

HR Shared Services Optimisation Attaining the full potential of HR Shared Services



HR Shared Services Optimisation

Much has been said about the role of shared services in the transformation of the Human Resources function. Yet for many companies, the benefits expected from the transformation are proving elusive. Our experience with top companies in South East Asia have shown that this challenge can continue well past the initial implementation period and poses a significant challenge to the credibility of the human resource function.

Why HR Shared Services Optimisation?

Long after project go-live, when systems and delivery models are in place, organisations still struggle to realise the full potential of their investment in HR Shared Services. In fact, many organisations report either failure or significant underperformance compared to their original business case. In most cases, the initial goals centred around 3 pressing business priorities:

1. Outright reduction in costs associated with delivery of HR services
2. Increased efficiency, consistency, and efficacy of HR service delivery
3. Redirection of talented HR resources to the task of strategic business partnership

Successful organisations, finding themselves falling short of their return on investment, are increasingly seeking ways to optimise their HR shared service operations.

Where does it all go wrong?

The implementation of a shared service centre can greatly reduce costs, standardise processes and permit greater control. However, there are some big pitfalls to avoid.

Cost reduction is by far the top ranked Shared Services priority in 2009. Process improvement ranked second.

Source: Deloitte Global Shared Services Study 2009

Loss of momentum

Often, organisations focus their effort on short term initiatives, targetted at 'building momentum' or 'quick wins'. While this strategy is a good starter for moving onto much more complex and rewarding organisation change, the low effort and attractive short term gains often obscure the organisation's view of the longer term and deeper benefits they originally set out to obtain.

Leaner, not meaner HR

In the rush to achieve industry acceptable HR staff ratios, leaner HR organisations are left with delivery models that are ill-equipped to handle the demands of the business. With fewer resources and more HR processes migrating to the shared services centre, organisations find that either the service levels suffer, or in many cases the processes are duplicated by administration staff in the business units.

HR orphans

Implementing shared services and enterprise-wide reporting systems logically requires a strict focus on standard processes and job roles. But what happens to HR administrative staff that find themselves outside the scope of the shared services centre? How do they support the new HR organisation and help to achieve the required HR Transformation?

The broken promise

Centres of Excellence? Strategic Business Partners? With the focus on administrative HR that comes with implementation, many organisations lose sight of the ultimate goal of building a strong second tier of HR – working directly with the business on people programs. If your HR shared services centre has not allowed your HR people to focus their attention on the business of finding, developing, and keeping talent, then you may have left a lot of opportunities on the table.

It boils down to... managing change.

Successful companies take the following factors into account when designing and successfully implementing a Shared Service Centre.

- **Understanding the business.** When the mechanics of a large scale project gets underway, one of the first casualties is the over-riding question – why are we doing this? Successful organisations start with the commercial realities first, and work backwards to design their organisation around a set of principles that will help the company prosper.
- **Quantifying & projecting your worth.** Day one after project go live, no switch is flicked that signals to the rest of the business that HR is ready and willing (and able) to play a new and enlarged role. A successful HR transformation involves building the expectation and appreciation, within the business, that HR has changed for the better.
- **Understanding economics.** Quick gains in process efficiencies and headcount reductions are a welcome short term win that loses appeal, often by the end of the first quarter. Truly strategic HR functions have developed the tools and strategies to clearly identify their contribution to the bottom line. For example - What's your talent program worth to your business?
- **Understanding the globe.** Mobility is an awkward reality for most HR functions – while employees are increasingly part of virtual teams and supporting businesses in various geographies, the HR function remains mostly tied to the country. The best examples of shared service support facilitates the support of talent, regardless of geography. Rather than just migrating sets of country processes to one location where they can be cheaply deployed, an effective service delivery model views the employee population as a dynamic and diverse group with unique needs. This must be considered and developed as an integral part of the Service Delivery Model.
- **Technology.** The new breed of young and upcoming talent have operated in a workplace that has only known connectivity 24/7. While some HR organisations limit themselves to transferring 1980s processes to current day technology, successful shared services models exploit the promise of connectivity and enabling technologies to rethink their processes.
- **Outsourcing.** Offloading administrative tasks to the shared services centre is only part of the task. Managing vendors to deliver non core services can often result in greater efficiency gains whilst further engendering the HR Business Partner model.



So you have already gone live...

How do you optimise?

Optimising HR Shared Services Implementations requires a focus on the original business case to determine whether the goals have been attained. There are 10 areas that will often emerge as fundamental to the overall performance of the Shared Service Centre and to the realization of those goals. These are some of the key areas that SSC Optimisation should focus on:

Maintaining high customer service levels has remained the number one people challenge since 2007. Maintaining strong morale has had a significant drop from third place to last place in 2009.

