



**scottmadden**  
MANAGEMENT CONSULTANTS

**Smart. Focused. Done Right.®**

# Shared Services Playbook 101: The Essentials for Designing and Implementing a SSO in a Post-COVID World

Shared Services & Outsourcing Week

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September 2021

# 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 1,900 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

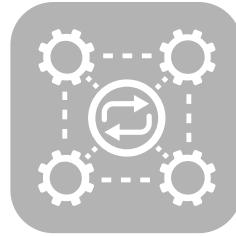
We have helped our clients with business case development, shared services design, shared services build support, implementation, and improvement.

**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 and Industrial	Technology and Communications	Higher Ed., Public Sector, and Defense	Energy and Utilities	Healthcare	Professional Services

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



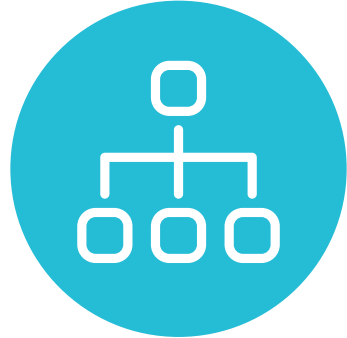
# Shared Services Overview



## 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

# Benefits of a Shared Services Model

## Improve Service Delivery & Transparency

- Standard processes
- Common model for expansion
- Performance metrics

## Gain Control & Leverage Data

- Improve reporting and analytics
- Improve compliance
- Better decision making






## Cost Control and Scalability

- Skillset and work alignment
- Economies of scale
- Automation of process
- Elimination of redundant work

## End-to-End Accountability

- Less rework caused by upstream process issues
- Improved end-to-end process coordination
- Focus on root cause problem resolution

# 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

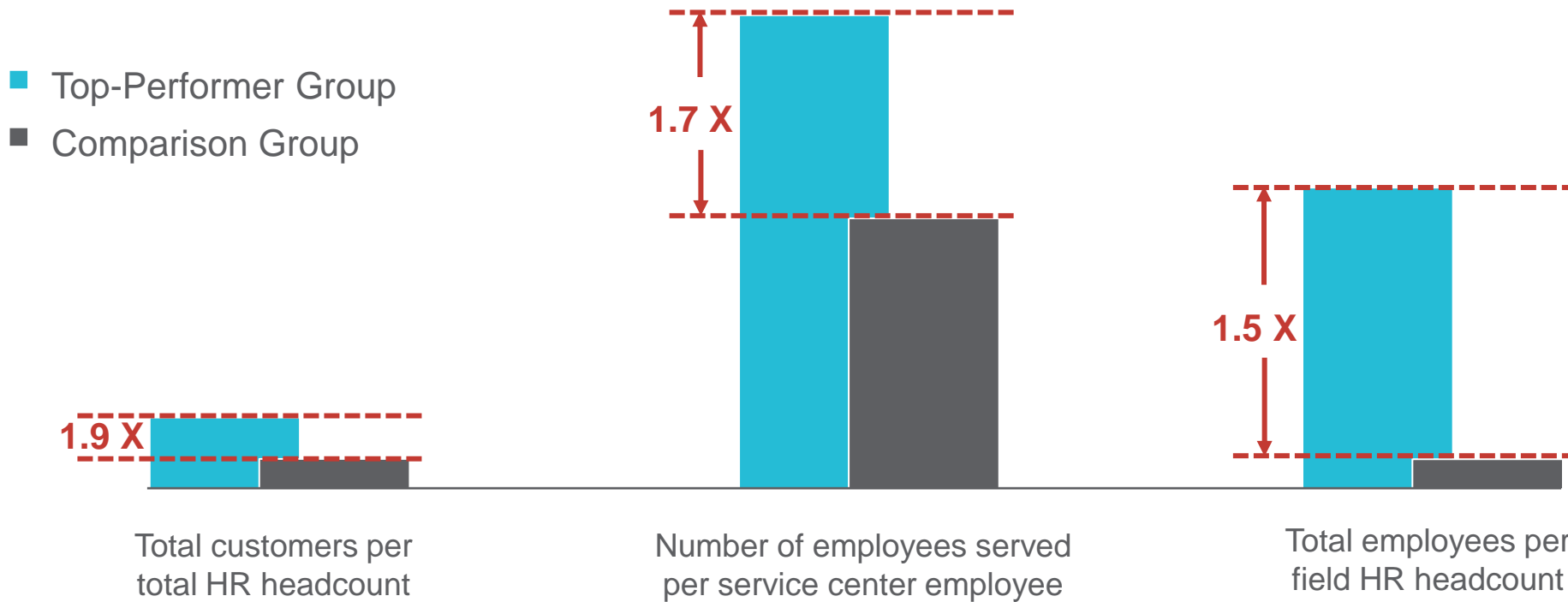
**Additional soft dollars savings and qualitative benefits include these items:**

