

The Roadmap to Reducing Costs and Improving Customer Service



ScottMadden was engaged to evaluate and implement shared services for a top multinational defense, security, and aerospace company. Because defense industry spending was declining, cost management had become a priority, and the client was interested in identifying opportunities to reduce operating costs. ScottMadden worked with the client to evaluate and implement shared services to enhance the delivery of finance services, decrease operating costs, and increase competitiveness.

The Challenge

The client wanted to improve several key finance services, including accounts payable, travel and expense, payroll, and time collection and reporting. Historically, the company had grown through acquisitions, and its business units operated as independent entities. Because many of its acquisitions were loosely integrated, there were disparate financial systems and non-standard processes that led to costly and inefficient operations. Finance policies and processes varied by location, and multiple ERP systems were in use. Also, a number of government compliance requirements were an integral part of policies and processes. The lack of standardization limited the company's agility, hindered its ability to efficiently integrate organizations, and made it difficult to realize cost savings.

How We Helped

ScottMadden worked with the client team during three key phases of implementing shared services:

- Assess and Plan: strategic planning, benchmarking, leading practice assessment, site visits and selection, project planning
- Design: current state analysis, business case development, service delivery model design, organization design, technology evaluation, implementation planning
- Build: project management; staffing; policy and process redesign; technology design, selection, implementation, and support; education and training; performance metrics; change management

ScottMadden combined its proven methodology, leading practices repository, tools, and templates, and its collaborative approach to develop a solution that was customized to the client's business requirements.



Assess and Plan

During the Assess and Plan phase, ScottMadden assisted the client in determining the strategy and value proposition for shared services. This phase provided a baseline measurement of costs, productivity, and business drivers, compared the company's performance to industry peers, and provided a foundation for the Design and Build phases. Specific steps and activities are shown below:

Strategic Planning

- Articulated overall objectives for finance shared services
- Developed future state vision and strategy for finance shared services
- Designed finance operating model to support future state vision

Benchmarking

- Allocated headcount and headcount costs to each function
- Collected labor costs and allocated across functions
- Analyzed current productivity and costs to relevant industry metrics

Leading Practice Assessment

- Collected transactional data for work activities and conducted interviews to gain context
- Compiled relevant leading practices and identified gaps with current practices
- Determined improvement opportunities and options for future state operating model

Site Visits and Selection

- Identified sites using agreed-upon evaluation criteria
- Collected information, metrics, and statistics to evaluate sites
- Scored and ranked sites and presented recommendations to project sponsors

Project Planning

- Developed project schedule for Design and Build phases
- Determined project team structure
- Developed and disseminated necessary communications

The results of this phase provided the justification to proceed with design and implementation of finance shared services.



Design

During the Design phase, ScottMadden worked with the client to determine the detailed future state infrastructure, quantify benefits of shared services, and develop the operating model. The project team organized separate teams for each work stream, as outlined below. ScottMadden assisted each team throughout the Design phase.

Current State Analysis

- Compiled profile of current processes, work activities, and technology used
- Allocated headcount and headcount costs to each product and service
- Collected volume metrics to assess current productivity

Business Case Development

- Evaluated future labor cost structures and potential site costs
- Collected cost data for technologies and other required investments
- Assessed range of potential implementation results

Service Delivery Model Design

- Mapped services into appropriate delivery channels
- Developed functional organizational and summary responsibilities
- Determined best-fit sourcing options
- Recommended facility design and technology/telecom infrastructure

Organization Design

- Validated organization and positions determined in service delivery model design
- Developed position responsibilities, competencies, and descriptions

Technology Evaluation

- Validated specific technologies to support service delivery model
- Developed high-level functional requirements based on redesigned processes

Implementation Planning

- Determined implementation phasing options and recommended best-fit phasing
- Developed implementation plan for the financial shared services center

The Design phase produced the following key infrastructure elements:

- Detailed organization for required functions, including transaction processing, customer care, and business operations
- Service delivery model for the in-scope finance functions
- Detailed process harmonization and design for travel and expense, accounts payable, time collection and reporting, and payroll
- Supporting technologies included an accounts payable system; case management system; process scheduler to automate payroll functions; web-based payroll interface to enable self-service
- Recommended facility in selected location



Build

In the Build phase, ScottMadden provided ongoing project and change management support required to implement the future state operating model. As in the Design phase, separate teams managed the implementation of each work stream. Key work activities are listed below:

Project Management

- Maintained integrated project plans and status reports
- Oversaw the quality of key deliverables
- Prepared executive and project steering committee presentations

Staffing

- Supported project team during staffing process, including recruiting, interview preparation, candidate evaluations, and selection
- Helped develop the onboarding process for new staff

Policy and Process Redesign

- Documented finance processes through shadowing at 10 major sites
- Aligned policies and processes for accounts payable, payroll, travel and expense, and time collection through more than 30 workshops

Technology Design, Selection, Implementation, and Support

- Evaluated vendors and facilitated selection of best-fit applications
- Identified detailed functional requirements for technical design
- Developed test cases and assisted with test execution
- Supported technology deployment and data migration

Education and Training

- Developed training plan, materials, and schedule
- Developed and executed process simulation for shared services staff
- Supported execution of training for shared services staff and business users

Performance Metrics and SLAs

- Defined metrics framework, including service level indicators and measures used to manage work activities
- Obtained approval of final service level agreements from business unit stakeholders and senior management

Change Management

- Coordinated the change management process with corporate shared services initiatives
- Conducted regular meetings with stakeholders to monitor project perception

Results

With ScottMadden's help, the company successfully implemented a shared services operating model based on leading practices. As a result, the company has realized the following benefits:

- Harmonized policies and processes enable consistent and accurate service delivery
- Supporting technologies provide greater automation, increased efficiencies, and accessible self-service
- The new organization provides a career path for employees
- A robust metrics and reporting framework gives greater visibility of performance
- Standard processes, performed in a consolidated service center, reduce compliance risk and simplify internal and external auditing processes
- The new delivery model increases the agility of the company by enabling rapid integration of newly acquired companies

The new shared services model has improved the company's competitive position and is projected to save millions of dollars annually. Additional benefits include improved levels of service, stronger controls, and a platform to accommodate future growth.

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