



**Wanda Lopuch**  
President, GSC

## From the Desk of the President

### What's Love Got to Do With It?

According to the Google executive and best-selling author, [Tim Sanders](#), Love is the Killer App that moves the modern business, and separates true winners from followers. It is that professional love defined as the "*selfless promotion of the growth of the other*" which builds loyalty, which translates directly into recurring revenues. This "Killer App" predicts sound financial results quarter after quarter, year after year. Sanders argues that in today's business, it's not barracudas or sharks of past decades, but smart, passionate and knowledge-sharing "love-cats" that are winning customers, retaining best talents and developing attractive future products.

So, what's love got to do with it? "It" is defined as sustainable and socially responsible sourcing, or 3s. The most socially responsible action any business leader can implement -- according to Tim Sanders and companies like Google, Costco, Starbucks or Apple -- is to adopt Love, this "Killer App," to become an integral part of standard business practices. In plain business language it translates to relentless commitment to train and empower **employees**; because it is smart business when those educated and empowered employees return a quantum leap of energy and commitment to satisfy clients. It means treating suppliers as **partners** with respect and honesty. As Starbucks demonstrates in its "Preferred Supplier Program", it is smart business to offer help and coaching to a partner when needed, and fair terms of contract, which allow a partner to improve and grow with the company. It means empowering **local communities** by extending educational programs beyond company boundaries, by respecting local culture, customs and environment even when they seem to get in the way of the business goals. It is simply smart business, as Patagonia demonstrates quarter after quarter.

If any of the left-brain, fact driven, number-focused serious business executives are still reading this blog, kudos to you for exercising your patience and your open-minded attitude. Love Is the Killer App is about numbers and final results after all. For both left and right brainers, here are a few hard scientific facts that I submit today to dispute Milton Freedman's emotionless "labor-arbitrage" foundation of today's global sourcing.

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## What's Love Got to Do With It?

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According to the latest research in neurology and brain science (e.g. works of [Antonio Damasio](#), USC College of Brain and Creativity Institute)

- humans (read: consumers, customers, employees) are far less influenced by facts than even the Madison Avenue Mad Man is willing to admit;
- loyalty (read: the recurring revenues, lower cost of sales, talent war) is rooted in emotions, not reason;
- ethics, or lack of such (read: so what if it's "fishy"— it's still legal) plays an increasingly important role in purchasing decisions and translates directly into the value of the brand and market capitalization.

Global sourcing, rooted in the labor arbitrage rules of the past decades, is still predominantly a territory of barracudas and sharks. Smart and passionate "3s love cats" are still few and far between. Adopting sustainable and socially responsible sourcing practices – or 3s practices - puts special demands on those who control the territory: corporate strategists, buyers and thought leaders. As they recognize symptoms of a new age and new rules in global sourcing, they need to be more vocal in promoting 3s-based models. Using Tim Sanders' vocabulary, I ask the "love cats": leave your comfort zone of corporate silo and share your successes with the rest of the pack, including your existing and potential supply chain partners. Publicize your best practices for sustainable and socially responsible sourcing.

The Global Sourcing Council (GSC) recognizes the need to provide the platform to share best practices and provide visibility to those real, frequently local, initiatives that bridge the gap between big corporate strategies and local implementation of the "Killer App." Offering recognition to 3s projects is the goal of the [3S Awards Program](#): Awards in Sustainable and Socially Responsible Sourcing.

In the true spirit of sharing, "love cats", we encourage you to promote your suppliers/partners who deliver outstanding results to you – the client, while growing local communities and empowering their employees.

- *encourage an entity* (an informal group or an organization) to share their experiences and achievements using 3s strategies;
- *submit the application* for the 3s Award as the example of the "Killer App," others can learn from it; and you get visibility, recognition and, perhaps, an award.



**3S AWARDS**  
**2010**  
 Sustainable and Socially Responsible Sourcing

## GSC Leadership Convenes

### 2010 Annual Meeting Updates

***\*Please note important changes to place and time of meeting\****

The Global Sourcing Council (GSC) is pleased to announce that we have joined forces with the American Teleservices Association (ATA), NY Metro Chapter, for our annual meeting. **The meeting will be held at the United Nations (UN) on December 8, 2010 from 12:30 – 5:30 pm.** The meeting will start with a tour of the UN, continue with a buffet lunch/networking event, be followed by a program of distinguished speakers, and finish with a cocktail/networking event.

