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Case Study: Ci&T — High Performance, Brazilian Style

Ci&T Mixes Engagement And Entrepreneurship Into Application Outsourcing

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EXECUTIVE SUMMARY

Ci&T is a midtier Brazilian systems integrator that stands out in a highly competitive business by attracting and developing creative application development professionals. The firm's corporate culture promotes shared purpose, autonomy, and a commitment to skills mastery. The result is a highly engaged population of professionals hungry for new opportunities to engage in collaborative problem solving. What sets Ci&T apart from other high-performance cultures we've examined is its entrepreneur program, which embraces moonlighting developers, allowing them to develop new ideas within the safe confines of their existing employer while keeping a partial ownership stake in any potential value that an idea generates. The result is a corporate culture that hangs onto its best and brightest talent while growing into a sizable player in the application outsourcing business.

SITUATION: CI&T WANTS TO STAND OUT IN A "ME TOO" WORLD OF SYSTEMS INTEGRATORS

Ci&T is a midtier Brazilian systems integrator that delivers application outsourcing, software product engineering, and digital marketing through an offshore development model with five development centers spread across Brazil, Argentina, and China. But wait a minute! Don't outsourcing companies usually get the software projects other companies don't want? They hire low-cost developers, have high turnover, and certainly don't deliver creative, inspiring software, right? What can an outsourcer possibly teach aspiring Partner Player organizations about building high-performance teams?¹ Read on to find out.

BEST PRACTICE: CI&T'S CORPORATE CULTURE ENGAGES CREATIVE EMPLOYEES

How do you measure the level of employee engagement at a company? In our opinion, you can quickly sense the difference when you walk into an organization or talk to its people. Employees are focused and busy, but they are also happy to be there; these environments exhibit a high level of collaboration and cheerful interaction between employees and managers. We saw all these signs of engagement on multiple occasions when we have interviewed people at Ci&T. The developers and managers we interviewed exude engagement, and they are eager to talk about how Ci&T culture is different. We found that Ci&T:

- **Shares a set of cultural principals and a common purpose.** Fourteen principles, divided into four distinct groups, bind the corporate culture at Ci&T (see Figure 1). Leonardo Mattiazzi, Ci&T's VP for international business, perhaps best summed up Ci&T's shared purpose: "Our goal is to put a dent in the universe!" It's easy for cynics to laugh at this sort of conviction, but we continue to find that a shared purpose is a key long-term motivator that attracts driven, intrinsically motivated employees.²

- **Pushes autonomous decision-making out to projects.** While Ci&T has become a large company, managers work hard to keep the level of bureaucracy to a minimum. At Ci&T, pushing autonomy to the edge goes hand in hand with a corporate open-door policy. Any employee can speak with the CEO — who is a former developer himself. Ci&T uses Lean development techniques to improve project autonomy and expects everyone to identify and eliminate waste in their projects.
- **Is committed to developing master artisans.** Ci&T employs several tactics that encourage employees to pursue a course of mastery. First, it promotes from within — employees who started on the ground floor are now running significant parts of the business. Second, it gives employees assignments that stretch their abilities and broaden their skill sets.

Marcio Cyrillo is a good example of how these practices develop talent. He started with Ci&T in 1999 as a tester but is now the head of interactive services. Mr. Cyrillo is very proud that he was awarded a “talented professional” accolade for what he accomplished in the first year Ci&T relocated him from Brazil to New York City. His story shows how a mastery culture combined with the opportunity to take risks and be rewarded for success results in a win-win relationship. It also shows how an unexpected reward (recognition for merit) further deepens an employee’s intrinsic motivation.

- **Gives unexpected rewards to high-performing teams.** Ci&T managers don’t just use unexpected rewards to recognize individuals; they use them to promote collaboration and good team dynamics. One fondly remembered example occurred years ago: The entire company spent the day at a local circus — but not as spectators. Individuals spent the day learning how to perform the acts in which they were most interested and then performed for one another at the end of the day. The employees we interviewed still marvel at their coworkers’ talent. As the company grew, rewards have changed to fit Ci&T’s multicultural organization, but one thing remains constant: Teams celebrate success, whether with champagne or Szechuan takeout.

Figure 1 Ci&T's Cultural Principles

Purpose

1. To change the world by redefining the value generated by information technology for clients and for society.
2. To forge a new generation of professionals stimulated by the sense of challenge and provided with the ability to innovate and execute.
3. To perform a leading role in the knowledge industry, inspiring entrepreneurship from even the most remote part of the globe.

People

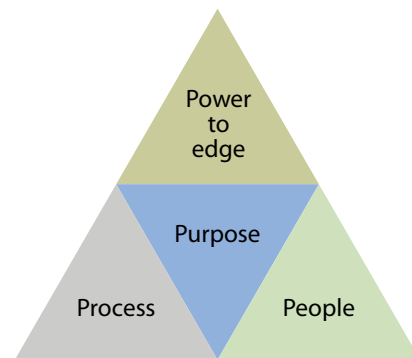
4. To respect people by believing they can develop themselves to the full extent of their potential.
5. To develop leaders who deeply understand the work and who are living examples of Ci&T's culture and values.
6. To develop long-lasting relationships with clients and partners, based on common values and value generation.

