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MANAGEMENT CONSULTANTS

**Smart. Focused. Done Right.®**

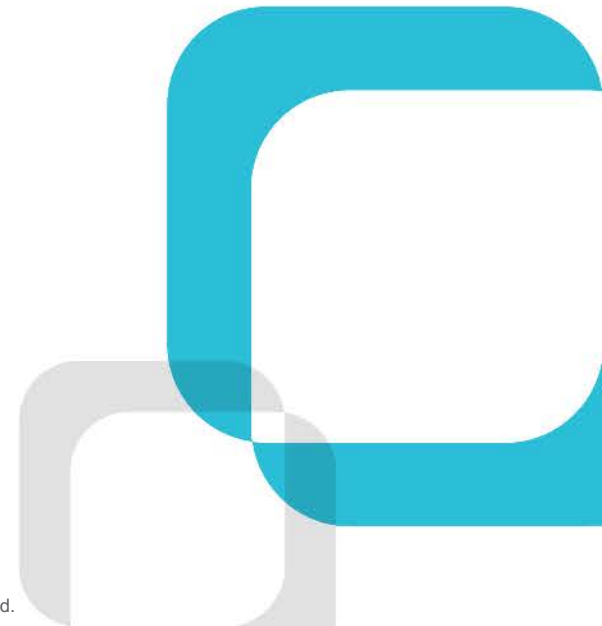


# Designing and Implementing a Shared Services Model

Shared Services & Outsourcing Week



March 12, 2019



# YOUR DISCUSSION LEADS



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# Agenda

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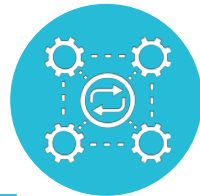
01

INTRODUCTION TO  
SCOTTMADDEN



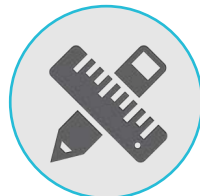
02

SHARED SERVICES  
OVERVIEW



03

ASSESSMENT  
AND DESIGN



04

FUNDAMENTALS FOR  
IMPLEMENTING SHARED SERVICES



05

STABILIZATION  
SUCCESS FACTORS





# Introduction to ScottMadden



## Who We Are

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**ScottMadden** is a management consulting firm with more than **35 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.

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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 1,700 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

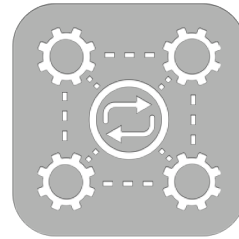
We have helped our clients with business case development, shared services design, shared services build support, implementation, and improvement.

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

# Representative Clients

Retail and Consumer Products	Manufacturing	Technology and Communications	Higher Ed., Public Sector, and Defense	Energy and Utilities	Healthcare and Pharmaceuticals	Professional Services
						
						
						
						
						
						
						

Note: Representative sample; not all-inclusive of clients served. Excludes numerous well-known clients due to confidentiality agreements



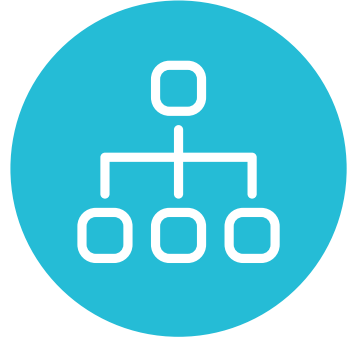
# Shared Services Overview



## What Is Shared Services

*Shared services is when a business*  
CONSOLIDATES ITS SUPPORT FUNCTIONS TO BETTER SERVE  
THE CORPORATION AND ITS BUSINESS  
UNITS, OPERATING AS A **BUSINESS**  
WITHIN A BUSINESS,  
UTILIZING A WELL-DEFINED INFRASTRUCTURE TO ENABLE  
**HIGHER VALUE** *service delivery.*

# Who Should Consider Shared Services?



## WHO

Normally large, distributed organizations with multiple business units



## SIZE

Typical...  
**>\$2.5 B in revenue**  
**>10K employees**

...But Works with Others  
**\$400M to \$270B in revenue**  
**1.2K to more than 600K employees**



## INDUSTRIES

Shared services is industry agnostic and has been adopted across many industries

- Manufacturing
- Industrial products
- Consumer projects/ packaged goods
- Financial services/banking
- Technology
- Healthcare/pharmaceuticals
- Insurance
- Retail and wholesale
- Energy
- Higher education

# Shared Services Candidates



## Finance & Accounting

- Accounts Payable
- General Ledger
- Fixed Assets
- Accounts Receivable
- Purchasing
- Freight Payables
- Tax Compliance
- Cash Management
- Reporting
- Travel and Entertainment

## Human Resources

- Payroll Processing
- Compensation/Benefits Administration
- Recruiting/Staffing
- Training and Development
- Relocation
- HRIS
- Reporting
- Leaves Administration
- Global Mobility Support

## Information Technology

- Service Desk
- Technology Acquisition
- Application Maintenance and Operations
- Network Operations Center
- Systems Administration
- Security Operations

## Supply Chain

- Direct Sourcing
- Manufacturing
- Inventory Management
- Warehouse Management
- Distribution/Logistics

# Shared Services Candidates



## Business Admin. Services

- Real Estate
- Facilities/Site Services
- Fleet Management
- Mailroom
- Grants Management
- Emergency Management
- Health Clinics/Day Care Center
- Engineering
- Subsidiary Management

## Corporate Services

- Communication Services
- Legal
- Regulatory Compliance
- Travel
- Security
- Event Management
- Graphic Design
- Corporate Brand Compliance
- Public Affairs/Media Relations
- Consumer-Related Services
- Campaign Management
- Environmental Health and Safety
- Risk Management

## Sales/CRM

- Inbound Sales
- Product Support
- Web/Email Support
- Outbound Sales
- Dispatch Operations
- Operator

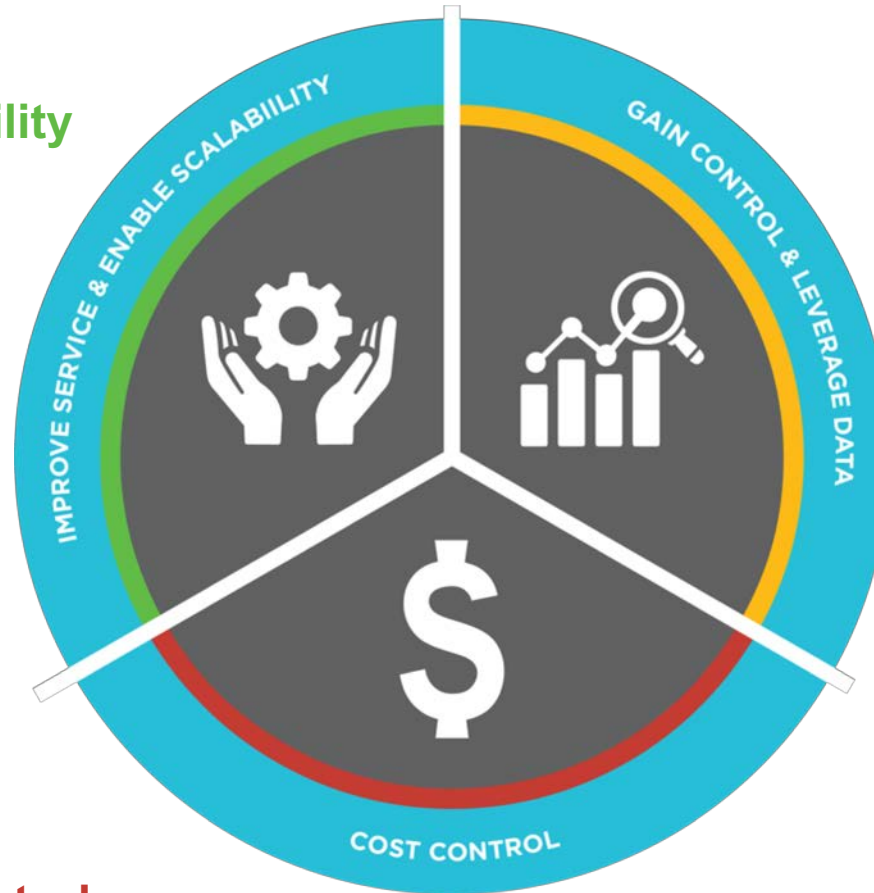
## Governance/ Infrastructure

- Third-Party Contract Management
- Standards and Delivery Policies
- Strategy and Best Practices
- Data Management, Reporting, Analytics

# Benefits of a Shared Services Model

## Improve Service & Enable Scalability

- Standard processes
- Issue tracking and closure
- Performance metrics
- Common model for expansion



## Gain Control & Leverage Data








- Data centralization
- Improved reporting and analytics
- Improved compliance
- Better decision making
- Demand management focus

## Cost Control

- Skillset and work alignment
- Economies of scale
- Elimination of redundant labor
- Automation of process
- Service usage and cost tracking

# Benefits of Shared Services – Hard Dollar Savings

## Shared Services Delivery Model Savings\*




Industry Served	Avg. % of FTE Reduced	Avg. % of Labor Costs Saved	Avg. Annual Savings per Employee Served
 Communication/Entertainment	23%	11%	\$79
 Energy/Utilities	16%	26%	\$392
 Healthcare	24%	26%	\$332
 Manufacturing	21%	26%	\$896
 Public (government, non-profit, education)	25%	18%	\$1,198
 Retail	14%	23%	\$975
 Security/Aerospace/Defense	22%	21%	\$98
Other**	13%	44%	\$259

\* Based on ScottMadden’s client business cases

\*\* Other industries include Agriculture, Financial Services, Professional Services, and Transportation

**General targets of 25% to 35% reduction in administrative direct labor cost.**

# Benefits of Shared Services – Non-Labor Savings

	Category	Savings Type	Example Range of Benefits
	Finance	<ul style="list-style-type: none"> <li>Audit fee reduction</li> <li>T&amp;E expense savings</li> <li>Dynamic discounting savings</li> <li>Working capital improvement</li> </ul>	\$100K–\$3M
	Human Resources	<ul style="list-style-type: none"> <li>Recruiting cost avoidance</li> <li>Training cost reduction</li> <li>Unemployment insurance liability avoidance</li> </ul>	\$50K–\$2M
	Administrative	<ul style="list-style-type: none"> <li>Facility and utility cost reduction</li> <li>Office supply/mailing cost reduction</li> <li>Commuter services reduction</li> <li>Travel expense reduction</li> </ul>	\$40K–\$3M
	Other	<ul style="list-style-type: none"> <li>Legal fee reduction</li> <li>Contract consolidation</li> </ul>	\$60K–\$600K

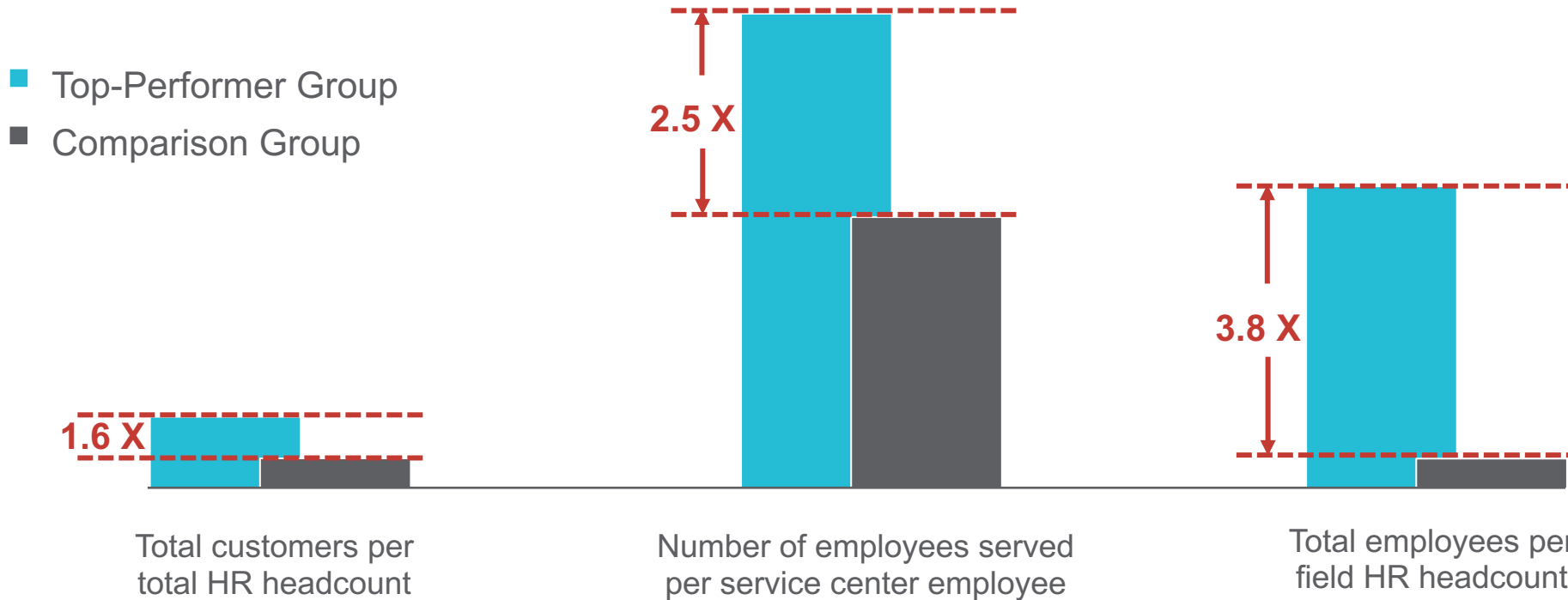
**Additional soft dollars savings and qualitative benefits include these items:**

- Reduced turnover
- Reduced cycle times
- Improved customer satisfaction
- Reduced risk
- Better compliance
- Improved scalability
- More flexibility
- Faster decisions
- Improved internal controls
- Reduced time to fill jobs
- Transaction error reduction

# Benefits of Shared Services – HR Benchmarks

Top-performing HR shared services organizations have significantly better staffing ratios, including their employee service centers.

HR Staffing Comparisons  
Top-Performer Group vs. Comparison Group

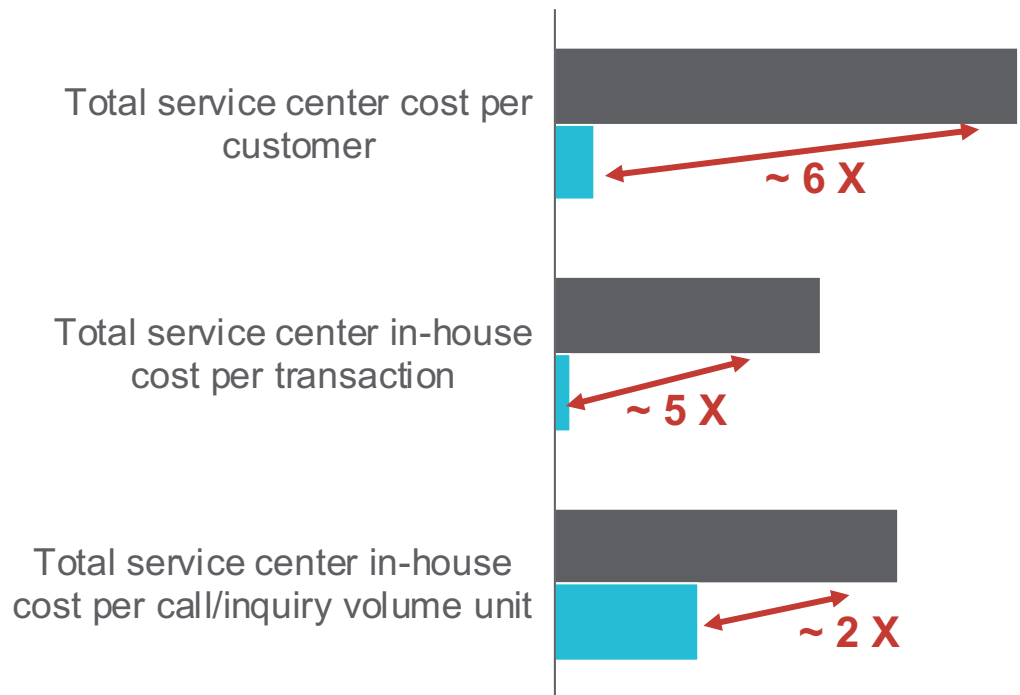


# Benefits of Shared Services – HR Benchmarks (Cont'd)

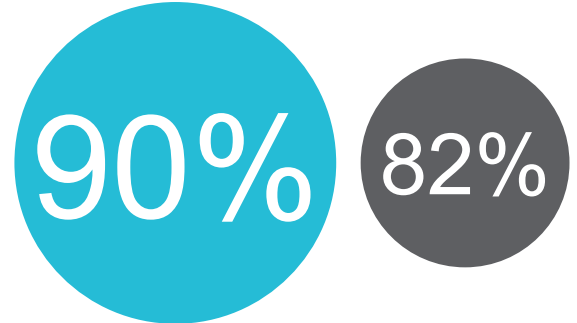
Top-performing service centers operate at a large cost advantage and show better operational performance.

