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MANAGEMENT CONSULTANTS

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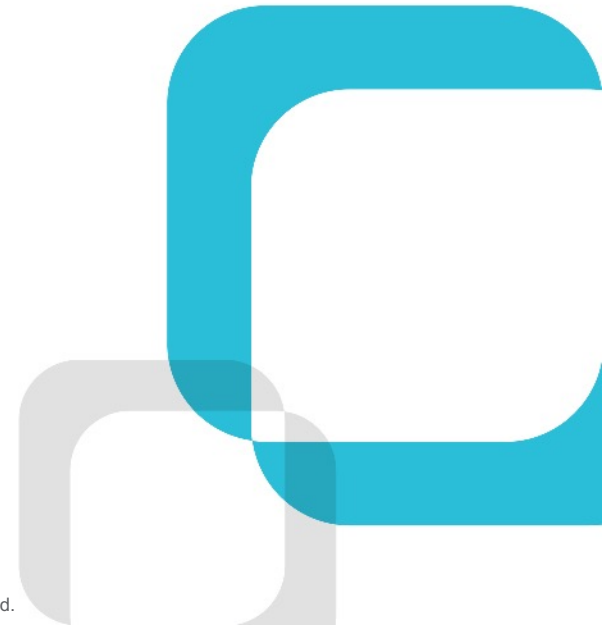


HR Shared Services Benchmarking Highlights

ScottMadden and APQC HR Shared Services Benchmarking Study



November 2021

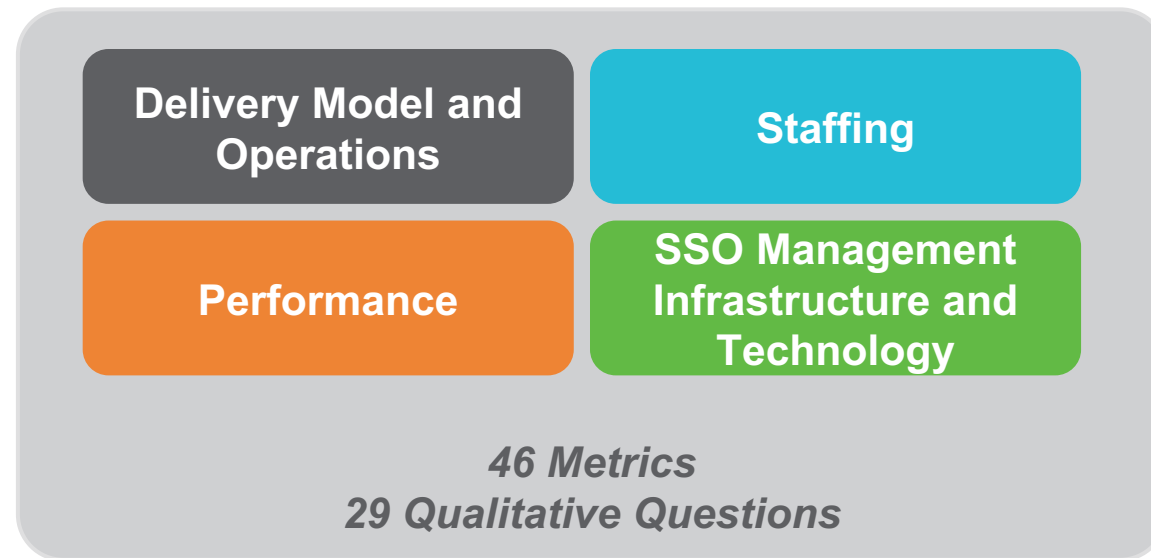


About the Study

History and Timeline

- Identified gap in shared services benchmarks
- Partnered with APQC
 - ScottMadden design
 - APQC benchmarking methodology
- Launched first cycle – Fall 2011
- Continued through current seventh cycle (2011, 2012, 2013, 2015, 2017, 2019, 2021)

A few topics were added this cycle to assess adoption of artificial intelligence or intelligent automation applications, robotic process automation maturity, and payroll services within HR.