Process

7. To rely on discipline and standardization in the pursuit of continual improvement and consistent results.
8. To nurture a culture of tireless identification and elimination of waste.
9. To face the brutal facts bravely and bring problems to the surface.
10. To apply adaptive planning in order to see the whole and to respond to changes promptly.

Power to the edge

11. To make decisions the closest possible to the edge of the execution.
12. To organize high-performance teams distinguished by self-management, agility, innovation, and ability to execute.
13. To learn and adapt quickly to increase the capacity to overcome challenges.
14. To nurture a problem-solving culture based on data analysis, facts confrontation, and a team-based approach to finding solutions.



BEST PRACTICE: CI&T EMBRACES THE MOONLIGHTER WITH AN ENTREPRENEUR PROGRAM

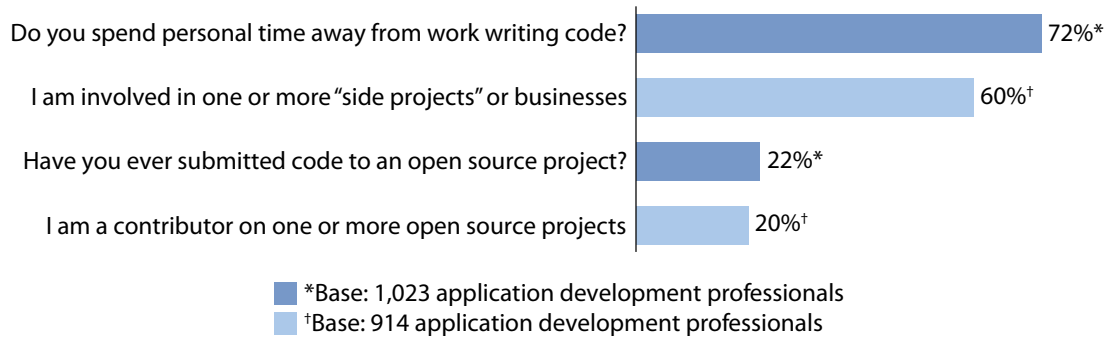
Have you ever met the moonlighter in your organization? These developers in your organization are cranking on that .NET or Java application from nine to five but spend their evenings at home learning Objective-C so they can write the next Angry Birds and start their own mobile gaming company. Or maybe they're just contributing to an open source project they think is cool — or learning Ruby on Rails so they can jump ship and join that cool systems integrator (SI) down the road that pays more and has a better work environment. Moonlighters lurk throughout your organization whether you want to admit it or not. And our latest research shows that there are more of them than ever (see Figure 2).

When you're trying to hire and retain creative professionals like Ci&T, the moonlighter can become a real problem — or an opportunity. Ci&T's solution takes a page from Agile principles: If you can't limit change, then embrace it in your process. Ci&T embraces moonlighting, creative developers, facilitating their entrepreneurial urges by:

- **Letting employees identify projects they want to work on.** Employees are free to work on their own projects on their own time, but Ci&T also encourages them to submit formal proposals to Ci&T management. Ci&T incorporates promising ideas into the entrepreneurship program. That's what happened in Mr. Cyrillo's case; he has a passion for running and thought up a good way to combine this with his passion for technology and social media and his interest in mobile development. Ci&T agreed that it was a good idea and formalized it into a full-blown project.
- **Providing additional resources to drive the project forward.** Once Ci&T accepts a project into the entrepreneur program, it's no longer a side project. The employee in charge gets to spend dedicated time on it, and Ci&T may add additional resources to the project to drive it forward. However, it's important to note that it does not become a full-time project; employees must still generate revenue while they are developing their idea. In Mr. Cyrillo's case, the application is being built under the watchful eye of Paulo Camara, Ci&T's head of mobile strategy. Ci&T also assumes joint ownership of the project's intellectual property (IP).
- **Giving employees mentoring, experience, and a piece of the action.** So what do these employees get for signing over part ownership of their IP to Ci&T? First, they get the certainty of an ongoing paycheck, but they also get mentoring from senior Ci&T management on what it actually takes to grow an idea into a revenue-generating product, together with the development, testing, and marketing resources necessary to make it a reality. Most importantly, the entrepreneur program keeps the moonlighter as a stakeholder, with the shared goal of a spinoff at the end state of a project, with the original employee in control and ownership shared between the employee(s) and Ci&T.

While the entrepreneur program is still a relatively new idea, it's already having an effect. Creative employees such as Marcio Cyrillo and Paulo Camara don't have to face the agonizing decision to leave a company they like to realize their desires, and Ci&T doesn't have to worry that it's losing top talent to the moonlighter's siren song.