## Service Center Cost Comparison

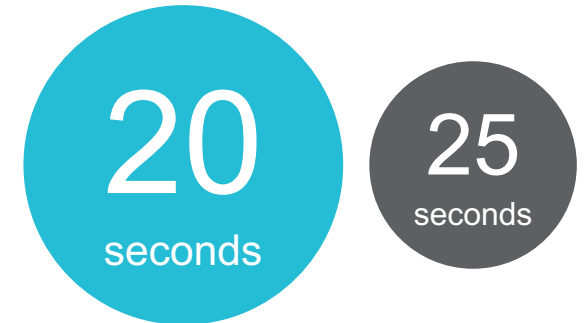
**Top-Performer Group** vs **Comparison Group**



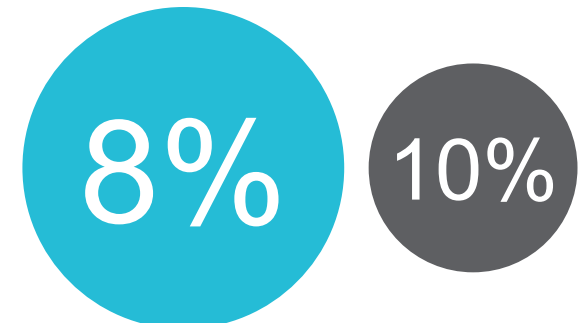
First-Contact Resolution



Average Speed To Answer



Service Center Employee Turnover

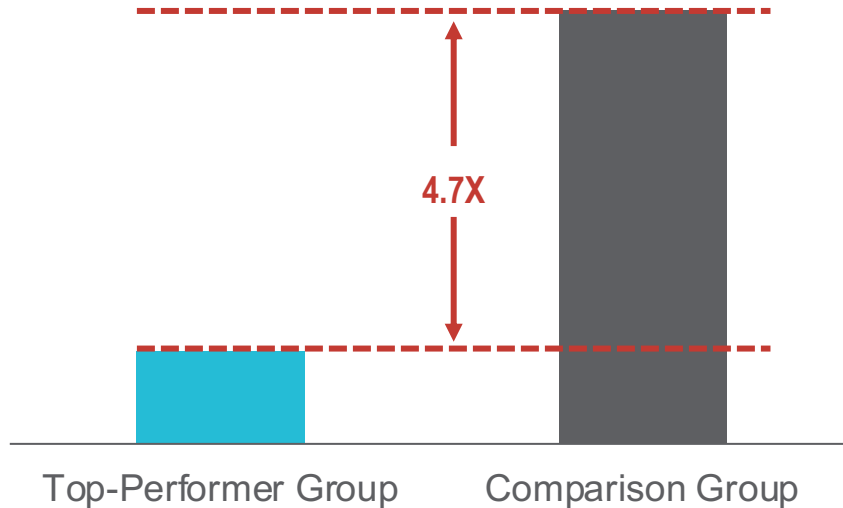


# Benefits of Shared Services – Finance Benchmarks

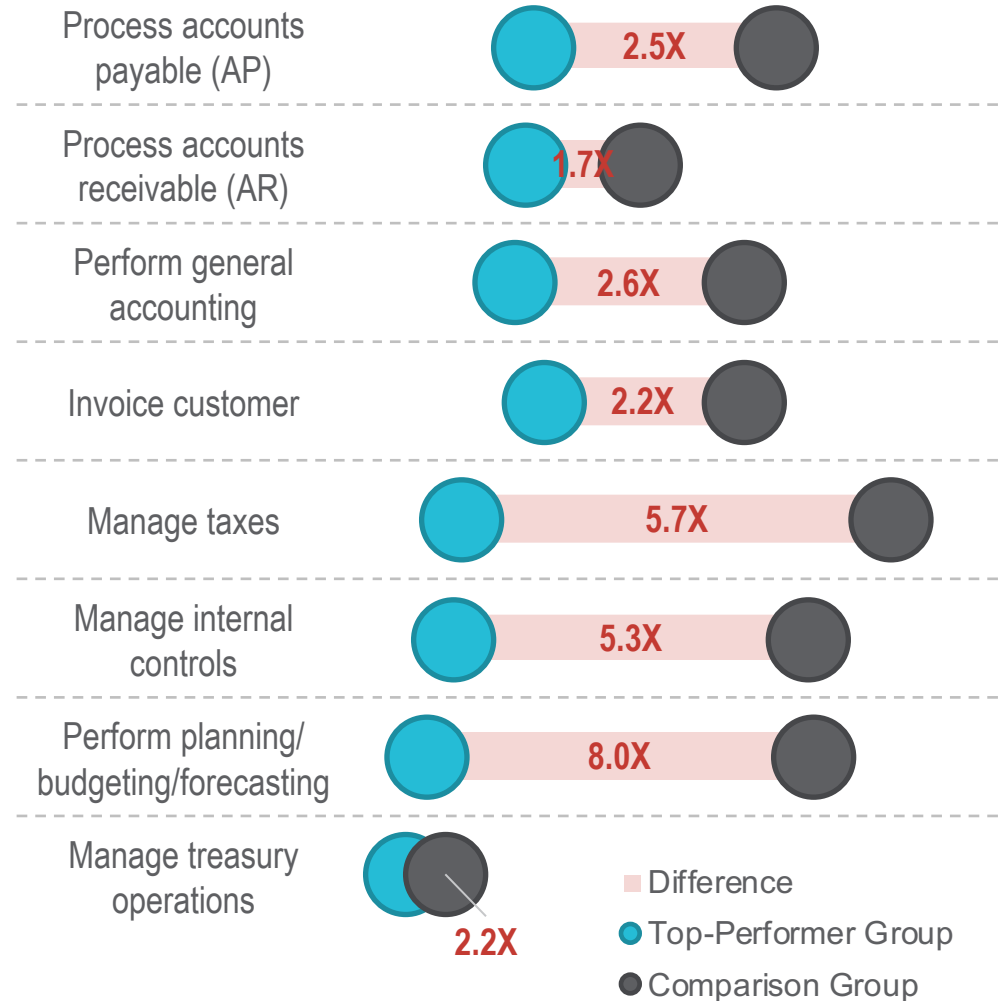
Top performing finance shared services have significantly better staffing ratios

- About 2-8 times more efficient in staffing major finance processes

Median number of finance function FTEs across the entire organization per \$1 billion revenue



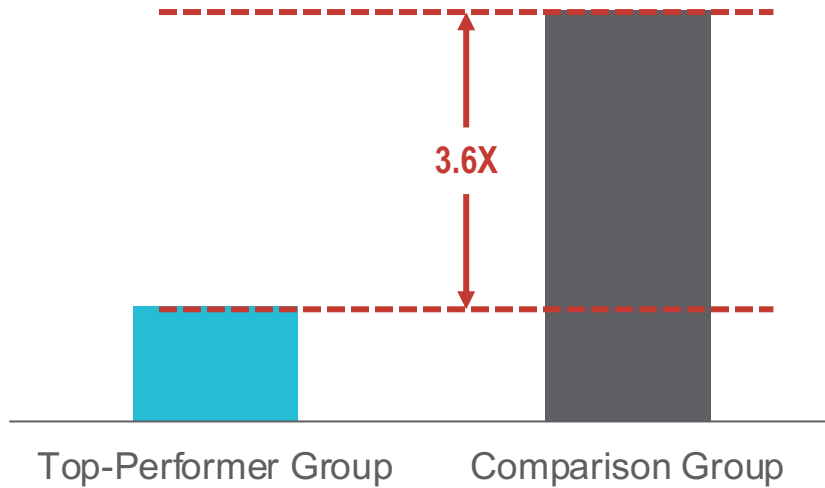
Median number of FTEs that perform the following processes per \$1 billion revenue



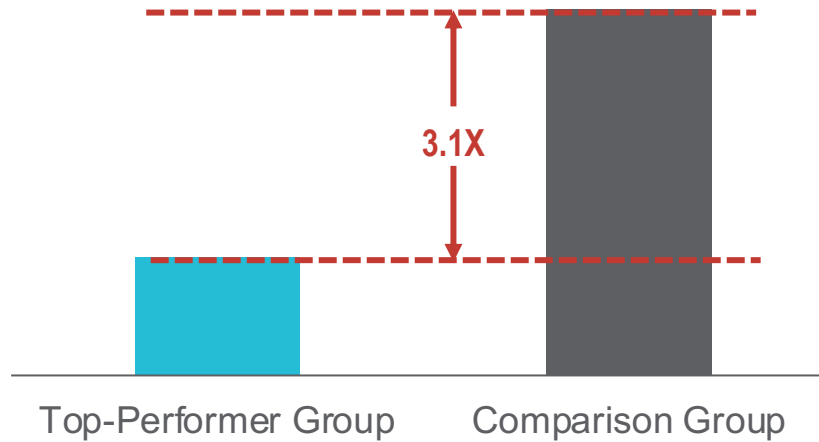
# Benefits of Shared Services – Finance Benchmarks (Cont'd)

Top-performing organizations operate at a larger cost advantage, as well as their finance shared services centers.

Median total cost to perform the finance function per \$1,000 revenue



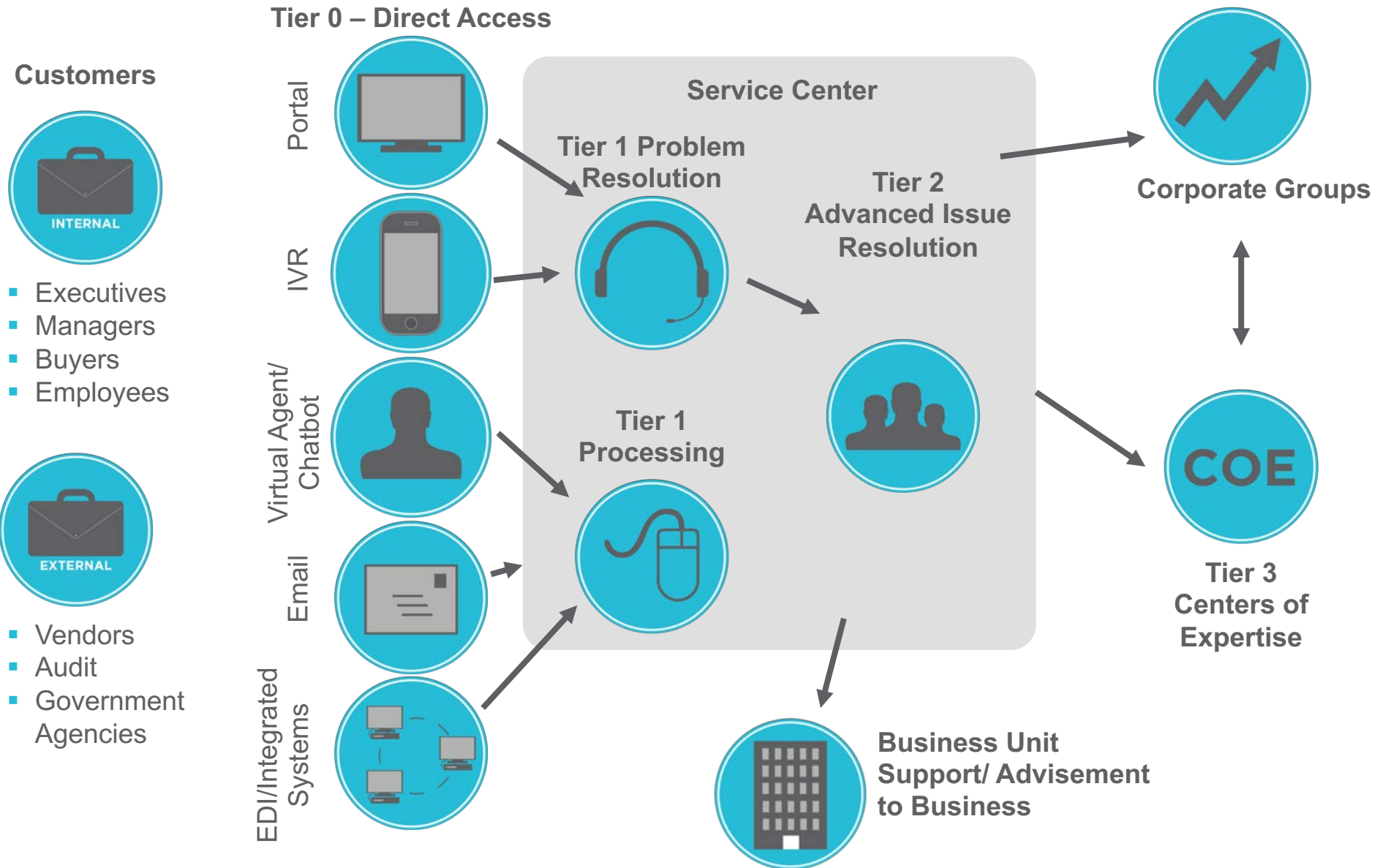
Median total cost to operate the shared services center(s) per \$1,000 revenue



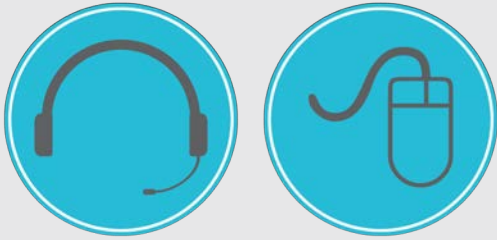
# What Goes Wrong Without Shared Services?



# Leading Practices Service Delivery Model



## Service Delivery Model – Service Center (Tier 1 and Tier 2)



### Tier 1

- Answer basic questions
- Perform basic transactions
- Provide administrative support
- Run and distribute reports



### Tier 2

- Answer escalated or complex questions
- Perform complex transactions
- Analyze data

**Support from Third-Party Providers**

**The service center handles a wide range of administrative and transactional activities, such as general customer inquiries and data updates.**

- Staffing varies based on service scope, technologies, geographies served, and other service delivery model elements
- Staffed with customer care-oriented employees
- Access channels include phone, chat, and online capabilities

## Service Delivery Model – COE (Tier 3)



### Tier 3

- Deliver specialty services
- Design programs
- Develop and govern policies (HR)
- Provide Tier 3 support for service center (e.g., handle policy exceptions)

**Functional Specialists**

**Centers of Expertise (COE) own and direct the programmatic aspects in HR or provide expertise in specialized areas, such as IA in Finance.**

- In HR, COEs usually exist for Benefits, Compensation, Employee Relations, Labor Relations, Talent Acquisition, and/or Talent Management
- In Finance, COEs often exist for Financial Planning and Forecasting, Performance Reporting and Analytics, Budgeting, Treasury and Tax, Pricing, and Audit
- Staffing varies greatly and is based on service scope, technologies, geographies served, and other service delivery model elements
- For COEs to be most successful, it is important they report centrally