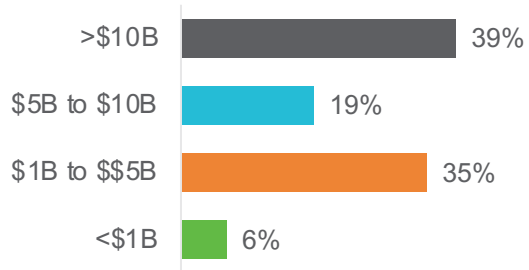


Participant Demographics

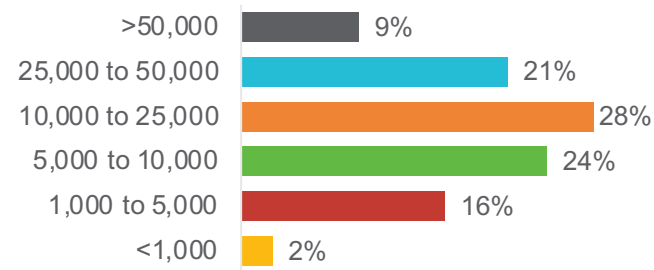
Our benchmark study includes data on shared services operations (SSOs) across revenue ranges, industries, and operating maturities

- The majority of the participants come from mature SSOs
- 70% of the centers are in North America

