

[Case Study] Procter&Gamble: Global Business Service

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Date: Dec., 11th, 2009

1. My selection: *Keeping GBS In-House***2. Why other options can't be the solution****① Spin Off**

GBS is a large unit with 5,700 employees distributed globally. This size of outsourcing company should compete in the global outsourcing market. However nobody knows its competitiveness even though its performance in the last 3 years were good. Actually, the global outsourcing industry is dominated by the companies from China and India. Their main strength is the low cost based on the low human costs. To spin off GBS can't sure the success.

② Outsource the GBS division to one company

Human capital is a key resource in the company. In addition, the emphasis on the people is a core value of P&G as the case described. Loss of people in this way is and will be very harmful to P&G. The other employees will also be influenced from this decision.

In addition, as the case mentioned, the existence of the outsourcing company and the negotiation problem are big issues also. I think the second option is the worst option.

③ Outsource the GBS division separately to best-of-breed companies

Basically, it has same problem to the second option - the human capital. In addition, this option is too complicated to realize. GBS provides six different functions in the world wide. The 3rd option may reduce the cost and increase the performance in a small area, but it increase the costs and reduce the performance in the whole world.

3. The reason that Keeping GBS in-house is the best

I think there can't be the solution, but a best option, in this case, keeping GBS in-house. As mentioned before briefly, the other options have significant weaknesses. However, the last option, actually the way that P&G did in the last three years, doesn't have a big problem which can be noticed immediately. In addition, GBS unit has succeeded in its performance although there are some limitation. I think the GBS can improve their performance based on the culture and organization of P&G. GBS can get enough work which will increase its performance as time goes by, and the culture of P&G must make the employees be more concentrate on increasing their individual ability. That is the best way for the young organization, in my opinion.