



scottmadden
MANAGEMENT CONSULTANTS

Smart. Focused. Done Right.®



HR Shared Services Benchmarking Study Highlights

ScottMadden and APQC HR Shared Services Benchmarking Study

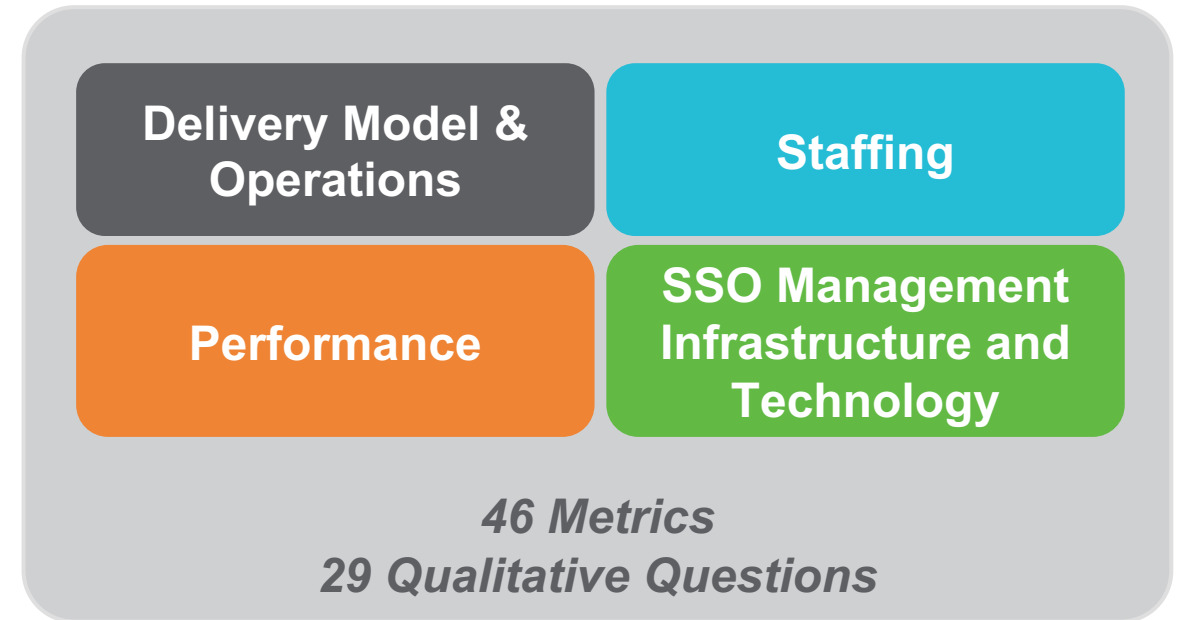
October 2019



About the Study

History and Timeline

- First cycle – Fall 2011
- Second cycle – Fall 2012
- Third cycle – Fall 2013 to Winter 2014
- Fourth cycle – Fall 2015 to Winter 2016
- Fifth cycle – Spring 2017 to Summer 2017
- Sixth cycle – Spring 2019 to Summer 2019



A few topics were added this cycle to assess adoption of artificial intelligence or intelligent automation applications, robotic process automation maturity, and payroll services within HR.

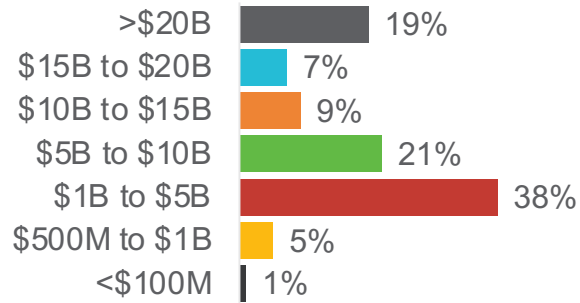
Metric List

- Total customers (employees + retirees) served per total HR headcount
- Total company employees served per total HR headcount
- Total company employees served per HRIS headcount
- Total company employees served per continuous improvement headcount
- Total company employees served per HR business partner headcount
- Total company employees served per HR generalist headcount
- Total company employees served per HR administrator headcount
- Total company employees served per field HR headcount
- Total company employees served per talent acquisition CoE headcount
- Total company employees served per talent management CoE headcount
- Total company employees served per compensation CoE headcount
- Total company employees served per benefits CoE headcount
- Total company employees served per employee and labor relations CoE headcount
- Total company employees served per payroll CoE headcount
- Total company employees served per payroll processing employee headcount
- Number of employees served per HR shared services organization employee
- Number of retirees served per HR shared services organization employee
- HR service center employee turnover for North American shared services center
- Average speed to answer for North American HR shared services center
- First contact resolution for North American HR shared services center
- Portal hits per 1,000 employees for North American HR shared services center
- Total requisitions per North American HR shared services center recruiting/staffing specialist headcount
- Total hires handled per North American HR shared services center recruiting/staffing specialist headcount
- Total company employees served per North American HR shared services center recruiting/staffing specialist headcount
- Total company employees served per North American HR shared services center workforce administration specialist headcount
- Total company employees served per North American HR shared services center training administration specialist headcount
- Total company employees served per North American HR shared services center leave of absence administration specialist headcount
- Total company employees served per North American HR shared services center employee relations specialist headcount
- Total North American HR shared services center cost per employee
- Total North American HR shared services center cost per customer (employees + retirees)
- North American HR shared services center in-house cost per transaction
- North American HR shared services center in-house cost per call/inquiry
- Number of employees served per service center employee
- Number of retirees served per service center employee
- Number of employees served per tier 1 headcount
- Number of employees served per tier 2 headcount
- Number of tier 1 employees per tier 1 manager/supervisor
- Number of tier 2 employees per tier 2 manager/supervisor
- Number of transactions per service center employee
- Number of calls/inquiries per service center employee
- Self-service transaction volume per 1,000 employees served
- Self-service inquiry volume per 1,000 employees served
- Tier 1 transaction volume per tier 1 headcount
- Tier 1 call/inquiry volume per tier 1 headcount
- Tier 2 transaction volume per tier 2 headcount
- Tier 2 call/inquiry volume per tier 2 headcount

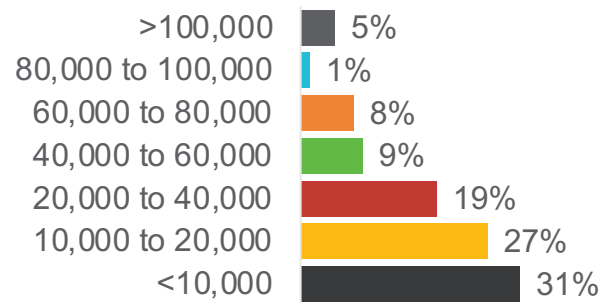
Participant Demographics

Our benchmark study includes data on shared services operations (SSOs) across revenue ranges, industries, and operating maturities. The majority of participants come from mature SSOs.

