



scottmadden
MANAGEMENT CONSULTANTS

How to Understand, Engage, and Satisfy Your Internal Customer

22nd HR Shared Services
and Outsourcing Summit

October 17, 2017

Smart. Focused. Done Right.®

Agenda

- Introductions
- About ScottMadden
- Who Are Your Customers?
- Customer Service
- Feedback Channels for Customer Engagement
 - Customer Satisfaction Surveys
 - Business Partner Relationships
 - Governance and Operational Committees
 - Metrics and Performance
 - Partnership Agreements
- Service Expansion
- Wrap Up
 - Key Takeaways



Your Faculty



Courtney Jackson
Partner and Human
Capital Management
Practice Lead



Trish Ferris
Partner



Adithya Mathai
Director

About ScottMadden



Who We Are

ScottMadden is a management consulting firm with more than 30 years of deep, hands-on experience.

We deliver a broad array of corporate and shared services consulting services—from strategic planning through implementation—across many industries, business units, and functions.

WE DO

**WHAT IT TAKES
TO GET IT DONE
RIGHT**

CORPORATE & SHARED SERVICES

EXPERIENCE

Our experienced team has been a pioneer in corporate and shared services since the practice began decades ago. We employ deep, cross-functional expertise to produce practical, measurable solutions.

SCOPE

We have completed more than 1,600 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Our areas of expertise span the spectrum of middle and back office corporate and shared services.

SERVICES

We have helped our clients with business case development, shared services design, shared services build support, implementation, and improvement.

Our corporate and shared services knowledge, expertise, and experience are unmatched—no other firm has helped more clients with more unique solutions.



Corporate & Shared Services Capabilities

ASSESS AND PLAN

- Strategic planning
- Feasibility analysis
- Benchmarking
- Leading practice assessment
- Performance evaluation
- Project planning
- Leadership education and buy-in
- Staff evaluation
- Change readiness assessment
- Site visits

DESIGN

- Current state analysis
- Future state design
- Business case development
- Service delivery model design
- Work scope delineation
- Intelligent automation strategy
- Sourcing evaluation
- Organizational design
- Technology evaluation
- Transformation planning
- Implementation planning
- Change management

BUILD

- Project management
- Service and transaction center build
- Detailed organizational design
- Staffing
- Process redesign
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation

IMPROVE

- Analytics setup and deployment
- Operations improvement
- Governance
- Service expansion
- Cost reduction
- Process redesign
- Intelligent automation opportunities/implementation
- Technology upgrade
- Merger and acquisition integration
- Field resource development
- Customer satisfaction measurement
- Metrics and performance management

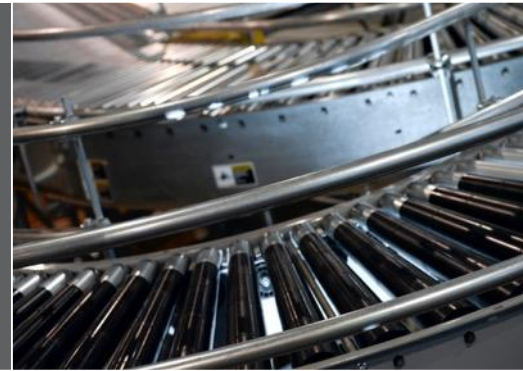


Areas of Focus



HUMAN CAPITAL MANAGEMENT

We offer HR transformation (including HR shared services), analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.



SUPPLY CHAIN

We assist clients across the full range of supply chain processes, and have the unique ability to create alignment between supply chain and its stakeholders. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, we help you with every step.



TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization get the most out of its IT investment. We also help you optimize your projects to focus on delivering business outcomes not just installed technology.



BUSINESS ADMINISTRATIVE SERVICES

We help our clients integrate various administrative services into their shared services model to improve service response performance to the business. Services often include real estate, facility maintenance, fleet, security, insurance, customer service, cafeteria, and others.



FINANCE AND ACCOUNTING

We help companies transform their finance and accounting operations. Through enterprise financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your company.



MULTIFUNCTION/GBS


We move shared services to the next generation—integrating finance, human resources, information technology, supply chain, and/or other business administrative services into a single, multifunction shared services or global business services operation with effective governance and management.

How We Differ from Our Competition

| | Strategy Firms | The Big Four | Outsourcing Advisory Firms | HR/Functional Consultancies | ScottMadden |
|--------------------------|---|---|--|---|--|
| FOCUS | <ul style="list-style-type: none"> ▪ Strategy work ▪ Mergers and acquisitions ▪ Cost reduction | <ul style="list-style-type: none"> ▪ Strategy and implementation work ▪ Large system implementations ▪ Outsourcing and offshoring ▪ Long engagements | <ul style="list-style-type: none"> ▪ Advisory services regarding vendor-providing solutions | <ul style="list-style-type: none"> ▪ Functional program development and/or support (e.g., health and welfare, compensation) ▪ Delivery systems ▪ Unique products (e.g., surveys) | <ul style="list-style-type: none"> ▪ Strategy and implementation work ▪ Efficient delivery models ▪ Full SSO lifecycle support ▪ Engagements scoped in manageable phases |
| APPROACH | <ul style="list-style-type: none"> ▪ Solutions focused on big picture, but not always practical ▪ Not often involved in implementation | <ul style="list-style-type: none"> ▪ Off-the-shelf methodologies ▪ Client must adapt to consultant's approach ▪ Large project teams ▪ Get in and stay in; take over | <ul style="list-style-type: none"> ▪ Sourcing analysis and solutions ▪ Standard methodologies ▪ Limited client involvement after data capture ▪ Neutral or vested interest as a provider | <ul style="list-style-type: none"> ▪ Advisory role ▪ Research and program-based solutions ▪ Implementation of unique technologies | <ul style="list-style-type: none"> ▪ Customized, practical solutions ▪ Small project teams ▪ Collaborative approach with clients ▪ Sale not mixed with delivery of work |
| PROJECT TEAMS AND PEOPLE | <ul style="list-style-type: none"> ▪ Leverage reputation ▪ Teams comprised of mix of senior and junior resources ▪ Generalists ▪ Strong business acumen, weaker functional skills | <ul style="list-style-type: none"> ▪ Sales team is not involved in delivery ▪ Teams comprised of junior, inexperienced resources with oversight by senior resources | <ul style="list-style-type: none"> ▪ Sales team is not involved in delivery ▪ Teams comprised of junior resources with oversight by senior resource | <ul style="list-style-type: none"> ▪ Leverage reputation ▪ Deep functional knowledge, narrower focus | <ul style="list-style-type: none"> ▪ Working partners meet with prospective clients ▪ Senior, experienced consultants with business acumen and functional knowledge |



Representative Clients

| Consumer Products and Services | Manufacturing | Technology and Communications | Higher Ed., Public Sector, and Defense | Energy and Utilities | Healthcare and Pharmaceuticals | Professional Services |
|---|---|--|---|---|---|---|
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Note: Representative sample; not all-inclusive of clients served. Excludes numerous well-known clients due to confidentiality agreements

Who Are Your Customers?



Defining the Customer

- If you are interested in customer engagement, one of the first key steps is to define your customers
- Be deliberate in this exercise
 - Who are your customers?
 - What are their interests and priorities?
 - What are they looking for from the shared services organization (SSO)?

Who Are Your Customers?

The Usual Suspects

Below are examples of typical shared services customers and their various interests and priorities.



Three Critical Success Factors

1

Assess Leadership Capabilities

Build on the strengths of the executive sponsor

2

Assess Stakeholder Support

Build their support or opposition into your change plans and check back with them often during implementation

3

Ongoing Sponsor Support

Provide sponsor with the information required to help accomplish the project's goals—make them successful



Stakeholder Assessment

Conducting a stakeholder assessment is a deliberate method to understanding who the customers and stakeholders are and where they fall on the spectrum of engagement. This also helps identify actions to take related to the stakeholder groups.



First, identify your stakeholders

- Division, group, or individual
- Relationship to HR Service Center (HRSC)
- Role in change management
- Current level of support
- Desired level of support
- Context or background



Next, consider these factors for each target

- What is their scope of influence?
- What is important to the target?
- How can they contribute to the goal?
- How can they block or derail the goal?
- How can they be engaged?
- Are they a resistor? A champion?

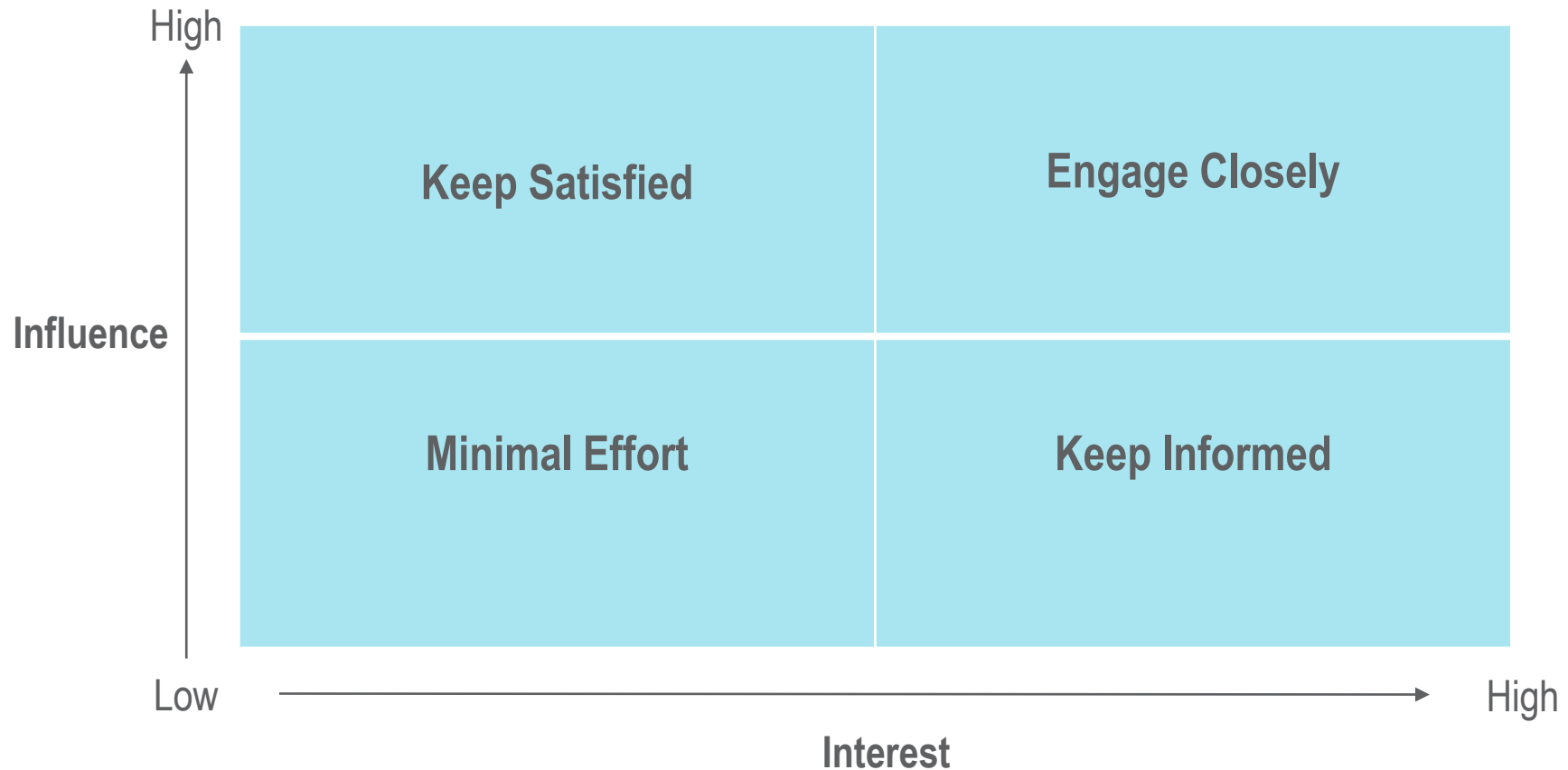
If a specific change is upcoming, also consider:

- How much does the change impact this target?
- What is the effort required for them to change?