## Service Delivery Model – Advisement to Business

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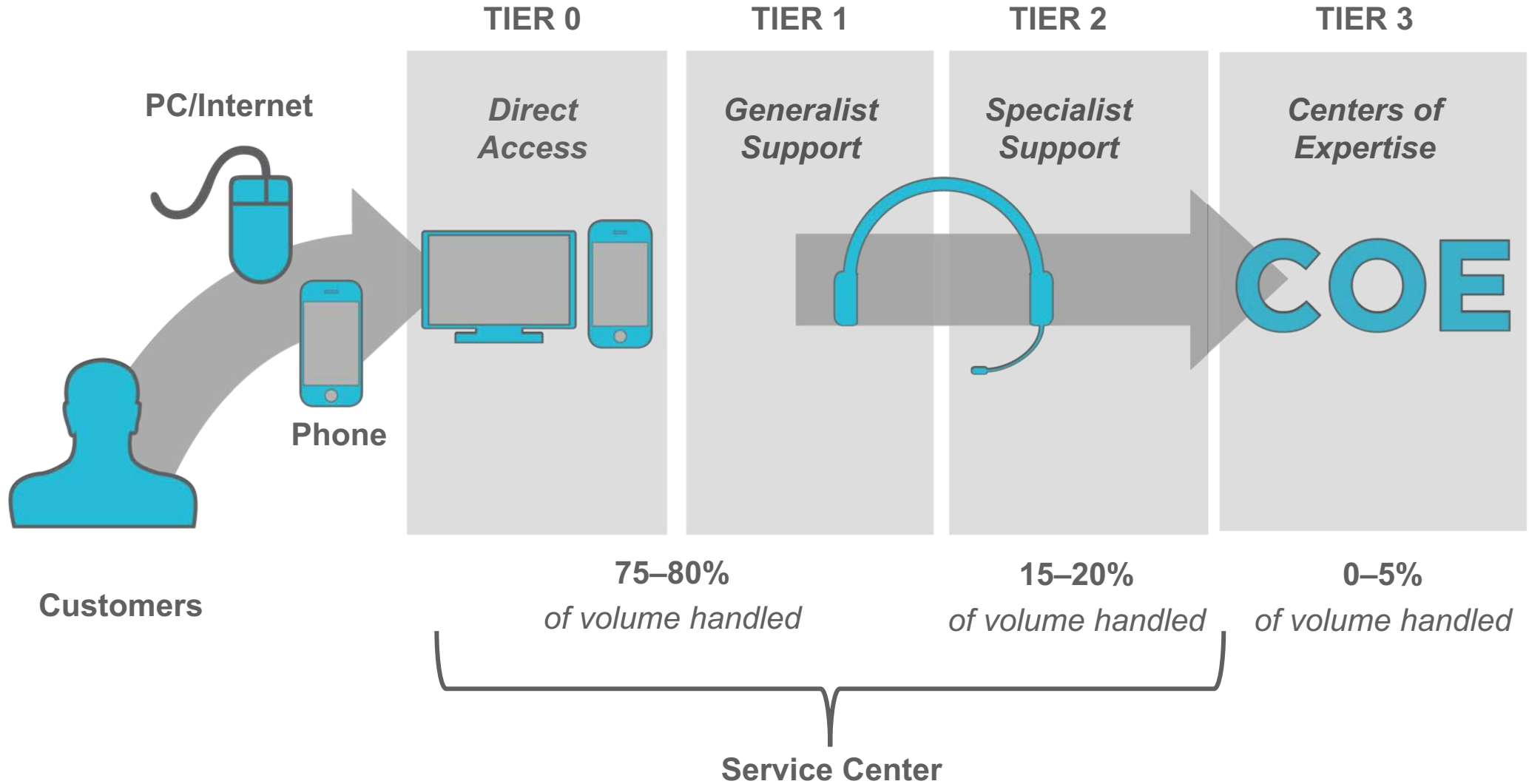
### Advisement to Business

- Advise and counsel leaders and managers
- Provide localized support for planning and other processes
- Liaise with COEs
- Identify and address issues

**Business Unit Support works with leaders and managers to advise and support the business in achieving their goals.**

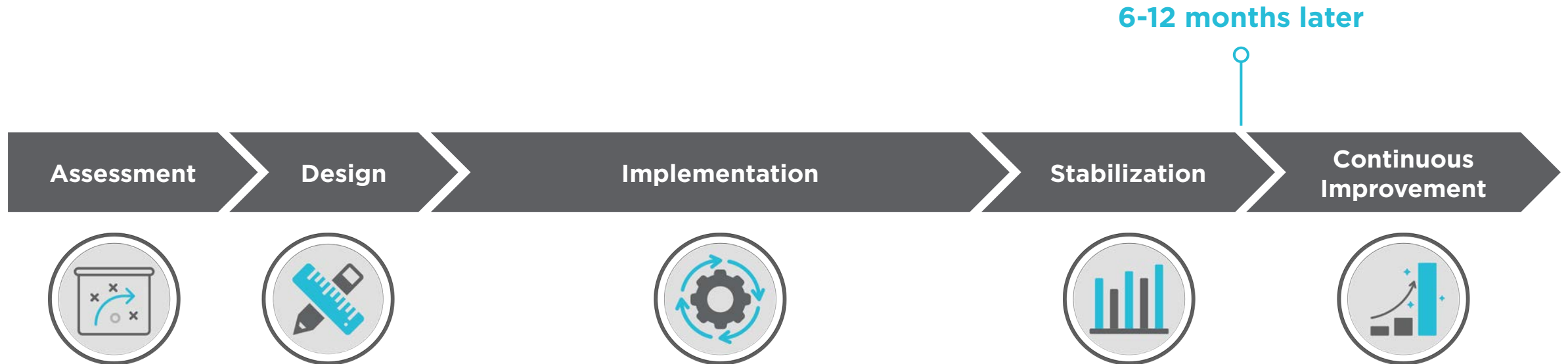
- Business partners are focused on advisement activities and strategic guidance
- Ideally business partners are deployed locally. In wide geographic footprints or a large number of locations (e.g., retail), business partners may be organized regionally or in “pods”
- A key to the success of a leading practices service delivery model is a complement of well-skilled business partners

# Example HR Service Delivery Workflow



# The Shared Services “Transformation Journey”

A successful shared services transformation goes through a variety of stages to successfully transition to a leading practice service delivery model:

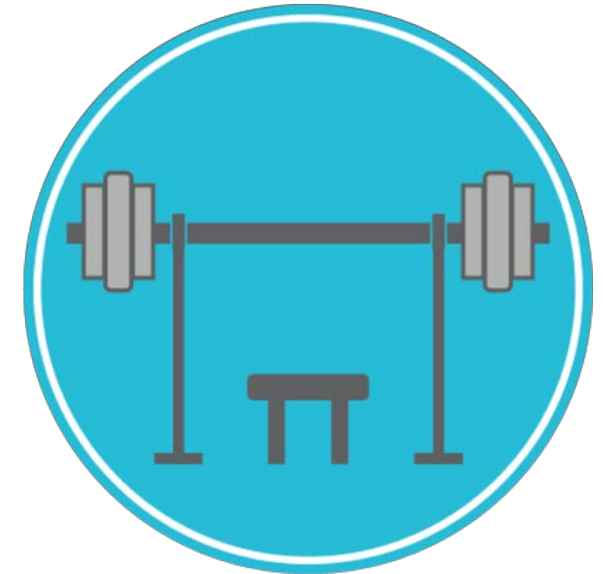


## Group Exercise #1

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**The journey to shared services is transformational—it will be a multi-year journey that can take different paths. Discuss the key challenges you have faced or are facing as well as the enablers**

- Will leadership support without a mandate?
- Do businesses see competitive advantage?
- Are you prepared to commit the resources?
- What pace will your culture accept?
- Is the infrastructure in place?
- Are the organizational systems in place to reward successful implementation?
- What will happen to those who invest themselves in the transformation once the implementation is complete?



**Approach in “digestible” steps for your organization—determine how far, how fast?**

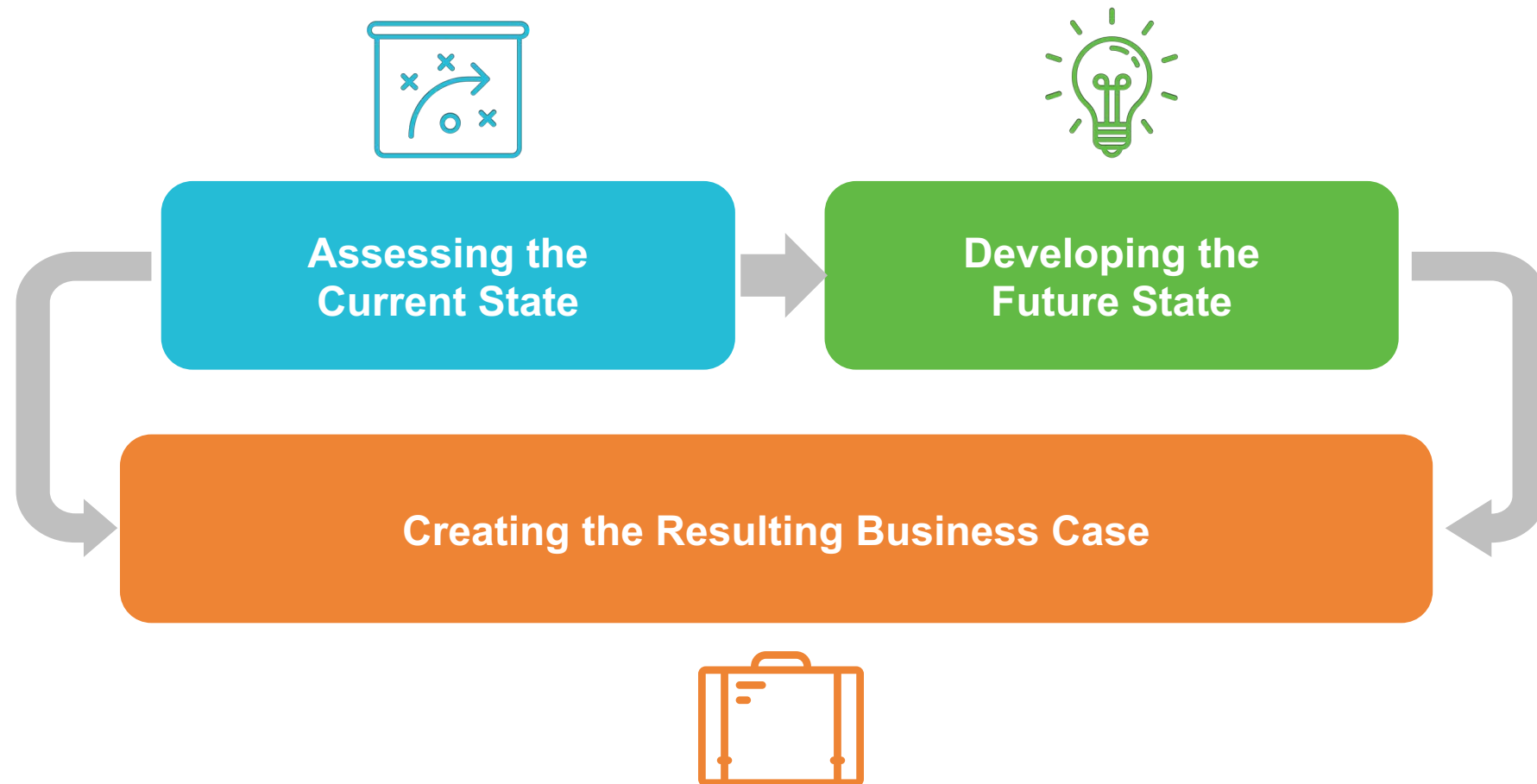


# Assessment and Design



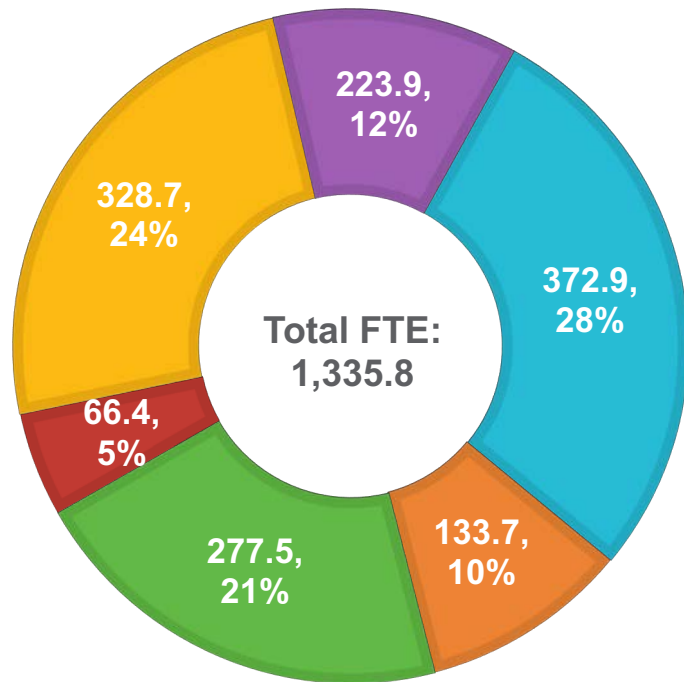
## Critical Steps in the Process

Before the business case can be created, it is important to assess the current state and develop the future state design. The results of these two steps are key inputs to the business case model.

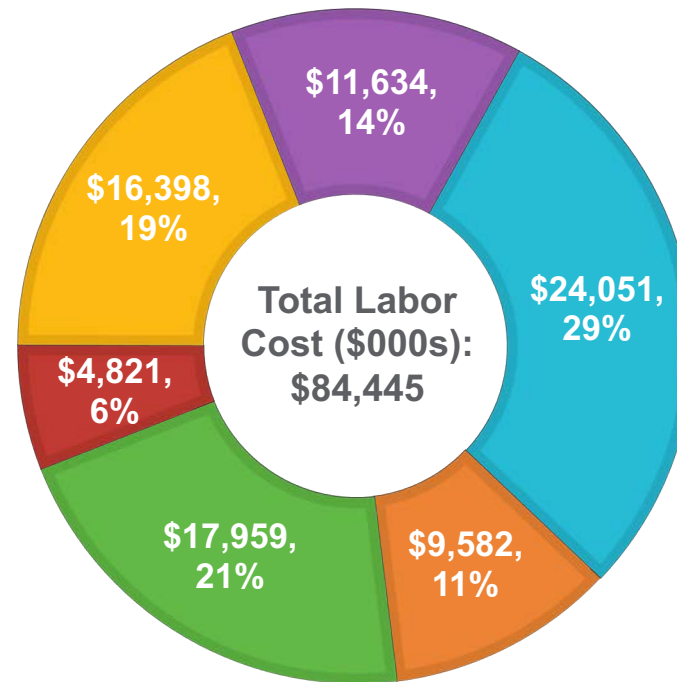


# Current State Assessment

An important first step for understanding your organization is to gather data on how employees in your functions are spending their time and gain a clear picture of the labor costs of your services and activities.



- Financial Services
- Communications & Event Planning
- General Admin



- Contracts & Grants Management
- Facilities
- Human Resources



**A Work Activity Assessment can be an effective tool to support this step**

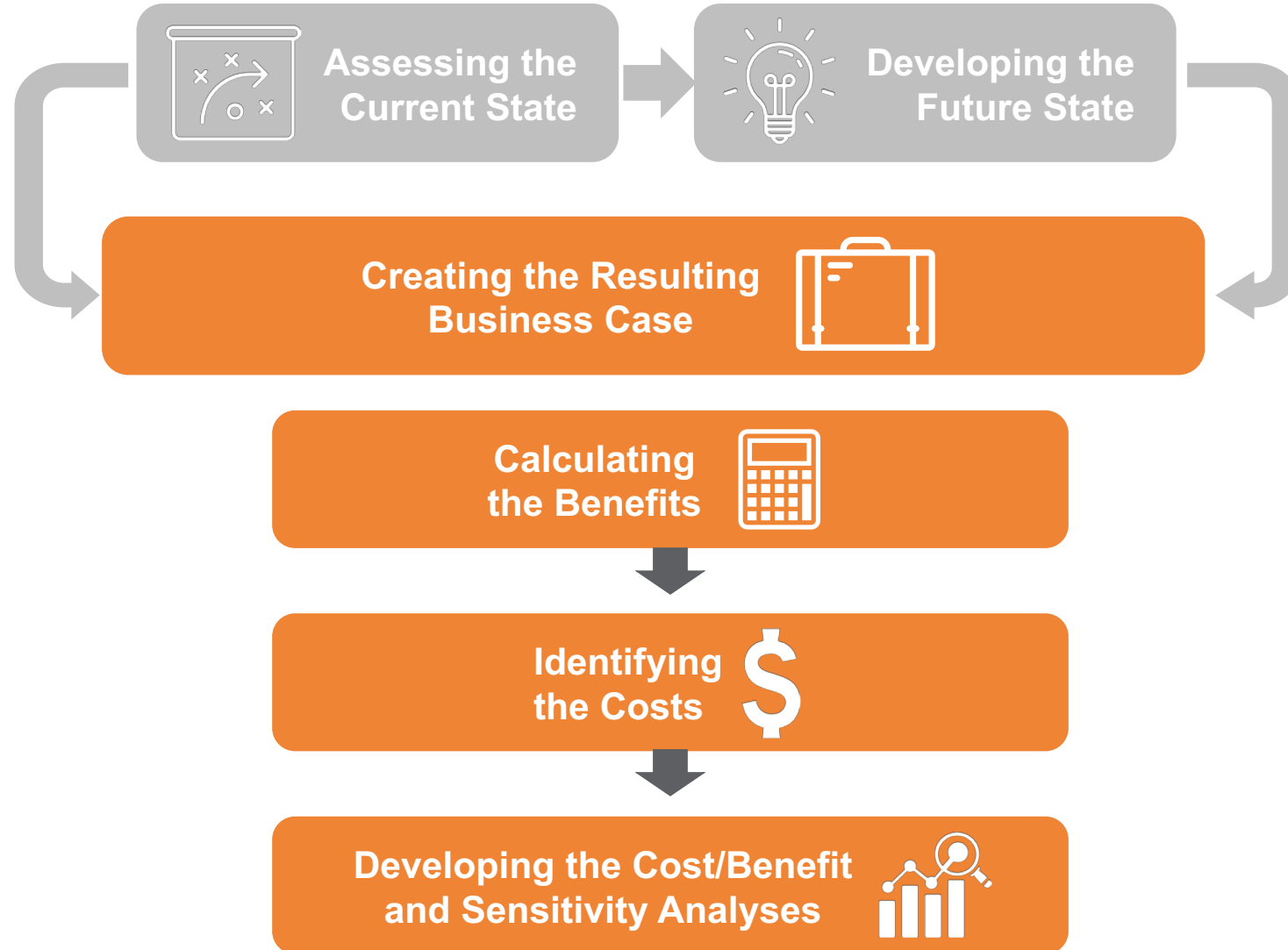
# Shared Services Design Criteria

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Establishing design principles for enhanced service delivery can set the vision for successful outcomes. Example include:

- Support the **enterprise mission** by providing efficient, accurate, value-added services
- Provide an **excellent experience** for the customer
- Deliver services at the **lowest possible tier**
- Identify key competencies and **improve talent** to perform critical work
- Create **robust employee development** and career-pathing program
- Clearly **define responsibilities and accountabilities** for service providers and customers
- Create **single points of accountability** for major processes
- **Minimize redundancies, handoffs, and overlaps**
- Facilitate **information sharing** and communication of policies, processes, procedures, and best practice tools and templates
- Reallocate activities to enable functions to **provide high-quality service**, while **leveraging technology and other economies of scale**
- Align functional activities to the **appropriate skillsets**

# Business Case Preparation Steps



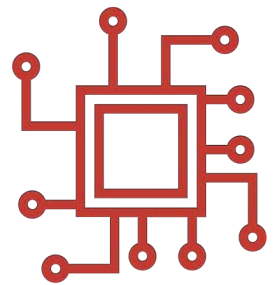
# Calculating the Benefits

In quantifying the benefits, the reduction in headcount is often the largest and most important.

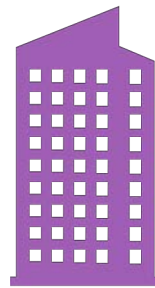
## Headcount Benefits (Labor)



## Other Quantifiable Benefits:



Technology



Site



Vendors

## Calculating the Benefits – Soft Benefits

Beyond quantifiable benefits, there are also a number of intangible benefits that should be reinforced.



### Increases customer orientation

- Balance of human interaction and self-service tools
- Continuous improvement through metrics, dashboards, and analytics



### Improves controls

- Increases internal controls across the business
- Reduces risks and increases transparency and compliance in processes



### Enables strategic decision making

- Improves scalability and nimbleness for acquisitions and major business changes
- Permits better and faster decisions based on company-wide metrics



### Enables further, indirect efficiency

- Reduces cycle times of processes for internal and external stakeholders
- Reduces overall operating costs while improving accuracy and speed of service

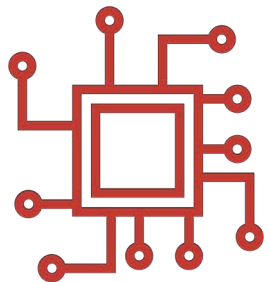
# Identifying Costs

Labor is a significant driver for business case savings. Costs, however, are more evenly spread among different areas and must include one-time and recurring inputs.

## Headcount Costs (Labor)



Other costs can include:



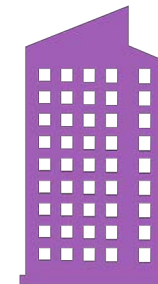
Technology



Consulting and Project Team



Marketing and Training



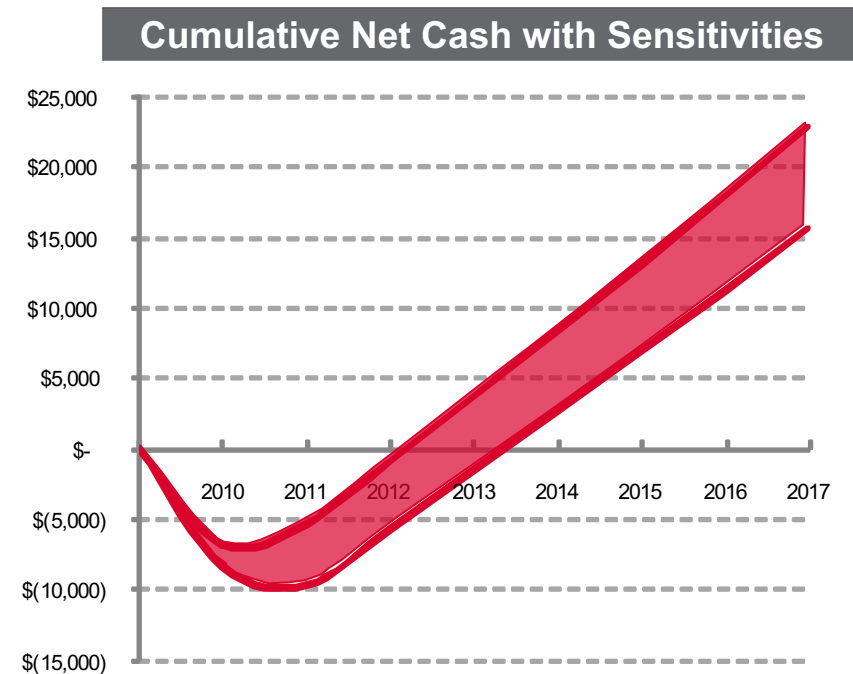
Site

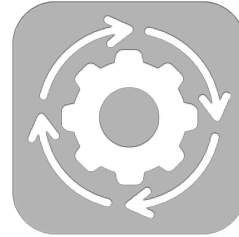
# Developing the Cost/Benefit and Sensitivity Analyses

Many business cases will have several financial metrics, which are used as reference points for comparison and as key “take-away” metrics for the business. Sensitivity analysis enables the project team to sell the concept internally in the organization by showing the range of possible results from the initiative.

Key Measures	Impacted by:
Net Present Value (NPV)	<ul style="list-style-type: none"> <li>Time horizon of business case</li> <li>Speed of implementation</li> <li>Size of investment (and benefit)</li> <li>Discount rate</li> </ul>
Payback Period	<ul style="list-style-type: none"> <li>Speed of implementation</li> <li>Size of investment (and benefit)</li> </ul>
Internal Rate of Return (IRR)	<ul style="list-style-type: none"> <li>Time horizon of business case</li> <li>Speed of implementation</li> </ul>

Example Sensitivity Analysis



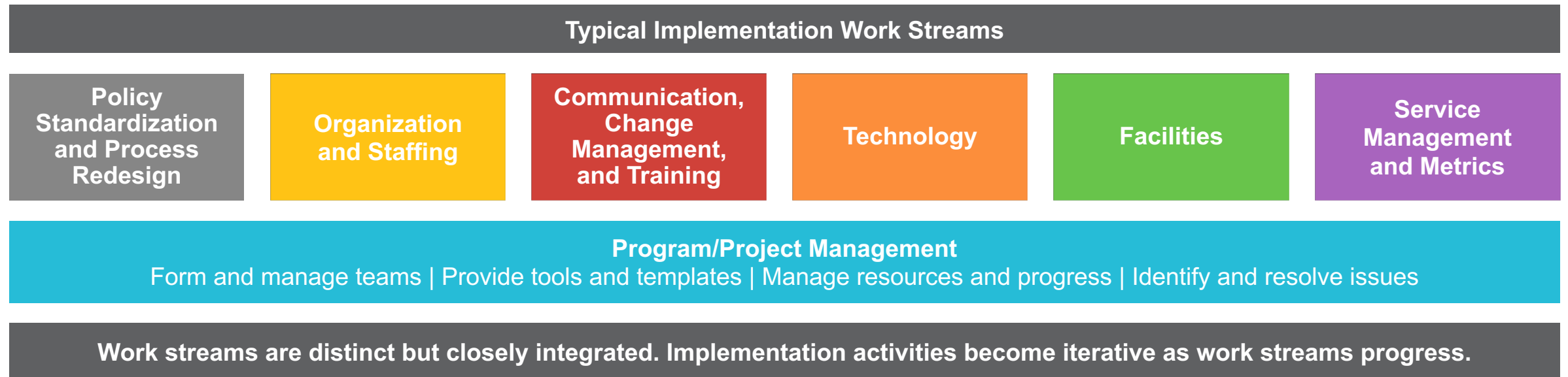


# Fundamentals for Implementing Shared Services



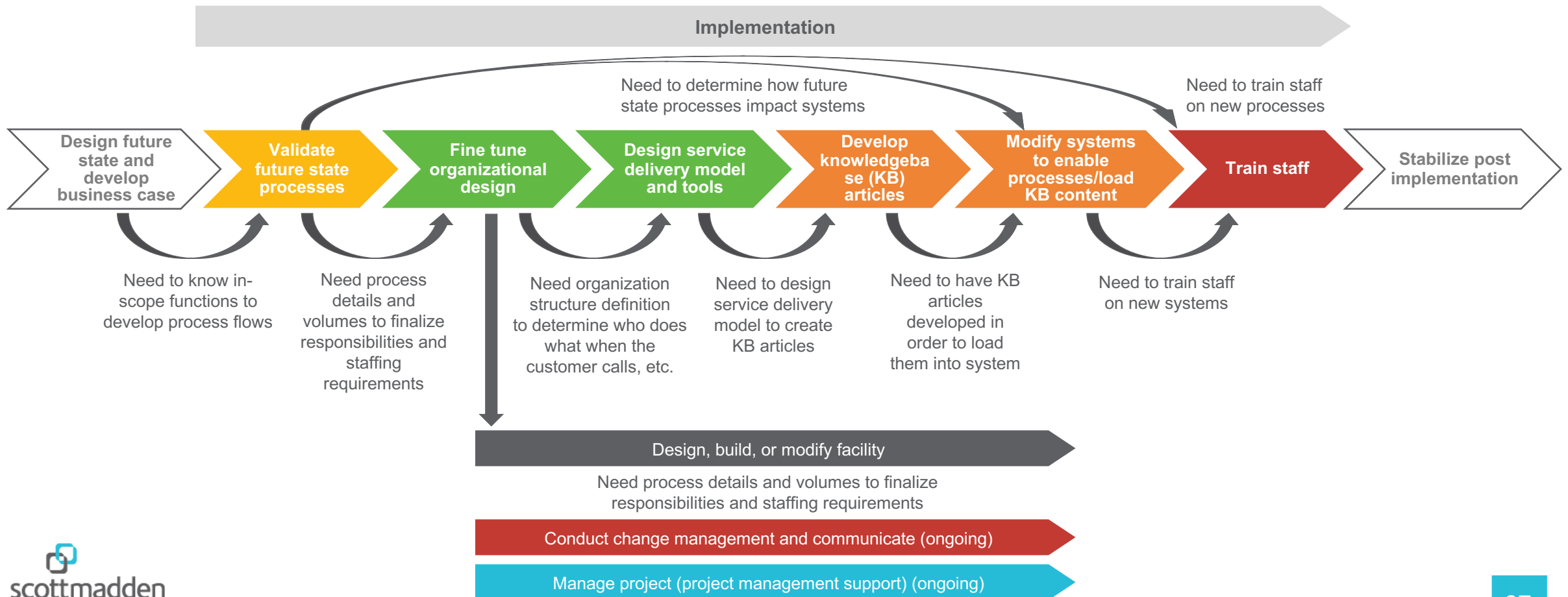
## Typical Implementation Work Streams

After the business case and roadmap are complete, service centers are built and launched. Implementations typically consist of major work streams and corresponding key activities.