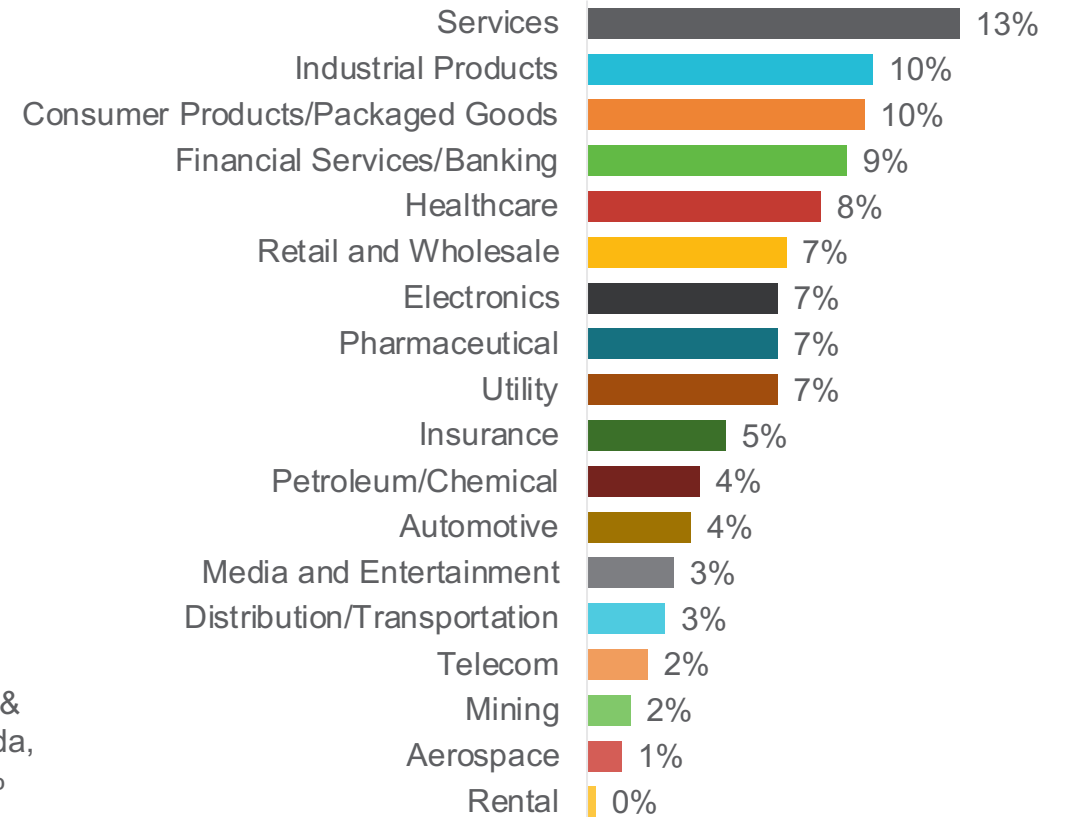
Organization Revenue



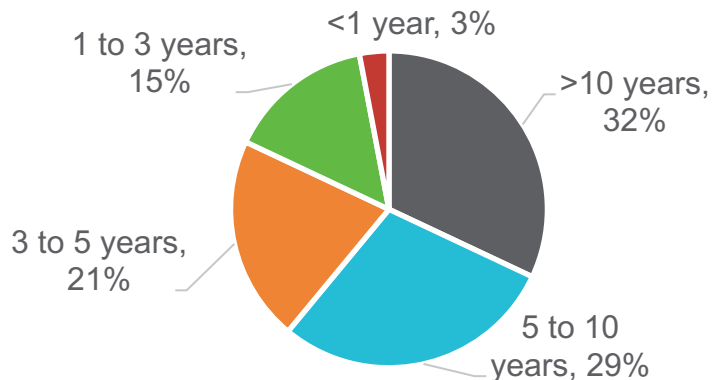
Employees Served



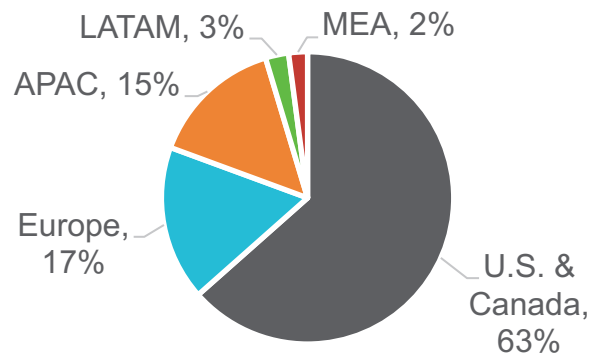
Industry



Maturity



Service Center Location



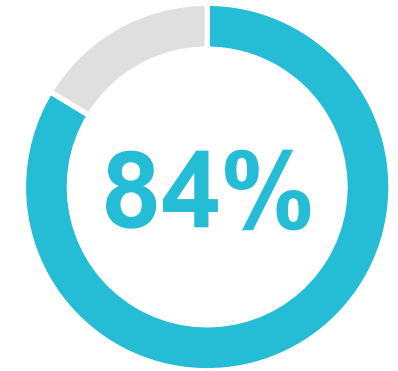
Service Delivery Model and Governance

More organizations are using a tiered approach as part of their service center staffing model