Source: Deloitte Global Shared Services Study 2009

1. Customer excellence programmes

How well do your Service Centre staff deal with your customers? Service Centres dealing with external customers generally have a strong focus on the ability of SSC staff to deal with customers. However, HR Shared Service centres often neglect this issue in favour of a single-minded adherence to KPI's. Increasing the "Cases Closed per day" does not necessarily equate to a high quality and sustainable level of performance within the service centre. However, implementation of focused Customer Excellence programmes may be overkill. It must be clear that the function of the SSC is to consistently deliver services with a minimum of deviation from the standard processes. The appropriate balance must be sought which will maximise customer oriented attitude of the SSC staff whilst maintaining KPI's in terms of case closures.

Initiatives To Undertake: Analyse complaint cases to determine remedial action. Implement tailored Customer Excellence Programmes. Consider tools to improve the responses to customers for standard enquiries – for example, email templates. Run cultural awareness and language programmes to removed the traditional barriers of culture, language, geographical location etc. Ensure SSC opening hours meet the requirements of all main customer locations (particularly for global SSC's – covering multiple time zones). Implement language support at Tier 1 to cover major populations. Ensure staff are fully trained on HR policy and are empowered with the necessary skills to make decisions.

2. SSC roles should enable optimal performance against KPI's

The performance management framework set up within the SSC should be designed to allow the optimal workload balance between the SSC advisors, team leaders and team managers. The structure should also ensure that senior team members have the appropriate balance between coaching, assessing advisor performance and handling cases. Assessment against KPI's should be measured, as should the validity of the KPI's based on SSC advisor performance and average caseloads. Ideally, the performance framework will be set up to recognise factors other than just the closure of cases – this will ensure that other areas such as customer excellence, accuracy and complexity of cases will be assessed when ranking advisors.

Initiatives to Undertake: Ensure that the performance framework assesses more than case closure statistics – include qualitative factors where appropriate, such as the number of complaint cases, customer focus etc. Determine performance of SSC staff against KPI's. Review caseloads per advisor and compare with predicted volumes to determine whether structure and FTE's meet requirements. Assess workload breakdown across the role types within the SSC and ensure that the appropriate balance between handling cases and other tasks is being maintained.

3. Performance reporting and communication

SSC staff generally perform better when performance targets are clearly defined and also when daily performance figures are shared amongst the teams. Balanced scorecards which publish key metrics such as: cases per advisor per day, complaints cases per team, ageing cases reports should be made available to enable SSC staff to understand the value of their contribution.

Initiatives to undertake: Assess whether SSC staff are fully aware of performance targets and review the format, content and frequency of performance reports shared with the SSC staff. Communication methods should also be reviewed to ensure the data is readily available.

4. Compliance with the Service Delivery Model

Service Delivery Model compliance is an important factor in the ability of the SSC to deliver services to customers in adherence with KPI's. Managing the transition from the customer perspective and removing the reliance on employee and line manager relationships with HR in the Business will enable the SSC to perform as designed. Furthermore, this will enable the HR Business Partners to be released from the transactional HR function and focus on providing strategic HR support to the business. Common failures in the Service Delivery Model include employees communicating with HR in the Business, employees contacting SSC staff directly and SSC Tier 1 staff (Telephone support) staff incorrectly escalating cases to Tier 2 (Caseworkers) and Tier 3 (Subject Matter Experts).

Initiatives to undertake: Engagements with HR in the Business, Line Managers and employees to reinforce the Service Delivery Model. Review the supporting technology (e.g. HR Portal) to ensure the Tier 0 (Technology access point) works as designed, review the on-line support materials to ensure they are clear and available in the appropriate languages and ensure other supporting technologies such as the Interactive Voice Recording systems are performing as required.

The top impact from SSCs was process efficiency and quality. This has clearly contributed to the next most impactful categories of cost reduction and improved service levels.

Source: Deloitte Global Shared Services Study 2009

5. Process scope review

Decisions around the scope of services to be provided by the SSC are integral to delivering a sustainable Service Delivery Model that will support the business by delivering transactional HR support. Furthermore, enabling the HR Business Partners to collaborate with their colleagues in the business to provide true strategic support will be further enabled by the accurate definition of "transactional processes". Engendering behaviour in employees and HR in the Business to work with the implemented Service Delivery Model is directly linked to the accurate definition of transactional processes and the transparency of it's communication to all stakeholders.

Initiatives to undertake: Review the performance of the Service Delivery model and the HR Business partners. Do HRBP's spend more time focusing on strategic HR issues? Are they contributing to the business' bottom line? Are they functioning within the Service delivery model to provide support for complex escalated cases as required?