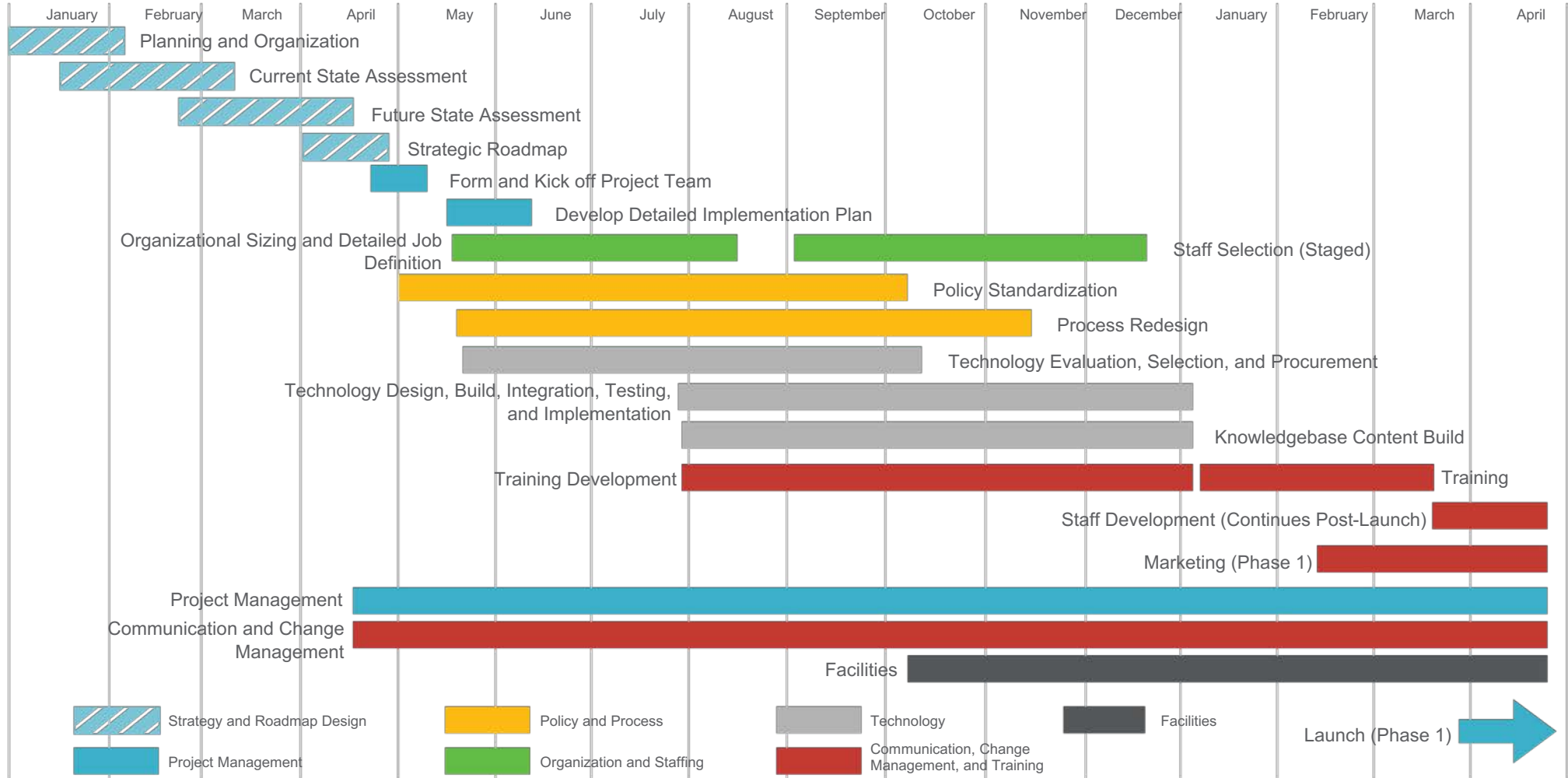


# Work Stream Interdependencies

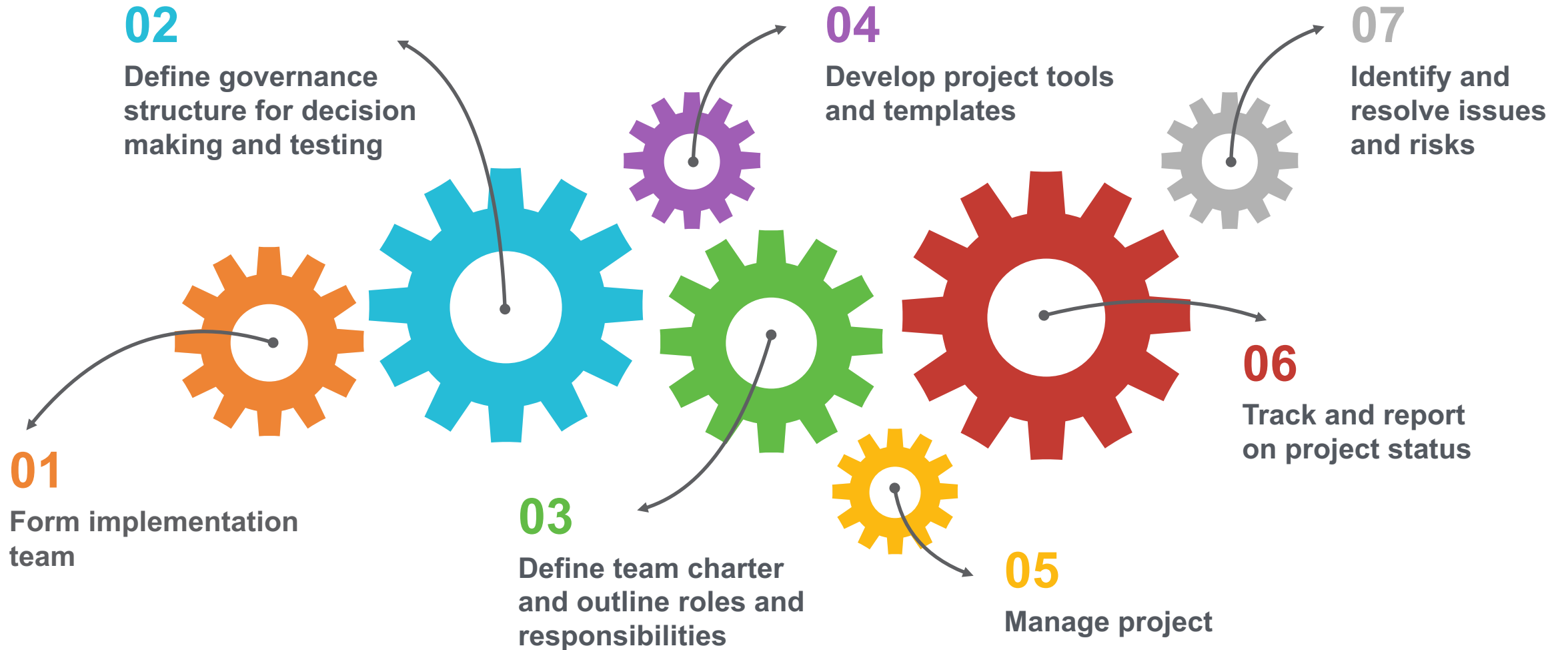
Work streams are distinct but closely integrated and dependent upon one another. Implementation activities become iterative as work streams progress. Members of the core team will need to work closely together on the implementation and communicate.



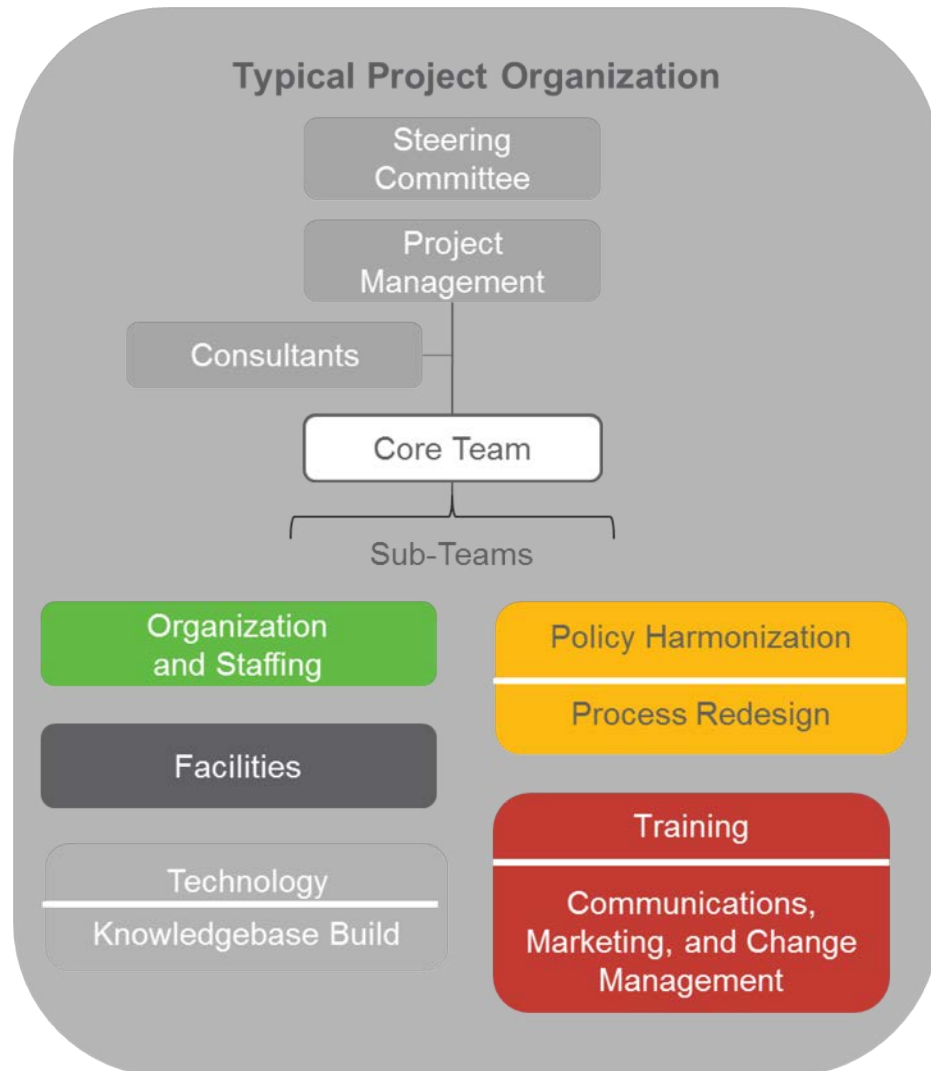
# Typical Timeline



# Project Management Tasks



# Forming the Right Team



## Part-Time Participants and Subject Matter Experts



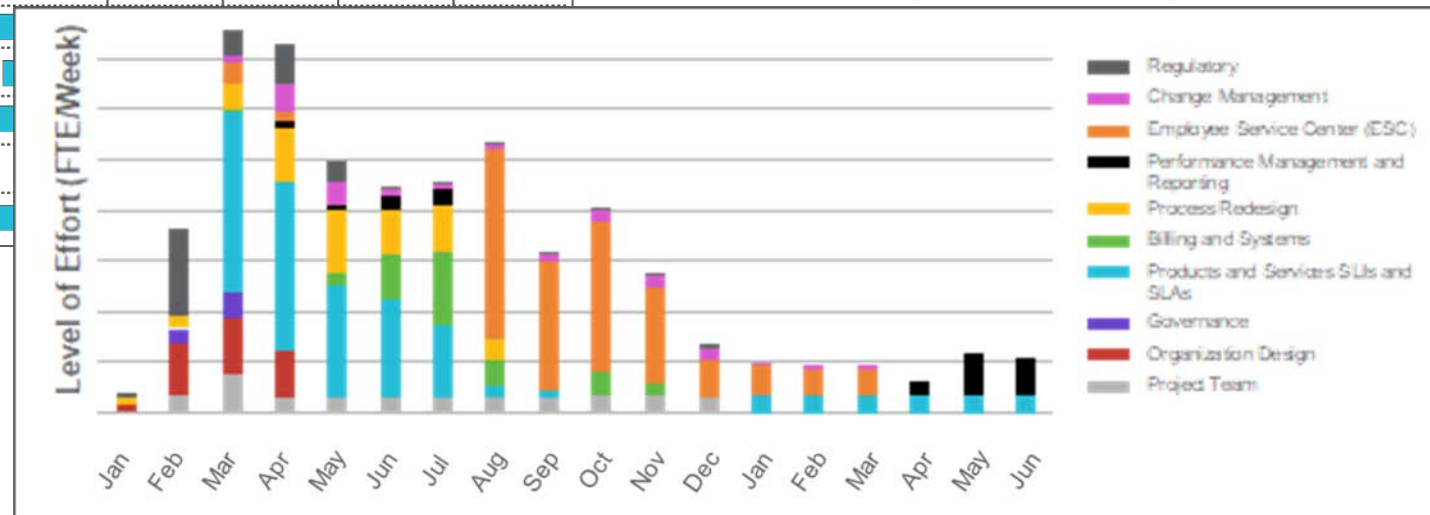
# Determining Level of Effort Required

Design your implementation plan to include major processes, activities, tasks, and durations while factoring in internal dependencies and external constraints. Determine level of effort by month and by task.

## Project Implementation Plan

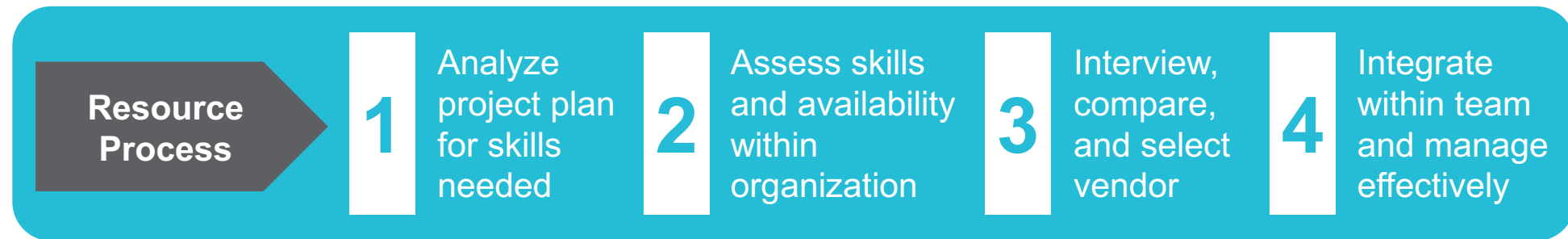
Task	Hours	Year 1				Year 2	
		Q1	Q2	Q3	Q4	Q1	Q2
Project Plan	1540	█					
Project Team	1370	█	█	█	█		
Regulatory Filing	1428	█	█	█	█		
Organization Design	1200	█	█				
Governance	295	█					
Products & Services	5360	█	█	█	█	█	█
Billing & Systems	1440	█	█	█	█		
Process Redesign	1960	█					
Performance Mgt. & Reporting	980						█
Employee Services Center	5120						█
Communication & Marketing	440						█
Change Management	840						█

## Major Tasks by Month

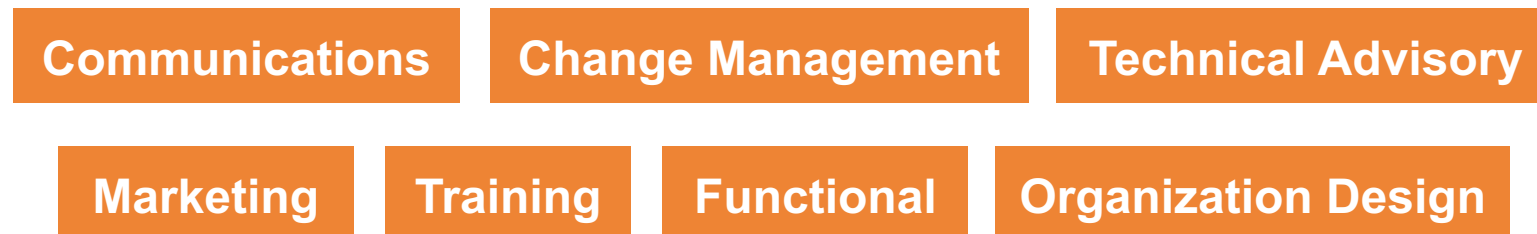


## Securing External Resources

Supplement your project team with external resources if your organization does not have the skills or resource availability to fully support the project.

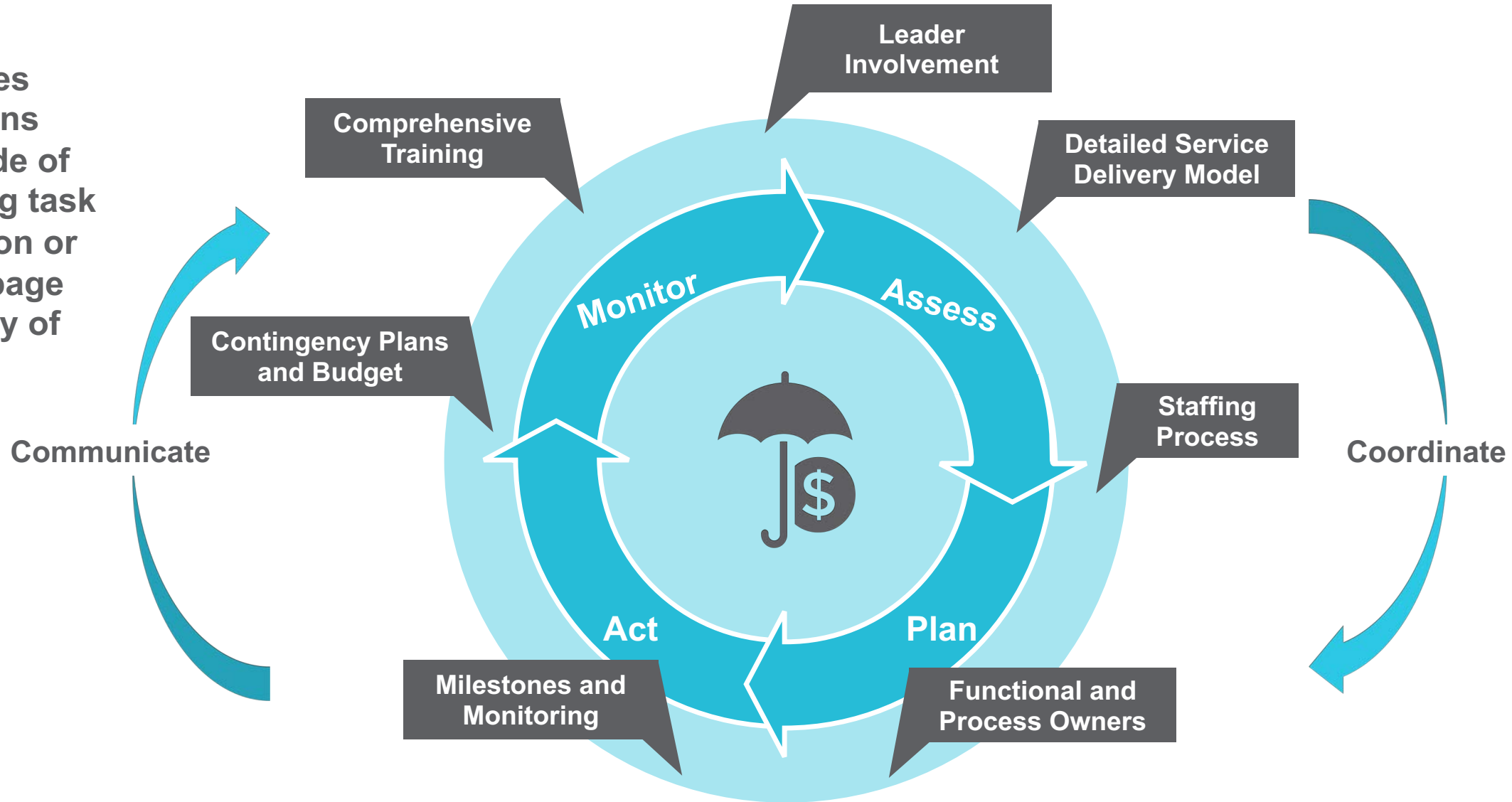


External assistance typically added to the project team:



# Effective Risk Management

Shared services implementations face a multitude of risks, including task underestimation or schedule slippage due to a variety of reasons.