Who Are Your Customers?

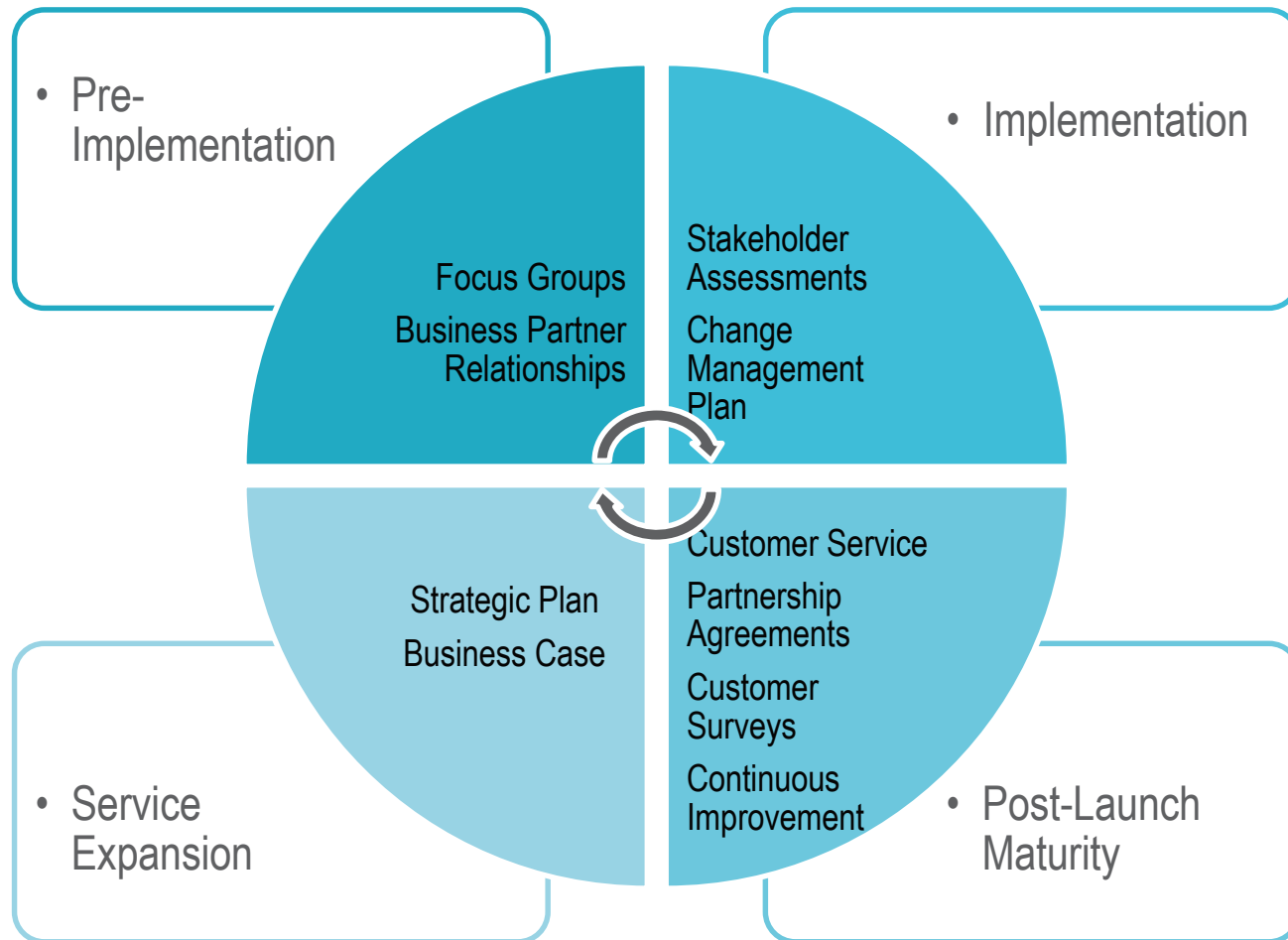
Stakeholder Map

An additional component of the stakeholder assessments is to map them against a stakeholder analysis matrix to illustrate their position in comparison to others and to identify the action required.



Customer Engagement

Customer engagement can be a priority across every stage of the project or operational lifecycle. Continuous engagement can be achieved through these stages and activities.



When Change Is on the Horizon

- Assess impact of overall change on stakeholder groups
- Build awareness
- Build, execute, and monitor communication plan
- Create and launch marketing campaign
- Assess training and education needs
- Build plan
- Conduct training and education

Successful change management solutions are based on a well-planned and integrated set of initiatives and actions.

CHANGE MANAGEMENT PLAN

STRATEGY AND APPROACH

Communication Plan

Education and Training Plan

Marketing Plan

ENABLERS

Oversight, Organization, and Controls

Sponsorship/ Stakeholders

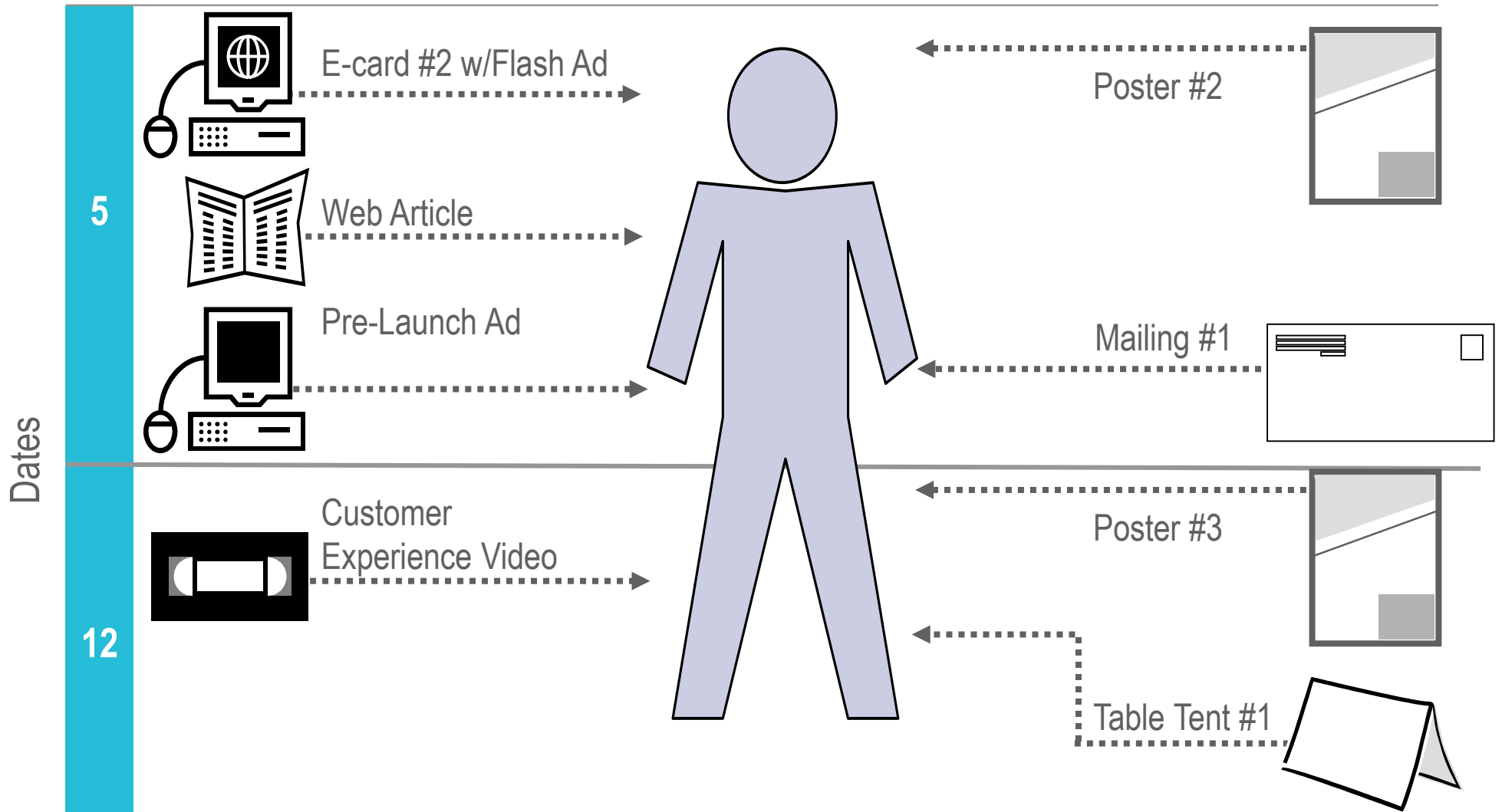
Risk Management

Feedback/ Pulsing



Who Are Your Customers?

Consider the Stakeholder Experience



Customer Service



Customer Service Is More Important Than You Think

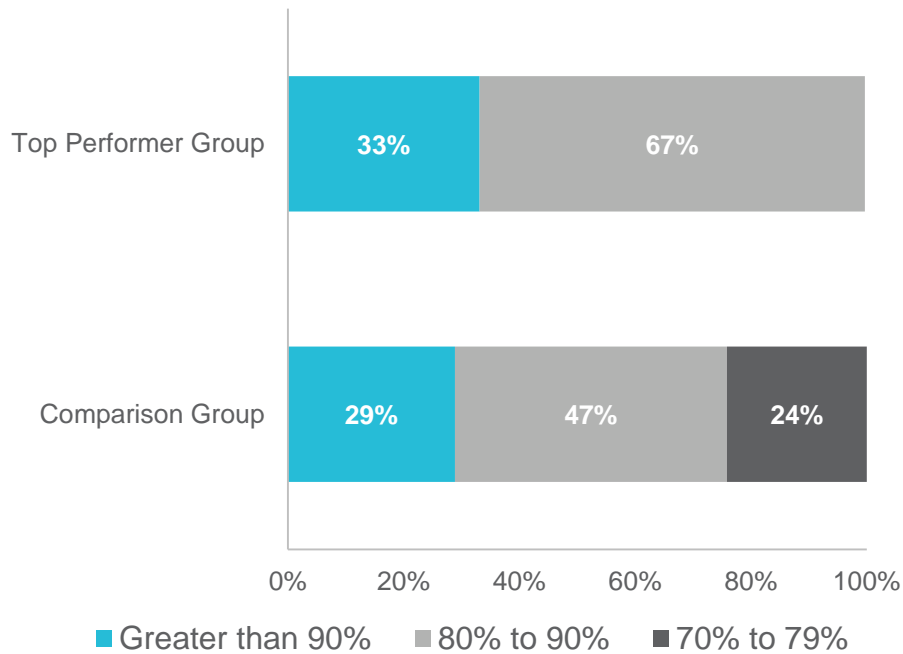
Everyone knows that customer service is important, but here's why it may matter more than you think it does:

- Employee experience—or customer experience (CX)—has become a strategic practice for companies looking to attract and keep top talent. Service delivery to internal customers and recruitment, benefits, and compensation practices are key for HR to align to the CX
 - Increasing use of end-to-end processing is part of enhancing and catering to a more consistent customer experience
- If customer service is a priority, the results are:
 - Trust from your internal customers
 - Reliability in service delivery
 - Clarity in roles and processes
 - Opportunities for growth and expansion
- Customer satisfaction is directly linked to top performance in SSOs

Customer Satisfaction and Performance

According to results from the survey conducted by ScottMadden and APQC in 2016, higher customer satisfaction rates exist among the top performer group and are correlated to less turnover.