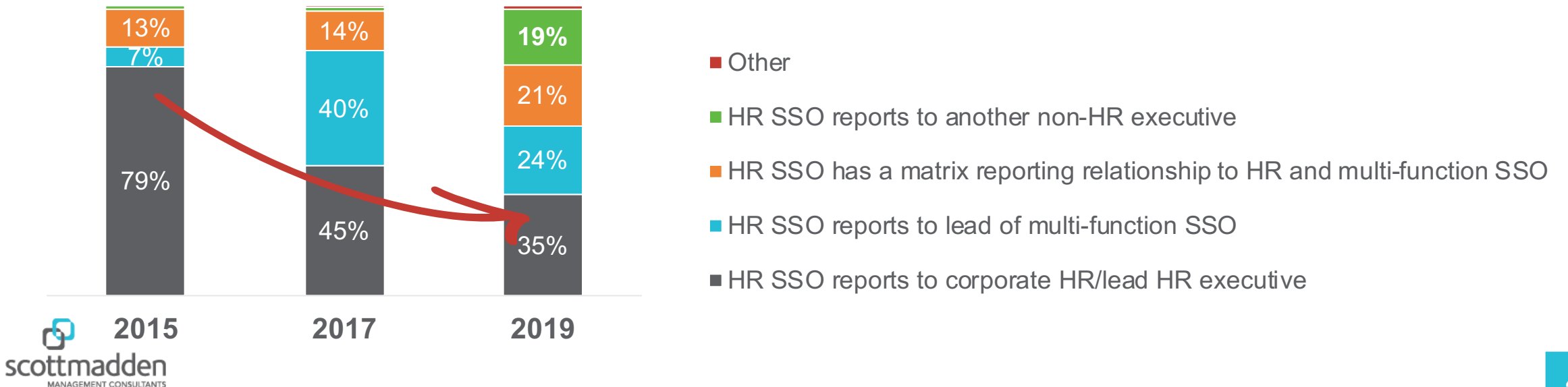
- Tier 1 median staffing is 1:545 relative to employees served
- Tier 2 specialist roles are heavily utilized, and top performers show higher staffing at Tier 2 versus Tier 1

A decreasing number of organizations indicated reporting to corporate HR/lead HR executive

Use of Tiered Model



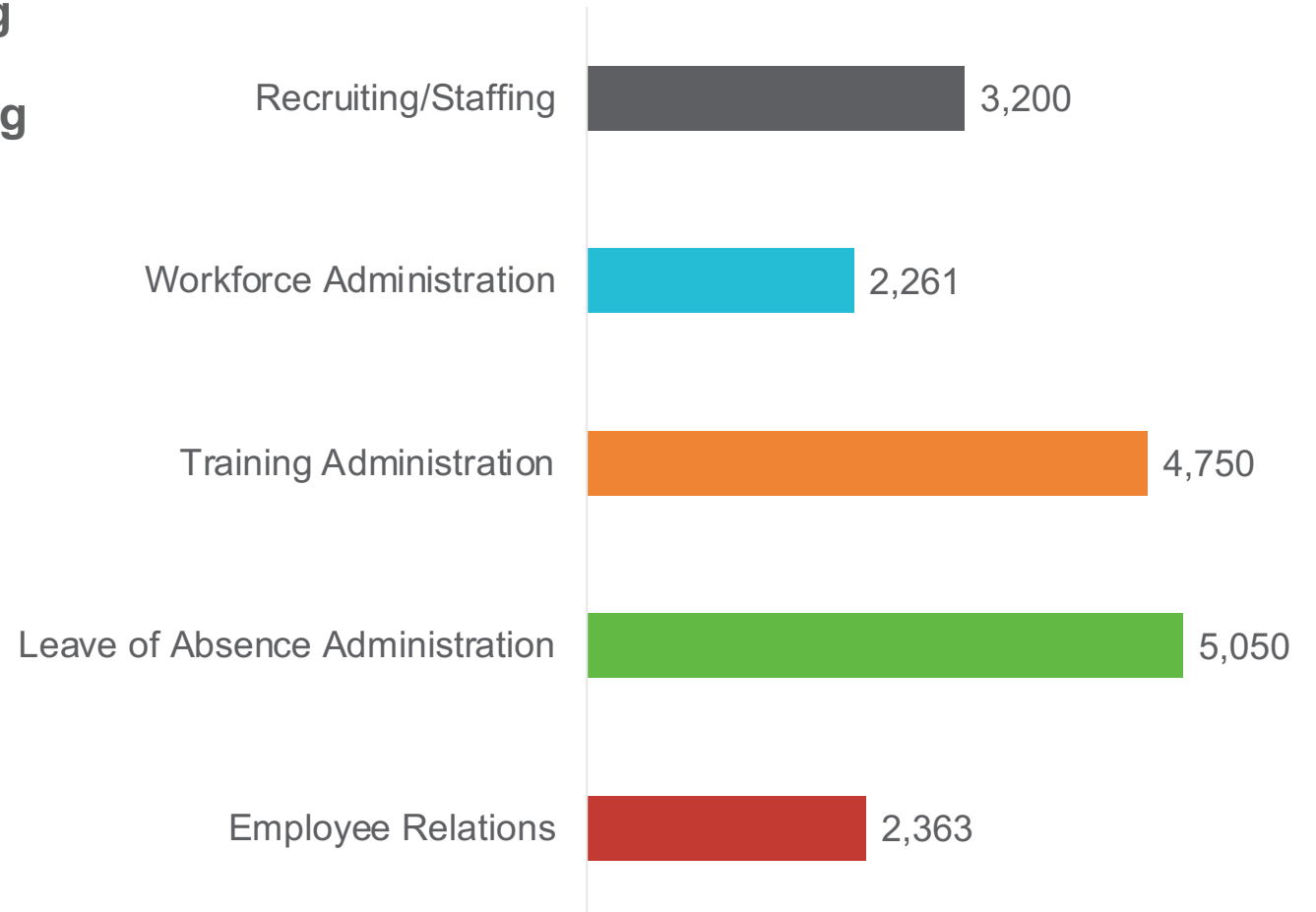
Which best describes the governance model for your HR shared services organization?



Staffing – Tier 2 Specialists

Among Tier 2 specialist groups, workforce administration and employee relations groups show the highest staffing levels, while training administration and leave of absence administration groups show the lowest staffing levels.