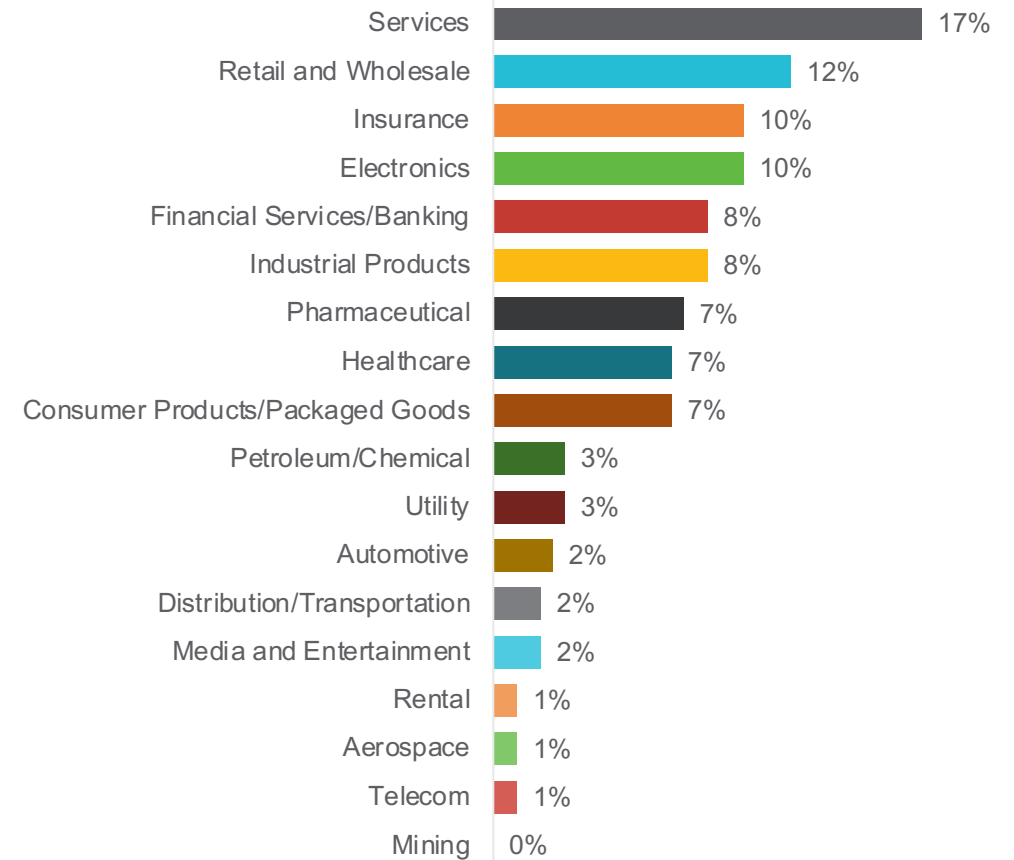
Organizational Revenue



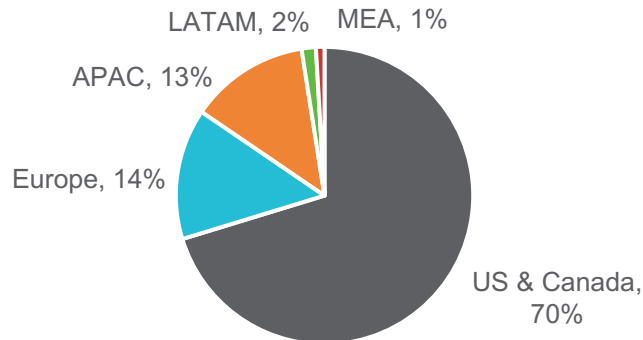
Employees Served



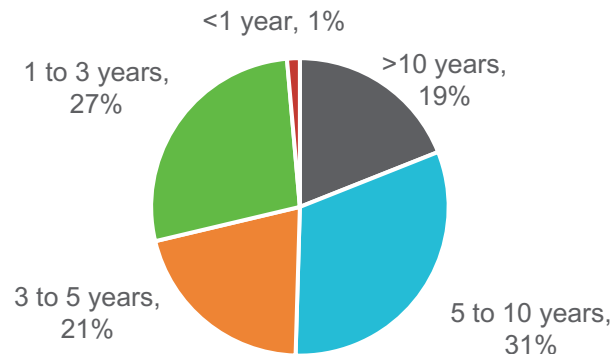
Industry



Service Center Location

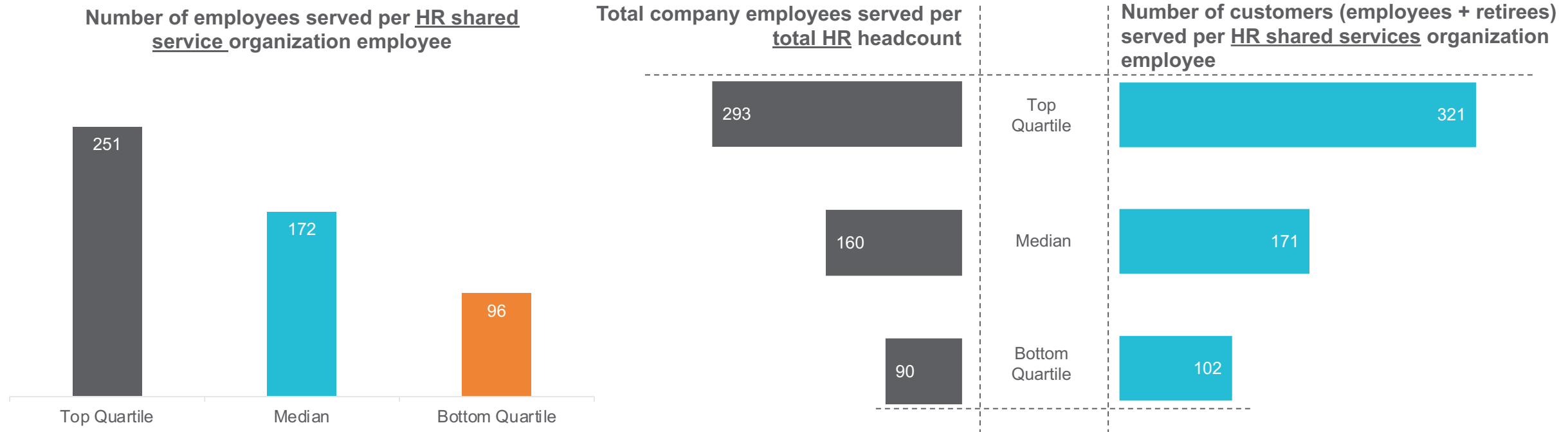


Maturity



Overall HR Metrics

Number of employees served in organizations in the bottom quartile are an average of 2.5 times lower than those reported by organizations in the top quartile. At the median, organizations with HR shared services have a 1:160 ratio of HR staff to employees and a 1:171 ratio of customers to HR employee.