- 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

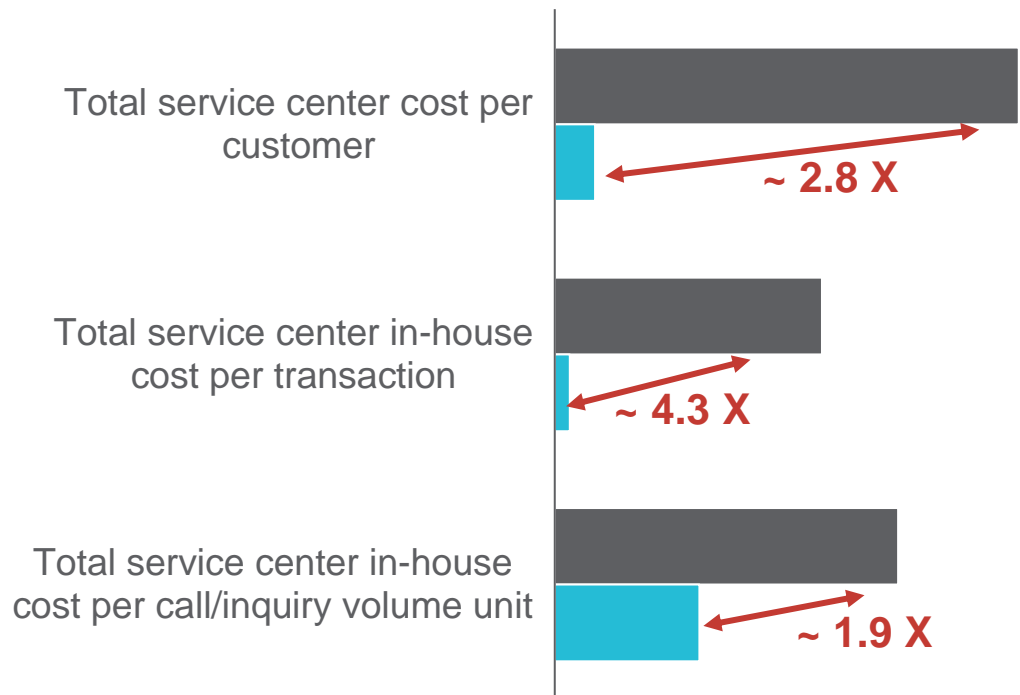


# Benefits of Shared Services – HR Benchmarks (Cont'd)

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**



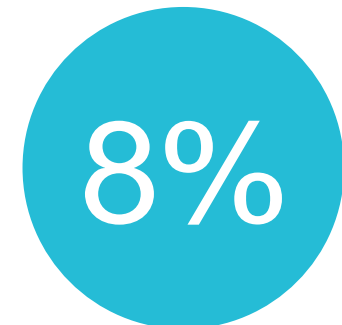
First-Contact Resolution



Average Speed To Answer



Service Center Employee Turnover

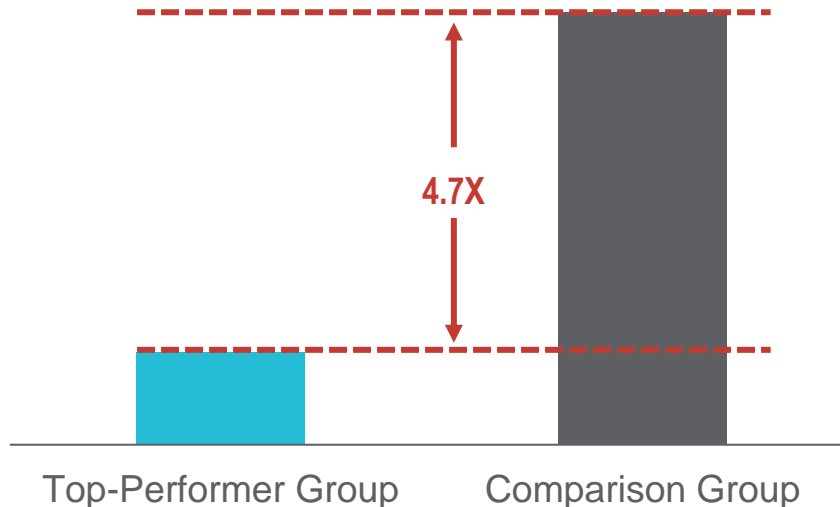


# Benefits of Shared Services – Finance Benchmarks

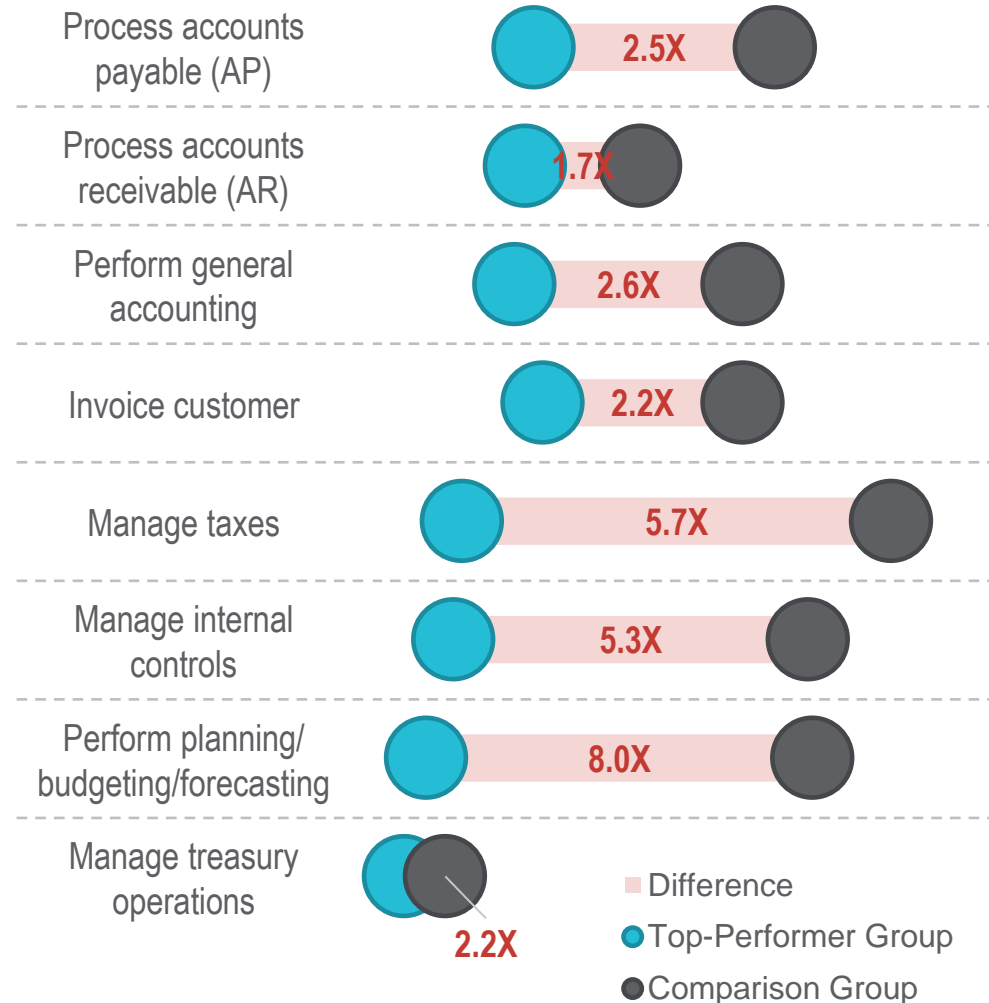
## Top performing finance shared services have significantly better staffing ratios

- 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



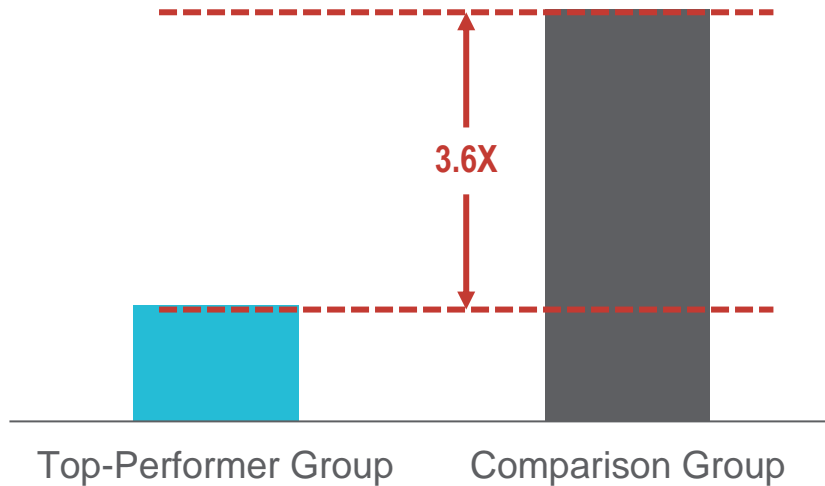
Median number of FTEs that perform the following processes per \$1 billion revenue



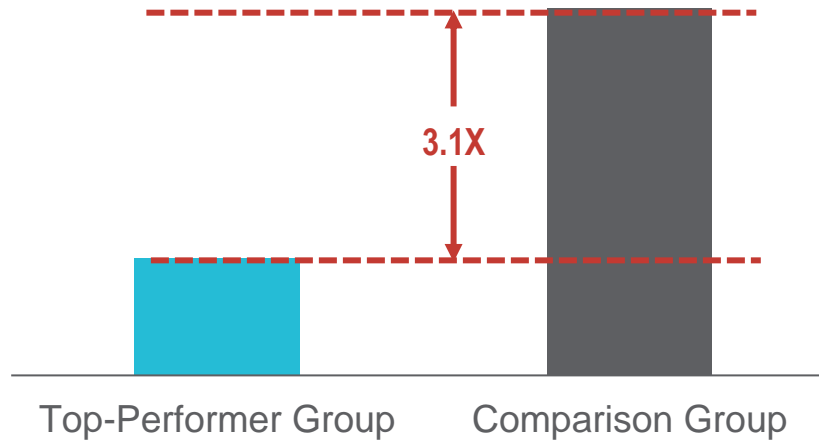
# Benefits of Shared Services – Finance Benchmarks (Cont'd)

Top-performing organizations operate at a higher cost advantage at both the functional and shared services levels.

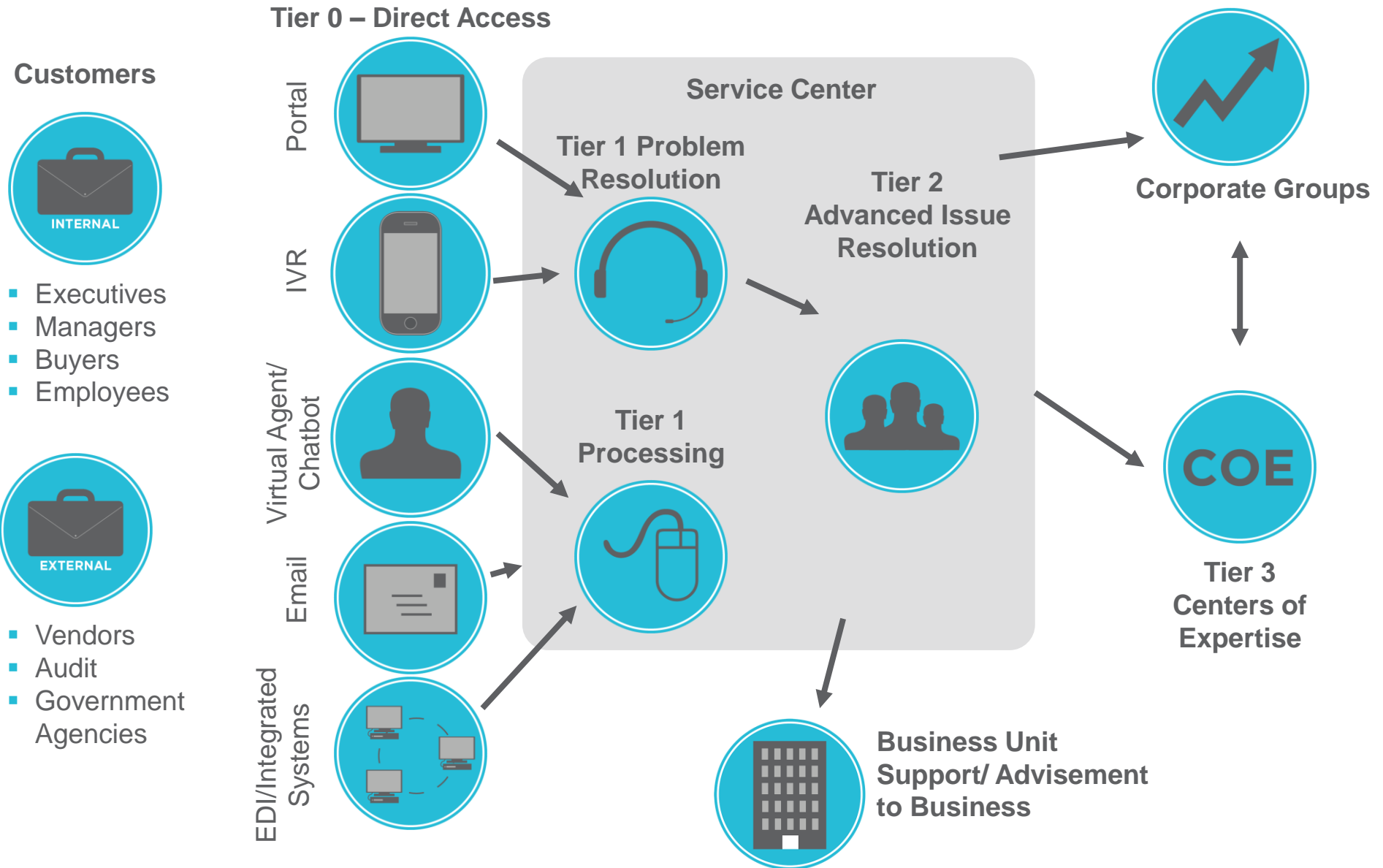
Median total cost to perform the finance function per \$1,000 revenue