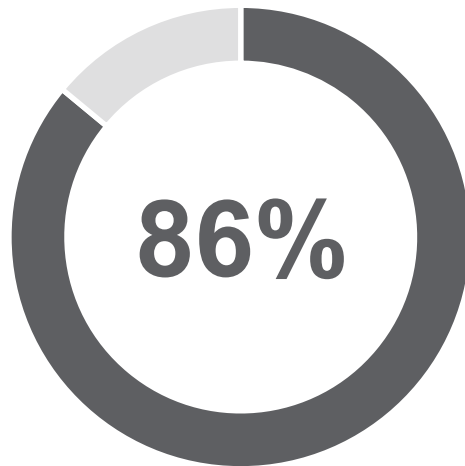
Median Number of Employees per Service Center Specialist Headcount



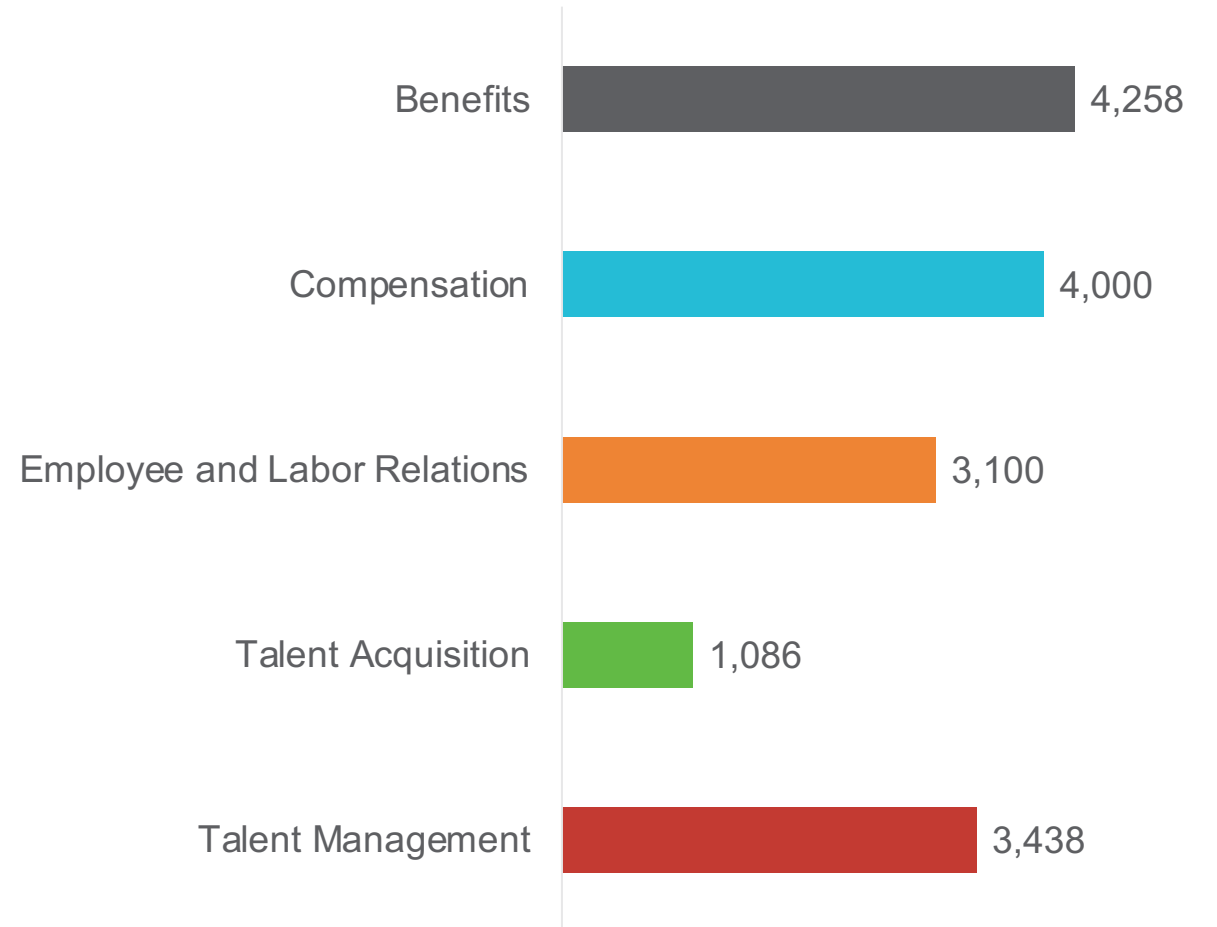
Staffing – CoEs

More than 80% of SSOs employ CoEs as part of their model. Staffing levels vary by type of CoE, but talent acquisition and employee and labor relations CoEs generally show higher staffing levels relative to company employees.

