

# HR Shared Services: A Means to Reduce Costs and Improve Integration

An HR Shared Services Case Study



**A** large aerospace and defense corporation with nine diverse business sectors and 120,000 employees desired to implement human resources (HR) shared services to reduce costs and improve the corporation's ability to operate as one company. ScottMadden recommended a service delivery model; developed functional requirements; assisted with supporting technology suite design, selection, and configuration; harmonized policies and processes; designed and staffed organizations; trained staff; conducted a business simulation; and managed the overall implementation. In addition, ScottMadden worked to stabilize processes and technologies post go-live. The team also assisted with progressive, phased rollouts of the new HR operating model to the company's sectors.

## The Challenge

The company expanded through a variety of mergers and acquisitions over many years, resulting in multiple business units operating independently across the United States. Most business units were never truly integrated, and as a result, the company was teeming with non-standard policies, processes, and systems, and work was often duplicated across various parts of the organization. Business sectors were large and profitable with high overall resistance to change and standardization.

The shared services concept had been attempted in previous years with limited success. Although one common HR information system (HRIS) existed, it had been highly customized to accommodate variances across the enterprise. The dispersed employee population, many of whom had limited access to self-service tools or communication methods, required a unique approach. With cost pressures mounting and uncertainty lingering with potential defense cuts, the company aimed to reduce overall operating costs while increasing overall customer service and value. Given the challenges, ScottMadden collaborated closely with the client to design and implement an effective HR delivery model.