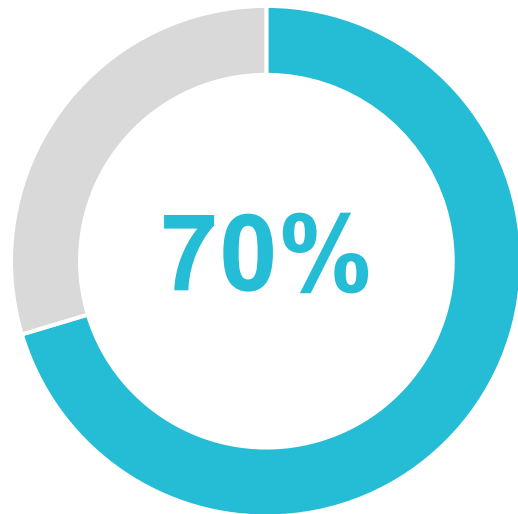


Service Delivery Model and Governance

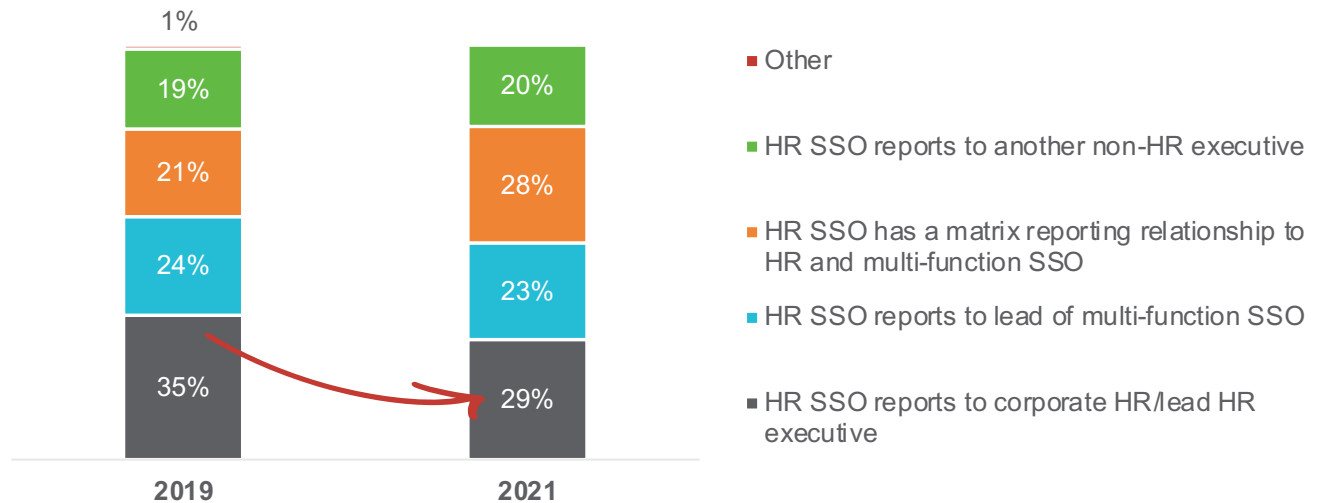
Most organizations are using a tiered approach as part of their service center staffing model.

A decreasing number of organizations indicated reporting to corporate HR/lead HR executives compared to the previous cycle. More organizations report either a matrix reporting relationship, reporting to a multi-function SSO, or reporting to another non-HR executive.