Use of Centers of Expertise

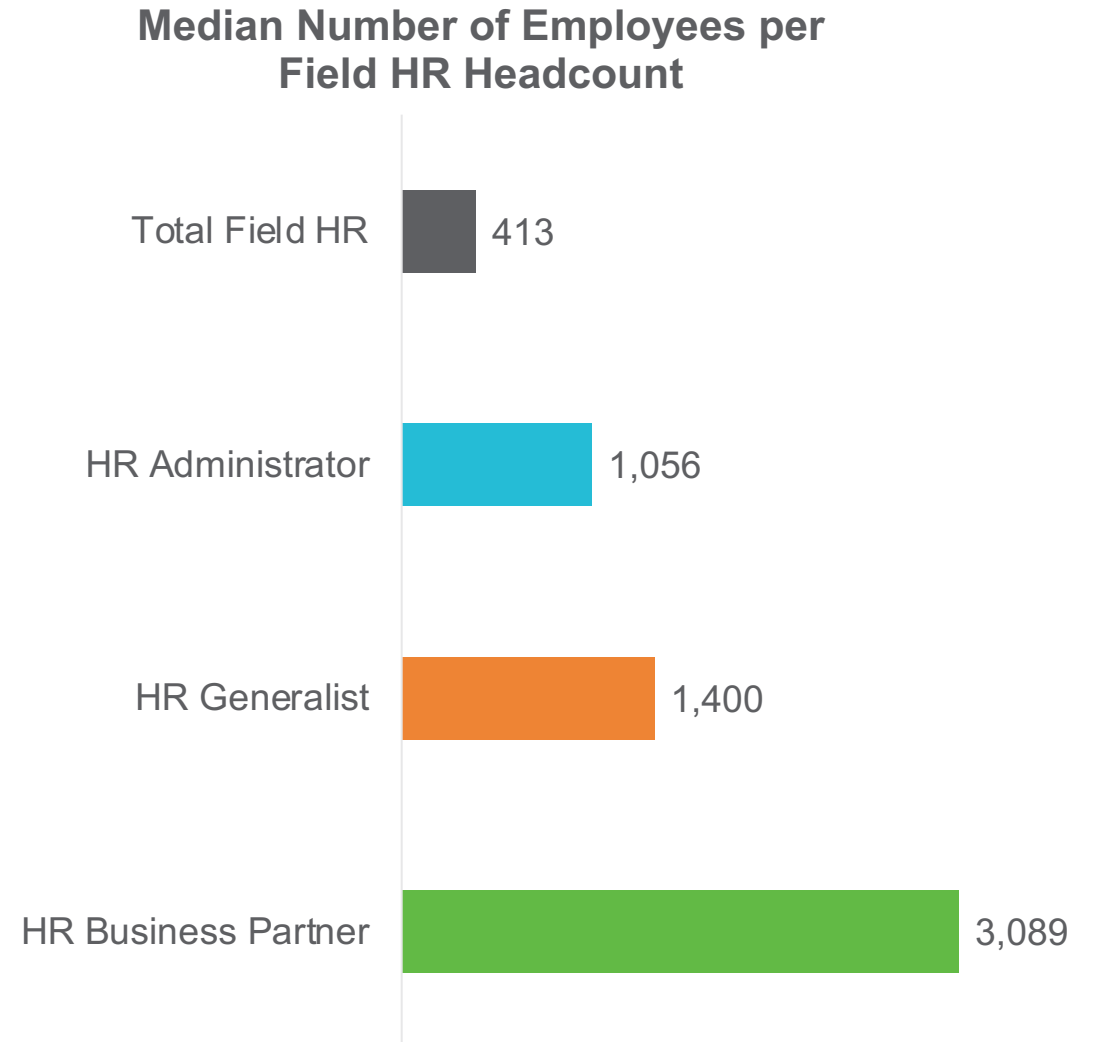


Median Number of Employees per CoE Headcount



Staffing – Field HR

Shifting transactional work to service centers and/or leveraging technology enables field HR to operate more efficiently. Top performers show lower use of the field HR administrator role and lower total field staffing.



Global Operations

78% of participants reported using a GBS model

- 10% have a single global center
- 20% have regional centers with global management and integration
- 48% have site/country-specific centers with global management and integration

10%

of participants operate with a **single global center**

Geographic Model



68%

of participants have **regional or country-specific centers** with global management integration

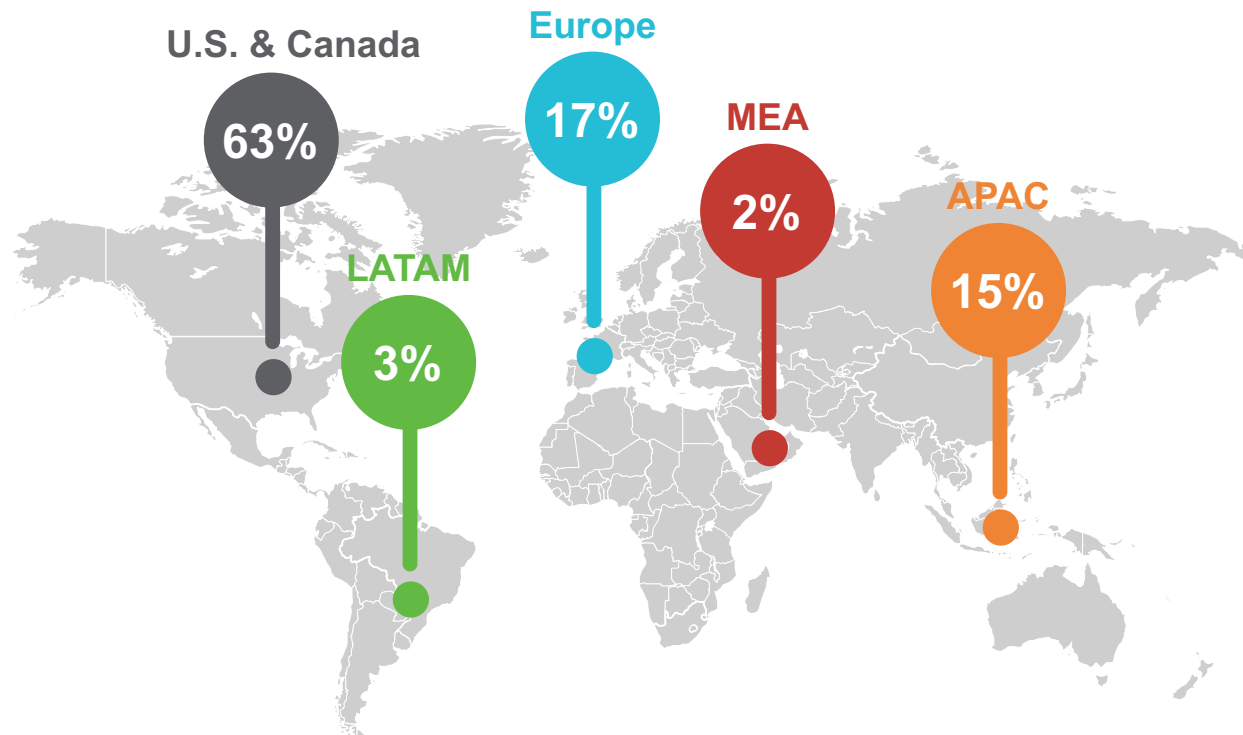
22%

of participants have a non-GBS model, including **regional centers run independently, country-specific centers, or other geographic model**

Global Operations (Cont'd)

North America has been the primary focus of our study and therefore remains the top location, followed by Europe.