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



# Leading Practices Service Delivery Model



# 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:



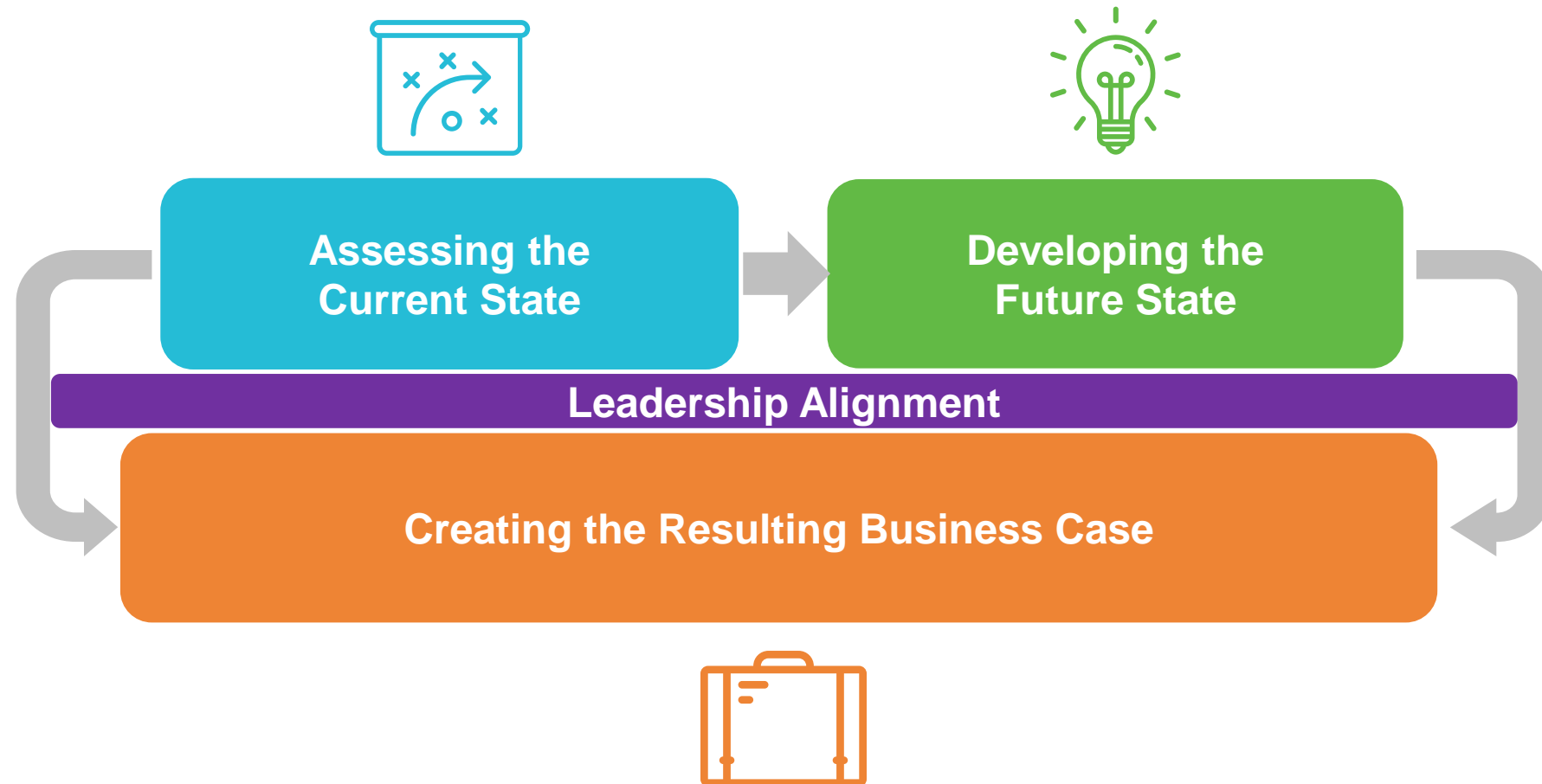


# Assessment and Design

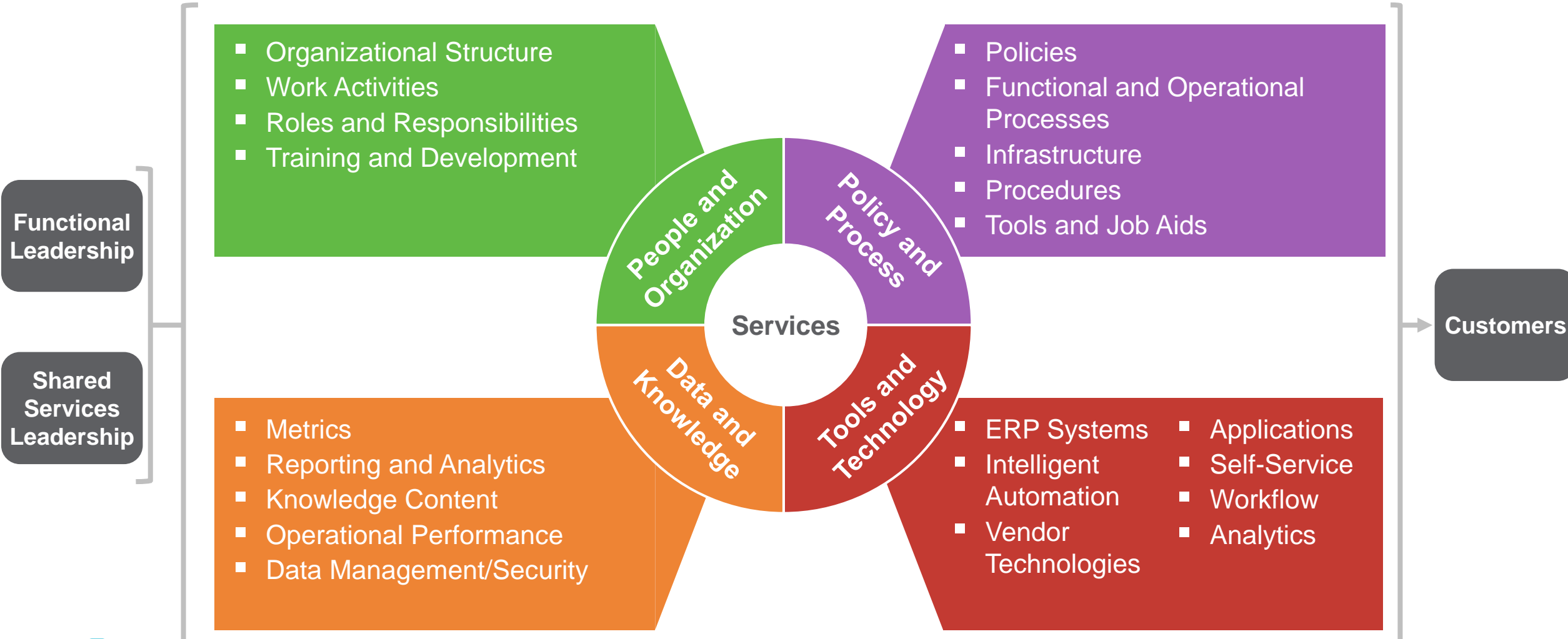


## Critical Steps in the Process

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

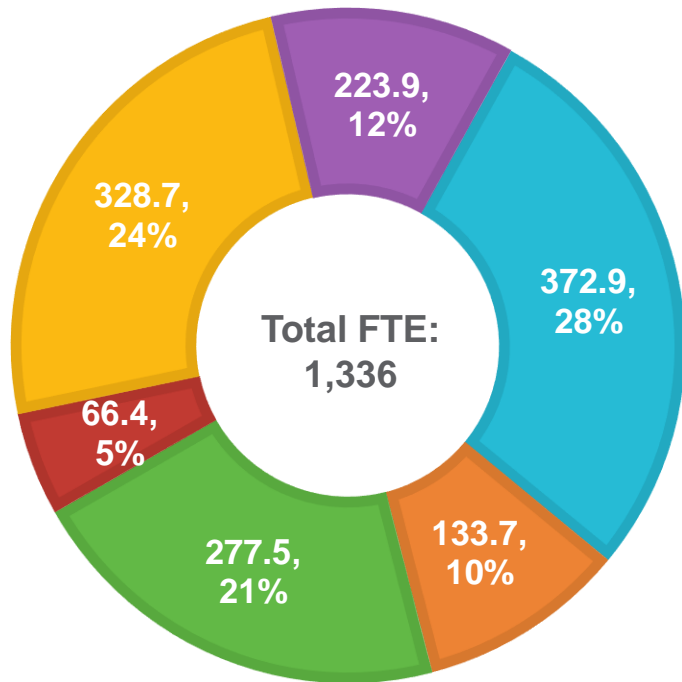


# Assessing the Current Operations

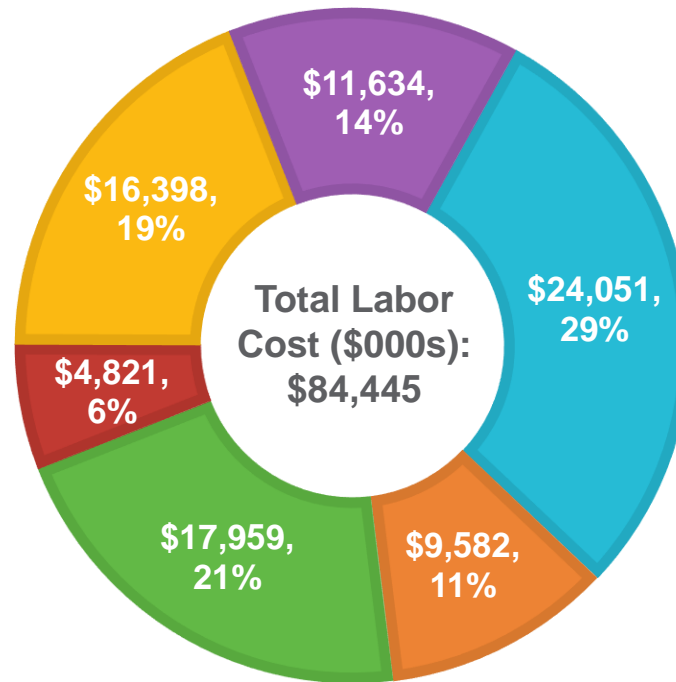


# Current State Assessment

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

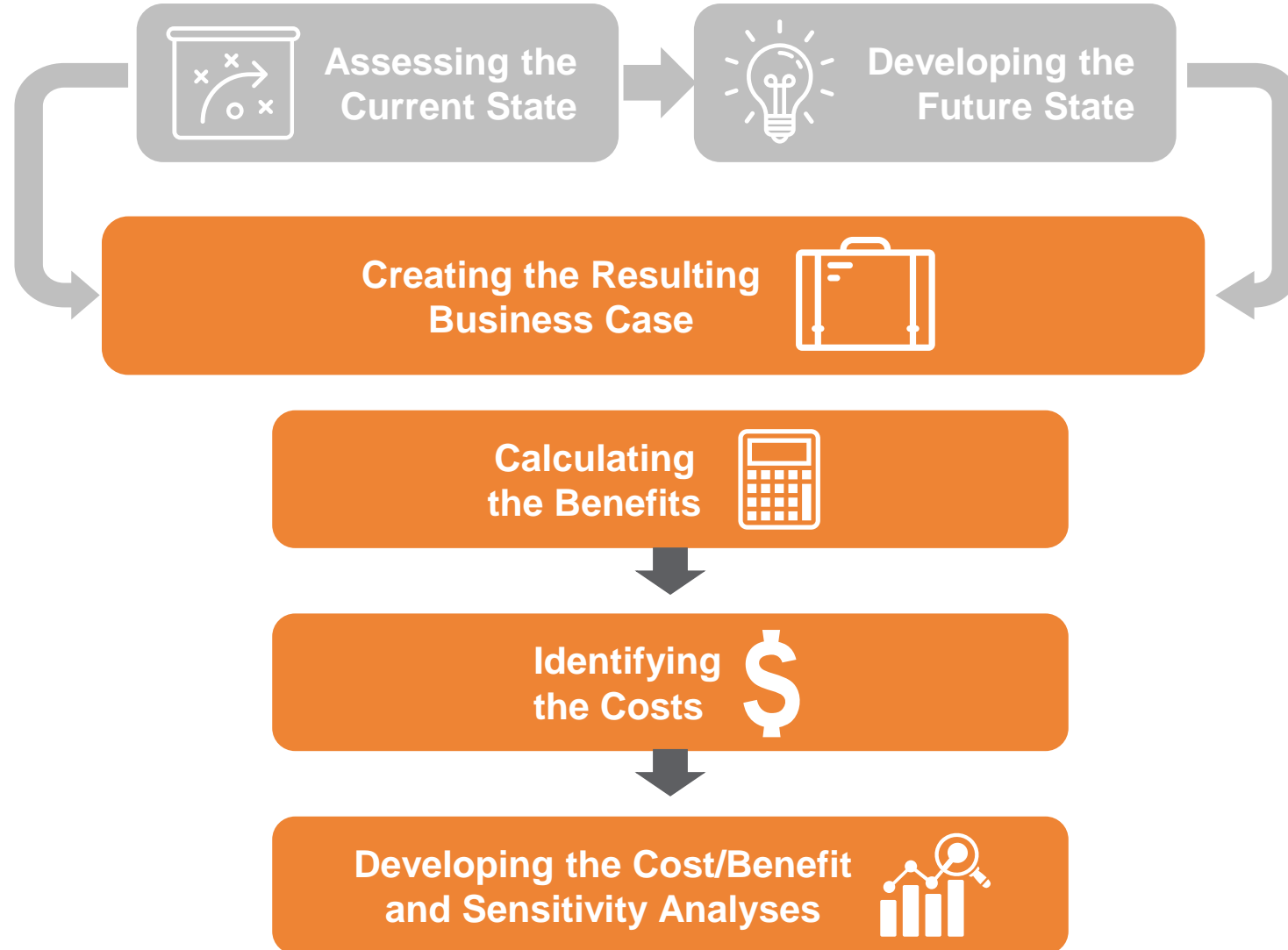


- Contracts & Grants Management
- Facilities
- Human Resources



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

# Business Case Preparation Steps



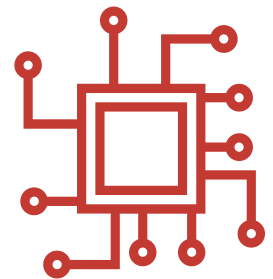
# Calculating the Benefits

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

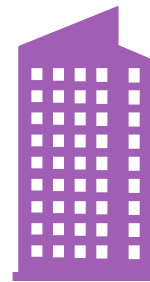
## Headcount Benefits (Labor)



## Other Quantifiable Benefits:



Technology



Site



Vendors

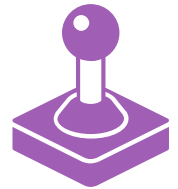
## Calculating the Benefits – Soft Benefits

Beyond quantifiable benefits, there are also several 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