Customer Satisfaction Rate



HR service center employee turnover for North American Shared Services Center



- High Customer Satisfaction: customer satisfaction rate greater than 90%
- Low Customer Satisfaction: customer satisfaction rate less than 90%

Feedback Channels for Customer Engagement



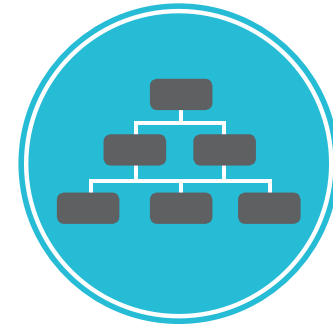
What Are the Feedback Channels?



**Customer Satisfaction
Surveys**



**Business Partner
Relationships**



**Governance and
Operational Committees**



**Metrics and
Performance**



Partnership Agreements

Customer Satisfaction Surveys





Why Measure Customer Satisfaction?

More and more SSOs have used—and are administering on a regular basis—formal surveys to measure their customer satisfaction levels.

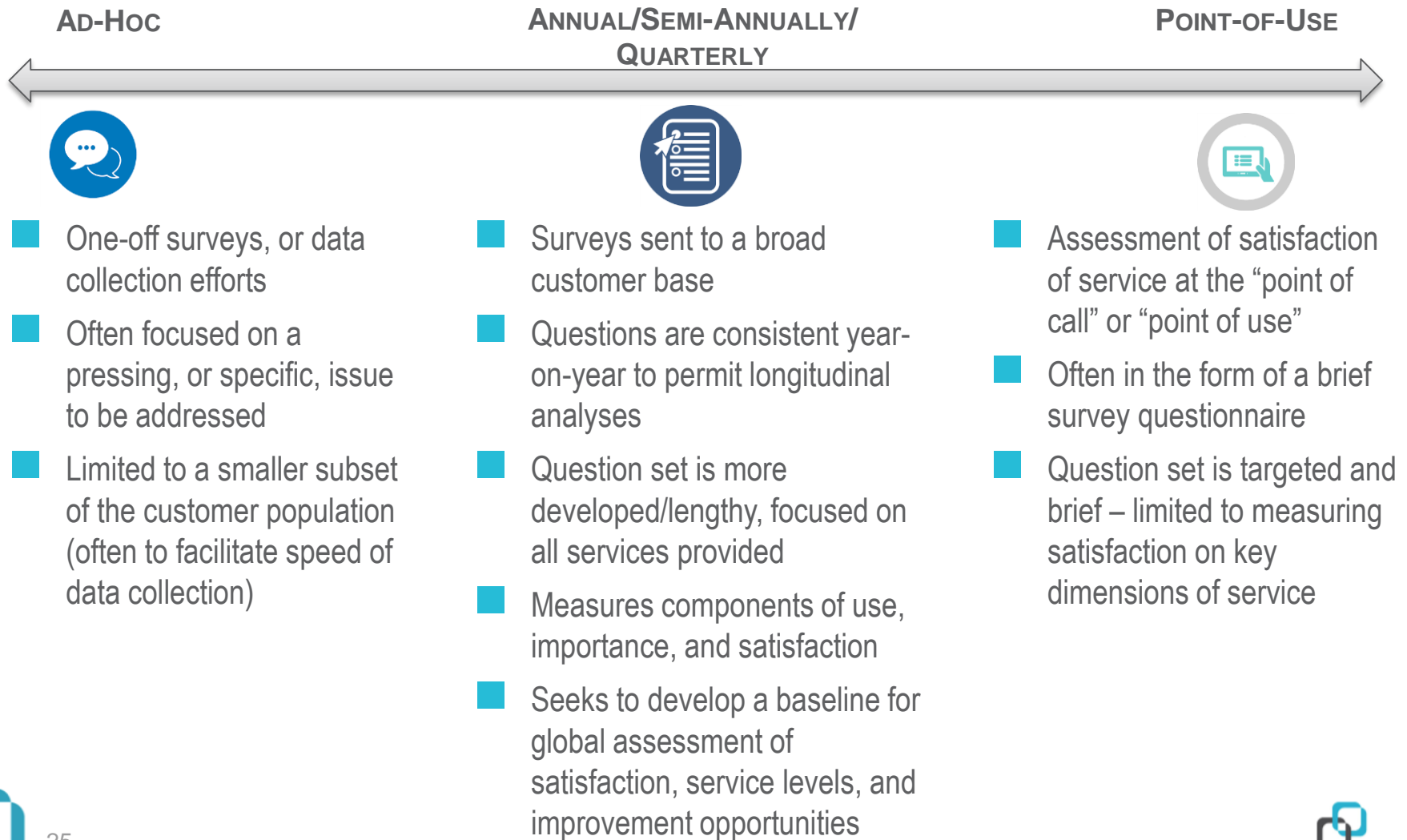
Customer satisfaction for an SSO is a primary measure of results along with cost and compliance.

1. Gauge current performance and measure improvement. Customer satisfaction surveys within SSOs play an important role in helping compare post-implementation performance to the satisfaction with prior delivery models.
2. Pinpoint key drivers of satisfaction and loyalty to prioritize key issues. Interpretation of the survey data enables SSOs to identify areas of strength and weakness and to develop plans to significantly improve customer loyalty and satisfaction.
3. Understand alignment with customers and build superior customer value. Knowing your customers' perceptions gives you power to anticipate rather than react to changing needs and to improve your organization's bottom line with actionable information.



Methods of Measurement

As survey mechanisms are implemented, shared service areas implement a variety of layers to help create a holistic picture of performance and satisfaction.





Dimensions of Customer Satisfaction

These are overall satisfaction and dimensions/drivers of customer satisfaction:



- Awareness of alternatives, needs, expectations, and service levels
- Qualifications
- Image of Organization

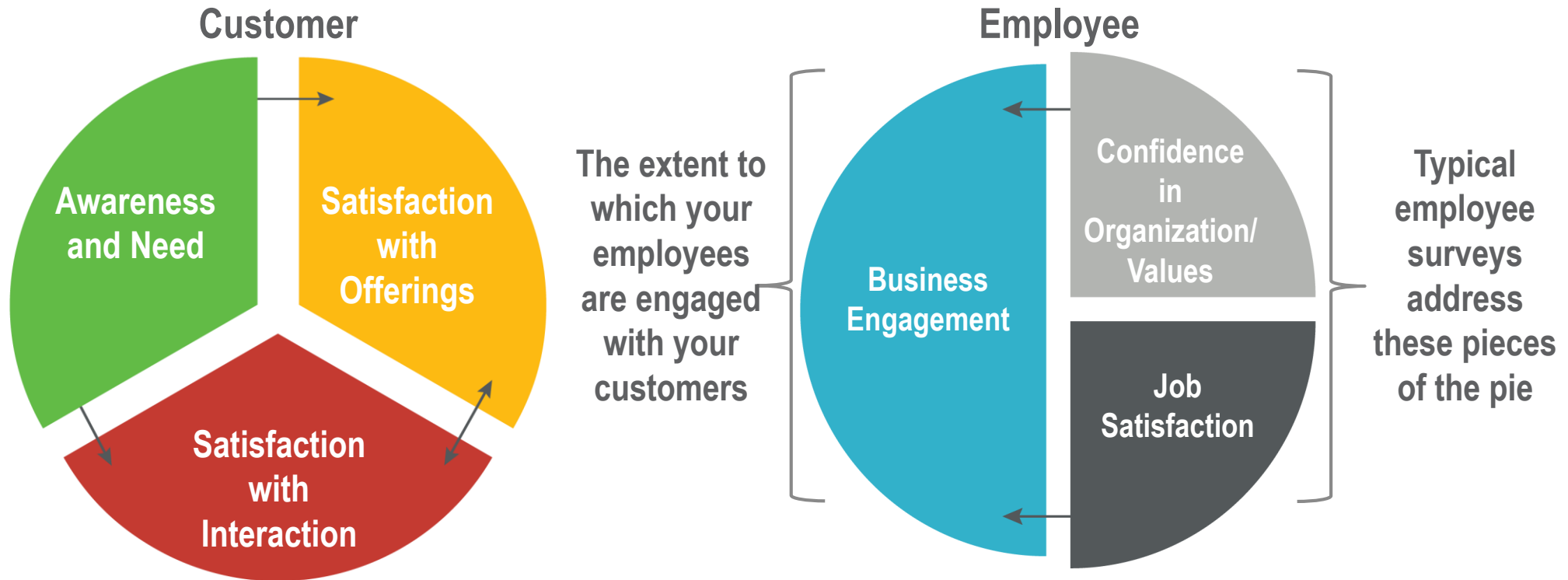
- Use
- Importance
- Performance
- Costs

- Knowledge and attitude of staff
- Accuracy and timeliness of service
- Follow through on commitments
- Convenience of doing business
- Willingness to help, prompt delivery
- Concern for business needs



A Combined Approach to Measurement

In addition to measuring customer satisfaction, our clients gain valuable insights from measuring the business engagement of service delivery employees.



Knowing your customers' perceptions *gives you the power to...*

- Anticipate rather than react
- Increase the value delivered to the business



Why Use Surveys?

Surveys are a powerful tool that provide management with actionable information.

- Surveys provide **quantitative data** to gauge current performance and measure improvement
- Surveys provide **objective feedback** from customers and employees
- Surveys can be designed to ensure **confidentiality** for respondents
- Surveys allow you to **pinpoint specific aspects** of your service, products, or organization
- Surveys can be used as a **marketing tool** with customers to educate them on service offerings
- Surveys are **efficient for gathering data** from a large or dispersed population
- Surveys can **easily be repeated** in the future to measure changes in perceptions

ScottMadden has been conducting customer satisfaction surveys for our shared services clients for years, and we have captured multi-function, multi-year satisfaction data to provide insight into trends in customer satisfaction.



Example Output – Understanding Alignment

By measuring both customer satisfaction and employee business engagement, you can identify perception gaps with customers.

Human Resources





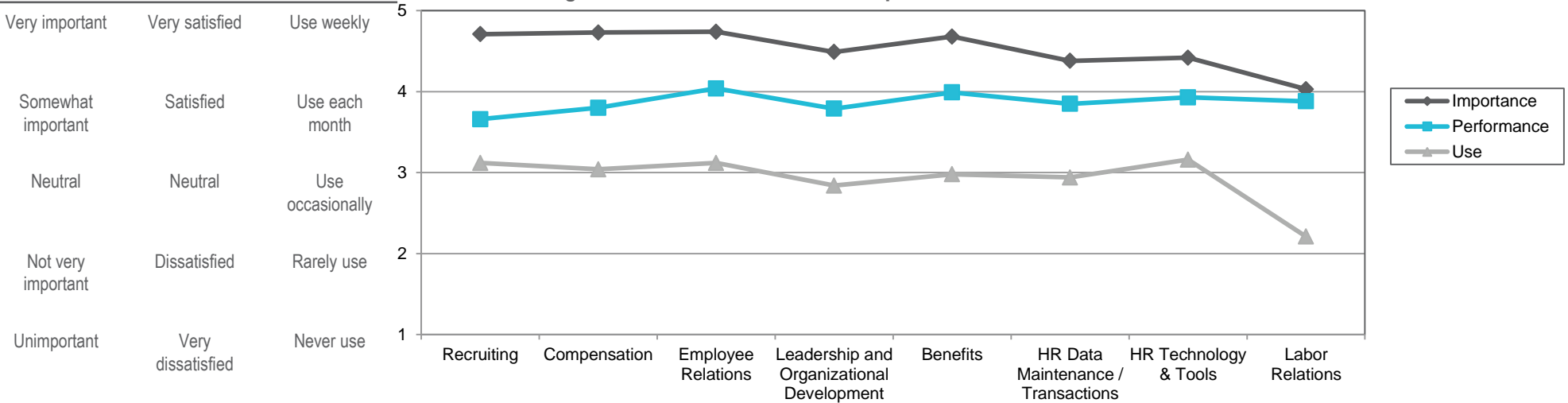
Example Output – Evaluation of HR Services

For management, the gap between the Importance and Performances rating is largest for Recruiting and Compensation, indicating these services are rated high in importance, but satisfaction with the services is relatively lower.

