

American Indians helping ease outsourcing quirks

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KYLE, S.D. - In the late 1800s, this vast Pine Ridge Indian Reservation was home to the last wars between American Indians and the U.S. Cavalry.

In the 1970s it was ground zero in clashes between federal agents and the American Indian Movement.

Now, business and tribal leaders are trying to segue from an economy reliant on federal subsidies to one that fosters private enterprise.

And in the process, they're becoming a player in the global economy. The reservation, home to the Badlands, doesn't have a lot of natural resources, so much of the focus is on jobs where location doesn't matter.

For Oglala Lakota Sioux like Mary Underbaggage, that means being able to have a challenging career and earn a good living for her and her six children, ages 3 to 21, in one of the poorest areas of the country.

Unemployment is near 80 percent. Substance abuse problems are rampant.

"Our life is comfortable because I can pretty much take care of our day-to-day needs, compared to a lot of other families around me. They really have to budget their money or go without what we pretty much take for granted," said Underbaggage, 40. She grew up near on the reservation and lives on her family's land. Underbaggage has bachelor degrees from Oglala Lakota College in management information systems and business computers, and is working on a degree in information technology.

Most reservation jobs are in the public sector - either through the Bureau of Indian Affairs or the tribe - at tribal offices, schools, in law enforcement and at Indian Health Services. Private sector jobs are mostly limited to the tribe's casino and a growing number of tourism-related businesses.

Underbaggage is one of eight full-time employees at Lakota Express, an Oglala- and woman-owned company that does marketing, telemarketing and Web design in Kyle. She said if it weren't for the opportunity, she probably would be working for the tribe like many other tribal members who stay on the reservation to raise their families.

"There's not that many technical jobs," the soft-spoken Underbaggage said. But there may be more soon.

Profiting from sloppiness

The computers in the Lakota Express building are connected to three T-1 Internet lines. Because of that tie to the world and a business relationship with an American and Chinese joint venture called USE Limited, some data entry work sent to China in outsourcing is coming back to the reservation.

One reason for this reverse outsourcing: messy handwriting.

"We're people that have really been left out of the opportunities of the Industrial Revolution and now are being welcomed into the world economy in the Information Revolution," said Mark Tilsen, marketing director and vice president of Lakota Express. The company's job is to double-check the accuracy of documents transcribed in China.

For example, a woman in Kansas City fills out a card at a job fair. The company hosting the job fair scans the handwritten card and sends it over the Internet to a data entry team in China. There, workers put the information into a computer file and send it to Lakota Express. The next morning, an employee in Kyle compares the scanned image of the original card with the data the Chinese entered to make sure it's accurate and then sends it back to the client, often within 24 hours.

"They're working when we're sleeping, so we're adding efficiency to our client's customers," Tilsen said.

The Chinese workers know English but can't always interpret word endings correctly or understand the penmanship of Americans who fill out the forms, said Linda Crider, vice president of global strategies for USE, which has offices in Dallas and Hong Kong.

Helps women

The business relationship helps young women in poor areas of China and on the Pine Ridge reservation earn a relatively decent living, Crider said.

The Chinese workers make up to twice the average wage for factory workers, no less than \$100 a month, she said. USE also pays for their food, housing and continuing education at their workplace at the Tsinghua Technology Park in Zhuhai, China.

"Providing a career path for them is an amazing opportunity," Crider said of the culture that makes it difficult for women to succeed professionally.

Karlene Hunter, Lakota Express founder and CEO, said her employees also make a decent income, up to \$12 an hour as their technical skills increase.

"Coming straight out of college and being on a reservation, there aren't a lot of jobs that can utilize their talents," she said.

Lakota Express now hopes to draw government contracts along with more commercial clients because of its relationship with USE.

Tilsen said Lakota Express also has about 120 part-time employees trained. Up to 40 of them could be on the job when the workload is heaviest, he said.

"They might be doing quality control with China and answering a phone for another contract and working on data entry work at the same time," he said.

The Chinese quality control venture also employs about 75 full-time workers in China, five in Texas and three at another partner, Native American Management Services in McLean, Va., which is owned by two women who are members of the Choctaw tribe, Crider said.

Big-name clients

USE's clients for call center services, data entry work, information technology and records management include Daimler-Chrysler, United Van Lines, various global banks and newspapers, Crider said.

"Our customers have been very happy with Lakota Express, and with this, it's going to get bigger and better," she said.