# Policy and Process Tasks

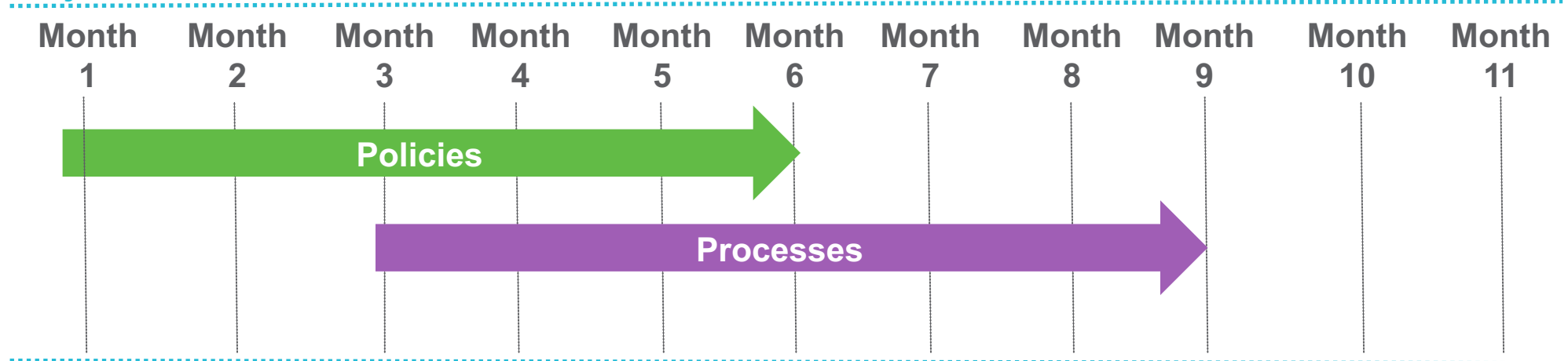
## Policy

- Inventory policies
- Identify expectations of policy harmonization
- Prioritize policies based on business drivers
- Review policy differences across businesses
- Determine opportunities for harmonization
- Draft harmonized policies and gain approval
- Establish ongoing governance structure

## Process

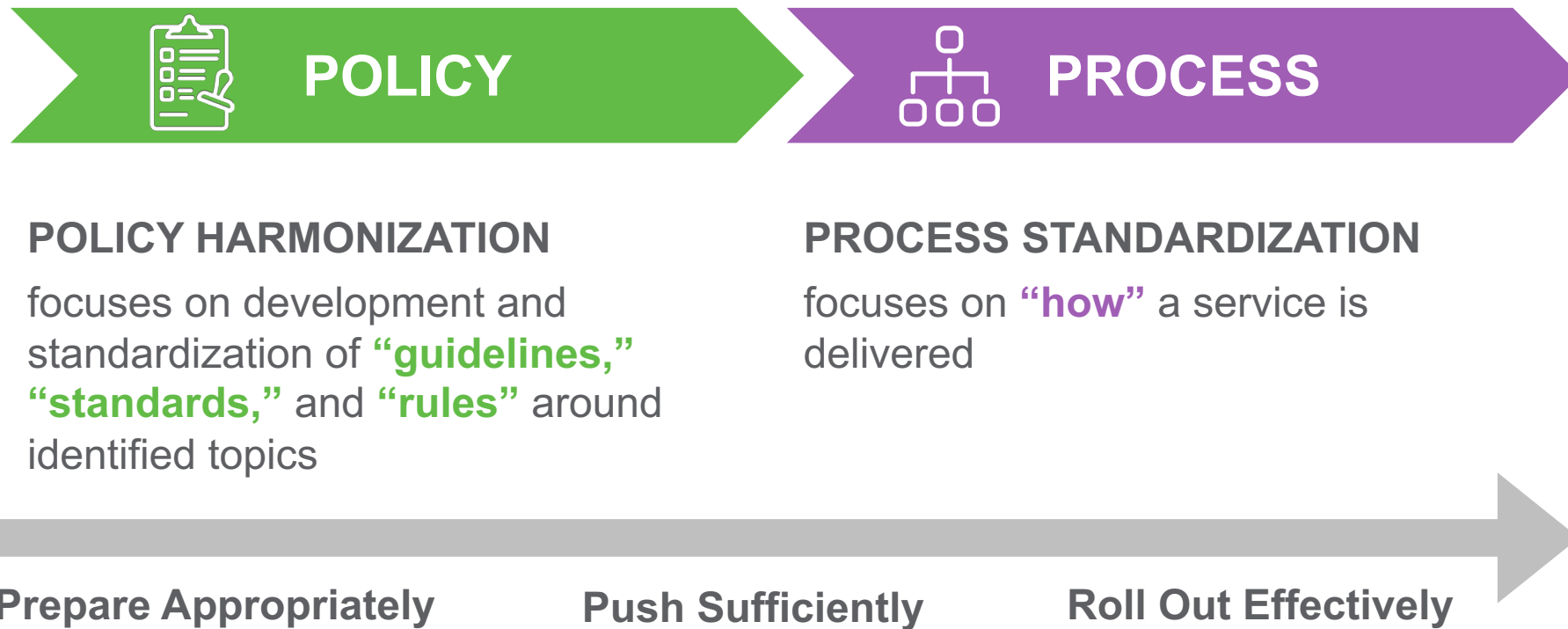
- Inventory processes
- Document current state
- Determine future process requirements
- Redesign, test, and document future state
- Develop maintenance frameworks
- Set process owners
- Link to training and technology

### Project Milestones



## Policy and Process Considerations

Policy harmonization and process standardization are essential steps toward maximizing the efficiency gains of a new service delivery model. Throughout the policy harmonization process, it is important to remember that policy development and redesign will drive process development.

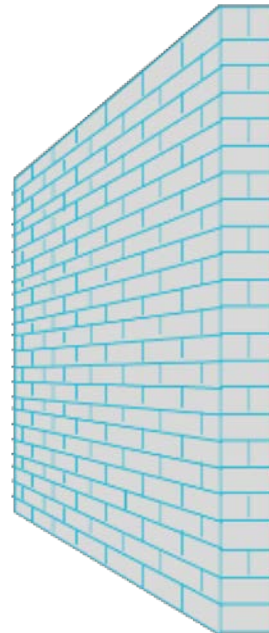


## Organization and Staffing

The design of the organization and planning for the selection of staff for the new organization must be done in advance of the actual selection process.

### Organization Design Activities

- Determine business strategy
- Develop organization design
- Define and price positions
- Outline staffing objectives
- Develop selection process, guidelines, tools



### Staffing Activities

- Form candidate pools
- Evaluate and select people
- Notify selected and non-selected candidates
- Communicate results to constituents

Tasks on the left side of the wall must be complete before moving to the right side. You should not jump back and forth over the wall

## Selecting Staff

Staff selection is not based on tenure at a corporation or existing relationships, but rather on a structured, equitable approach. Shared services most often requires customer-oriented employees who are comfortable using technologies and are flexible problem solvers.

- Define core competencies by position

Competency	Definition
Critical Thinking	Applies broad knowledge to issues and problems. Remains flexible and determines alternate solutions in problem-solving approach
Customer-Oriented	Maintains a clear focus on customer's needs and expectations and strives to meet or exceed; anticipates customer's needs and expectations; searches continually for ways to improve customer service
Technical Ability	Adept at learning and using multiple new technologies and applying knowledge to processes. Demonstrates ability to balance technologies with customer service demands

- Determine staff selection options:

Preferred



- Develop job descriptions, evaluate positions at market rates, and post job openings

# Using a Competency Builder to Support Staffing

ScottMadden's Competency Builder can identify individual strengths and gaps to better align employees with their new shared services roles and position them for success.

## Assess



Deploy the builder across the entire organization or targeted groups to **ASSESS** current skill levels for each employee

## Identify



Discover your organization's proficiency across key competencies to **IDENTIFY** skill gaps for the organization and with specific roles

## Plan



Understand your organization's strengths and weaknesses and **PLAN** development opportunities to prepare your employees for success

# Service Management Technologies Capabilities Overview

## Philosophy of Service



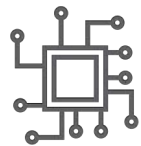
**Customer First**



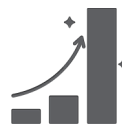
**Efficient, Self-Directed  
Work Teams**



**Performance Driven**



**Technology Driven**



**Continuous Improvement**



## Supporting Technologies

- One number, one portal, one email
  - Answers from a knowledgebase relevant to caller
- 
- Sharing of work through case management
  - Increased accountability due to case management system
- 
- Metrics gathered through integrated channel management and through case management
- 
- Integrated technologies that reuse information and data
- 
- Flexible technologies that will grow

# Technology Activities

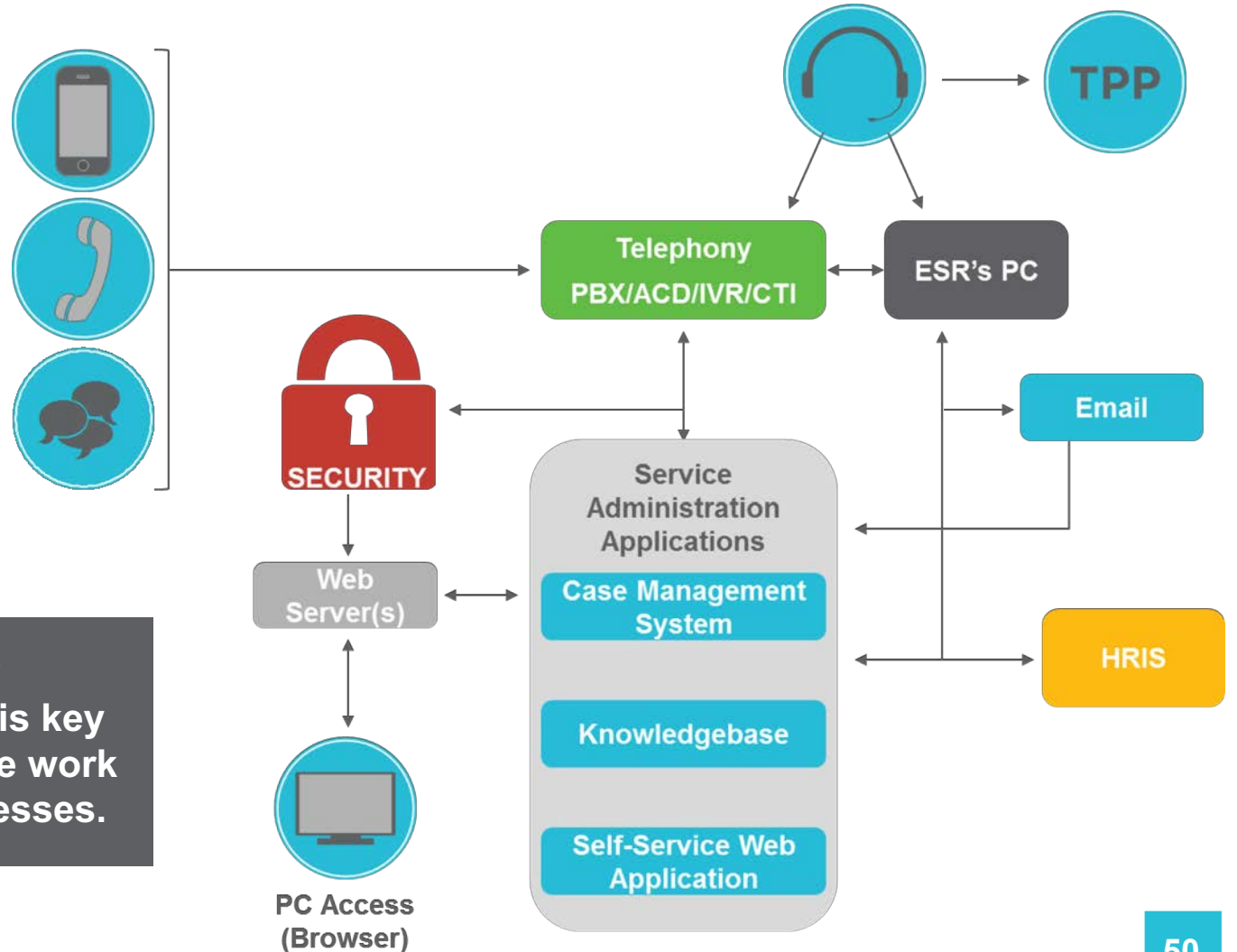
## Technology implementation includes:

- Plan
- Design
- RFP – evaluate and select applications
- Install
- Configure
- Customize, if required
- Integrate
- Unit tests
- Integration tests
- User acceptance
- Documentation
- Training
- Evaluation



**Technology integration is key to taking the work out of processes.**

## Web-Enabled Architecture



## Potential Technology Issues

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- Late decisions on technology requirements
- IT claim of insufficient resources/lead time
- Lack of IT expertise in shared services technologies
- IT control of requirements
- IT claim that requirements are unclear
- Delivered functionality falls short of requirements
- Vendors do not deliver



# Assess and Test Readiness

Testing processes, training, and technologies are critical to success. Frequently, implementations stop short of ensuring all activities have yielded the desired results.

- Prepare a readiness assessment or go-live checklist and track to completion
- Ensure that unit, system integration, and user acceptance testing criteria are upheld

## Example Test Plan

Test Description		Test Script Creator	Resources Required		Test Session #	Time Required (Hours)	Date	Time	Location
Module	Transaction Segments		Organization	Tester					
<b>System Access</b>									
	Log into corporate website and access application link	ScottMadden	Service Center	Tester 1/2	1	0.5	17-Oct	9am - 12pm	Center A - 2nd Floor
	Log into HR Portal and access application link			Tester 3/4	2	0.5	17-Oct	1pm - 4pm	
	Access log-in screen and enter User ID & Password			Tester 1/2	1	0.5	17-Oct	9am - 12pm	
	Create new request and launch workflow			Tester 3/4	2	0.5	17-Oct	1pm - 4pm	
				Tester 1/2/3/4	1	2	17-Oct	9am - 12pm	
				Tester 5/6/7/8	2	2	17-Oct	1pm - 4pm	
				Tester 1/2/3/4	1	1	17-Oct	9am - 12pm	
				Tester 5/6/7/8	2	1	17-Oct	1pm - 4pm	

# Facilities

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## Tasks

- Select site
- Determine requirements and design facility
- Construct or renovate
- Order and install equipment
- Move in
- Develop business continuity plan

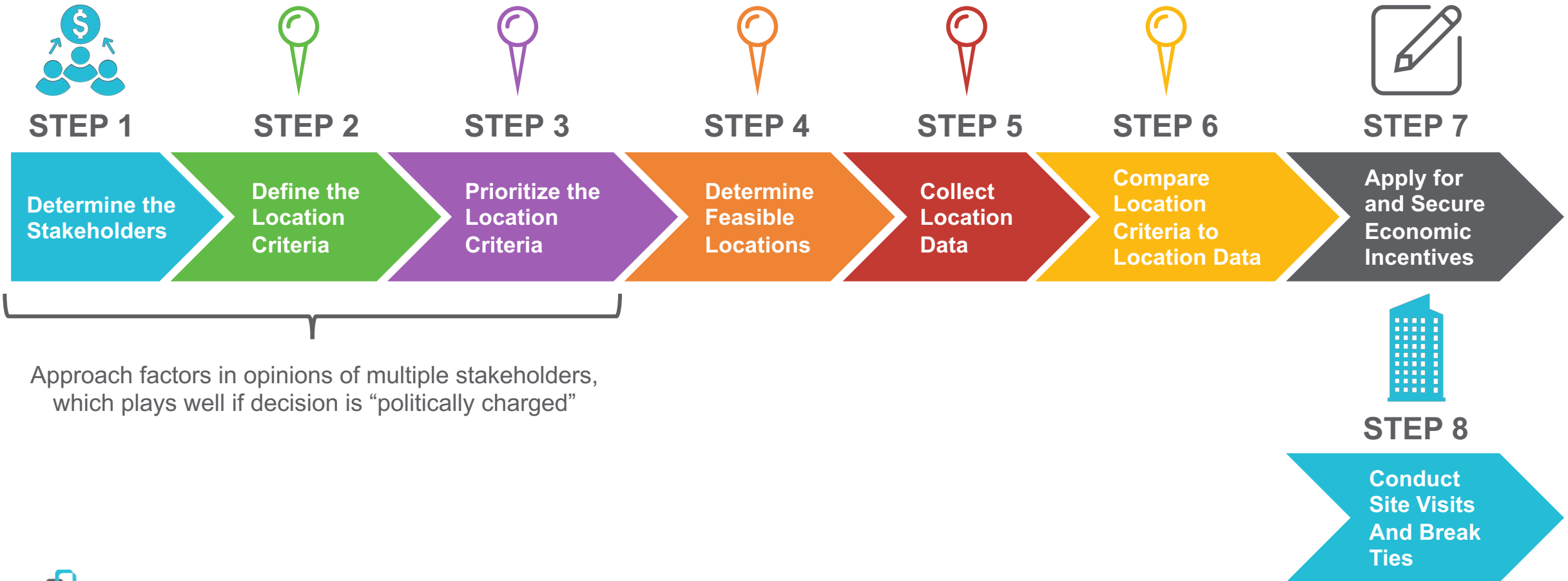
## Trends in Space Design

- Work “neighborhoods” to facilitate different types of work, including quiet spaces, collaboration areas, and touchdown spots for remote workers
- “Social hubs” to encourage cross-pollination of ideas and foster trusting relationships
- Enhanced technologies, like telepresence and smart boards, to increase efficiency



# Site Selection

Because a shared services organization is best created as an independent entity, the site selection process may consider both existing locations and greenfield sites.