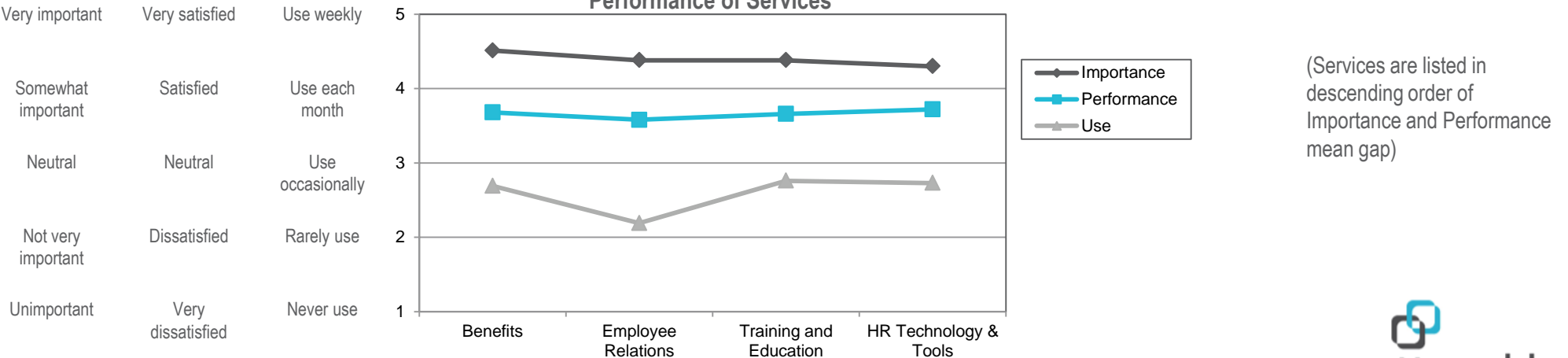
Question Scales

| Importance | Performance | Use |
|--------------------|-------------------|------------------|
| Very important | Very satisfied | Use weekly |
| Somewhat important | Satisfied | Use each month |
| Neutral | Neutral | Use occasionally |
| Not very important | Dissatisfied | Rarely use |
| Unimportant | Very dissatisfied | Never use |

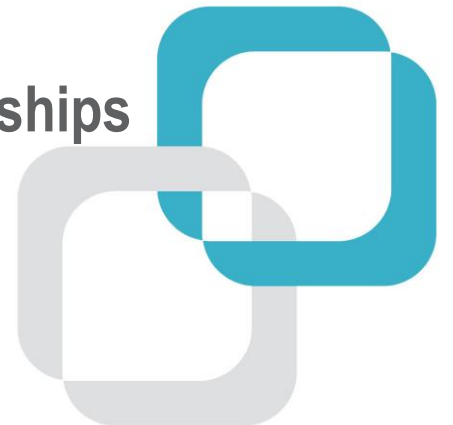
Management Mean Scores on Use, Importance, and Performance of Services



Staff Mean Scores on Use, Importance, and Performance of Services



Business Partner Relationships





The Role of the HR Business Partner

According to SHRM, the role of the HR Business Partner is described as:

*The HR business partner (HRBP) position is responsible for aligning business objectives with employees and management in designated business units. The position serves as a consultant to management on human resource-related issues. The successful HRBP acts as an employee champion and change agent. The role assesses and anticipates HR-related needs. Communicating needs proactively with our HR department and business management, the HRBP seeks to develop integrated solutions. The position formulates partnerships across the HR function to deliver value-added service to management and employees that reflects the business objectives of the organization. The HRBP maintains an effective level of business literacy about the business unit's financial position, its midrange plans, its culture and its competition.**

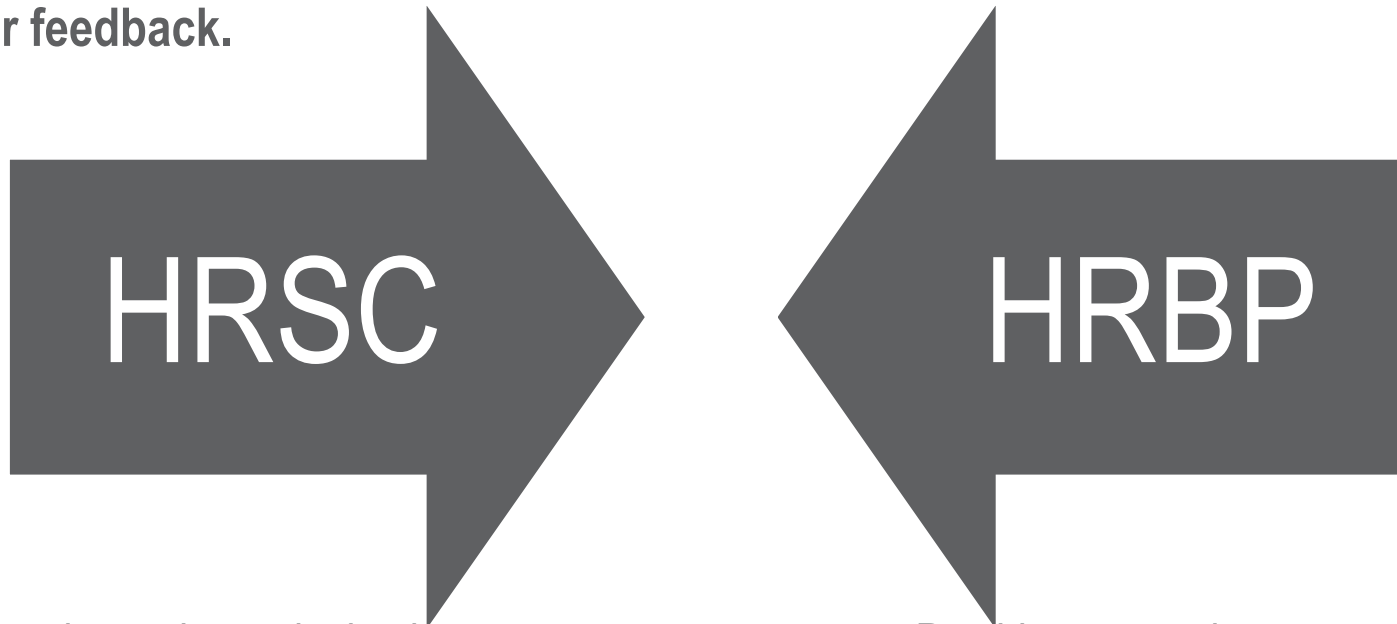
The HRBP can provide direct feedback to the SSO on the experience and needs of the customer.





The Framework for Feedback

To ensure a productive feedback relationship between the HRSC and the HRBPs, create a framework for feedback.



- Provide metrics and stats by business
- Have representatives attend routine meetings of HRBPs to increase business acumen and to share HRSC experiences
- Set up standard opportunities for sharing operations and gathering feedback
- Make expectations of HRSC clear (“one HR”)

- Provide perspective on metrics and stats
- Share customer experiences and expectations
- Be encouraged to share solutions not just criticisms
- Make expectations of HRBPs clear (“one HR”)



Set Up the HRBPs for Success

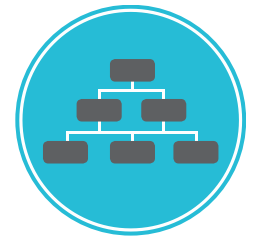
One common point of failure in HR transformation efforts is providing proper support to develop the HRBPs for the strategic role they are expected to fulfill. HRBPs must be set up for success in order to fully perform the job and to act as a meaningful channel of feedback.

Set the HRBPs up for success through these activities:

- Define HRBP competencies
- Understand the skills and competencies of each individual (competency assessment)
- Communicate expectations for the job
- Create individual development plans
- Develop a training approach to address gaps and focus areas
- Make this a priority

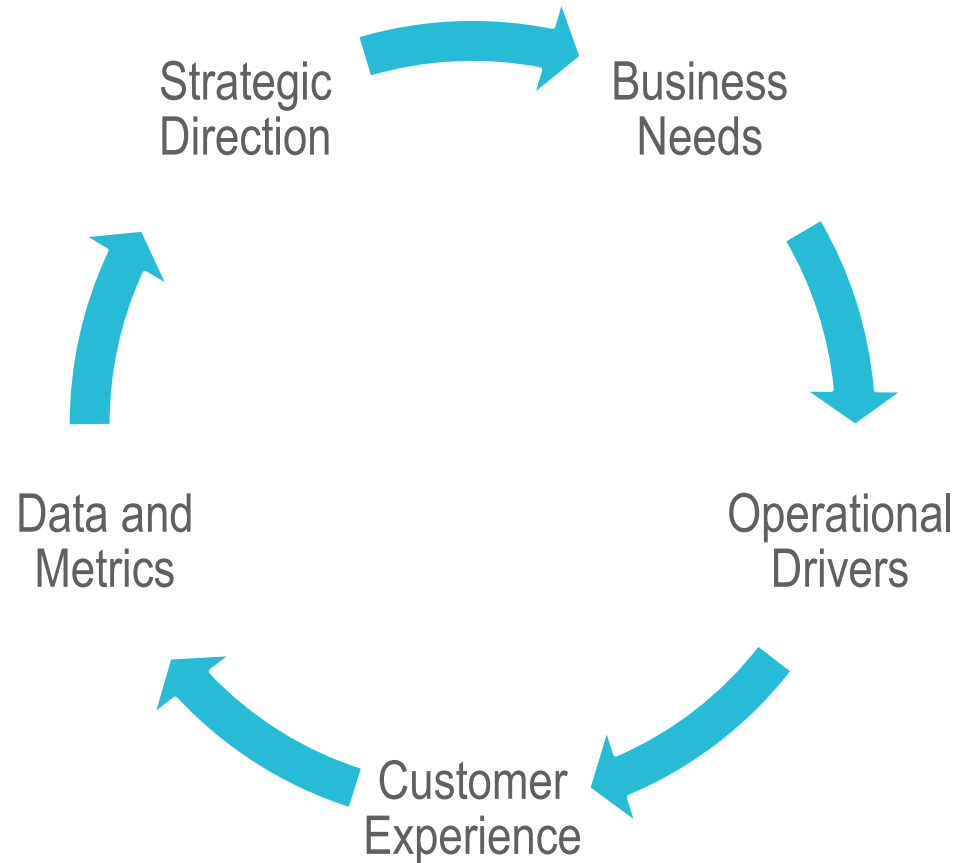
Governance and Operational Committees

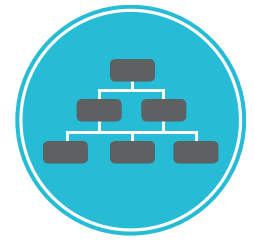




Leverage Your Committees

Depending on the size of your organization, you may have one or several committees focused on providing strategic and operational guidance to your shared services group. These committees can provide important feedback on the customer experience and help drive strategies to meet business needs.