We are excited to introduce the Keynote Speaker for the event, Edie Weiner, president of Weiner, Edrich, Brown, Inc. (WEB). WEB is a leading futurist consulting group in the United States that has served over 300 clients (corporate, academic, government) since 1977, ranging from the U.S. Congress to many of the Fortune 500 companies. Ms. Weiner was the youngest outside woman ever elected to the board of directors of a major financial institution when she joined the board of Union Mutual Life Insurance Company (now UNUM Provident Corporation) at the age of 29. She has been a guest lecturer at Wharton, Harvard, Brown and a number of other universities. She is also the co-author of four books with her business partner Arnold Brown. Ms. Weiner is appearing as a guest of the GSC.

On December 8, Edie will take the audience beyond the constraints of current thinking and assumptions, which she calls "educated incapacity", to the state of Future Thinking. She builds mental bridges connecting *what we think we know* to *what we can imagine*. She weaves from clues, indicators, trends and counter-trends of today the fabric of what tomorrow portends.

Seating is limited, so register early to ensure a spot at this event. Be sure to schedule additional time that day to pass through UN security checkpoints.

To register please go to <http://www.ataconnect.org/public/chapters/nymetro/events.php>



**Edie Weiner**  
Keynote Speaker  
President  
Weiner, Edrich, Brown, Inc.



GSC | THE GLOBAL SOURCING COUNCIL



**Mark W. Sickles**

Advisor to Boards & Executives  
Strategic Governance Fellow - G&A  
Institute  
President & CEO – Natl. Assoc. of  
Corporate Directors, NJ Chapter

## Sourcing Practices

### Culture Management: The Key to Achieving Financial, Environmental, and Social Sustainability Through Global Sourcing

Managing culture is a strategic imperative for the global sourcing industry. Sourcing firms must have the organizational intelligence and agility to adapt to the needs and environment of their diverse client base to help those clients achieve the eco-system capability essential to success in today's global economy: Supervening wholes, directing synergistic parts, to achieve extraordinary results.

While sourcing relationships begin because of price and service, they often end because of the inability to manage culture. Culture management is at the center of a newly created global standard for corporate governance. This article will therefore briefly describe the purpose of culture while revealing how this new governance standard came to be, all to enhance your ability to leverage culture management as a new strategic asset and competitive advantage.

The primary purpose of culture is integration. Integration breeds the organizational intelligence and adaptability needed to achieve financial, environmental, and social sustainability -- the new imperative for business excellence. It is no coincidence that integration is the focus of the emerging sustainability reporting standards being embraced by the majority of the Fortune Global 250.

*"Integration breeds the organizational intelligence and adaptability needed to achieve financial, environmental, and social sustainability -- the new imperative for business excellence."*

In 2009, while serving as Chairman of the Annual MENA Region Corporate Governance Congress Dubai, I facilitated a process in which a combination of board directors and governance opinion leaders representing every major region of the world produced **The Universal Purpose of Corporate Governance**.

This statement is based on the following six assertions:

- The four critical pillars of strategic governance are government, education, professional associations, and industry.
- Government needs to coordinate with education and professional associations to provide guidance to industry.
- Industry values and standards need to be managed in the context of professional and ethical values and standards.
- The focus should be on the creation of cultures based on ethical, professional, and industry values and standards.
- The goal for industry and professional values and standards is to set the bar higher than ethical values and standards and governmental regulations, whose purpose is to serve as a safety net to prevent economic fiascos like *Enronitis* and the capital market crisis beginning in 2008.
- If a firm, unit, function, or individual is not conforming with all three categories of values and standards, it is unethical to continue on that path. Governments should prevent this.

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## Culture Management

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These six assertions serve as the foundation for the following statement:

"The Universal Purpose of Corporate Governance is to integrate ethical, professional, and industry values and standards into firm-level cultures that enable winning strategies, manage risk, meet the needs and expectations of the firm's stakeholders, and fulfill the firm's responsibility for a sustainable world."



One of the participants in this discussion was Professor Mervyn E. King, Chairman of Global Reporting Initiative (GRI). Professor King participated in a rigorous review of the ten Strategic Governance principles, and then helped me finalize The Universal Purpose of Corporate Governance.

More recently, Professor King participated in a recorded conversation now on YouTube in which we discuss the synergistic relationship between GRI's sustainability framework and the Strategic Governance System. Both GRI and Strategic Governance focus on the integration of governance with strategy, risk, culture, and social responsibility. GRI's focus is on measuring and reporting or - "saying what you do", aka *talking the talk* of sustainability, while Strategic Governance provides the global business community with an action-based system of methods, principles, and purpose to actually "do what you say", aka *walk the talk* of sustainability. Culture is the "heart and soul" of this integrated approach to governance and sustainability.