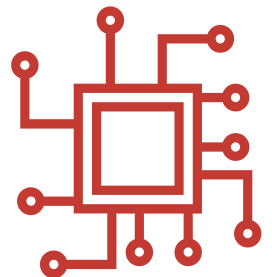
# Identifying Costs

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

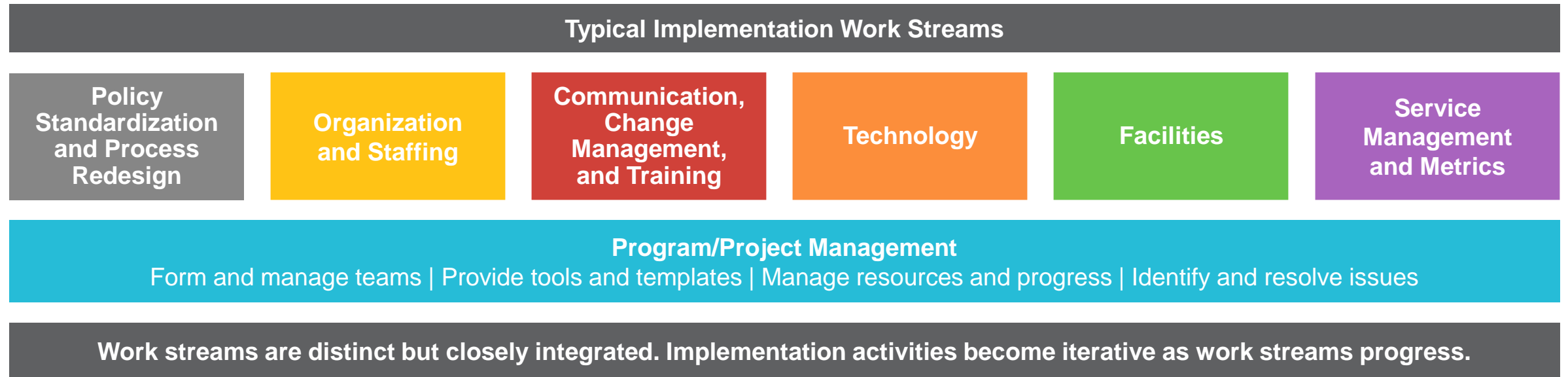


# Fundamentals for Implementing Shared Services

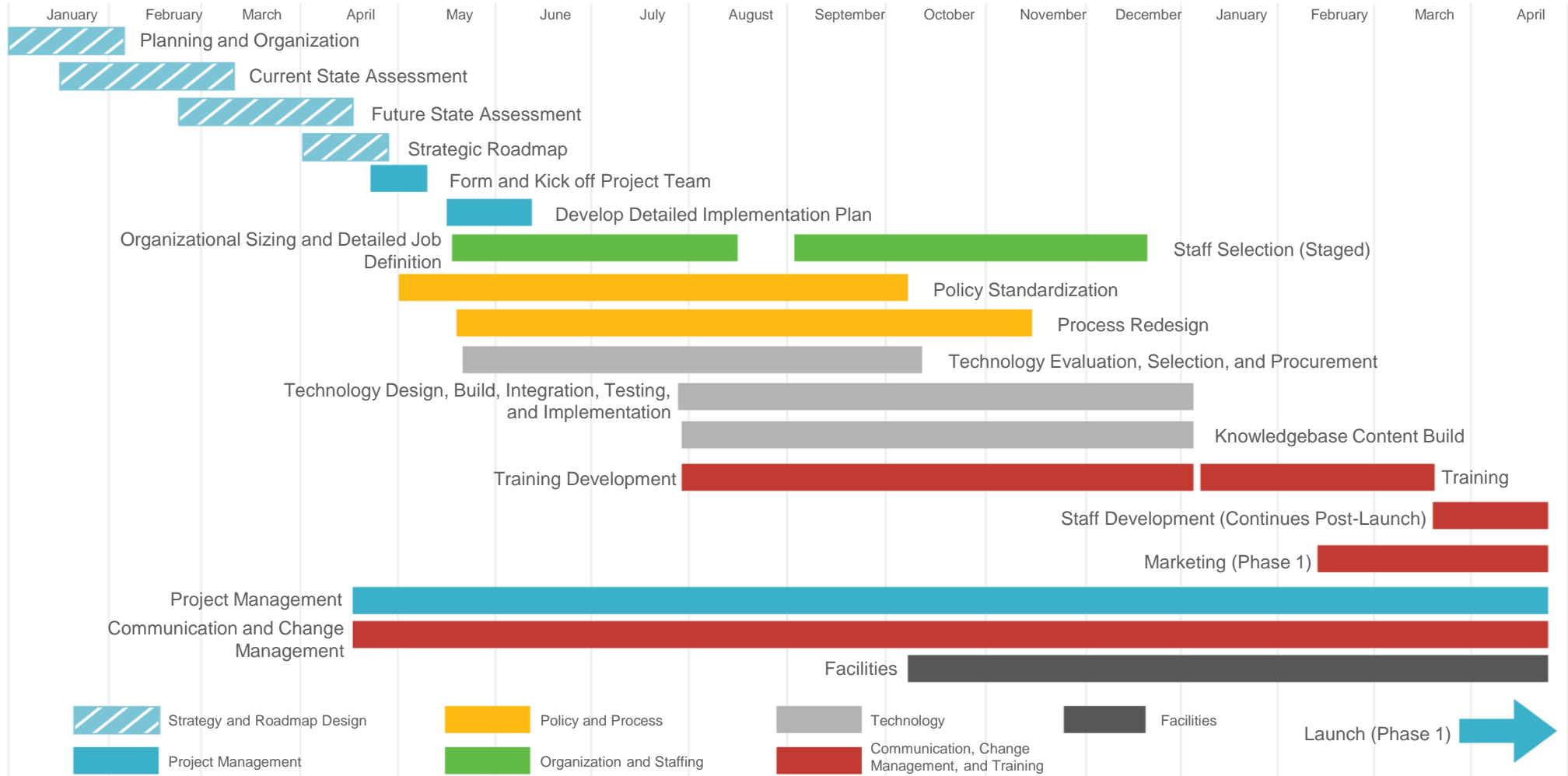


## Typical Implementation Work Streams

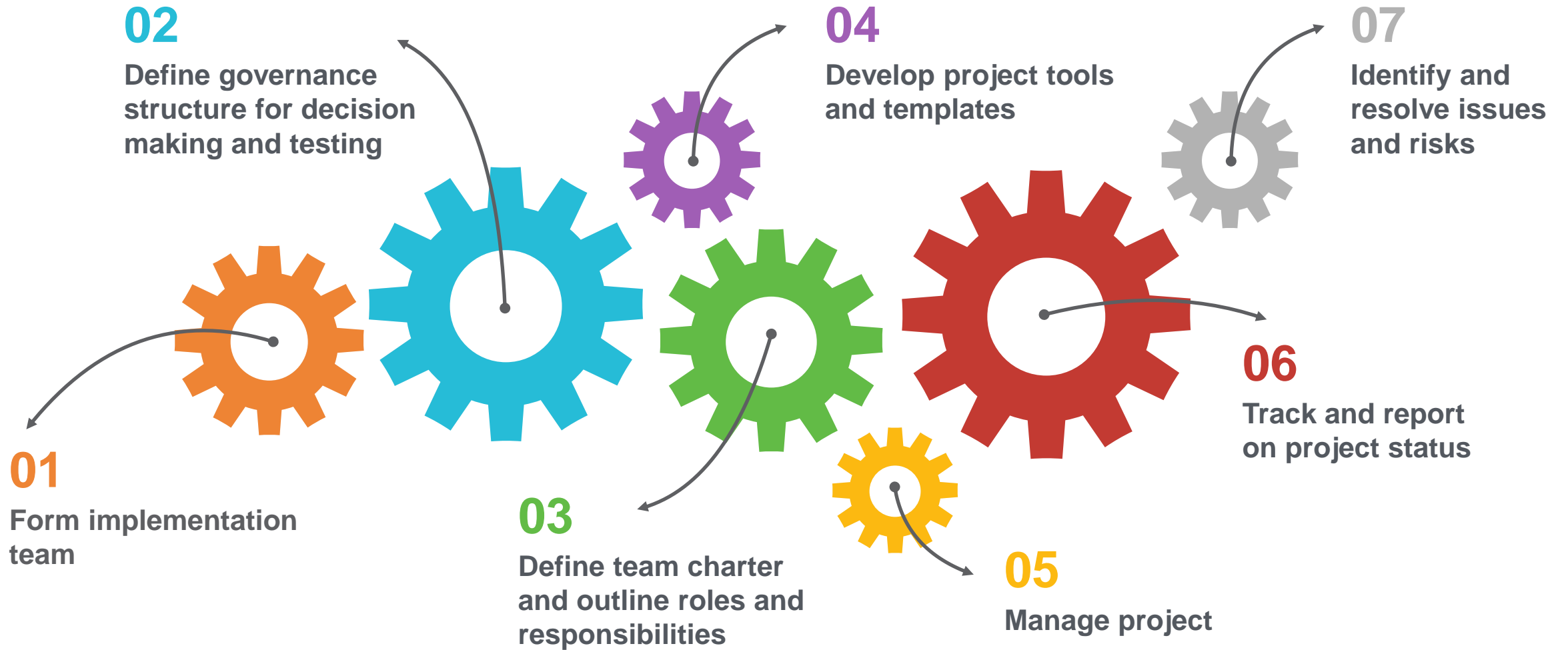
After the business case and roadmap are complete, service centers are built and launched. Implementations typically consist of major work streams and corresponding key activities.