One of them is Jeff Beckley, former vice president of circulation at the Atlanta Journal-Constitution newspaper.

The Indian workers took contest entries collected at newspaper sign-up stands at grocery stores and the like, gleaned people's contact information from the cards and converted those addresses into possible leads for subscriptions, he said.

"Prior to working with Lakota Express, we basically put those in a file box in a storage room and they really weren't being worked as sales leads," said Beckley, now president of Market 8 in Dallas, his own accounting firm.

"By using Lakota Express we were able to convert that information to valuable sales leads."

Before USE and Lakota Express signed a strategic agreement June 8, Hunter gave two of USE's Hong Kong partners, Simon Tam and Philip Chan, a tour of the building.

"The quality control work you do for us is done inside this room?" asked Tam.

"Yes, that's right," replied Hunter.

Pine Ridge is the first Indian reservation to do business with USE, but the partners toured four other prospective reservations in Arizona, Minnesota and Connecticut.

Private profit

Oglala Sioux Tribe President Cecelia Fire Thunder, who took office in November, said the partnership secured by Lakota Express is a good example of her mission to reduce poverty on the reservation.

It will happen not through increased government spending but through more private investment, she said.

"If this reservation is going to do well economically, it has to come from the private sector," Fire Thunder told the visiting business people. "This is a good example of that."

Tam said both China and the Oglala Lakota are moving from economic models dependent on the government to those relying on the free market.

"So basically we are on the same path and are finding ways to collaborate," he said. "I think this international relationship will grow to help people on both this end and that end."

Crider said working with American Indians is a lot like working with Chinese because their cultures are similar. Women in both cultures are taught to respect authority and their elders, she said.

"Since our team is usually made up of young college grads, it takes us awhile to get them comfortable to offer opinions and challenging ideas and contributing to the intellectual discourse," Crider said.

"We really have worked hard to instill a team concept and not a topdown hierarchical atmosphere. Once we get through their nervousness on that, they just really turn on," she said.

Indian outsourcing

The mesh between USE and Lakota Express is new, but U.S. companies are increasingly looking to Indian reservations as an alternative to other countries, said Doug Brown and Scott Wilson, authors of "The Black Book of Outsourcing."

Their research of Census data found that tribes without large gambling revenues see big economic and social improvements because of outsourcing.

The Internet makes it technically possible, many Indian employees are educated and eager to work, federal agencies are encouraged to hire minority-owned companies, and businesses are looking for domestic options, Brown said. Ford Motor Co., Dell Inc. and Capital One all are interested in working with tribes instead of sending work to India, Ireland and the Philippines, he said. Language barriers, distance management issues and security-sensitive work that can't be sent overseas are all factors, Brown said.

"In many ways, American Indians are entering the outsourcing marketplace at a good time. There's plenty of work to be had, and for some CIOs the offshore honeymoon is over," he said. "They're looking for a low-cost and high-quality onshore option." Four Utah reservations are thriving at outsourcing, said Carey Wold, who was hired in 2000 as a consultant for the state.

His job was to set up tribally owned companies on the reservations that tap into government and commercial outsourcing contracts "in some of the most unemployed areas of the state. That was our target," he said.

"A lot of it has to do with the vision of the tribe and the council. They have the vision for the tribe and their people, to allow them to have access to sustainable economies and jobs."

Because of the success, the Cedar Band of Paiutes hired Wold a year ago to work for its venture, Suh'dutsing Technologies in Cedar City, UT, as senior vice president of business development.

It did \$14 million in business last year and should generate \$40 million this year, he said.

Jobs include data entry, call center, help desk and information technology work, Wold said.

"There's nothing better than watching a reservation community thrive. You're seeing newer cars in the parking lot. They're buying homes. And I've watched that happen," he said.

Wold said a lot of people get credit for the success, but of the projects he has worked with on the four Utah reservations, 150 to 180 jobs full-time have been created through outsourcing.

Other ventures

Tam, one of Lakota Express' new Hong Kong partners, said the relationship between China and Pine Ridge could foster other opportunities beyond outsourcing, such as exporting buffalo meat.

"When 1.3 billion Chinese start eating bison, I think the problem to worry about is extinction," he said jokingly.

On the Net:

<http://www.lakotamall.com/lakotaexpress>

<http://www.uselimited.com>

<http://www.namsinc.org>

<http://www.suhdutsingllc.com>

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