By synthesizing Strategic Governance and GRI reporting into a strategic asset, global sourcing firms are now able to "say what they do about financial, environmental, and social sustainability, do what they say, and document it with openness, honesty, and integrity." The overall effect is a newly enlightened governance regime, made possible by the availability of a principle-based system for achieving it. And at the center of it all is culture.

## 3S Awards Update

The Global Sourcing Council is proud to present the 3S Awards. The Sustainable and Socially Responsible Sourcing Awards is a global awareness campaign aimed at showcasing in vivo projects which bring sustainable and socially responsible sourcing into daily practices. By providing a platform to exhibit these innovative social initiatives from around the world, the 3sAwards campaign will bridge the gap between strategy and execution, thus translating a vision into real-life solutions.

The GSC has implemented 3 classes of the 3S Leadership Awards. These awards will be judged by a panel of distinguished judges:

1. Best in Class for Employee Engagement programs – "3s Engaged Employees"
2. Best in Class for Community Engagement Programs in Global Sourcing – "3s Empowered Employees"
3. Best in Class for Most Innovative Socially Responsible Program – "Out of the 3s Box"

In addition, from all the submitted applications for the 3S Awards, the entire sourcing community will vote on the Best Socially Responsible Global Sourcing example.

Recipients of the 3S Awards will receive recognition as well as a monetary grant at the Global Sourcing Council's Award Ceremony dinner to be held in New York on **February 8, 2011**.

**[Submit your entry now](#)** and showcase your unique approach on a global platform.



**We would especially like to thank [ACS](#), [IIOM](#), and [Kaye Scholer LLP](#) for their sponsorship of the 3S Awards, as well as [LaVida Solutions](#), the website developer for the 3S Awards.**

## Sourcing Education



**S. Jimmy Gandhi**  
Co-Chair,  
GSC 3S Scorecard Initiative

### Educating Professionals about Sourcing in the Global Management Scenario

The GSC has been doing extensive work in the area of educating professionals to make them aware of the importance of sourcing in our global economy, how to deal with the challenges associated with it, and specifically how to create and implement sustainable and socially responsible sourcing practices (3S).

One of the needs identified by practitioners is finding trained personnel who are available to manage and work on global sourcing projects. In reality there are very few formal programs available in colleges and universities to respond to this need. The GSC has taken on the task of raising awareness of the importance of education in global sourcing by seeking platforms in academic conferences and events around the world. We are delighted to report success in this effort which has led to our paper submissions being accepted in the following upcoming events:

- The 8<sup>th</sup> AIMS International Conference on Management being held at the Indian Institute of Management, January 1-4, 2011, where the theme of the conference is "Management Education in 2020: Issues, Challenges and Opportunities." The paper by S. Jimmy Gandhi and Christine V. Bullen, "The Increasing Importance of Education in Global Sourcing," was a perfect fit at this conference because sourcing is indeed a challenge which all major organizations face. The topic has also been accepted as a potential addition to the management curriculum
- 9<sup>th</sup> International Smart Sourcing Conference, January 5-6, 2011 being held at IIT Delhi where two papers will be included – "Getting an Education in IT Outsourcing," by S. Jimmy Gandhi and Christine V. Bullen, and "The 3S Scorecard – Bringing Sustainable and Socially Responsible Practices Into Global Sourcing," by S. Jimmy Gandhi and Wanda Lopuch.
- ASEE (American Society for Engineering Education) 2011 Annual Conference and Exposition, June 26-29, 2011, in Vancouver BC, Canada has accepted the paper by Gandhi and Bullen on "Sourcing – An Important But Overlooked Aspect of Engineering Education."

*"The world of education should begin to address formal management training to provide a better foundation for establishing best practices in global sourcing and the GSC is dedicated to helping this become a reality."*

The acceptance of these papers indicates the growing awareness of the value of education in global sourcing. To date, most professionals managing and working in global sourcing engagements acquired all their knowledge by virtue of the "seat of the pants" when being thrown into the process. The world of education should begin to address formal management training to provide a better foundation for establishing best practices in global sourcing and the GSC is dedicated to helping this become a reality.

Another important GSC educational effort is the 3S Certification, which was launched in May 2010. This certification focuses on the creation and implementation of sustainable and socially responsible sourcing practices. This is a sadly undervalued issue in global sourcing and one that we are working tirelessly to pursue.