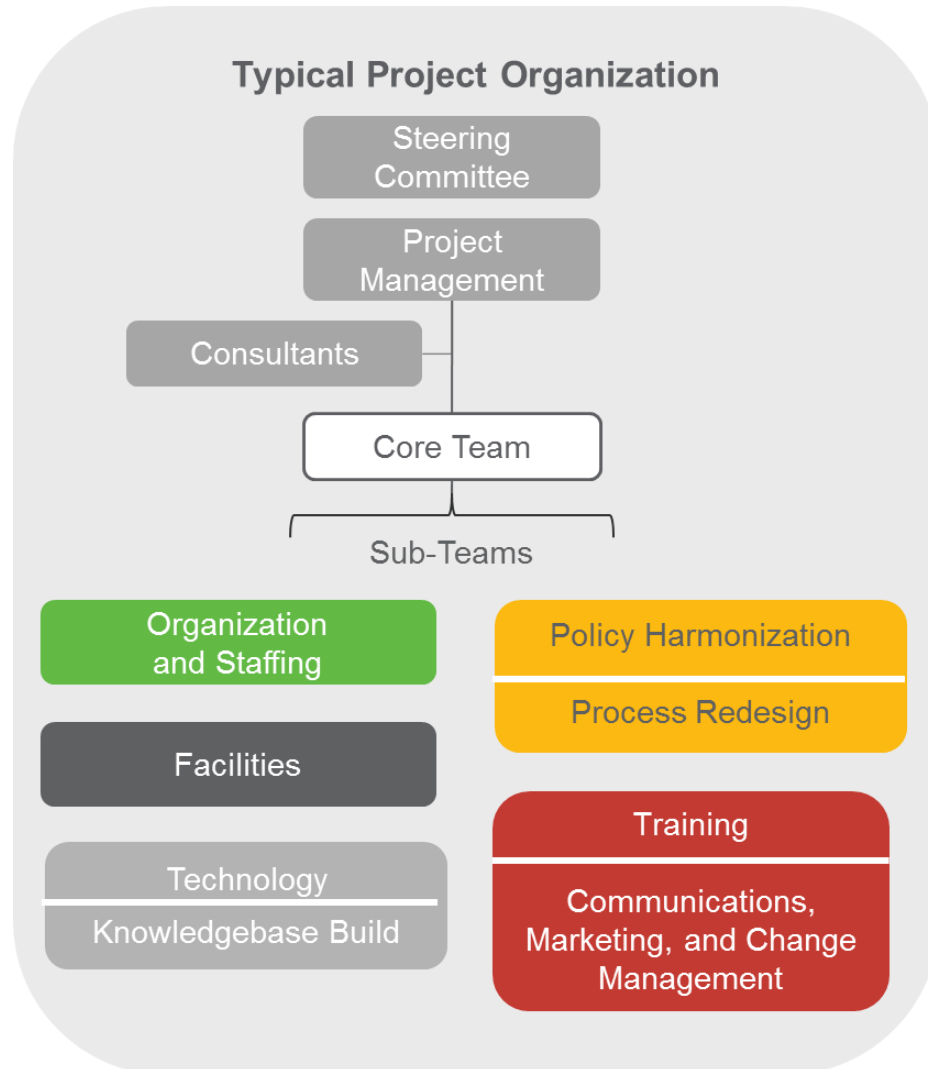
# Typical Timeline



# Project Management Tasks



# Forming the Right Team

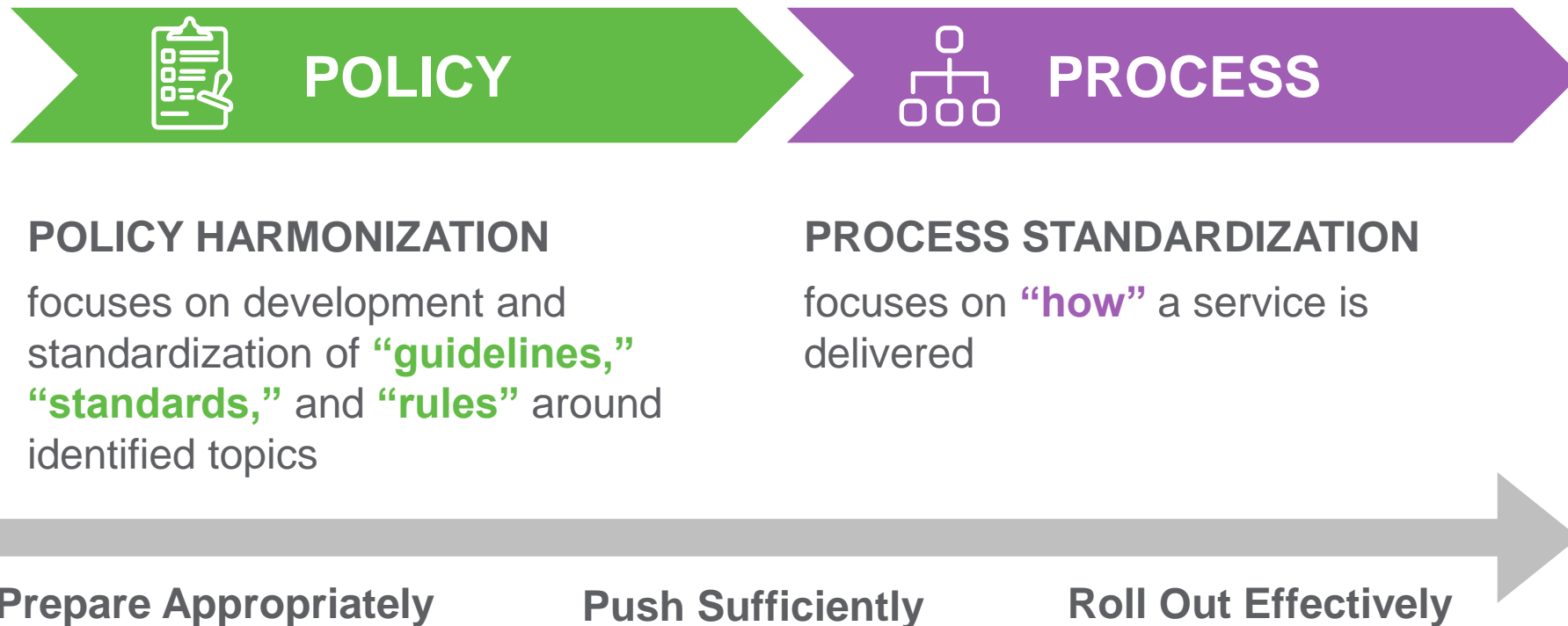


## Part-Time Participants and Subject Matter Experts



## 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.

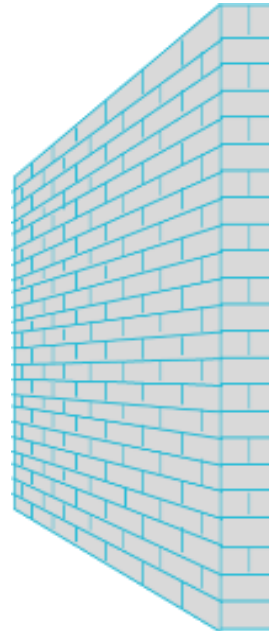


# Organization and Staffing

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

Design tasks must be complete before moving to staffing. You should not jump back and forth over the wall

## 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 video conference rooms and smart boards, to increase efficiency



# Service Management Technologies Capabilities Overview

## Philosophy of Service



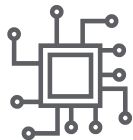
**Customer First**



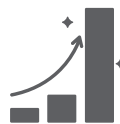
**Efficient, Self-Directed  
Work Teams**