Service Center Location by Region



Top U.S. Locations

- Chicago, IL
- New York, NY
- Charlotte, NC
- Atlanta, GA
- San Francisco, CA
- Philadelphia, PA
- Houston, TX
- Seattle, WA
- Denver, CO
- Los Angeles, CA
- Dallas, TX
- Milwaukee, WI

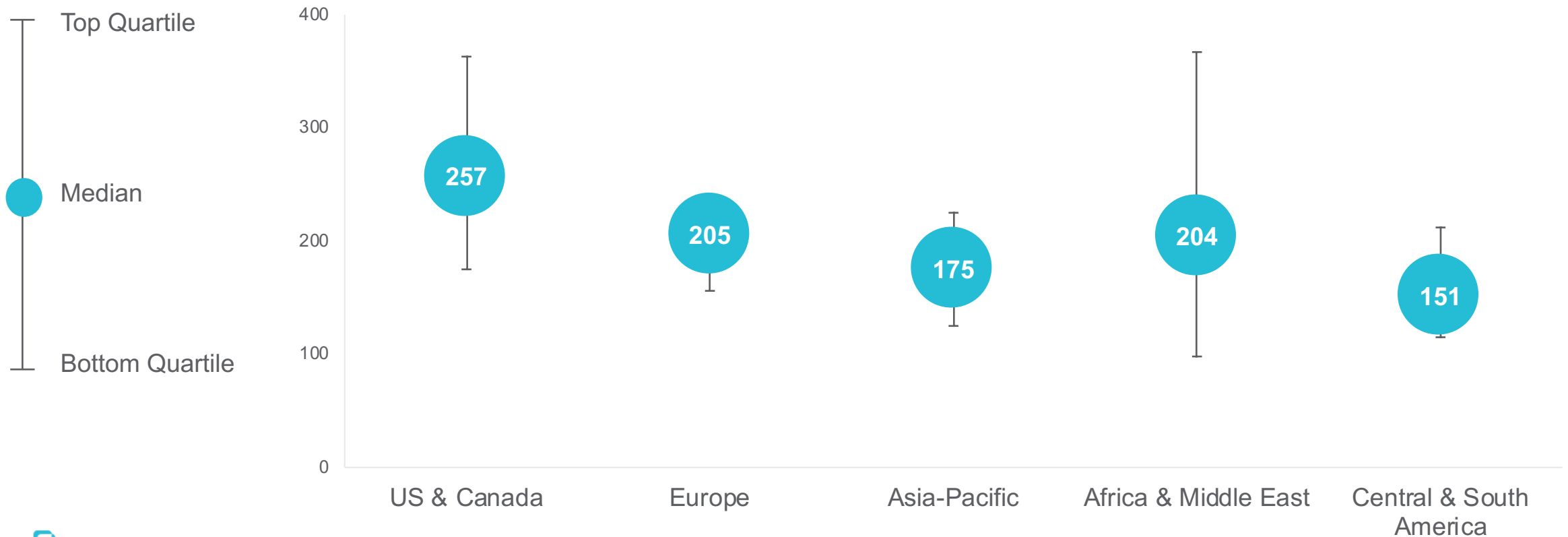
Top Global Locations

- London, United Kingdom
- Hong Kong, Hong Kong
- Dubai, United Arab Emirate
- Shanghai, China
- Melbourne, Australia
- Mumbai, India
- Hyderabad, India
- Gurgaon, India
- Prague, Czech Republic
- Bangalore, India
- Dublin, Ireland
- São Paulo, Brazil

Staffing – Service Center

Total service center staffing across global regions varies, and the overall median is nearly 200 employees per service center headcount.

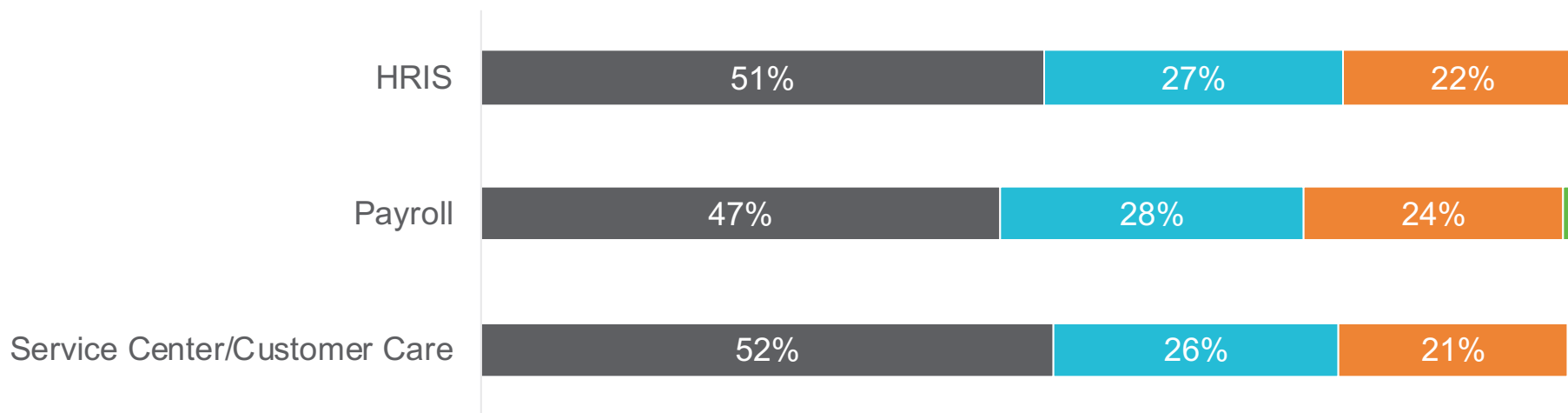
Number of Employees Served per Service Center Employee



Technology Standardization

Half of the participants have fully standardized to a single solution for HRIS and customer care tools. Global SSOs show slightly less standardization of payroll technologies compared to HRIS and Service Center/Customer Care technologies.

To what degree are your technology platforms standardized across your global centers?



- Single instance used across all centers (full standardization)
- Common tool used but different configurations for centers or regions
- Multiple tools used with some centers using standard tools
- No common tools or standardization

Intelligent Automation

More than 40% of SSOs reported having implemented or are piloting IA applications within their service center. Another 35% are thinking about using.

To what extent does your shared services center use intelligent automation applications?