Figure 2 Most Developers Write Code Outside Of Their Jobs



*Source: Forrester/Dr. Dobb's Global Developer Technographics Survey, Q3 2010

†Source: Forrester/Dr. Dobb's Global Developer Technographics Survey, Q3 2009

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Source: Forrester Research, Inc.

BEST PRACTICE RESULTS: CI&T GENERATES SUSTAINED GROWTH

Ci&T may not be on your SI shortlist yet, but that may not be the case for much longer. If you're a regular reader of our research, you may have read our previous case study of the company's move toward Lean processes.³ Lean development techniques coupled with a Partner Player mentality and creative, engaged development professionals forms a potent one-two punch with measurable results:

- **Ci&T is growing quickly.** Since its founding in 1995, Ci&T has grown to more than a thousand employees, at a compound annual growth rate of more than 40%. This strong growth results in a sizable base of talent to support expansion into the US, Europe, and China.
- **Employee turnover remains low.** Most application outsourcers struggle with double-digit turnover rates and mercenary employees. Is that really a surprise? When a company's culture is centered on bringing in entry-level developers and employs a rigid, top-down culture that maximizes profits by keeping costs low, it creates a death-march atmosphere of algorithmic behavior. At Ci&T turnover is about 5%, because good developers want to stay there.
- **New employee quality remains high.** The interesting thing about culture (both good and bad) is that it is self-reinforcing. In Ci&T's case, that means that other professionals are attracted to Ci&T and are more likely to accept a Ci&T employment offer over competing firms.

- **A productive organization drives profit growth.** In 2010, Ci&T had its most profitable year ever. Between 2007 and 2010, the company grew revenues by 250% and profit by 370%. This increase in profitability ties directly to an increase in productivity and is rooted in a Lean transformation process that engaged employees embraced.

RECOMMENDATIONS

USE YOUR MOONLIGHTERS TO PRIME YOUR INNOVATION PIPELINE

It's easy to dismiss the feasibility of Ci&T's developer engagement strategies for regular IT development shops because of Ci&T's unique advantages, such as having access to talented but low-cost developers in Brazil and China. You'd be wrong to do so, because there's nothing stopping you from taking the same route:

- **Ci&T's cultural principles are not unique to SIs.** Review all 14 of Ci&T's cultural principles closely. Which are unique to the SI market? In our opinion, the answer is "none."
- **You can go offshore too.** There's no reason that you can't tap the same talent pools that Ci&T has. Granted, if you not already in Brazil, Russia, India, and China — the BRIC countries — you'll be coming in a day late and a dollar short, but culture matters: If you have the right one, you can attract the best, most creative developers away from their existing employers.
- **Find your own moonlighters and embrace them.** Unless you've ruthlessly crushed any spark of initiative out of your existing organization, you're bound to have some moonlighters lurking already. Find them, and give them the opportunity to turn their talents toward your goals. Put them on your mobile development or cloud strategy. Use them to fill your innovation pipeline. Give them challenges, and reward their success. And don't punish them if they fail — as long as they "fail fast" so that you can keep your sunk costs to a minimum.

WHAT IT MEANS

A PARTNER PLAYER ARCHETYPE IS NOT INCOMPATIBLE WITH OUTSOURCING

Ci&T demonstrates that you should not have to settle for a Solid Utility application outsourcing firm unless that's really what you want. When you are selecting an outsourcing provider, take a good look at its culture and assess whether you see engaged developers or a revolving door "death march." If it's the latter, be prepared for rising costs, variable code quality, and difficulty responding to scope changes or requests to refactor existing projects.

SUPPLEMENTAL MATERIAL

Methodology

Forrester fielded its Forrester/Dr. Dobb's Global Developer Technographics® Survey, Q3 2010 to 1,036 developer professionals. Forrester fielded the survey September 2010 to October 2010. Respondent incentives included a summary of the survey results.

Forrester, in cooperation with Dr. Dobbs magazine, fielded its Forrester/Dr. Dobb's Global Developer Technographics® Survey, Q3 2009 to 1,298 application development professionals. This online global survey was fielded in August 2009.

Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

ENDNOTES

- ¹ The term “Partner Player” refers to a development shop that operates in a distinctly different way than “Solid Utilities” or “Trusted Supplier” development shops. See the November 2, 2010, “[Software Development Archetypes — What's Your Sign?](#)” report.
- ² For more on creating an intrinsically motivating development culture, see the January 14, 2011, “[Case Study: Atlassian Creates An Innovation Culture That Promotes Results](#)” report, and see the November 3, 2010, “[Best Practices: Building High-Performance Application Development Teams](#)” report.
- ³ Forrester published a report detailing Ci&T's move toward Lean development. See the July 1, 2010, “[Case Study: Ci&T's Path To Lean Methods](#)” report.