Role of Governance in Customer Engagement

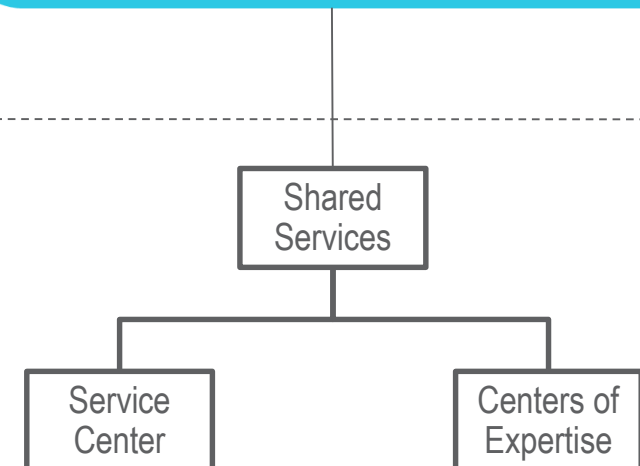
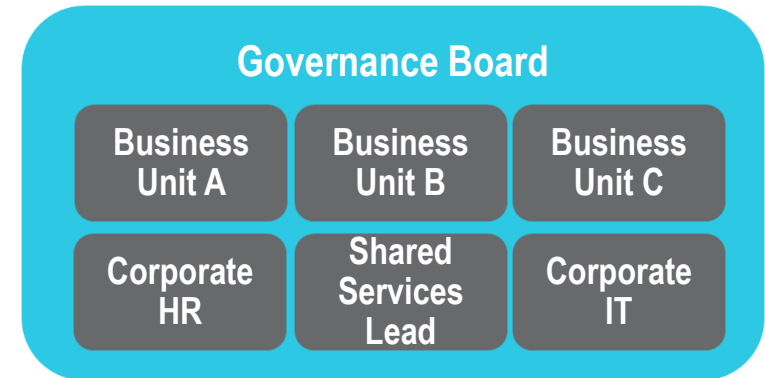
The formality and participating members in an oversight committee or board are influenced by factors, such as size of the organization, the number and complexity of services, organizational culture, and hierarchy.

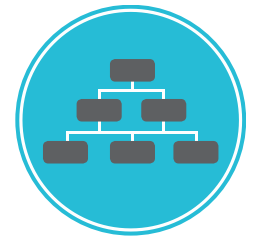
Shared Services Governance Board Characteristics

- Comprised of executives from key business units, head of SSO, and representatives from critical support organizations (e.g., IT, HR, etc.)
- Accountable for the shared services vision and ensuring strategies are aligned to achieve success
- Provides direction to the operational team and serves as a point of escalation for the resolution of critical business decisions

Key Benefits

- Provides representation for the SSO among senior management
- Allows customers to strongly influence the direction of shared services and ensure that shared services are responsive to business unit needs
- Creates an additional layer of accountability for the SSO
- Creates a formal process to control spending and prioritize initiatives
- Ensures integration with other business initiatives





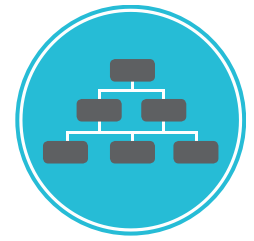
Governance – Focus

Areas of Focus

- Requests for future policy, process, or technology customizations
- Requests to be treated in a different manner (e.g., a request for executives to be immediately placed at top of queue; a request to opt-out of a service)
- Changes in business strategy
- Pricing and/or chargeback issues
- Service issues
- Decisions and action items regarding changes to scope of service, new populations, etc.
- Periodic review of service center's performance metrics

Keys to Success

- Matching the governance structure to the potential for issues
 - Small potential for differences – less formal and structured governance
 - Large potential for differences – more formal and structured governance
- Stakeholder representation—customers and partners
- Criteria for evaluating issues and making decisions



Acting on the Feedback

Depending upon the type of feedback provided by the governance committees (and other channels), determine who is best to track and execute the need:

- HRSC Management
- Continuous Improvement resources
- HRBP leadership
- Center of Expertise (COE), like Learning and Organizational Development



Metrics and Performance





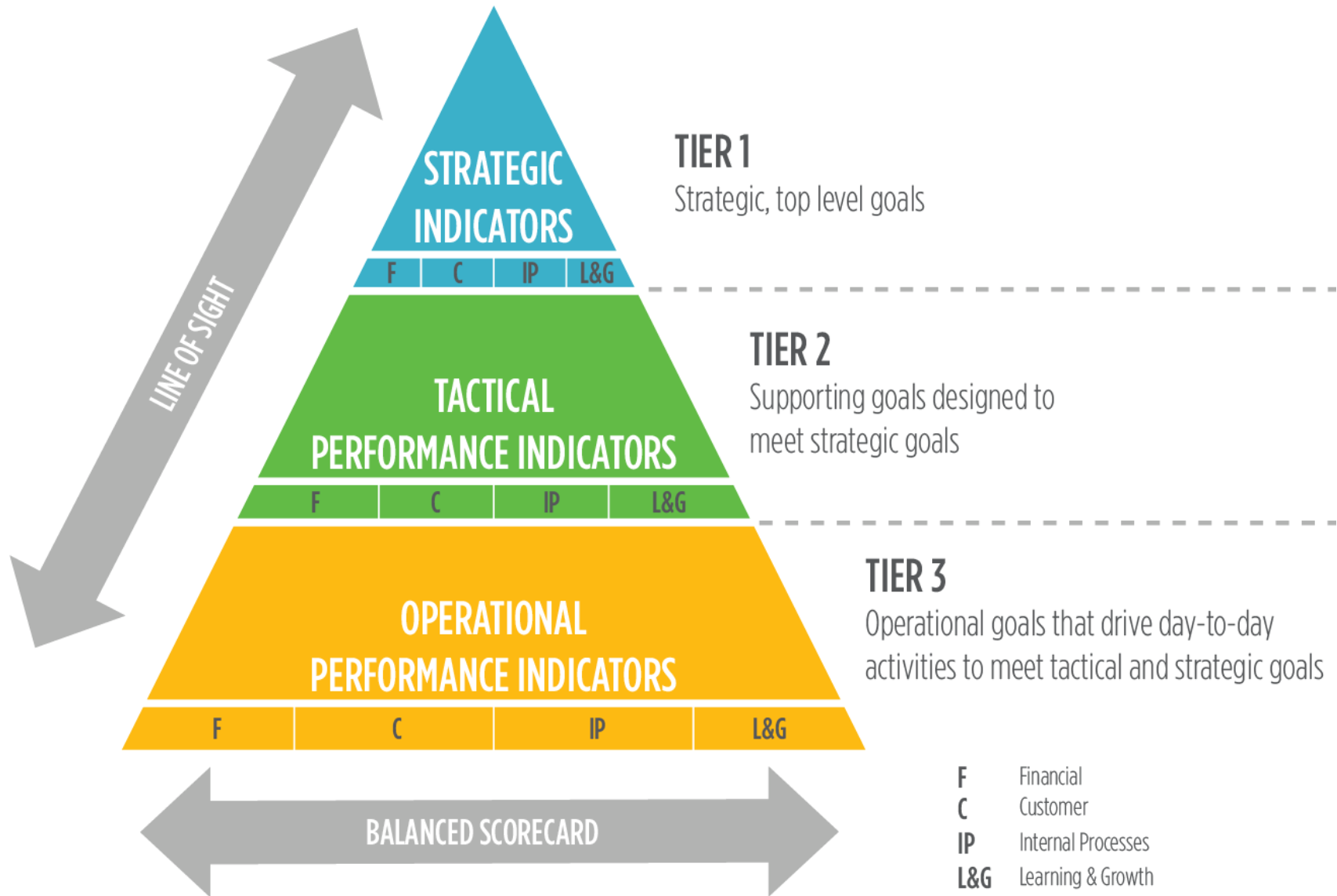
It's All About the Data

A key output of HR technology and a driver of HR service delivery is performance data for HR services and processes. The data and metrics offer information and insight to the customer experience and provide measurable results on continuous improvement efforts.





A Framework for Metrics and Reporting Capabilities





Example Reporting Plan

Metrics are indicators. The HRSC or Continuous Improvement resources must investigate service-level shortfalls, determine root causes, and plan improvements.

Stakeholders by Metric

| HR Service Center Operational Performance Indicators | | | | | | | | | | | | | |
|---|-------------|--------|---|-------|---|-----------------|-----------------|-----------------|-------------------|------------------------------|----------------------------|-----------|--|
| Metric Category | Data Source | Metric | Definition/Formula | Daily | Period (Month (M)/ Quarter (Q)/ Annual (A)) | Threshold | Target | Distinguished | HR Service Center | OpCo Leadership (Score Card) | HR Leadership (Score Card) | Employees | |
| Case information | 24 | HEAT | Days of Backlog | | Q/A | SLA | SLA | SLA | X | | | | |
| Case information | 25 | HEAT | Number of Cases by Employee Classification | | Q/A | NA | NA | NA | X | | | | |
| Case information | 26 | HEAT | Percent of cases by Employee Classification | | Q/A | NA | NA | NA | X | | | | |
| Case information | 27 | HEAT | Top 5 Functional Categories | | M/Q/A | NA | NA | NA | X | | | | |
| Case information | 28 | HEAT | Percent of Cases Closed Within SLA Commitment | | Q/A | TBD on Baseline | TBD on Baseline | TBD on Baseline | X | | X | | |
| Resolution metrics | 29 | HEAT | First Call Resolution % | X | M/Q/A | 85% | 90% | 100% | X | X | X | X | |
| Resolution metrics | 30 | HEAT | First Hour Resolution % | | Q/A | 80% | 82.5% | 85% | X | X | X | X | |
| Resolution metrics | 31 | HEAT | 24 hour Resolution % | | Q/A | TBD on Baseline | TBD on Baseline | TBD on Baseline | X | X | X | X | |
| Resolution metrics | 32 | HEAT | Average Time to Resolution | X | M/Q/A | SLA | SLA | SLA | X | | | | |
| Call durations | 33 | IVR | Average Call Wait Time (Queue Time) | X | M/Q/A | TBD on Baseline | TBD on Baseline | TBD on Baseline | X | X | X | X | |
| Call durations | 34 | IVR | Average Call Duration | X | Q/A | TBD on Baseline | TBD on Baseline | TBD on Baseline | X | | X | | |
| Call durations | 35 | IVR | Average Talk Time (HRSC) | | Q/A | 450 seconds | 360 seconds | 270 seconds | X | | | | |