Implemented



Conducting Pilot to Validate Utility



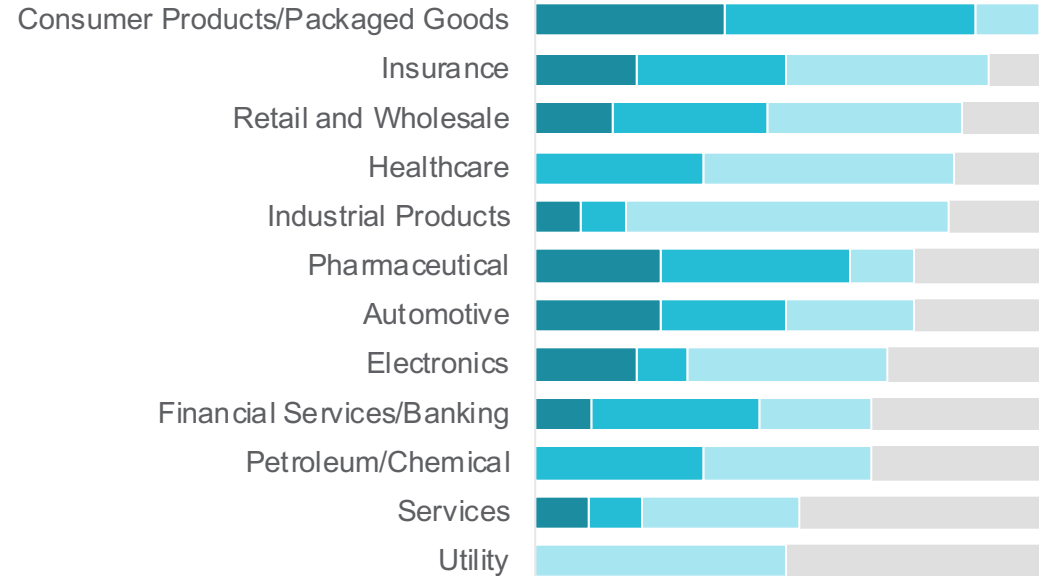
Thinking about Using



Not Using



By Industry



By Size



Intelligent Automation (Cont'd)

Among organizations who are harnessing the power of IA, the majority are using desktop automation for simple transactional data or use rule-based RPA for structured data.

Which of the following best describes your HR organization's maturity with regard to process automation?

AI-Based Cognitive Automation



Knowledge-Based Autonomic Process Automation



Rules-Based Robotic Process Automation



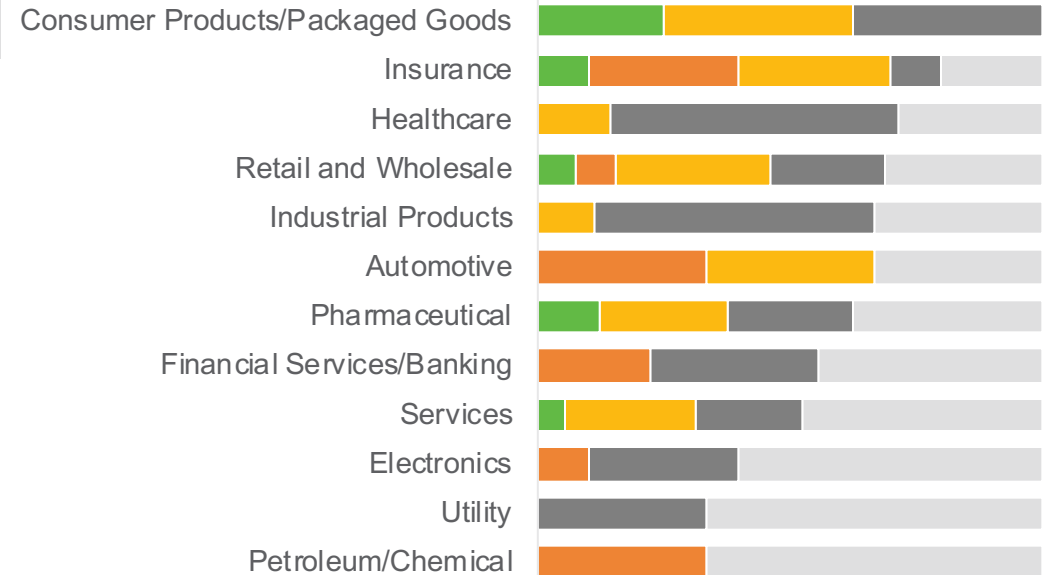
Desktop Automation



Do Not Use Automation to Any Significant Degree



By Industry



By Size



Intelligent Automation (Cont'd)

40% of participants selected research/analytics/reporting as a purpose of using IA, followed by 39% for call center replacement/augmentation via chat bots or virtual agents.

For which purposes are you using intelligent automation applications?



Intelligent Automation (Cont'd)

Lack of executive support was rated as the top challenge in adopting IA or cognitive capabilities, followed by availability of skilled resources or technical expertise.

Main Challenges in Adopting Artificial Intelligence or Cognitive Computing Capabilities



