Nordic Business Transformation 2019

7 TIPS ON HOW TO SUCCEED IN YOUR SHARED SERVICES JOURNEY

Exclusive Insight from SSON

Every company strives to increase revenues while optimising cost and expense.

Support functions often fall under the spotlight as they can be seen as a drain on overall profitability. However, many companies that have adopted a Shared Services model have gained significant and sustainable bottom-line improvements given the lucrative saving potentials of Shared Services – not to mention the added value of data-based business intelligence the SSO model can provide.

While there is no easy transition to a centralised, Shared Services model – given the standardisation, process ownership, and cultural change the model implies – the right plan, strategy and change management approach will support successful implementation and deployment.

A best practice approach considers the three elements of people, process and technology, and defines the role of each within a comprehensive plan. Selecting the right location is also critical since this decision easily becomes your number-one source of debate, distraction and risk – and there are dozens of options.

The key to a smooth transition is to define the ownership of process, IT, and execution. The implementation will only be smooth if the decision-making process is transparent and well communicated.

There are several options concerning how to successfully develop a Shared Services Centre based on either a functionally-driven approach or a centrally controlled one. The degree to which these two variables come into play will depend upon the strategy and objectives of the enterprise, which tend to change! Every five to seven years, a shift in strategy will be introduced in order to target the next set of savings via Shared Services, so care must be given to build flexibility into the model.

Last, but not least: Talent is critical, especially in today's increasingly automated services delivery environments. Talent should be cross-cultural, innovative, curious, open-minded and driven to achieve. Even promising strategies may not reach their full potential if you cannot leverage the right talent to drive them.

1. Strategy is Core

In order to make the most of the opportunities, your Shared Services strategy must focus on how to deliver value using the advanced solutions on offer. These include automation (in the shape of RPA or intelligent automation) and data analytics – but also workflow, process evaluation and talent management tools. The benefits are measured in labour arbitrage, process simplification, better customer experience and process standardisation, among other metrics. However, locational-driven savings like labour or cost arbitrage need to be evaluated in the face of currency exchange, levels of attrition, cost of remote management, lack of customer-proximity (where this applies) and variations in productivity.

2. The Magic Triangle: Talent, Process and IT

Defining which processes should be centralised, along with the technologies to be applied in the SSO, are also critical choices. For example, if the process selected has multiple hand-offs in the current workflow, cycle times could be impacted in a new or remote location. Also, if the current process requires handing off documents with signatures, workflow managers must consider extensive scenarios for rejections and approvals in a new location, to ensure transactions do not get stuck in the middle of clarifications. Using an ERP does not guarantee success when centralising a process as there are too many home-grown solutions in use. This is where new, automated RPA solutions can drive real benefit however. Attended automation allows users to “hand off” rules-based parts of a process or workflow to robots, which speeds up processing time and drives better quality.

In addition, recently emerging process discovery or process mining solutions allow Shared Services to critically evaluate processes for bottlenecks, their suitability for automation, and their fit for a Shared Services environment.

Getting the right leadership in place is a critical factor. Local leaders should be developed, especially in an offshore location, so that in the long run there is a qualified pipeline to support growth of the SSC. Finding the right mix of global and local leaders will also support scaling up – or down – of operations.

3. Smart Location Selection

There are dozens of countries suitable for setting up a new services delivery centre, each offering multiple lucrative cities and options. And yet, the choice of location is today somewhat less significant today, than it was in the early days of labour arbitrage-driven Shared Services models as digital labour is emerging as an even more cost-effective option in many cases. However, at the same time there is a trend towards more localised, tailored solutions driven by customers' demand for improved services experience. So, while standardised automation makes services location agnostic, customers' requirements for new data- and services-based support brings location back to centre stage – this time, however, it is based on business location and talent requirements.

Finally, there is the company factor. All enterprises are guided in their decision-making by their own preferences around risk management, existing investments, long-term corporate strategies, etc. Whatever the approach, a Shared Services strategy must be guided by a robust and consistent methodology that defines and determines the decision-making process. Trusted algorithms such as risk ratings, size of talent pool, access to language, cost of labour and infrastructure, ability to scale operations, etc., are important criteria.

4. Governance: Knowing Who Owns What

Once the strategy is defined, IT and processes are fined-tuned, and location selection is finalised, it is time to focus on running the operation! Your internal stakeholders will now be your key focus.

Moving operations to a centralised location is a scary transition. All business would like to maintain control and organisations often struggle to customise policies and procedures to a Shared Services environment. This is why a "lift and ship" approach is often a preferred approach. The risk is that new SSO management comes with a new mindset — and retaining the existing ways of doing business becomes something of a contradiction since Shared Services drives change. Ensure that a Shared Services board is in place, to act as the ultimate referee and to provide guidance on ownership. Consider the differences between functional ownership, multi-functional (centre) ownership, and fully integrated Shared Services.

There is a lot of discussion on which strategy is better, but there is no perfect model. All are dependent upon the cost pressures, P&L management, and corporate policies that determine which ownership model is best suited to the enterprise.

5. Measuring Success

The goal should always be a complete re-design in the end-to-end services and processes, and clarity on what will be measured to define success. A tight business management system needs to be in place to align Shared Services operations to corporate goals.

A Shared Services dashboard is the only means of tracking performance but too often scorecards are only put in place to measure things for the sake of it. Advanced scorecards include critical information for decision-making, such as cost per transaction, per customer set, or per line of business. This level of granularity is only realised if the right data strategies are in place when setting up the Shared Services centre.

6. Lifecycle Management

There is nothing harder than replacing a car – or the engine of a car – that you love driving. That is why it is so important to develop a life-cycle management process around the maturity of existing SSCs.

Lifecycle management in Shared Services is not only about opening new locations and shutting down old ones. It is about understanding the evolution based on the overall performance, workforce longevity and process/IT maturity.

For example, when SSC labour costs start increasing, the levers to be pulled are process automation and IT centralisation. There are multiple business analytics approaches that will help you model the right lifecycle strategy for Shared Services.

7. Talent for the Future

At the end of the day, no strategy can be successfully deployed without the right leadership. Attracting and retaining the right talent in your SSC will make a big difference. Taking full advantage in finding the right leadership team in a new location is as important as the cost benefits.

The market is competitive, no matter where you are. But using workforce analytics to model different scenarios can help determine the right hiring mix and consider the long-term investments in future leaders. There is no secret recipe to find the right talent but there are certainly plenty of proven methodologies and local advisory firms that can provide experience and assistance.