Metric to be Tracked

Reporting Frequency



Example HR Customer Service Dashboard



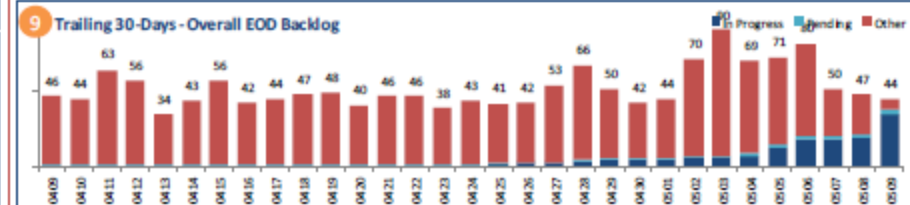
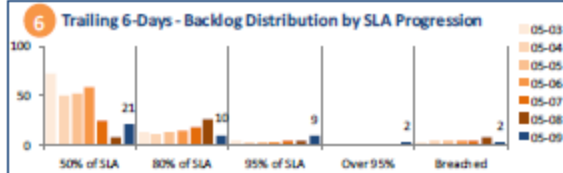
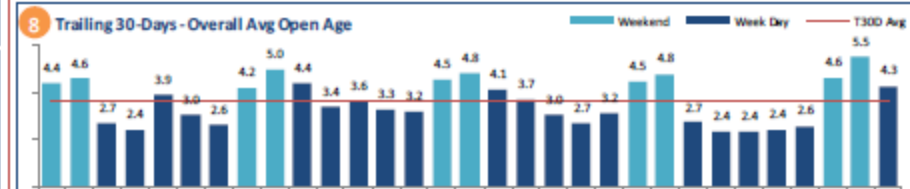
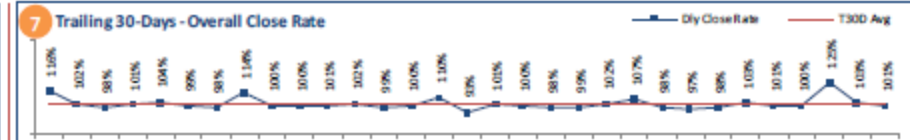
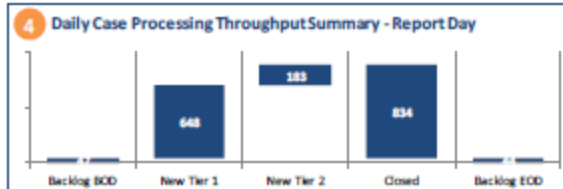
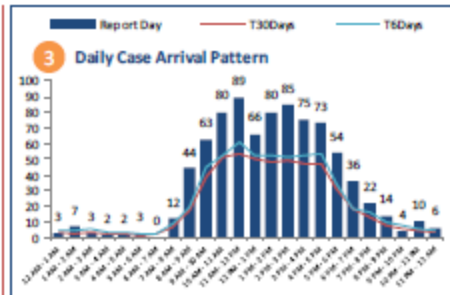
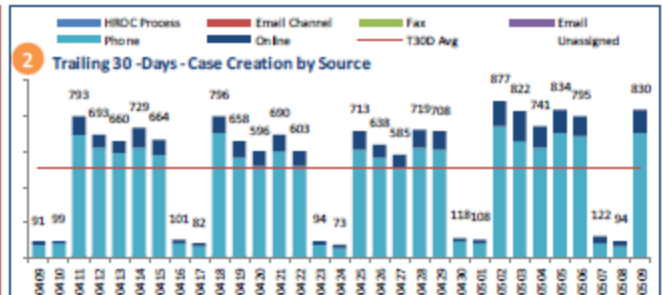
Daily CSR – Case Handling Top Sheet

Report Date: Mon, May 09, 2016
 Publish Date: Tue, May 10, 2016



Report Set: All Activity

| Metric | Tier 1 | Tier 2 | Overall |
|-----------------|--------|--------|---------|
| Created Cases | 648 | 183 | 830 |
| Closed Cases | 644 | 190 | 834 |
| Close Rate | 99% | 104% | 100% |
| Backlog (Count) | 10 | 34 | 44 |
| Backlog (Days) | 0.02 | 0.32 | 0.09 |
| SLA Performance | 99% | 98% | 99% |
| Same Day Close | 99% | 89% | 97% |
| Avg Open Age | 0.47 | 5.41 | 4.28 |

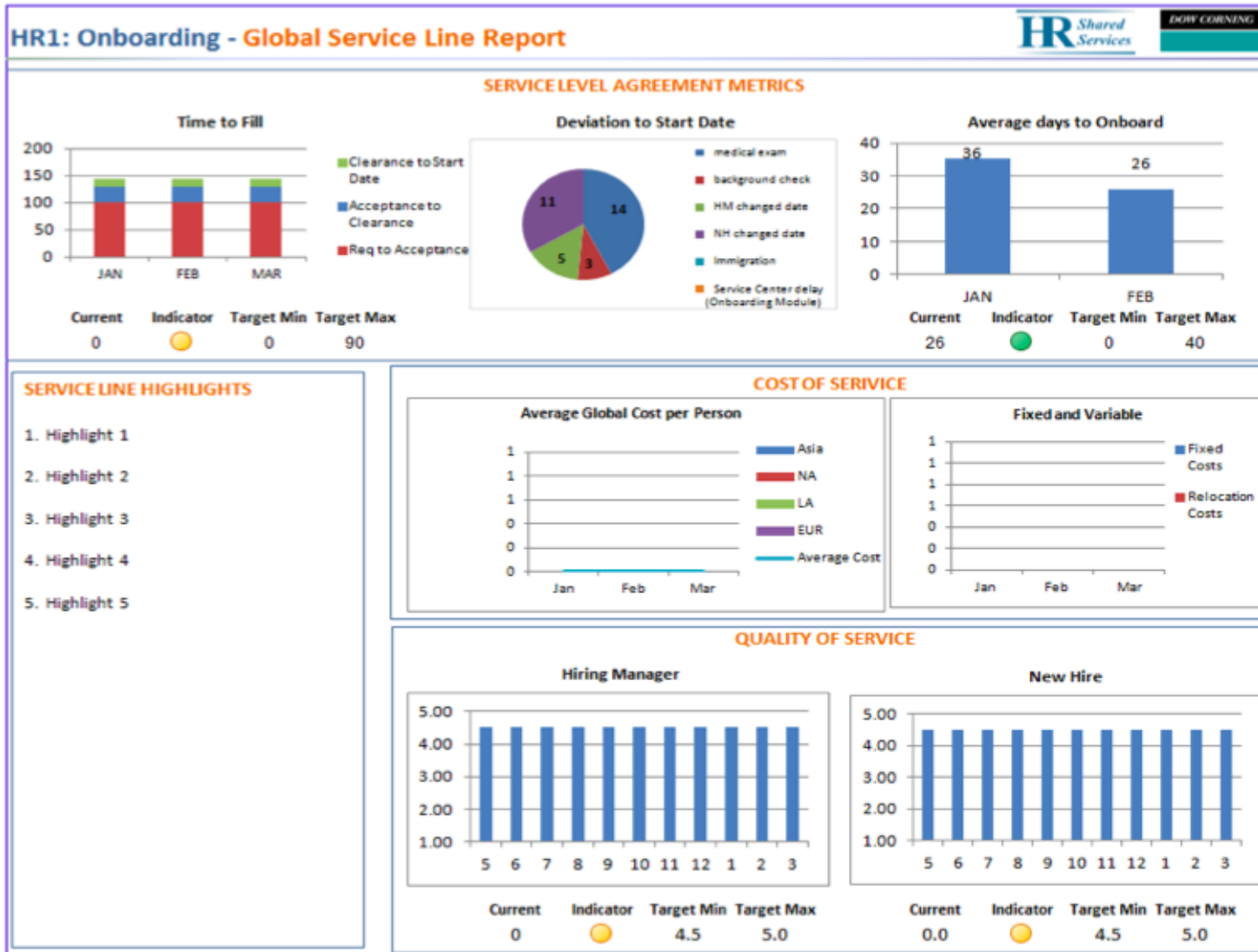


| Chat | Surveys | | Response Count | | Knowledge & Willingness | | Timeliness | | Agent | | Refer | | | |
|-----------------|------------|------------|----------------|-------|-------------------------|------------|------------|------------|----------|------------|----------|------------|----------|------|
| | Cases From | Report Day | T30-Days | Tier | TopBox | Report Day | T30-Days | Report Day | T30-Days | Report Day | T30-Days | Report Day | T30-Days | |
| Askhr | 110 | 2,026 | Tier 1 | 73.3% | 15 | 409 | 4.27 | 4.11 | 4.47 | 4.19 | 4.80 | 4.46 | 4.47 | 4.19 |
| Askhr w/ Chat | 22 | 231 | Tier 2 | 83.3% | 6 | 125 | 4.83 | 4.14 | 4.67 | 4.18 | 4.17 | 4.20 | 4.83 | 4.44 |
| % Askhr w/ Chat | 20% | 11% | All | 76.2% | 21 | 534 | 4.43 | 4.12 | 4.52 | 4.18 | 4.62 | 4.24 | 4.67 | 4.45 |





Example HR Onboarding Service Line Report*





Example HR Team Member Metrics*

Team Member Metrics

Q3 & Q4 - FY11

| | Work Days | Total Cases | Avg Cases per Day | Routed Calls | Avg Calls per Day | Avg Time Routed Handled | First Call Rate | 48-Hour Resolution |
|---------|------------|-------------|-------------------|--------------|-------------------|-------------------------|-----------------|--------------------|
| | 104 | 1853 | 17.8 | 2188 | 21.0 | 0:05:26 | 85.8% | 96.8% |
| | 105 | 2232 | 21.3 | 1890 | 18.0 | 0:04:22 | 84.6% | 97.9% |
| | 112 | 2760 | 24.6 | 3098 | 27.7 | 0:03:31 | 85.3% | 97.3% |
| | 105 | 3453 | 32.9 | 2522 | 24.0 | 0:03:02 | 84.7% | 98.3% |
| | 112 | 2770 | 24.7 | 2957 | 26.4 | 0:02:45 | 89.2% | 97.6% |
| | 103 | 2914 | 28.3 | 2502 | 24.3 | 0:04:02 | 86.6% | 98.2% |
| | 77 | 1432 | 18.6 | 1401 | 18.2 | 0:03:33 | 86.7% | 98.1% |
| Average | 103 | 2488 | 24.0 | 2365 | 23.1 | 0:03:49 | 86.1% | 97.7% |
| Std Dev | | | 5.0 | | 3.5 | 0.8 | | |



Partnership Agreements





What Is a Partnership Agreement?

A partnership agreement or a service-level agreement (SLA) is key to relationship management and customer engagement in service delivery. This agreement is meant to:

- Define the products and services provided by the shared services center (SSC) or COE to a customer
- Establish roles and responsibilities between the service provider and the customer
- Specify target quantity, quality, and cost of services to be provided in a future period

A SLA Is...

- A way of managing expectations
- The creation of a partnership
- Two-way communication
- Ongoing contact and feedback
- A clarifying process
- A way to improve for the future

A SLA Is Not...

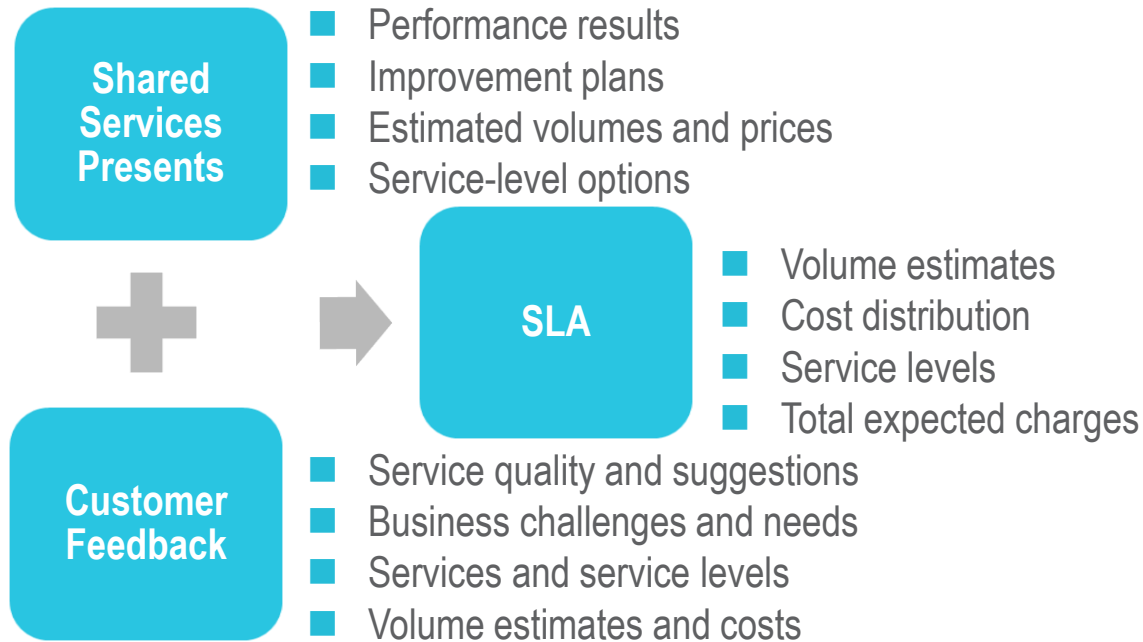
- Just a form to complete
- A “protect yourself” document
- A letter sent to customers
- A once-a-year contract
- A make-work activity
- A backward-looking document
- Necessarily complex



SLAs Have a Bad Reputation

A SLA is not just about response time and it is not meant to be punitive. A productive SLA involves dialogue, planning, and continuous improvement, which are outcomes that will drive your organization's success.