1. Lack of executive support



2. Availability of skilled resources or technical expertise



3. Lack of organizational buy-in/readiness/cultural fit



4. Degree of partner or stakeholder readiness

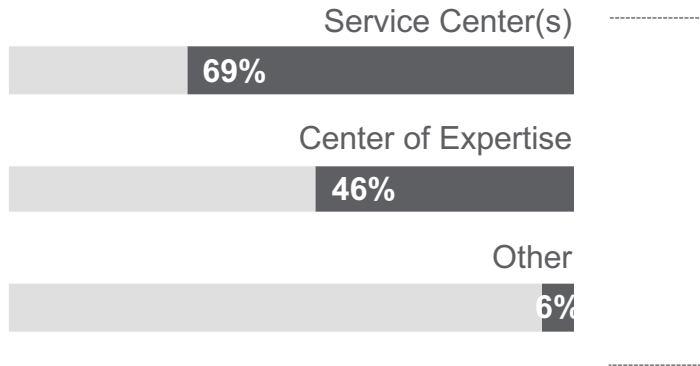


5. Degree of customer readiness

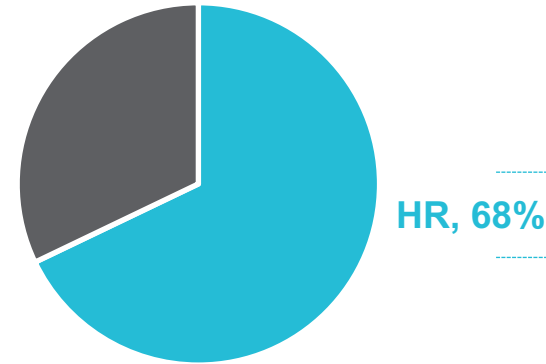
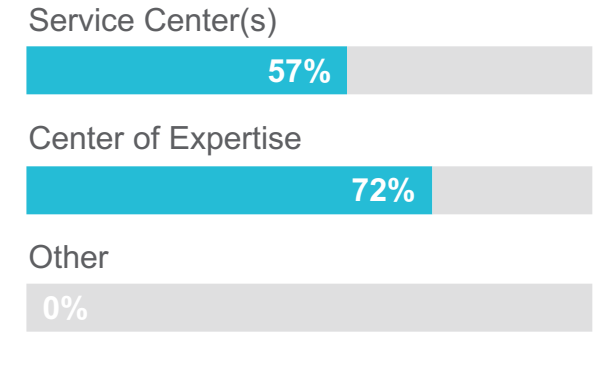
Payroll in HR

Within which function are payroll services located within your company?

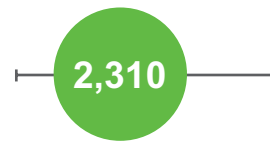
How are payroll services delivered in **Finance**?



How are payroll services delivered in **HR**?



Total Company Employees per **Payroll Processing Employee** Headcount



Total Company Employees per **Payroll CoE** Headcount



0 2,000 4,000 6,000 8,000 10,000 12,000 14,000

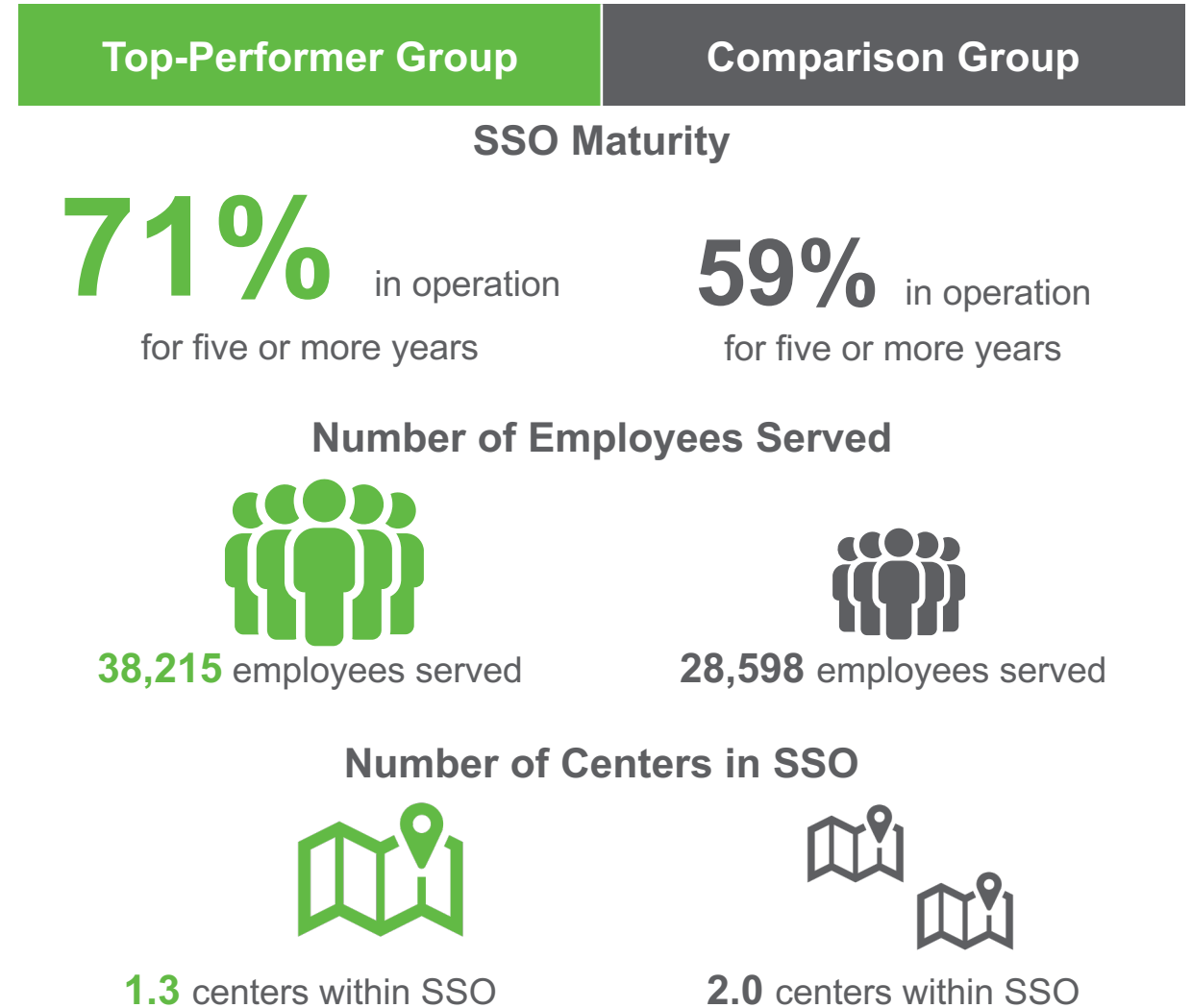
Bottom Quartile Median Top Quartile



Who Are the Top Performers?

An analysis of top-performing organizations across key metrics in the study was used to identify common characteristics. Top performers:

- Are more mature
- Are larger entities
- Have fewer centers (less distributed)
- Use a tiered approach
- Have higher use of Tier 2 specialists
- Remove administrative work from field HR
- Use more robust portals
- Use more self-service



Want to Find Out How You Compare?

- Contact us at info@scottmadden.com
- Sign up to be notified of our next cycle

- Unique benchmarking study
- No cost to participate
- Receive detailed report of all metrics and qualitative results
- Peer group comparisons are provided where relevant