoretically. In principle or theoretically, it’s a good idea.

Jean-Luc says, “It would save us a lot of money, but I see a downside.” A downside, “downside,” all one word, is a negative result, a bad thing that could happen if you do this thing. For example, if you walk up to a beautiful woman and you say, “Hey baby, do you want to dance with me,” the downside is that she will say, “No! Get away, I don’t want to dance with you!” That’s the downside. The upside, which is the opposite, “upside,” is that she’ll say, “Oh, yes Jeff, I would love to dance with you!” So you see, every situation has an upside and a downside. I usually see the downside.

Jean-Luc says, “We could lose,” or “We would lose control of some of our key in house operations.” In house, “house” - like the house you live in - in house operations are things that a company does by itself, that it doesn’t give to other companies to do.

Bonnie says, “Well, I think we want to focus on non-core operations.” Non-core, “non-core,” are things a company does that are not the most important, they’re less important things. The opposite of non-core would be core operations, and these are the most important things that your company does. Bonnie says that she thinks they should “focus on non-core operations such as IT.” IT means information technology - those are the computer people, some of you listening today are IT people, “or accounting.” Accounting, “accounting,” is the part of the company that pays the bills and collects, or gets, the money. So, that’s the part of the company that takes care of the money and often the taxes that a company pays.

Bonnie says that she knows that some “other companies have outsourced their call centers.” A call, “call,” center is a place where you have people who answer telephones. For example, when you have a problem with something, you may call the company to complain - to say, “I have problem” - and you will talk to



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someone in a call center. It's a building, it's a place where you have usually several people answering the telephone. Bonnie says that having an outsourced call center would require, "would take a lot of training, especially with our call volume." The expression here, call volume, "volume," doesn't mean how loud something is, it means how much there is. So, the volume is the number of telephone calls, in this case.

Jean-Luc says, "I agree," he doesn't "think that the call center needs to be micro-managed." To micro, "micro," -manage, "manage" something means to try to control every little thing. To micro-manage is when a boss tries to tell the employee everything they need to do too much. Usually micro-manage is used as a negative expression, not always. But, to micro-manage means that you have to manage, you have to supervise someone for everything that is required for the job.

Jean-Luc says that the call center does require "more oversight." Oversight, "oversight," is the same as supervision - to be watching something. It requires "more oversight...for quality control." The expression quality, "quality," control, "control," means that you are making sure that it is good. Quality control is what a company does to make sure that the things it is making are of a good, or a high, quality.

Jean-Luc says that this is a special problem if they "decide to go offshore." Offshore, "offshore," all one word, means to go to a company in a different country, or to go overseas, "overseas," to go to a different company in another country.

Bonnie says, "Okay, I think we're thinking along the same lines." To think along the same lines, "lines," means to be thinking the same, we have the same idea. She suggests that they meet "with the rest of the staff to get their" ideas. The staff, "staff," are the other workers, the other employees.

Now let's listen to the dialogue, this time at a native rate of speech.

[Start of story]

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Jean-Luc: That works for me. I'll send out an email out to everybody today.

[End of story]

Our script today was written by - who else? Dr. Lucy Tse.

That's all we have time for. From Los Angeles, California, I'm Jeff McQuillan. Thanks for listening. We will see you next time on ESL Podcast.

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