SLAs – A dialogue between service provider and customer



SLAs are:

- Concise
- Negotiated, not dictated
- A vehicle for understanding and managing demand
- A basis for regular discussions with customers
- Updated as necessary (typically annually)
- Standard across internal customers with only business-justified exceptions





Leading Practices

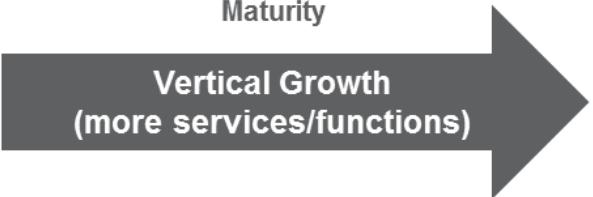
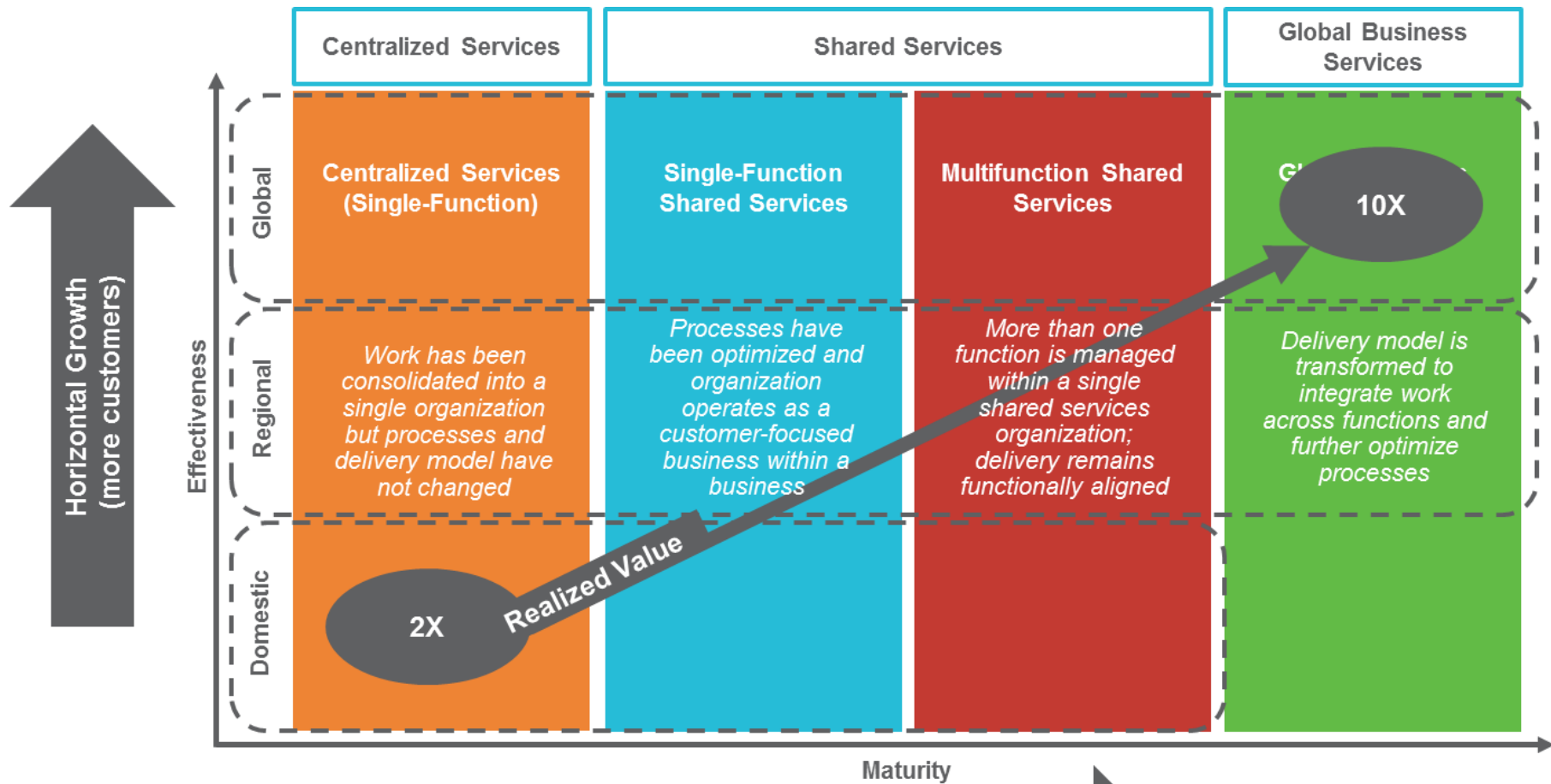
- SLA discussions focus on pricing, service levels, and forecasting usage
- SLAs do not contain contractual language or legalese
 - Customers are put off and, as a result, negotiate overly conservative service levels
 - If a legal contract is required, it can be one separate master agreement
- Customers are involved when identifying service-level indicators and targets, but the provider is always prepared with a straw man draft to facilitate idea generation
- The roles and responsibilities of the shared services representative and the customer representative are clear and well-understood by all parties
- A minimum number of SLAs are negotiated with key customers
- Customer service-level reports are generated and may be included with the invoice or in scheduled feedback meetings:
 - Service-Level Indicator (SLI)
 - Target value
 - Actual value

Service Expansion



How Service and Feedback Leads to Growth

As your SSO moves across the maturity curve, growth and service expansion will be a natural course for your HRSC if customer service, performance, and customer engagement are maintained as a priority.



Advantages and Disadvantages of Growth

Advantages of Growth

- The shared services model works
 - Improves service delivery
 - Lowers total costs
- Economies of scale
- Synergies (e.g., onboarding of new employees)
- Standardization of processes and elimination of redundant processes
- Shared technology
- Shared management and administration
- Cross training
- Additional advancement opportunities for shared services employees
- Improved customer service
 - Contact center
 - Key account management
- Allow business units to focus on core processes

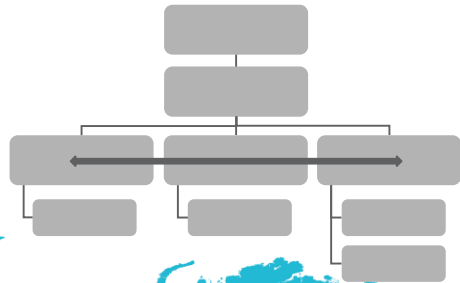
Disadvantages of Growth

- Investment requirements—upfront costs to transition and centralize technology, staff, equipment, and facilities
- Additional bureaucracy
- Size can hamper responsiveness
- Requires broader technical expertise at the top to manage additional functions
- Perception of kingdom-building
- Potential impacts to employees currently performing the work

Expansion Strategies – Horizontal vs. Vertical Growth

Horizontal Growth

- Additional business units within each company
- New geographic areas:
 - New states, regions, countries, etc.
 - Global SSCs
- Support to other companies (external sales)



Vertical Growth

- HR Services
 - Reporting and analytics
 - Recruiting support
 - Training and development
 - Employee relations
 - Labor relations
 - Vendor management
 - Global mobility and relocation
 - Travel and expense reimbursement
 - HR communication services
 - Environmental, health, and safety
- HR Information Technology Support
 - HR applications support
 - HRIS report requests

Keys to Successfully Adding New Services

1. Track



Track Expansion Requests

Formalize expansion requests and ensure requestors provide the necessary information to adequately evaluate the request

2. Evaluate



Evaluate Services

Use standard processes and tools to evaluate and justify the addition of future services

3. Align



Consider End-to-End Process

As part of the strategy alignment, how does the service enable/accelerate the full customer experience lifecycle?

Keys to Successfully Adding New Services (Cont'd)

Track Requests

- Requestors must provide key information to properly evaluate the magnitude of the request
- Formalizing the request process also supports shared accountability
- Several HRSS organizations track expansion requests throughout the year and incorporate expansion analyses as part of the annual strategic planning/budget process

COMPANY, Inc. HR Shared Services Center Service Expansion Request Form

| | |
|--|---|
| Requestor: | [insert the function submitting the request] |
| Current Service Owner: | [insert the function that is currently responsible for providing the service] |
| Proposed Timing to Transition Support: | [insert the function submitting the request] |
| Describe the proposed service or services to be transitioned and provide the appropriate process flows (current and proposed future state) | |
| List the positions performing the work today (include position titles and FTEs) | |
| List the enabling systems or technologies supporting the service today (list and describe how used) | |
| Provide an overview of current work volumes (e.g., # of calls/inquiries, transactions) | |
| Describe the nature of work volumes (e.g., steady volume, cyclical/seasonal, peaks, etc.) | |

Keys to Successfully Adding New Services (Cont'd)

Evaluate Services

- Is the service provided to more than one business unit?
- Is the service transactional in nature?
- Is the service core to the business unit?
- What is the current customer satisfaction level?
- How much change management support will be required?
- What is the overall effort to implement?

HR Shared Services Expansion Tracking Tool (Example)

| | Candidate Services/Activities | Service reach? | Transactional in nature? | Core to the business? | Current customer satisfaction? | Change management required? | Overall effort? | Total Score |
|----|---|----------------|--------------------------|-----------------------|--------------------------------|-----------------------------|-----------------|-------------|
| 1 | Service award vendor administration | 3 | 3 | 2 | 3 | 3 | 2 | 16 |
| 2 | Severance/separation packet creation | 3 | 3 | 2 | 2 | 1 | 2 | 13 |
| 3 | Tuition reimbursement administration | 3 | 2 | 2 | 2 | 1 | 2 | 12 |
| 4 | Bonus administration | 3 | 3 | 2 | 2 | 1 | 1 | 12 |
| 5 | LOA administration support | 3 | 2 | 2 | 3 | 1 | 1 | 12 |
| 6 | New hire orientation tracking | 3 | 1 | 2 | 3 | 2 | 1 | 12 |
| 7 | Professional licensure/exam administration | 3 | 1 | 1 | 3 | 1 | 2 | 11 |
| 8 | Contingent worker (contractor) administration | 2 | 3 | 1 | 3 | 1 | 1 | 11 |
| 9 | Code of conduct training administration | 3 | 1 | 2 | 1 | 2 | 1 | 10 |
| 10 | Environmental health and safety reporting | 1 | 1 | 2 | 3 | 1 | 1 | 9 |