Use of Tiered Model

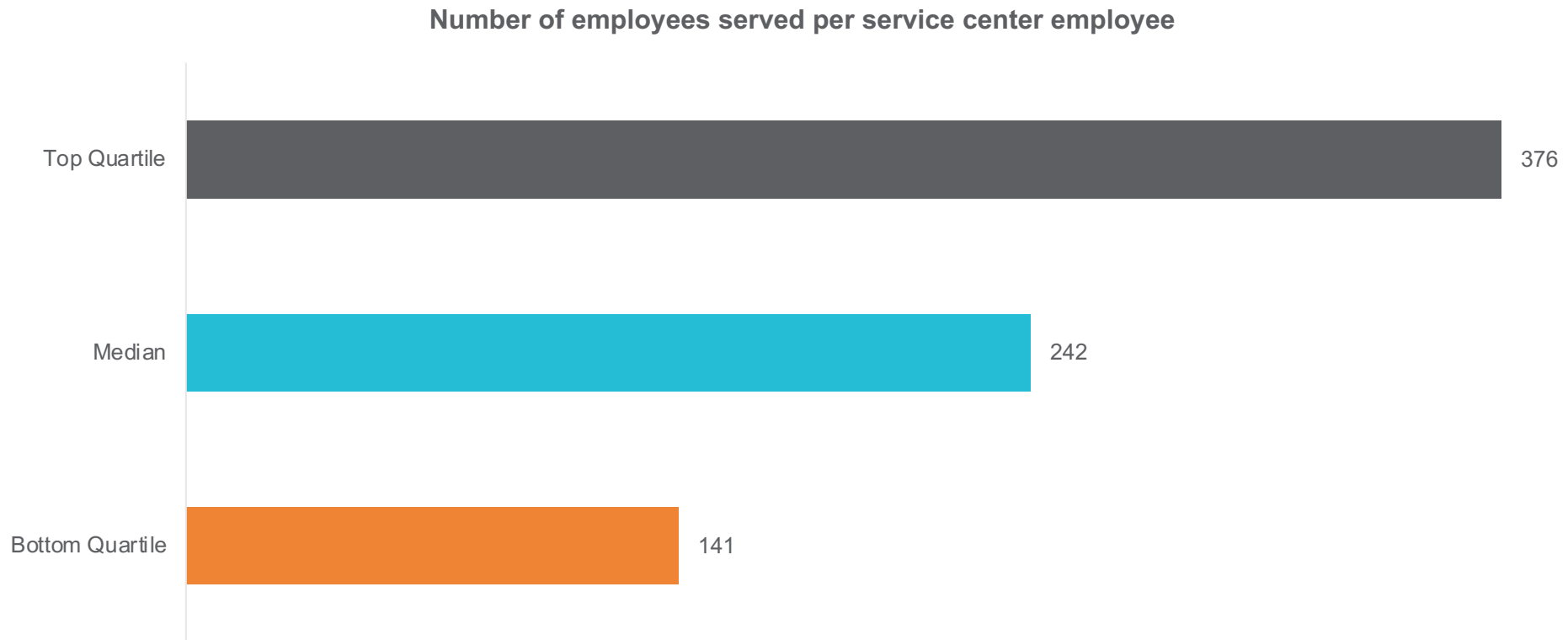


Which best describes the governance model for your HR shared services organization?



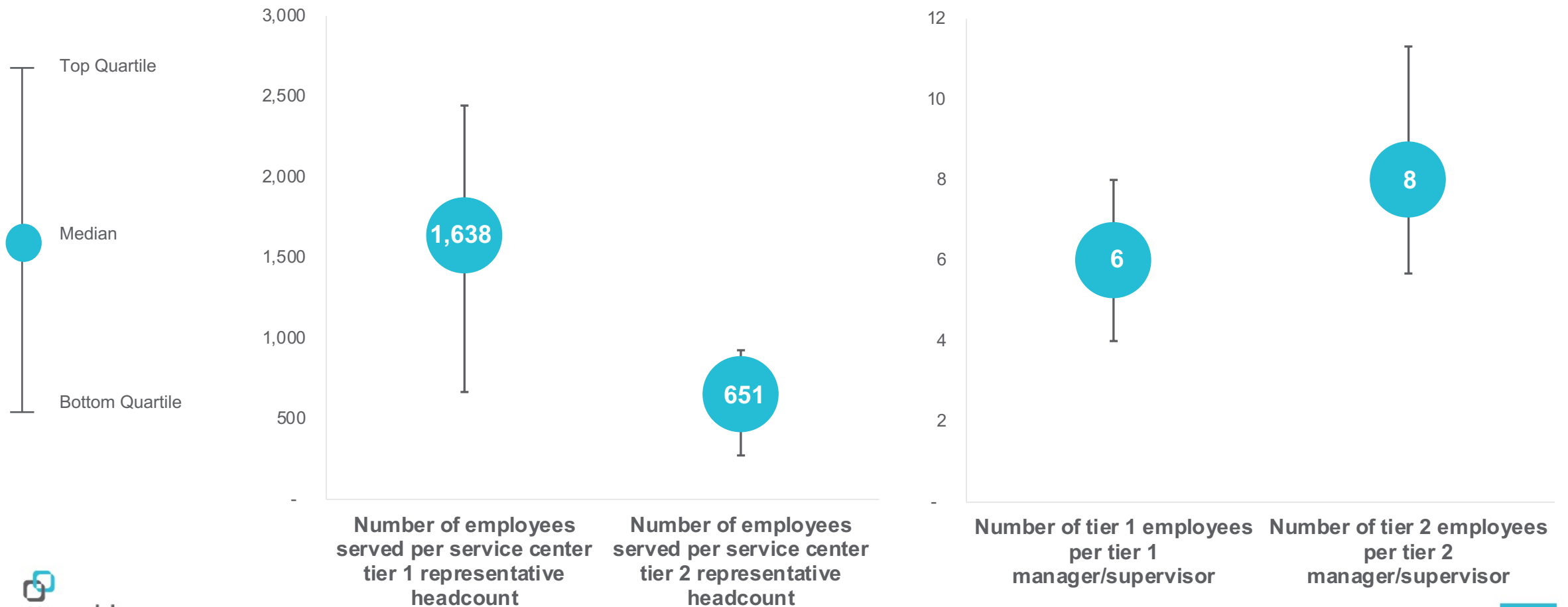
Service Center Staffing Metrics

Top-quartile organizations serve an average of 376 employees per service center employee.