# Space Planning

When developing the space plan for a new shared services organization, consider:

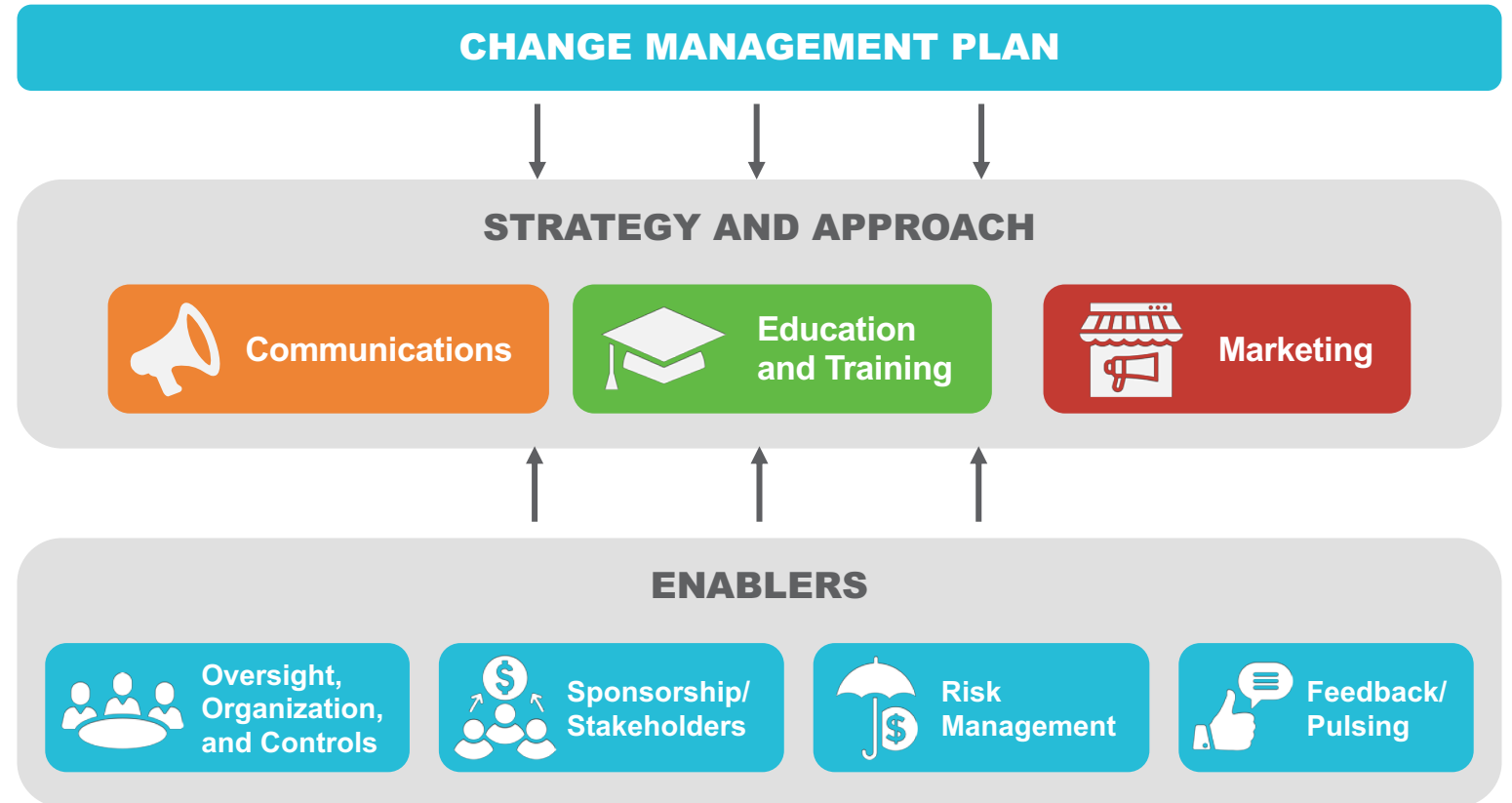
- Offices around the core
- Training and collaboration areas
- Social areas like lunch areas or break rooms
- Future growth
- Business continuity plans
- Maximum natural light



# Change Management Framework

Successful change management solutions are based on well-planned and integrated initiatives and actions

- 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



# Sponsorship and Stakeholder 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*

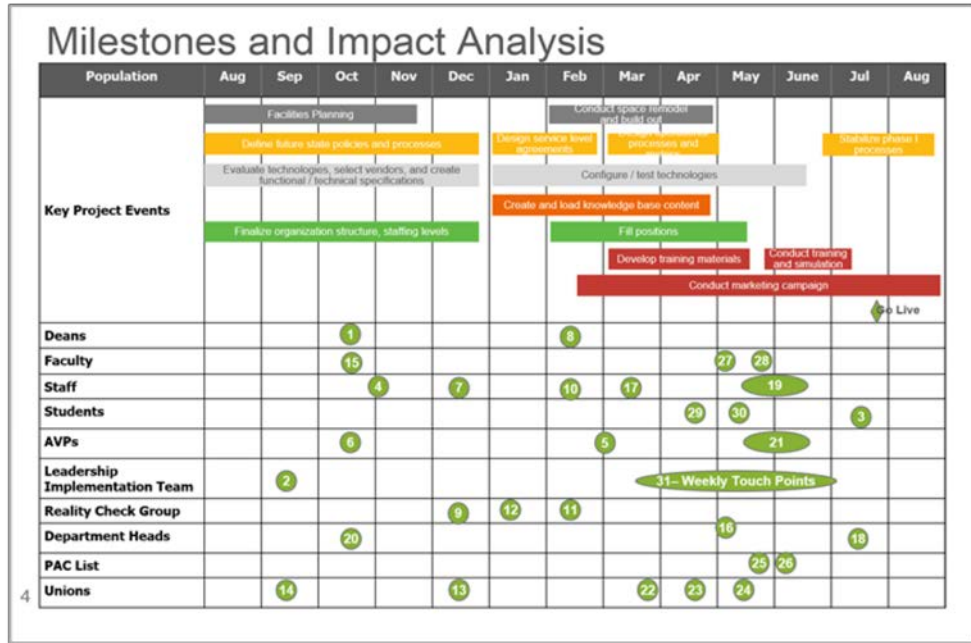


3

## Ongoing Sponsor Support

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

# Change Management Planning and Execution



### Involuntary Termination: Processing – Start/ Stop/ Continue

	HRGs	MyHR	Manager	HR Partners
<b>START</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Assist with the MSS termination transaction questions</li> </ul>	<ul style="list-style-type: none"> <li>Submit MSS termination transaction</li> <li>Contact MyHR with questions about the MSS transaction</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>STOP</b>	<ul style="list-style-type: none"> <li>Submit MSS Termination transaction on behalf of Manager</li> <li>Assist with the MSS transaction questions</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Ask HRG questions about MSS Involuntary Termination transaction</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>CONTINUE</b>	<ul style="list-style-type: none"> <li>Approve Involuntary Termination transaction</li> <li>Consult with Mgr if rejecting the transaction</li> </ul>	<ul style="list-style-type: none"> <li>Complete Involuntary Termination transaction for employees receiving Severance or Separation Pay</li> <li>Correct any issues with the Termination transaction</li> </ul>	<ul style="list-style-type: none"> <li>Complete Termination transaction via MSS (unless severance or separation Pay)</li> </ul>	<ul style="list-style-type: none"> <li>Payroll: Enter PTO payout data into Payroll module</li> <li>EIS: Inactivate the Active Directory account</li> </ul>

Keep the list of change activities aligned and on track through a consolidated list of actionable items. Organize activities by the project milestone they support.

Additionally, provide clarity on changing roles and responsibilities to customers and stakeholders using a stop/start/continue matrix to assist in acceptance and adherence to the new delivery model.

**Thoughtful, deliberate, and long-range communication planning is critical to project success.**

# Training and Development

Training, while critical, is often compromised to allow more time and/or resources for other tasks. Training is a key success factor and should never be underestimated or sacrificed.

## Example Training and Development Approach

- Design training content for each topic/module
- Develop training materials
- Produce supporting documentation
- Compile material and finalize testing plan
- Train instructors and conduct training
- Create and compile course evaluations

Assess individual training needs by curriculum.  
Develop a detailed training plan and schedule by module.

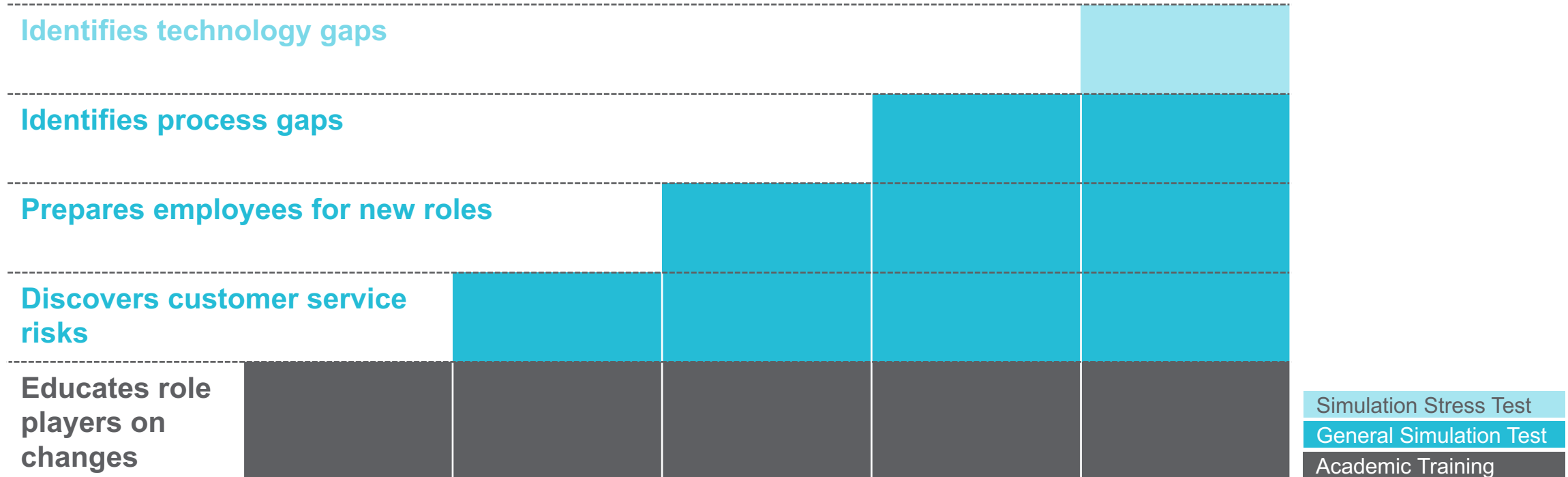
## Example Training Assessment

Staff	General				Operations							Content					Technology							
	Company	Values and Culture	Service Delivery Model	Customer Service	Answering Calls	Retrieving Data	Entering a Case	Escalating an Issue	Transferring a Call	Closing a Case	Scheduling	Functions	Programs	Policies	Processes	KB Content	Telephony	CMS	KB	HRIS/Financial System	Document Management	Equipment	Desktop & Applications	

# Conduct a Service Delivery Simulation

Issues will inevitably materialize despite vigilant planning and execution. To mitigate impact, ScottMadden offers a Service Delivery Simulation, or “dress rehearsal,” that evaluates people, processes, and technologies in a realistic operational environment.

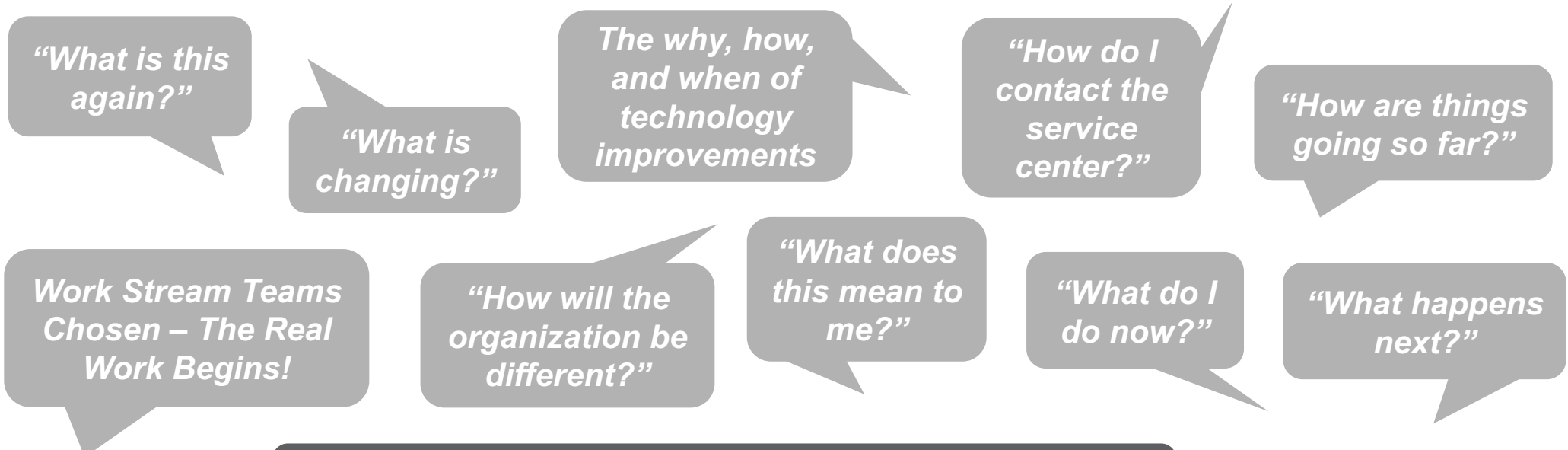
## LEVERAGE A BUILDING BLOCK APPROACH FOR LIVE SCENARIO WALKTHROUGHS:



# Marketing Plan

A marketing plan is often divided into multiple phases to better focus communications and assist employees with absorbing this new information and embracing the change.