**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

# 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

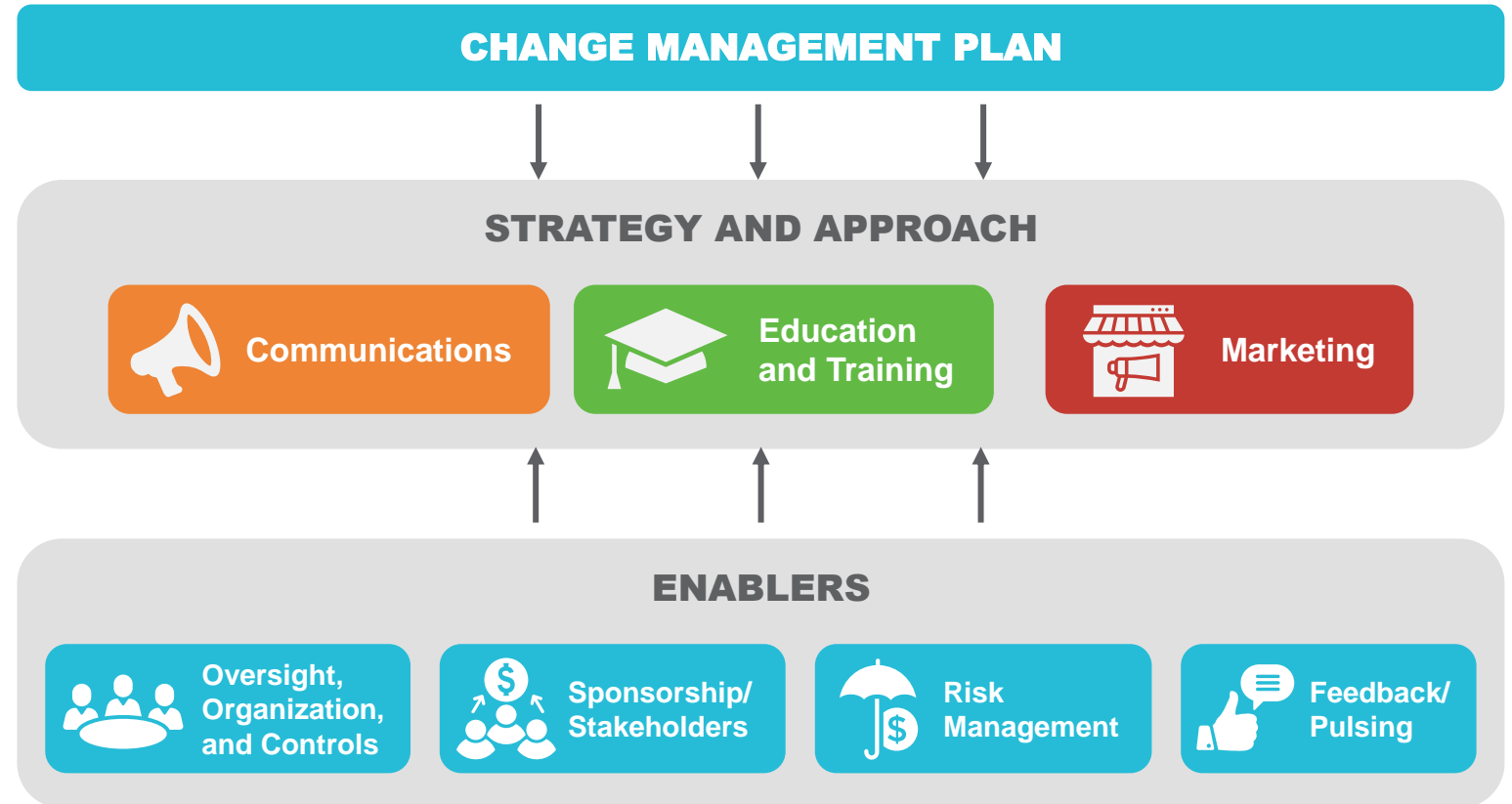


Understand your organization's strengths and weaknesses and **PLAN** development opportunities to prepare your employees for success

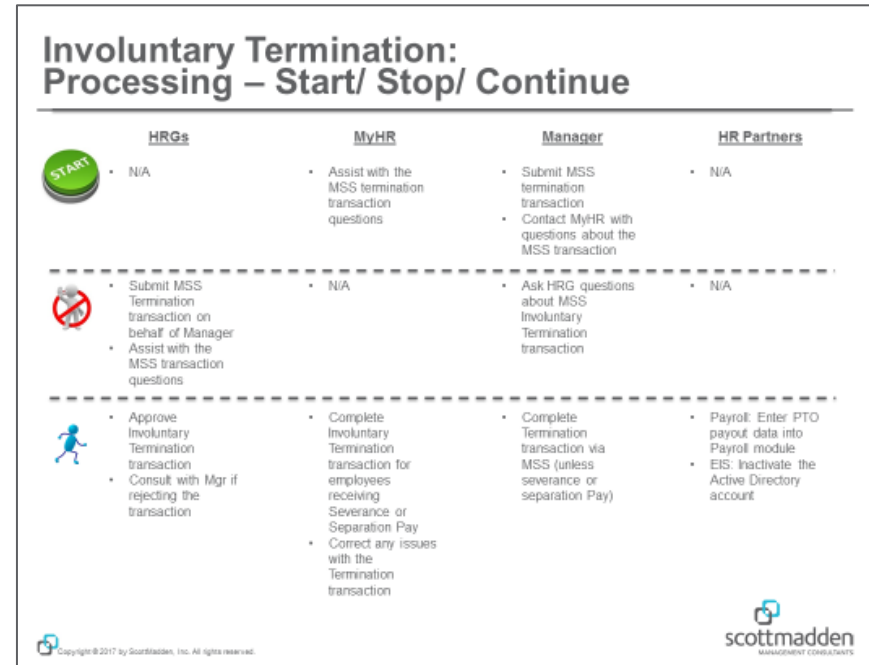
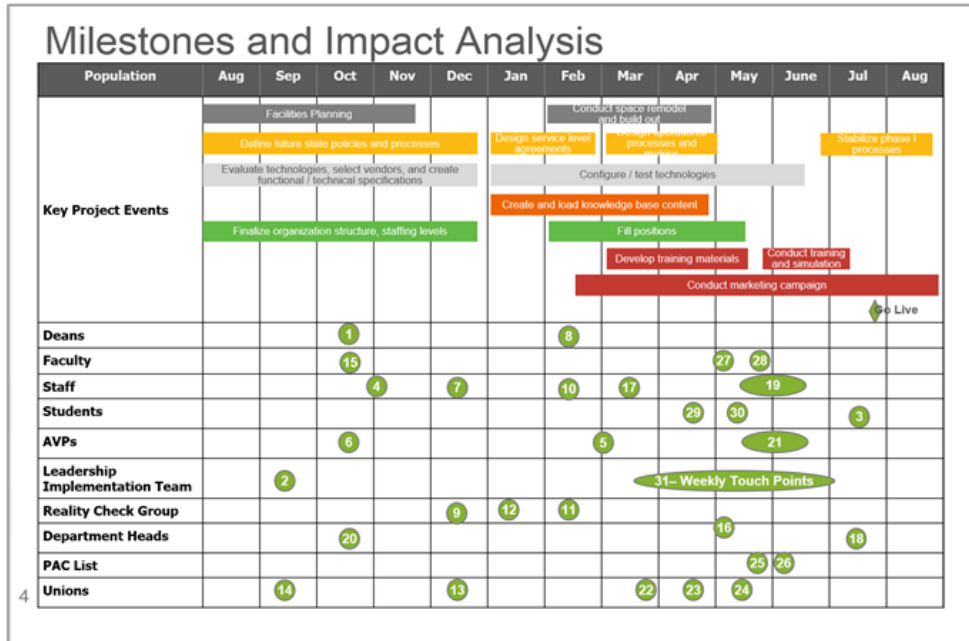
# Change Management Framework

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



# Change Management Planning and Execution



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.

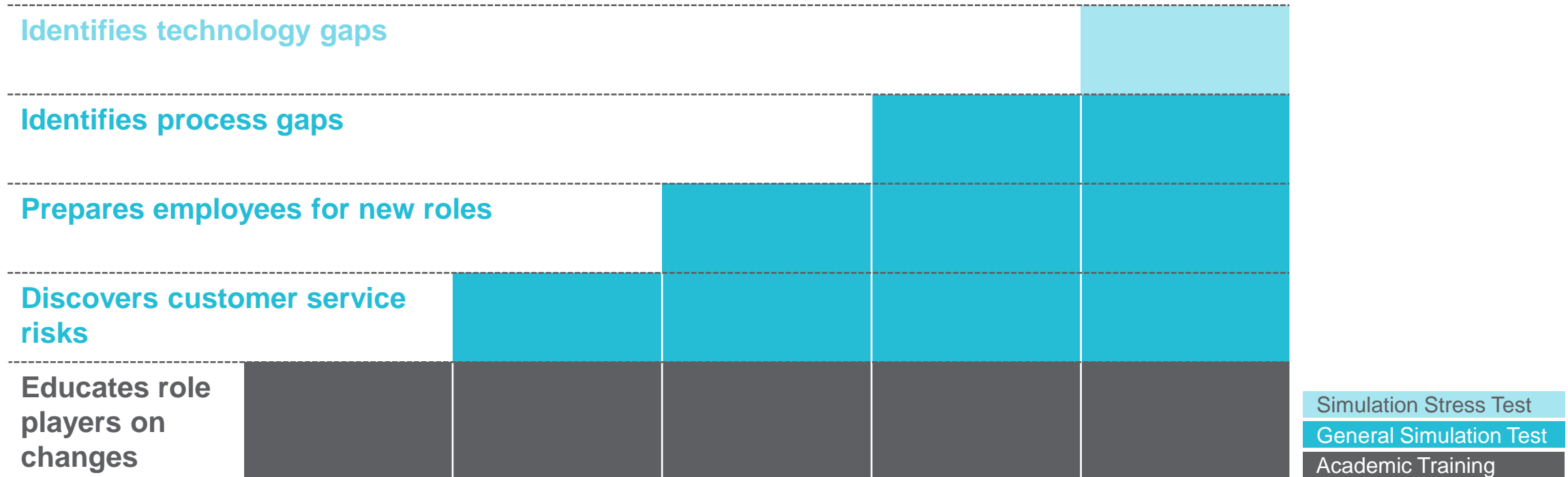
## Example Training Assessment

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:





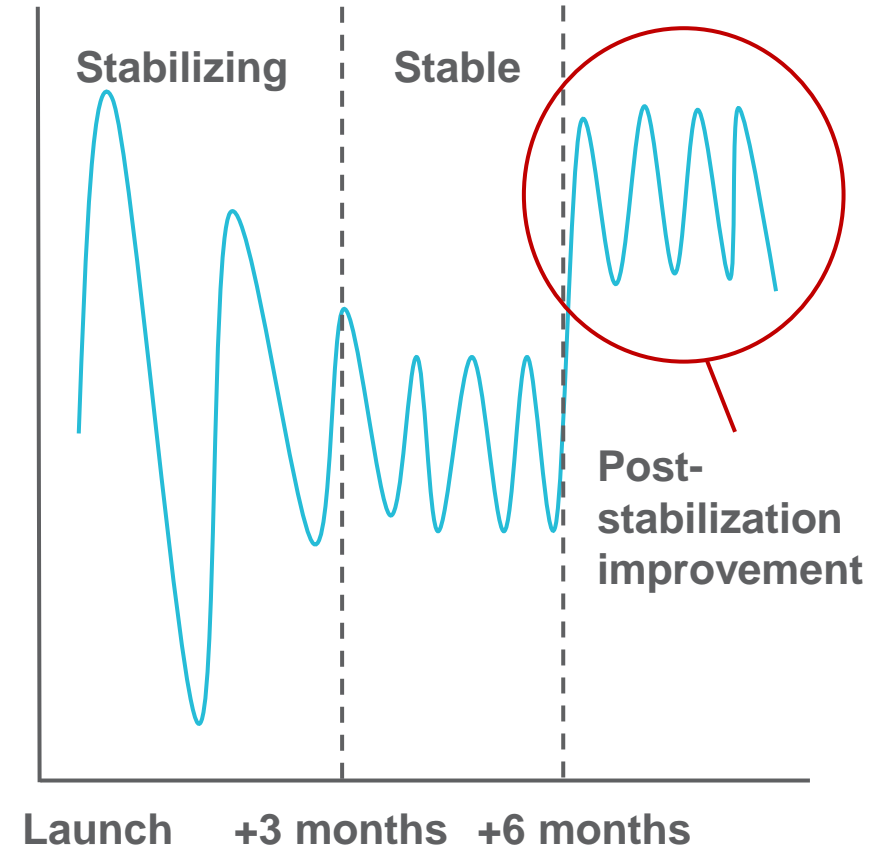
# Stabilization Success Factors



## 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

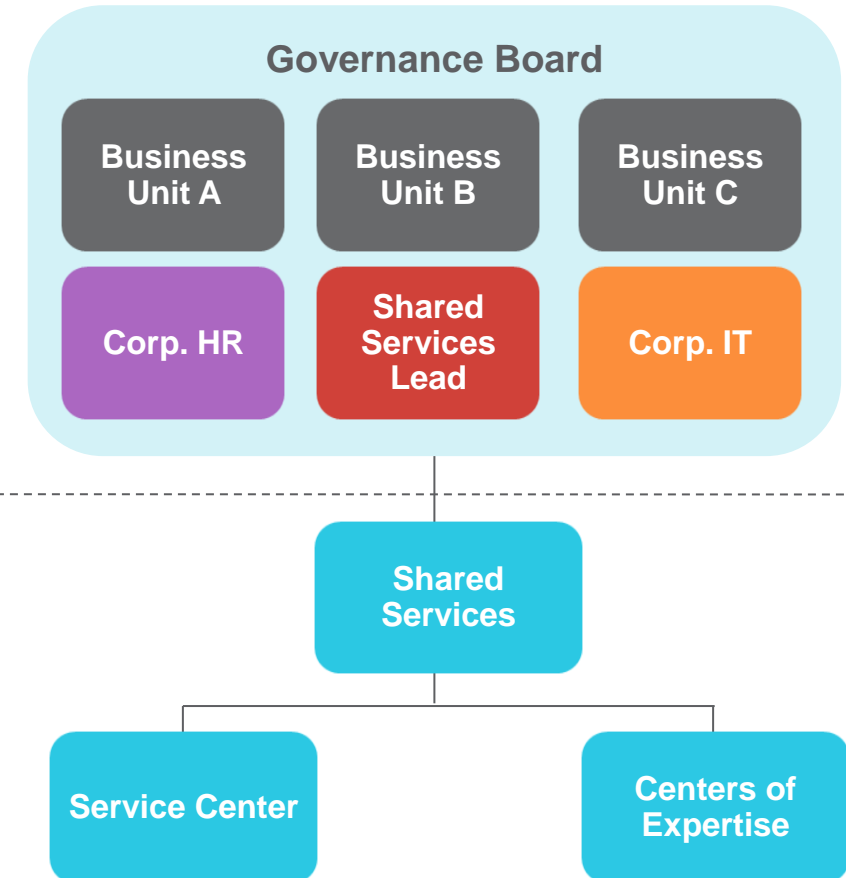
The formality and participating members in an oversight committee or board are influenced by factors, such as size of the organization, the number and complexity of services, organizational culture, and hierarchy.

### 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

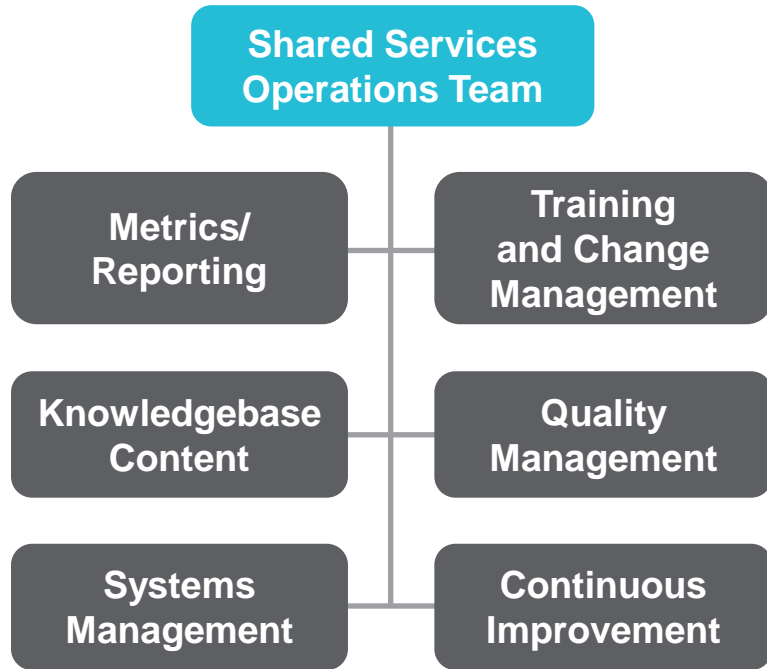
### Key Benefits

- 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



# 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

# What's Next for Your SSO?

For those who have implemented and are wondering what's next, attend our advanced session **Workshop D – Shared Services 501: “Next Generation Concepts to Succeed in the New Normal”** on **Tuesday, September 21 at 10am ET**. Topics Include:



## REFINE

Process optimization

Technology advancement

Customer Satisfaction

## EXPAND

Multi-function

Global

## INNOVATE

RPA

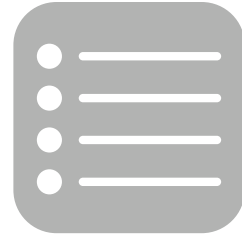
Artificial intelligence

Social media

Analytics

## INSPIRE

Employee engagement



# Wrap Up



# Wrapping Up



## Housekeeping items:

- Complete SSON's workshop evaluation form to help us improve
- Request access to our complete workshop presentation and replay

## Learn from SSO leaders at our panel:

- Tuesday, 2:15-2:45 "The Changing Face of Shared Services - Where is the Industry Heading?"

## Hear a case study from our client:

- Wednesday, 3:45-4:15 HR Vision Track
  - **Aramark:** "Building an Active Listening Culture"



## Stop by ScottMadden's booth to:

- Participate in our demo drive to earn tokens you can use at "Shop SSOW" for prizes such as an iRobot Roomba
- Drop a card to gain access to shared services insights and helpful resources
- Enter for our booth drawing for a chance to win Apple AirPods



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