6. Harmonisation of HR policy

For MNC's and large national organisations that have been involved in M&A activities, HR Policy harmonisation can be a necessity. The implementation of the SSC is a perfect opportunity to achieve harmonisation of HR policies. This will enable a simpler workflow for the SSC employees and improving the adherence to KPI's. Policy harmonising also allows for "declustering" of the service centre teams making core skills more generic and removing dependency on policy or business unit specialists within the SSC.

Initiatives to undertake: Policy review across all locations and business units to determine opportunities for harmonisation. Review of SSC advisor roles to identify silos of policy and business specific policy skills that harmonisation can eliminate.

7. Business partners model

Are your HR Business Partners functioning in the strategic capacity that was part of your promise to the business? The HR Business Partner role is becoming commonplace within businesses, especially those that have implemented shared services. However, it is often the case that the change in the role from HR staff to HRBP is not managed properly. Incumbents are not trained in the new skills they require to support the business and correspondingly, business units are not fully aware of the services the HRBP can provide. Generally, the perception from within the business of the HR Staff and their role does not change upon implementation of the HR Business partner model unless both parties are properly educated and managed through the change. The result of effectively managing this change is HRBP's who contribute to the bottom line of the business unit and are valued by their key stakeholders.

Initiatives to undertake: Set up engagement sessions with the business units to fully understand the post-implementation role of HR in the Business – does it meet with the initial goals? HR Business Partner training and networking activities should be kicked off – focus on strategic priorities for the role. Ensure Senior HR staff contribute to corporate decision making. Establish relevant, business focused KPI's to manage HRBP performance

8. SSC organisation design

Another key element in the ability to deliver optimised services via the SSC is the design of the Shared Service Centre organisation. Depending on the size of the population, geographical scope, nature of employee contracts, diversity of the business, scope of the SSC processes etc, the organisation design should be tailored to deliver effectively. Larger companies often split the SSC design into Tiers, within which their teams are further split to focus on Expatriate and Local employees, transactional and complex cases, geographical and local services also by business unit. The appropriate balance between having core teams working in logical silos and larger teams with common skills is essential to both delivering the appropriate quality of services as well as attaining the operating cost benefits that the SSC was designed to achieve.

Initiatives to undertake: Review the design of the shared service organisation to determine whether it is supporting the employee cases effectively. Ensure that any recent or planned business changes (such as M&A which may bring requirements in terms of language or policy experts) can be supported by the organisation design. Review the caseload across the SSC to ensure the work is balanced across the organisation. Look for opportunities to "decluster" teams. This will remove dependencies on subject matter experts and make roles more interchangeable, leading to benefits in terms of faster replenishment of positions, lowering of salary costs.



9. Supporting technology

All technologies implemented as part of the SSC design should be clearly demonstrating the ability to support the delivery of HR Services. Most SSC's use some form of portal as the first point of contact with HR Services for support including policy enquiries and webform submission. Back office systems such as case management software should be ensuring that customer cases are automatically routed to the appropriate HR Advisor according to the Tiered delivery model. Further systems such as HRMIS systems to manage employee data, eFiling systems to manage document submission, Knowledge Management systems to manage policy content as well as the appropriate hardware (such as dual screens to allow simultaneous viewing of customer information and case management software) should be implemented to expedite service delivery.

Initiatives to undertake: Review the downtime of supporting technologies – is the system available close to 24/7 for the employees? Review the entry point of employees to the SSC to determine the acceptance of the technology solutions: Are employees using the Knowledge Management tool (often referred to as Tier 0) for policy enquiries? Are straightforward cases being initiated via webforms if available? This information can prove invaluable in assessing opportunities to optimise the performance of the SSC. Employee engagement sessions can be initiated to improve the adoption and use of the supporting technologies.

10. Compliance with the governance model

In order to ensure sustainability of the HR SSC, a strong governance model is imperative. During the visioning/blueprint phase, the Service Delivery Model design should be complemented by the governance model. This will ensure that there are clear guidelines around how services are to be delivered, which processes are in scope, how technology will support and how to change the process scope. The governance model will also explicitly state who are the key decision makers to manage any requests to make changes to the Service Delivery Model. This would include the addition of new business units, geographies and processes to the service centre scope.

Initiatives to undertake: After six to twelve months, a review of the SSC scope should be initiated to determine whether the needs of the business are being supported by the service delivery model. This should include a review of the HR processes in scope and how efficiently they are being delivered. This should be compared to the original Service Delivery blueprint document to determine whether the SSC is operating as designed. Any deviations in scope without the relevant governance justification should revert to the stakeholders for analysis and potential resubmission via the governance model.



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