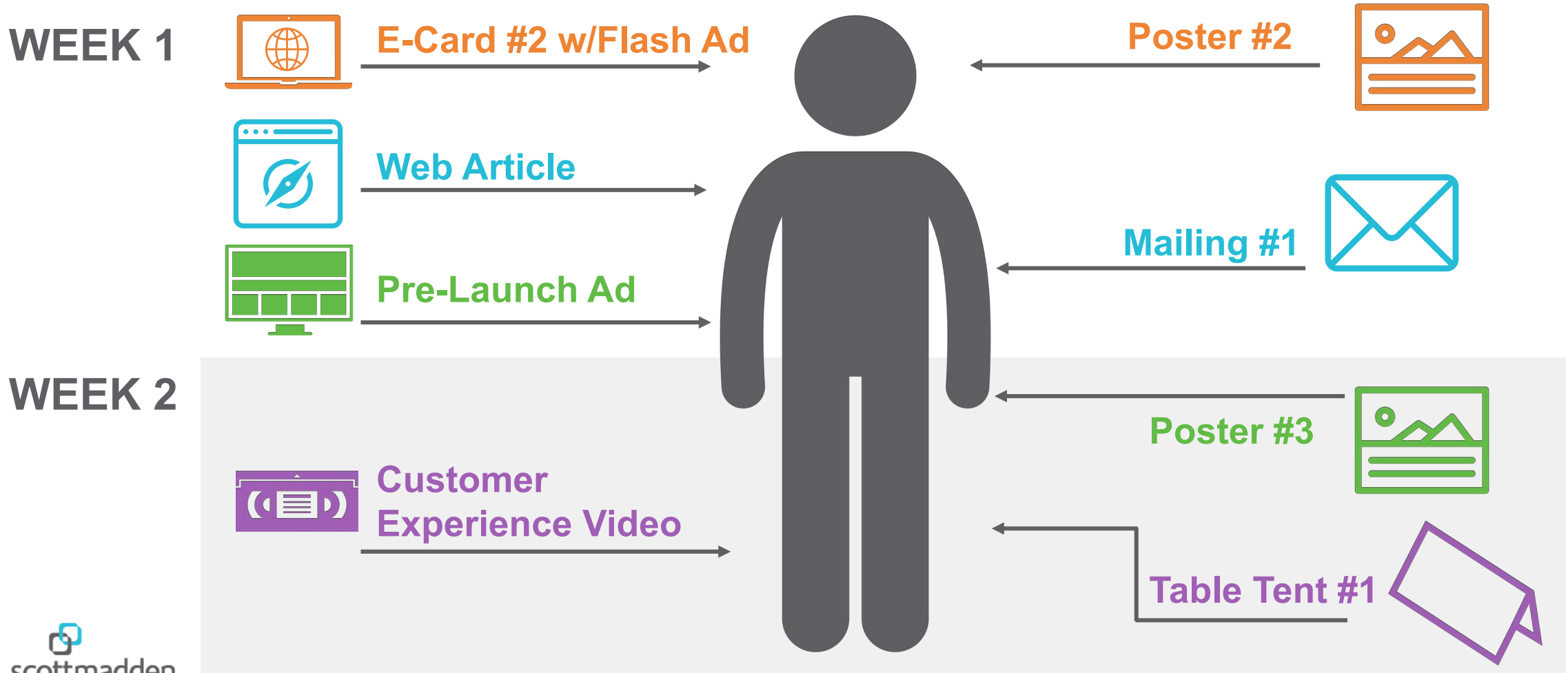
Week	-8	-7	-6	-5	-4	-3	-2	-1	0	+1	+2	+3	+4
Marketing Phases	Awareness				Information/ Knowledge/Ability				★ Go-Live	Reinforcement			



**Content and communication should be varied to keep messaging fresh and reach broadest audience.**

# Consider the Customer Experience

The objective of using a variety of different marketing collateral is to create awareness of the new shared services organization so that adoption will be rapid.



## Group Exercise #2

- In planning your implementation, who would you consider to be the stakeholders?
- After conducting your stakeholder assessment, how would you attempt to move negative stakeholders to at least a neutral position?





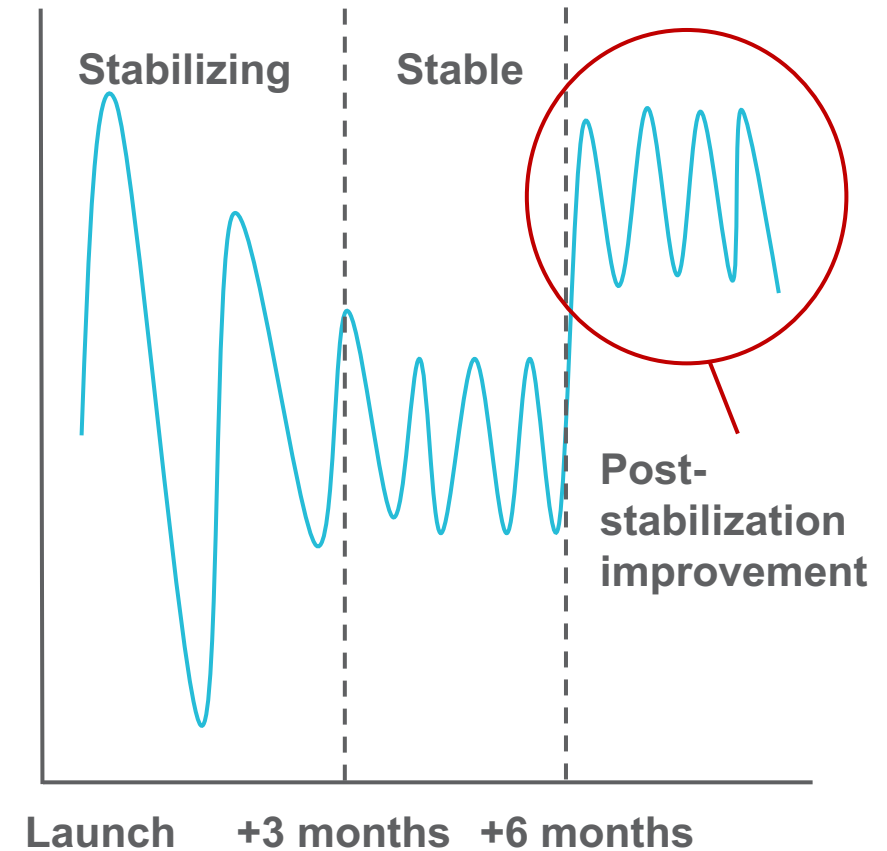
# Stabilization Success Factors



## Establish the Stabilization Plan

Once the new shared services organization is launched, it often takes three to six months to stabilize day-to-day operations

- Set expectations with internal customers
- Establish stabilization objectives and metrics
- Schedule recurring stabilization sessions with internal team members
- Consider a “tiger” team to address stabilization challenges while dedicated resources focus on delivering day-to-day work
- Meet with internal customers at standard intervals to update them on shared services performance and progress toward stabilization
- Officially end stabilization activities at the appropriate time—left unmanaged, stabilization can continue indefinitely



## Ensure Strong Governance Is in Place

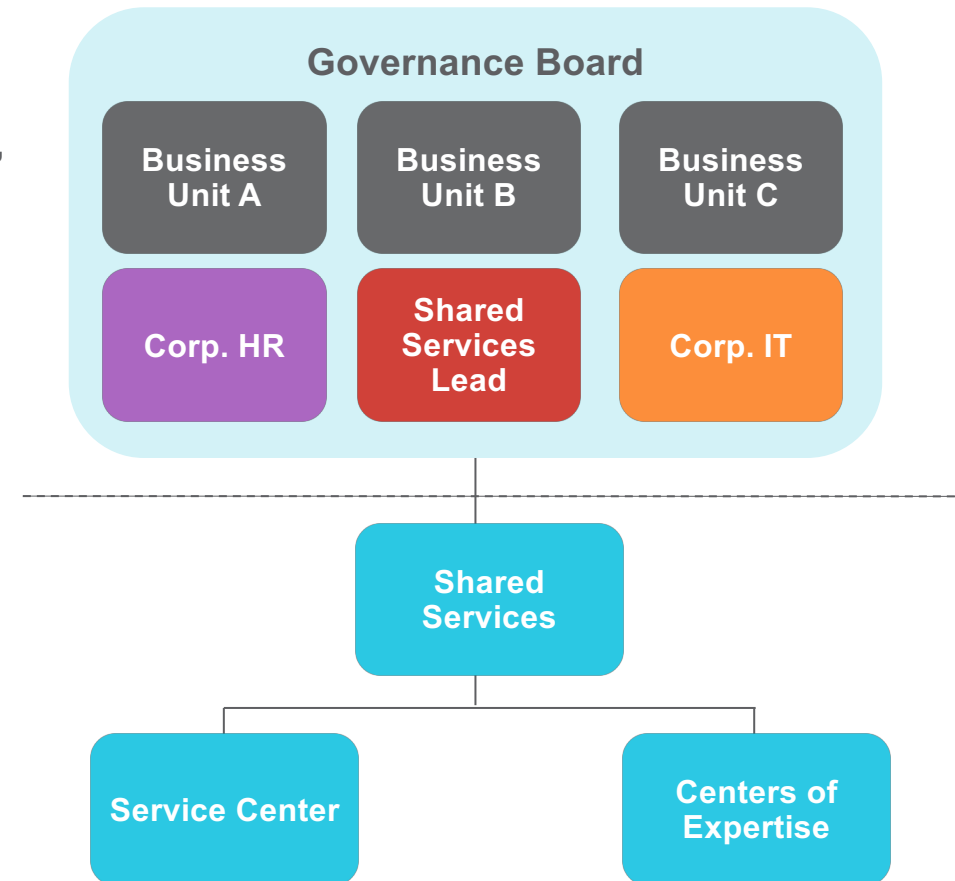
The formality and participating members in an oversight committee or board are influenced by factors, such as size of the organization, the number and complexity of services, organizational culture, and hierarchy.

### Shared Services Governance Board Characteristics

- Executives from key business units, head of shared services organization, and representatives from critical support organizations (e.g., IT, HR, etc.)
- Accountable vision and ensuring strategies are aligned
- Provide direction to the operational team and serve as a point of escalation for issue resolution

### Key Benefits

- Represent the shared services organization among senior management
- Allow customers to strongly influence direction of shared services and ensure responsiveness to business needs
- Create a formal process to control spending and prioritize initiatives
- Ensure integration with other business initiatives



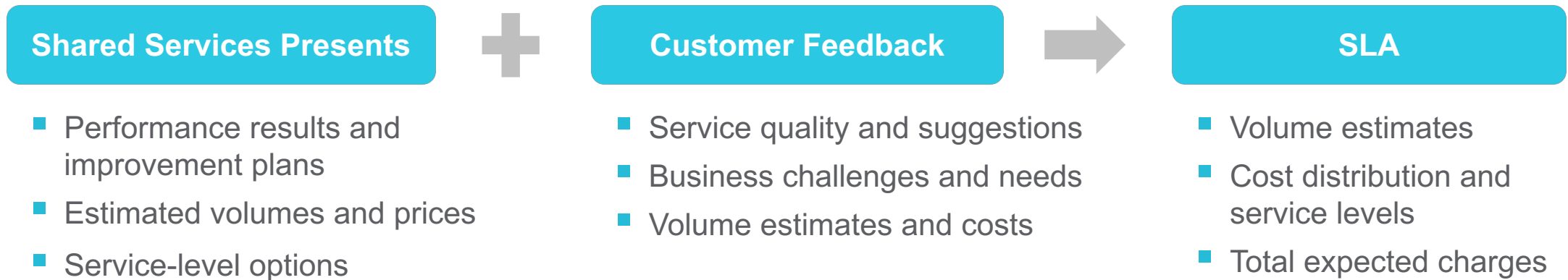
# Develop Metrics and Reporting Capabilities



# Service Level Agreements

A service level agreement (SLA) is between the provider of a service and a customer that quantifies the target quantity, quality, and cost of services to be provided in a future period. Dialogue, planning, and continuous improvement are outcomes that will drive your organization's success.

## SLAs: A dialogue between service provider and customer



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### 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

## Operational Management Tools

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Operational management tools are used to manage the internal processes of the shared services center. Comprehensive operational tools include components of content management and employee management.



### Content Management

- What is your queue management philosophy?
- How are issues escalated from Tier 1 to Tier 2? What are the procedures?
- Who owns updating employee, customer, or vendor portals? How often are they updated?
- Who owns the content in the knowledgebase? How often is it updated?
- How are improvements captured?
- Do you audit internal operations?



### Employee Management

- How do you manage downtime?
- How are shared services resources scheduled to handle time zones and employee/transaction demand?
- How is performance of employees measured? Do you use agent scorecards?
- What is your quality assurance plan? How do you improve quality? Do you record and measure agents regularly? Do you train them?

# Ingrained Continuous Improvement

Continuous improvement uses performance measures to drive the implementation of an organization's strategy.

## PROGRAM CHARACTERISTICS

### An enterprise-wide management system:

- Aligns operations with strategy
- Ensures consistency
- Enables rapid directional changes
- Cascades vision, mission, values, and strategy

### An ongoing process:

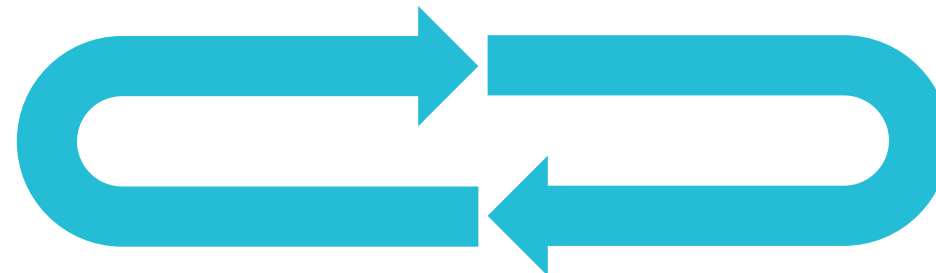
- Focuses priorities and results
- Integrates measurement, analysis, and action
- Encourages continuous improvement
- Defines and reinforces accountability

Strategy



Set Measures  
and Targets

*Reward and Coach*

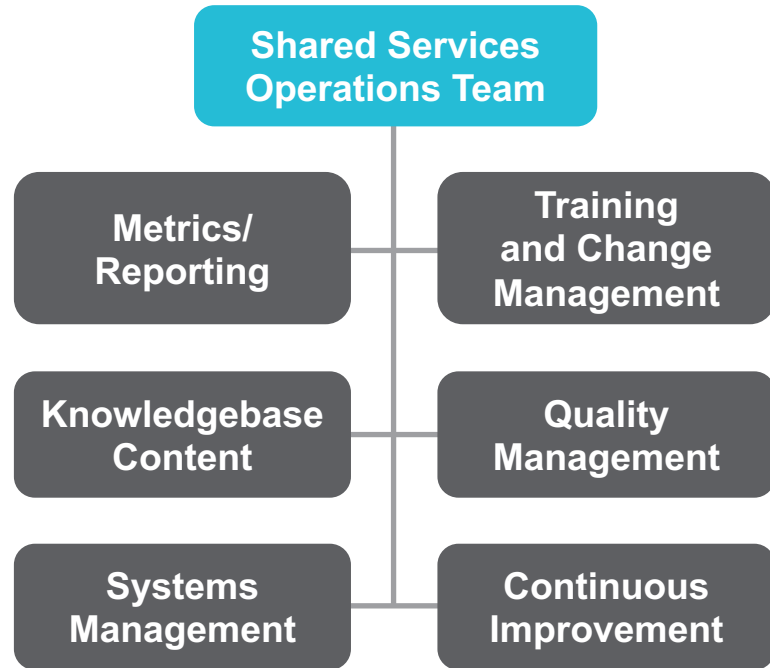


Plan and Execute

*Monitor and Evaluate*

# Operational Support Team

- The operational support team is as an internal resource for the continuous maintenance and improvement of the service center
- The operational support staff monitors service center performance, provides training to service center staff and customers, and ensures key systems and content are up to date and maintained



Service	Functional Role
Metrics/Reporting	Maintains service center metrics and reports performance periodically
Training and Change Management	Provides necessary training to new hires and existing employees on service center processes
Knowledgebase Content	Creates and maintains service center knowledgebase to ensure the most up-to-date information is available
Quality Management	Oversees quality management activities, such as planning, assurance, and control
Systems Management	Ensures key systems are meeting the needs of the service center
Continuous Improvement	Identifies opportunities for service center improvement

# The Role of the Customer Relationship Manager



Organizations should create a role for a Customer Relationship Manager. This role monitors the quality of Service Center Organization (SSO) support and serves as a liaison between the SSO and the business unit, or customer group, it represents.

The primary role is to obtain feedback from customers and prioritize projects and work based on core SSO services and processes. This individual often:

- Gathers and analyzes data in support of business cases, proposed projects, and systems requirements
- Generates and compiles reports based on findings and analysis
- Collaborates with SSO leadership and customer groups to identify probable causes and possible solutions to service issues and service gaps
- Works closely with the quality management team to identify and execute improvements

## Customer Group Business Climate

- “Morale is bad due to layoffs”
- “There is a different work ethic here”

## Service Problems to SSO

- “Staff are not portal friendly here”
- “The language is hard to understand”

## SSO Developments and Challenges

- “Not getting data in time”
- “Can someone proof invoices?”
- “We have new system capability”

# What's Next for Your SSO?

For those who have implemented and are wondering what's next, attend our advanced workshop at 10:15 a.m., "Shared Services 2.0: The Next Frontier for Shared Services Operations."

Topics include:



## REFINE

Process optimization

Technology advancement

Customer Satisfaction

## EXPAND

Multi-function

Global

## INNOVATE

RPA

Artificial intelligence

Social media

Analytics

## INSPIRE

Employee engagement

# Wrapping Up

## Housekeeping items to help us improve!

- Please complete the following items before you leave:
  - Workshop assessment/evaluation form
  - Collateral request card



## ScottMadden activities you can participate in:

- Stop by ScottMadden's booth for additional information or to learn more
  - HR and Finance shared services benchmarking studies
  - SSO Accelerator (demo drive)
  - Card drop for a chance to win a portable movie theater



Thank you for participating in today's workshop and enjoy the rest of the conference!



# 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 1,700 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