Five Keys to a Successful Shared Services Transformation

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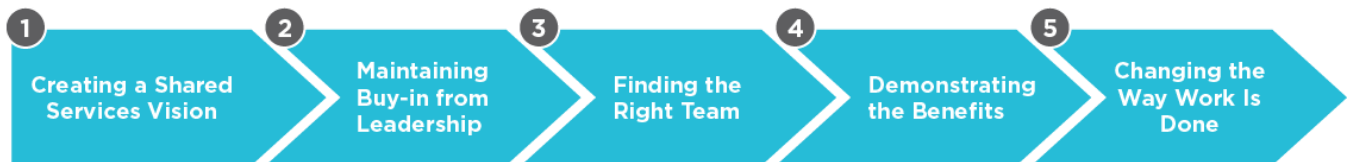
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INTRODUCTION

Is your organization ready to implement a leading practices shared services delivery model? When organizations effectively implement a shared services delivery model, they can benefit from improved customer experience, better cost control, heightened scalability and integration, and improved transparency across enterprise data. In order to achieve these results, outlining a clear vision, maintaining support from stakeholders, forming an effective implementation team, calculating the benefits, and ensuring an effective framework for change are necessary elements for success. We have identified five key steps to ensure the successful transformation to a leading practices shared services delivery model.

1. Creating a Shared Services Vision 2. Maintaining Buy-in from Leadership 3. Finding the Right Team 4. Demonstrating the Benefits 5. Changing the Way Work Is Done

CREATING A SHARED SERVICES VISION

Before you embark on your transformation to a new shared services delivery model, leadership should define overall objectives, craft guiding principles for the transformation, and outline how services will be provided in the future. Your objectives broadly outline your overall outcomes. These may include creating a culture of service and performance, defining authority and accountability for service, improving process efficiencies, increasing analysis and metrics-driven decision making, and optimizing the use of technology.

In addition to these outcomes, it is helpful to draft design principles to guide the overall project and maintain alignment throughout the transformation journey. Design principles may include developing a consistent structure, harmonizing policies and processes, aligning work activities to the right skill sets, and ensuring changes are transparent while adding value to your stakeholders.

As part of the overall vision, we recommend defining your scope of services. This includes determining what services will be provided and by what group. For example, what specific work activities will be in the service or transaction center, the individual centers of expertise, and the field with your business partners or business-facing roles.

Once the vision step is completed, the transformation can begin. The transformation process generally starts with maintaining leadership buy-in and finding the right allies and resources with the appropriate skill sets to implement this change.

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MAINTAINING BUY-IN FROM LEADERSHIP

Ultimately, shared services is a business within a business. It is well-defined infrastructure that offers higher-value customer service. To maintain leadership throughout the transformation, key senior staff should play an active role in refining the shared services vision during the project and participating in key decisions.

Another helpful tool to maintain leadership buy-in during a lengthy transformation is the use of periodic Voice of Customer surveys. These can assess the current level of customer satisfaction across internal and external stakeholders and highlight key elements that shared services will improve. This survey also serves as a baseline for future voice of customer surveys once shared services is in place.

With a defined vision and buy-in from leadership and stakeholders, the next step is to construct the right implementation team.

FINDING THE RIGHT TEAM

ScottMadden believes the foundation to a successful implementation is a strong project team. One of the most common implementation challenges is staffing the project. However, before embarking on the search for the right team, a governance and decision-making committee should be established.

A strong governance model can help manage the variety of opinions that will exist among different stakeholders. It can maintain alignment among stakeholders, avoid siloed decision-making, and provide a formal process for issue escalation and resolution.

Once a governance model is in place, you should determine the level of effort required to implement the new service delivery model and build a team around the responsibilities and support needed. Depending on the skills or resources available, your organization may consider external resources to supplement the project team.

We find the best project structure for a transformation is a workstream-focused organization. Leads can be established for required workstreams, such as organization and staffing; policy harmonization and process redesign; technology; training; change management and communications; and facilities. The workstreams can rely on periodic participation from subject matter experts (e.g., to participate in process redesign workshops). The leaders of each workstream form a core team which can efficiently gather to report on project progress and identify issues and mitigation strategies.

Following the establishment of a governance model and strong project team, you can now move forward with demonstrating the benefits and planning the change.

DEMONSTRATING THE BENEFITS

A well-constructed business case allows the project team to demonstrate the benefits of the new shared services delivery model and track the transformation against these parameters. Your business case should include these three steps: calculating the one-time and recurring costs, identifying the qualitative and quantitative savings and benefits, and conducting sensitivity analyses to determine the parameters to which the project is most impacted.

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Our recommended approach for developing a business case is assessing the current state organization, its technologies, and services and designing and developing the going-forward service delivery model, complete with new organizational structures. A valuable tool for understanding the current state organization and services is a work activity assessment. This captures the work performed by the function's staff and calculates the costs of these discrete activities. The work activity assessment also defines your starting point or baseline from which improvements can be measured. The business case is created by comparing the costs associated with the current and future delivery models, as well as the costs to make the transformation.

While the business case development can be extensive, this process will help you develop a realistic implementation plan and identify the skill sets and resources needed to complete the transition. In addition to getting external support, your organization will need to develop a change management strategy to communicate and socialize stakeholders on the shared services implementation.

Increased Customer Satisfaction **+** Reduced Organizational Costs **=** Compelling Business Case

CHANGING THE WAY WORK IS DONE

In addition to maintaining buy-in from leadership, your functional employees must change the way they have always done things. Change management is critical to making this shift. Change management is a systematic, proactive approach to dealing with change, both from the perspective of the organization and the individual. Change management is most effective when embedded within a project and least effective when it is stand-alone.

A strong change management plan should guide your transformation. Generally, a change management plan will contain four phases: define the change, plan the change, execute the change, and evaluate the change. In addition, the change management plan should be integrated with the project management plan, so the timing of change management is driven by the project management schedule and its milestones.

As part of change management, a communications plan should be developed. This plan should be leveraged to inform leadership and stakeholders on the progress of the project, expected changes, and resources available for questions or concerns. The communications plan should include a strategy, target audiences, approach, and communication vehicles.

CONCLUSION

The implementation of a new shared services delivery model is challenging, but, if well planned and executed, produces value for the organization. Our recommended approach to implementing a shared services model includes creating a vision, maintaining buy-in from leadership, finding the right team, demonstrating the benefits, and changing the way work is done. As all five steps are interrelated, it's

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important to consider the implications of each throughout the implementation to achieve a successful transformation to your shared services model.

HOW SCOTTMADDEN CAN HELP

For more information on how ScottMadden can assist you in successfully implementing or transforming your shared services, please contact us.

ABOUT SCOTTMADDEN'S CORPORATE & SHARED SERVICES PRACTICE

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, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Examples of our projects include business case development, shared services design, and shared services build support and implementation.

ABOUT THE AUTHORS

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