

Outsourcing seen as boon to American Indians

By Carson Walker
The Associated Press

KYLE, S.D. — The Oglala Lakota Sioux were among the last tribes to battle the U.S. cavalry, and their vast Pine Ridge reservation was ground zero in the American Indian Movement's 1970s clashes with federal agents.

But proud resistance to outsiders hasn't been good for business. Here in the Badlands, economic opportunity has been as barren as the hills. Unemployment is near 80 percent. Drug and alcohol abuse is rampant.

Tradition-bound, the Lakota Sioux want to be close to family and resist leaving the reservation. Tribal and business leaders are hoping that in an increasingly globalized economy, where information-processing work can be done nearly anywhere, they won't need to.

The tribal leaders' bet: outsourcing. Their first big client: a Chinese-U.S. joint venture.

"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, an executive at Lakota Express, a marketing and Web-design startup on the Pine Ridge reservation.

Lakota Express can thank sloppy handwriting for its outsourcing fortunes. Eight employees vet the accuracy of electronic documents that are transcribed in China by workers who, although they understand English, often have difficulty deciphering Americans' handwriting.

The work amounts to reverse outsourcing (performed as it is for a foreign company employed by a U.S. business). And experts expect plenty more such work to become available.

"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," said Carey Wold, a consultant who helped set up tribal companies on Northern Ute reservations in Utah.

On four Utah reservations, 150 to 180 full-time jobs have been created through outsourcing, most of it government work but also commercial contracts, he said. One venture, owned by members of the Cedar Band of Paiutes, did \$14 million in business last year, Wold said. The business, Suh'dutsing Technologies, expects to generate \$40 million in revenues this year.

Jobs include data-entry, call-center, help-desk and info-tech work, he said. U.S. companies are increasingly looking to Indian reservations as an alternative to going abroad for outsourced labor, said Doug Brown and Scott Wilson, authors of "The Black Book of Outsourcing."

Among Indian nations trying to draw outsourcing work are the Navajo, they said, while corporations including Ford, Dell and Capital One all are interested in working



with Native American tribes instead of sending work to such countries as India, Ireland and the Philippines.

Mary Underbaggage, 40, is one beneficiary.

The college-educated Lakota Express employee, whose six children range in age from 3 to 21, grew up on the Pine Ridge reservation and lives on her family's land.

"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," she said.

On the reservation, most jobs are in the public sector, either through the Bureau of Indian Affairs or the tribe.

Private-sector jobs are limited mostly to the tribe's casino and tourism-related businesses.

Karlene Hunter, Lakota Express' founder and chief executive, said her employees make an above-average income that starts at \$7 an hour and increases to \$12 an hour as skills increase.

"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," said Tilsen, whose company got its first outsourcing contract two years ago.

The Chinese outsourcing venture links Lakota Express with USE Limited, of Dallas and Hong Kong, said Linda Crider, vice president of global strategies for USE. In an around-the-clock process typical of outsourcing, USE workers in China will enter data into computers from handwritten cards scanned at a job fair in, say, Kansas City. The next morning, a Lakota Express employee in Kyle, S.D., will compare the scanned image of the original card with the data the Chinese entered to ensure their accuracy. The client often gets the vetted data within 24 hours.

Labor in China is far cheaper than on the reservation, Crider said, but the Chinese workers simply can't match the cultural understanding of Americans for certain work.