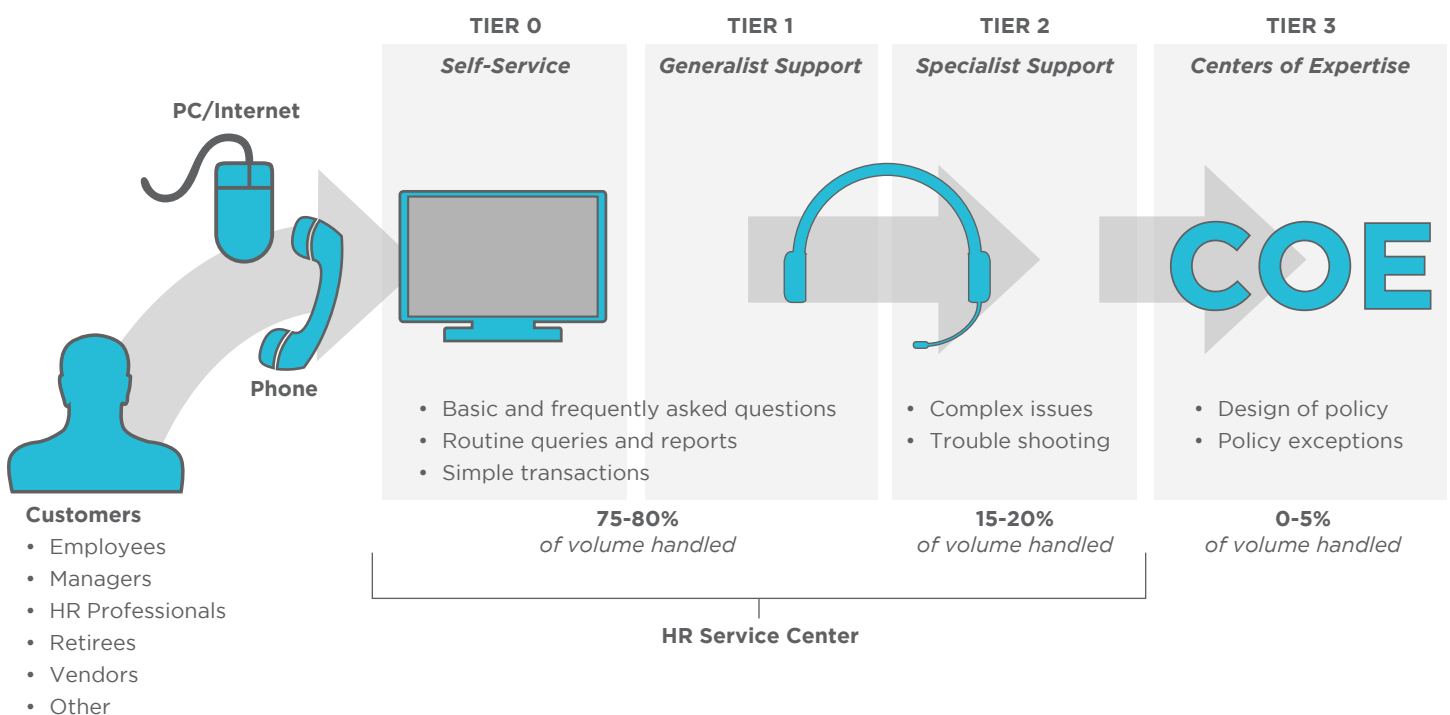
## How We Helped

ScottMadden used its deep shared services experience across many industries and organizations to rapidly facilitate a design, develop requirements, and assist with building the infrastructure for a customized HR service center (HRSC). The company's business sectors were initially planned to phase in over six-month intervals. However, with several reorganizations occurring during the engagement, the phasing plan was adjusted to accommodate multiple units within a single phase. One sector volunteered to participate in a pilot launch two months prior to the first-phase go-live, resulting in a compressed timeline.

Prior to the implementation kickoff, ScottMadden assisted the client in determining more than 34 in-scope policies and processes to standardize and improve. Among services included were employment verification, onboarding, leave of absence, service awards, HRIS transactions (e.g., promotions, separations, data corrections, etc.), education reimbursement, and paid time off. Once the in-scope services were prioritized for harmonization, the project implementation team was expanded to focus on other key implementation work streams, such as organizational

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Figure 1: Leading Practice HR Service Delivery Model



design and staffing, technology, knowledgebase, training, change management, and communications.

ScottMadden worked with the client to apply leading practice design principles. The team designed a tiered service delivery model, as shown in Figure 1, with more than 100 positions consisting of Tier 1, Tier 2, and management roles (e.g., Tier 1 – answer employee questions, conduct routine transactions, etc.; Tier 2 – handle escalations, conduct complex transactions, etc.). Once the organization was designed, the team selected staff and managed the employee transition process, which primarily consisted of new hires.

ScottMadden worked with the client to identify the optimal customer service technology suite, develop requirements, select vendors, and install, configure, and test software, including interactive voice response, computer technology integration, case management system, knowledgebase, and document management systems.

ScottMadden assisted with facility requirements and the site selection process. The team also developed a detailed training plan, created training materials, and delivered training sessions, including conducting business simulation exercises prior to go-live. Figure 2 shows how a building-block approach was used to prepare the staff.

ScottMadden and the client team defined key performance metrics, goals, and reports and developed, built, and edited knowledgebase content. Other team members developed a communication plan, marketing campaign, and collateral material. Finally, ScottMadden helped the client officially launch and stabilize the HRSC.

## ScottMadden worked with the client to apply leading practice design principles.

### Results

The team implemented a service center that provided shared services across the sectors, removed administrative tasks from the field, improved the strategic role of the HR business partner, and provided consistent, accurate answers to HR-related questions. The HRSC achieved the initial goal of reducing costs by 10%. More costs savings have been realized as technologies, processes, and staff have been continually improved.

Moreover, the team established a sound foundation on which other shared services could be built. Since inception, the HRSC has morphed into a multifunctional service center. The team has developed security shared services (since divested), expanded workforce administration, and added the IT service desk and financial shared services. These expansions have been accomplished while reducing total staffing and costs. Current plans call for adding more services to the portfolio.

Figure 2: Business Simulation – Building-Block Approach

Key					Solo handling of all issues/customers under high-volume demand conditions
Simulation Stress Test	General Simulation Test	Academic Training			
				Solo handling of simple issues with demanding or uninformed customers	Solo handling of complex issues with demanding or uninformed customers
			Solo handling of simple issues with friendly/knowledgeable customers	Solo handling of complex issues with friendly/knowledgeable customers	Small group handling of complex issues with demanding or uninformed customers
	Group walk through of integrated technologies using scenarios		Small group handling of simple issues with friendly/knowledgeable customers	Small group handling of complex issues with friendly/knowledgeable customers	Small group handling of simple issues with demanding or uninformed customers
Academic training on service delivery model	Academic training on technologies	Academic training on processes	Academic training on customer service	Academic and practical training on knowledgebase	

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