If you wish to get involved in sourcing education research, please contact S. Jimmy Gandhi at [sg07646@yahoo.com](mailto:sg07646@yahoo.com) or Christine Bullen at [christine.bullen@gscouncil.org](mailto:christine.bullen@gscouncil.org)

## Sourcing Collaboration

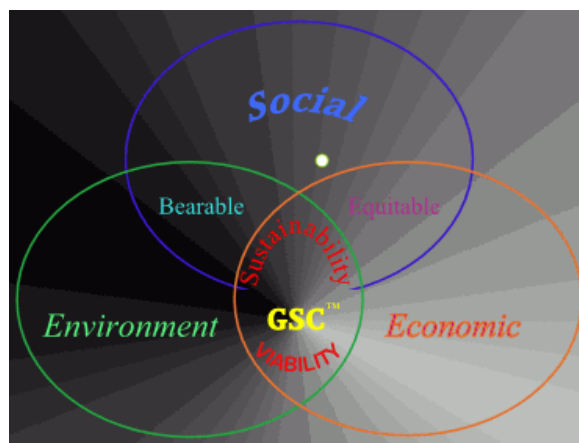
### VIABILITY MADE SIMPLE: The Global Star Certification™

In the spring of 1988 we were asked by a major client to seek out qualified providers of IT services at an offshore location. They were very specific... "We need a company that will be with us for the long term and be capable of delivering the services we need". Thinking through this request we realized that two objectives had to be satisfied, first and foremost was ascertaining the viability of the company as the foundation from which capability could be delivered. Little did we realize that this would be the starting point of the development and deployment of the Global Star Certification (GSC)™ that has been successfully delivered to over 300 companies in 70+ nations. This has included buyers, suppliers, venture capital, advisor and legal organizations that have found the certification as an invaluable tool for unbiased qualification leading to innumerable benefits.

The Global Star Certification™ is comprised of 22 key process areas that focus on business and operational segments. Qualifying a company, on a global basis, is more than just a review of fiscal standing. It involves a close examination of structure, talent, policies, delivered practice and a healthy diversification to ensure continued well being. All of this must be interpreted and pragmatically scored against a highly diverse set of global norms. Sounds simple, but when you look at the multitude of ways a company can organize itself and operate around the world, different styles can have varying stability outcomes.

As a part of a continual process improvement, a new element has been included to address social sustainability. More organizations are looking toward business as collaboration and less as a service relationship. We are happy to see that the Global Sourcing Council (the other GSC) also recognizes this important aspect and is leading the way through both the 3S Awards and the 3S Scorecard initiative.

Viability is an essential part of qualifying outsource providers before diving into capability. A consistent model, with a comprehensive tightly interconnected measurement process is essential. The model is considered by many to be equally valuable for buyers or suppliers. Buyers enjoy a consistently applied unbiased model that has proven the test of time in reducing the risk of supplier failures. To buyers it affords an in-depth insight into how they can strengthen their business, and utilize the brand to further their visibility in a highly competitive global marketplace. For these reasons, the Global Star Certification™ continues to gather interest and commitment from all corners of the globe, in a wide array of sourcing disciplines, and to the general benefit of the outsourcing profession.



**Jerry Durant**  
Chairman Emeritus, IIOM



*"Viability is an essential part of qualifying outsource providers before diving into capability. A consistent model, with a comprehensive tightly interconnected measurement process is essential. The model is considered by many to be equally valuable for buyers or suppliers."*

## Mark Your Calendars

- ☑ December 8, 2010 (please note new place and time)

**GSC Annual Meeting, United Nations, 12:30-5:30 pm**  
in conjunction with the ATA

[Click here](#) for meeting registration. See article on page 3 for more details!



- ☑ February 8, 2010 (please note new date)

**GSC 3S Awards Dinner**

[Click here](#) for information on submissions and awards

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Submissions for the December issue of the GSC Newsletter are due no later than **Friday, December 3, 2010**. Email the newsletter editor, [Marsha Weisfeld](#), with any articles for consideration, or with any

### THE GLOBAL SOURCING COUNCIL

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## About the GSC...

The Global Sourcing Council is focused on assisting organizations from all sectors, buyers and sellers, achieve their economic goals without sacrificing sustainability. The GSC fosters the exchange of information and a dialogue through:

- Best Practices – the GSC defines and delivers best practices celebrating the intellectual and social capital of the world in a respectful and sustainable manner
- Collaboration – the GSC delivers a wide range of events, activities and webinars to enable its members to network, meet, and share ideas, for growth and to further drive the goals of the GSC
- Education – through the delivery of events, information, and certification, the GSC aims to inform and educate its members on all aspects of sustainable outsourcing processes, issues and trends
- Thought Leadership – the GSC offers an open, unbiased discussion platform for new ideas, controversial issues and general information on socially responsible sourcing in a professional and respectful manner.

We are looking forward to hearing from you. Please contact [Wanda Lopuch](#) if you would like to participate in the work of committees or contribute your time, talent or resources in other ways.