Rating Guide

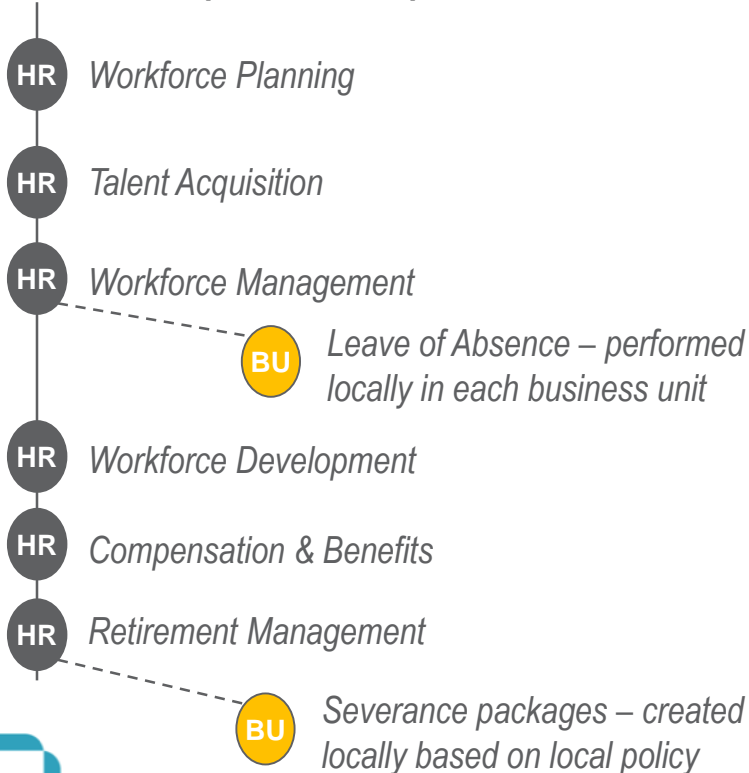
| | | | | | | |
|--------------------|--------------------|------------------------|------------------------|--------------------|----------------|----------------------|
| Rating = 1: | One business unit | Not transactional | Core to operations | Highly satisfied | Significant CM | Complex to implement |
| Rating = 2: | Few business units | Somewhat transactional | Non-core to operations | Somewhat satisfied | Moderate CM | Simple to implement |
| Rating = 3: | All business units | Transactional | | Dissatisfied | Minimal CM | |

Keys to Successfully Adding New Services (Cont'd)

Considering the End-to-End Process

- HR should be strategic in how and what services it considers adding, in order to help drive towards a more complete end-to-end process
 - This will help ensure greater emphasis can be provided to a more consistent customer experience
 - Increases the “one-stop-shop” of HR services, creating clarity and simplicity for the customer
 - Accelerates efficiencies as multiple up-stream and down-stream services may be affected by the current state differences

End-to-end process example



“We’ll tackle these over time”

- Often, several HR activities may be left behind during a transition into HR shared services...now may be the time
- Opportunities to revisit and expand
- Easier to articulate how these fit into the overall process

Keys to Successfully Adding New Services (Cont'd)

Align New Services

- Several factors are key to setting scope and aligning new services:
 - The future state scope should present a detailed picture of who will perform specific work
 - The scope document should depict how work will shift from the current service delivery model to the future service delivery model
 - Ideally, the document should include the work owned by third-party providers
 - The initial scope should be vetted with key HR leaders and constituencies, as well as influential internal customers
- The scope for each service delivery channel serves as the blueprint for all expansion activities, including:
 - Organizational changes
 - Process redesign/harmonization
 - Technology design
- Example: Scope document excerpt with change overlaid

X = Current proposed model
 X = Need to identify position in organization
 → X = Suggested move to align with leading practices
 ○ = Technology required

| Function and Activity | GOSP | Lifecycle Process | BSC | COG | Inourced employee service cer | Outsourced employee service C | Vendor | Management Development | Occupational Health | Labor Liaison | Functional | Administrative | Recruiting | Advisement | Generalist Team | Management Development | Occupational Health | Labor Liaison | Functional | Administrative | Recruiting | Advisement | Generalist Team | Management Development | Occupational Health | Labor Liaison | Functional | Administrative | Recruiting | Advisement | Generalist Team | Management Development | Occupational Health | Labor Liaison | Functional | Administrative | Recruiting | Advisement | Generalist Team | |
|---|------|-------------------|-----|-----|-------------------------------|-------------------------------|--------|------------------------|---------------------|---------------|------------|----------------|------------|------------|-----------------|------------------------|---------------------|---------------|------------|----------------|------------|------------|-----------------|------------------------|---------------------|---------------|------------|----------------|------------|------------|-----------------|------------------------|---------------------|---------------|------------|----------------|------------|------------|-----------------|--|
| Benefits | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.24 Oversee service awards/recognition program | O | R | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.25 Administer service awards/recognition program | P | R | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.26 Perform pension/retirement calculations | P | RR | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.27 Process retirements (HRIS status updates) | P | RR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.28 Set termination/severance/outplacement policies and procedures | G, O | RR | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.29 Calculate severance payments (below exec level) | P | RR | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.30 Produce severance packages (below exec level) | P | RR | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.31 Deliver severance packages (below exec level) | P | RR | | | | | | | | | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.32 Counsel managers on severance policies and issues | P | RR | | | | | | | | | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | |

Key Steps to Executing Service Expansion

Step 1: Establish a Baseline – Current State

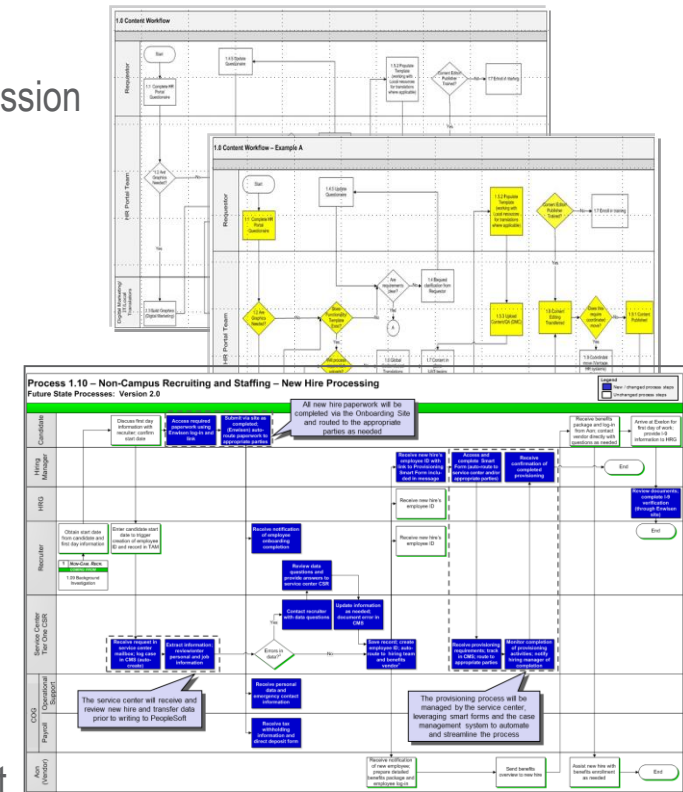
- Consolidate all current state processes included in the new service request submission
- Review the technology used to perform the service today
- Evaluate the current organizational design/staffing levels
- Determine the costs required to perform the service today

Step 2: Identify Improvement Opportunities – Future State

- Document process improvements/improved use of technology
- Identify service-level improvements
- Demonstrate organizational streamlining where available
- Estimate cost savings for implementing the new service

Step 3: Develop the Business Case

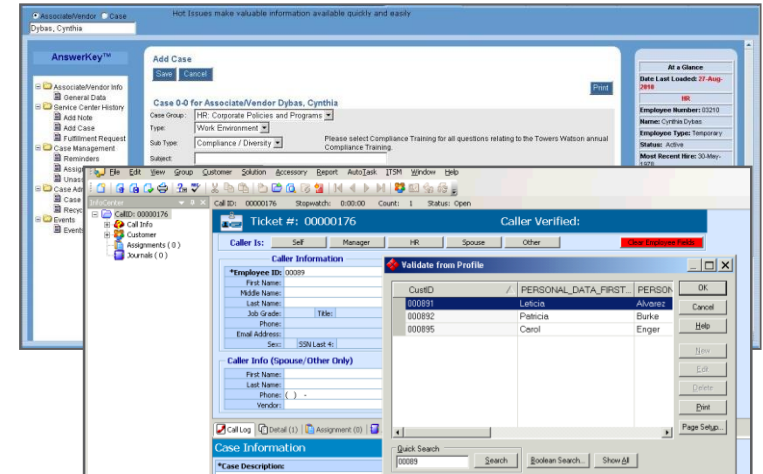
- Identify stakeholder groups and design communications and change management strategies for each group
- Clearly document and communicate the assumptions underlying the business case
- Continue to update the business case as facts and assumptions change
- Include both quantitative and qualitative support



Key Steps to Executing Service Expansion (Cont'd)

Step 4: Develop the Service Transition and Training Plan

- Determine what activities move, what activities stay, and the timing of the transition (stop/start/continue plan)
- Include training topics for future state
 - Operational process changes
 - Telephony/IVR training impacts
 - Case management impacts
 - HR portal or knowledgebase updates
- Identify training audiences
 - Service center directors and managers
 - Service center representatives
 - HRBPs
 - COE
 - Employees and managers



- Align training timeline with the service expansion timeline
- Hire and train new personnel
- Begin transitioning work

| | Monday | Tuesday | Wednesday | Thursday | Friday |
|--|--|--|---|---|-----------------------------|
| Week 1: Training preparation | SEP 19 • Confirm all trainers have finished IVR learning modules | SEP 20 • Meet with IVR to resolve questions Conference call | SEP 21 • Finalize scenarios and training materials for following week | SEP 22 • FREE DAY | SEP 23 • FREE DAY |
| Week 2: ASC Operational Processes, Telephony and Customer Service | SEP 26 • ASC Customer Service Training • Rep completion of eLearning modules Instructor: SM Webinar Room #? | SEP 27 • Telephony training • Operational Process training • Other Process training (As needed) Instructor: SM Webinar Room #? | SEP 28 • Final Managerial Process Discussions • ASC Managerial Training w/inContact Instructor: SM Arlington Webinar Room #? | SEP 29 • FREE DAY | SEP 30 • FREE DAY |
| Week 3: Service Rehearsal | OCT 3 • FREE DAY | OCT 4 • Service Rehearsal Overview Webinar | OCT 5 • Service Rehearsal Day 1 Instructor: Portal, SM Room #? | OCT 6 • Service Rehearsal Day 2 | OCT 7 • FREE DAY |

Wrap Up



Key Takeaways

- Be effective in customer engagement by taking the time to define, assess, and track interactions with your customers and stakeholders
- Customer satisfaction is directly linked to top performance in SSOs
- The customer experience should be actively sought from a variety of feedback channels that will provide inputs for continuous improvement and growth. Take action on the feedback, with direction from your governance committees, to let your customers know you are listening
- Growth and service expansion will be a natural course for your HRSC if customer service, performance, and customer engagement are maintained as a priority

Why ScottMadden?

**Our expertise helps create
the right solution.
Our experience ensures
that it works.**



DEEP EXPERTISE

- ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago
- Our Corporate & Shared Services practice has completed more than 1,600 projects since the early 90s
- Our clients span a variety of industries from energy to healthcare to higher education to retail

PERSONALIZED APPROACH

- Before we begin any project, we sit down and listen to our clients' needs and challenges
- We engage with our clients like no other firm does, working side by side to create practical, real results
- We don't employ canned methodologies or cookie-cutter solutions. We work to solve the right problem in the right way

PHILOSOPHY

- We are personally invested in every project and measure our success by our clients' success
- We listen to our clients' needs and put their best interests ahead of our own
- We work with integrity, tenacity, and a genuine passion for what we do
- We do what it takes to get it done right

Contacts

If you have questions, please contact us.

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