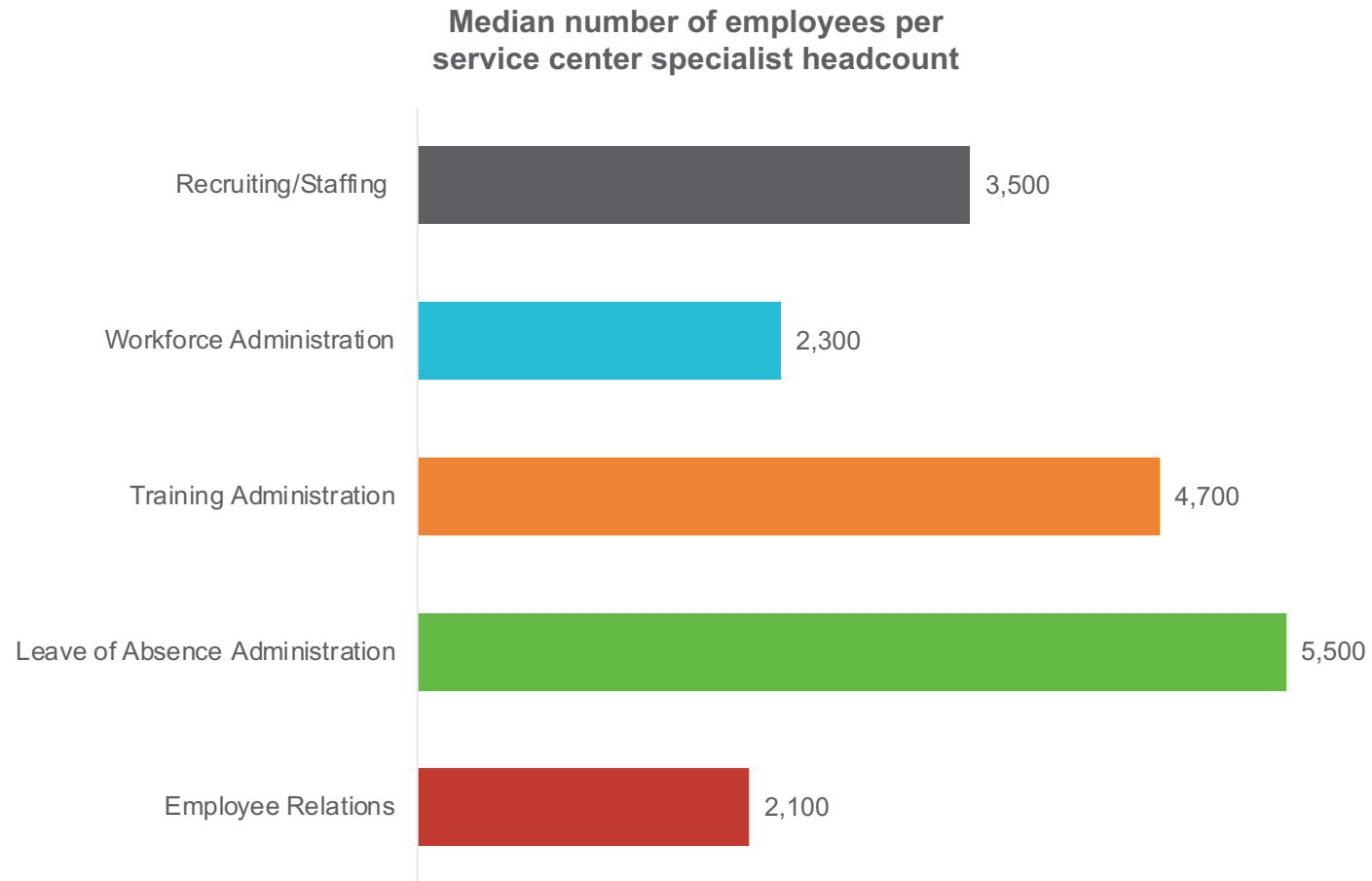
Service Center Staffing Metrics (Cont'd)

Tier 1 staffing is less than half that of Tier 2 staffing at the median. Tier 1 span of control is lower than Tier 2.



Service Center Staffing – Tier 2 Specialist Staffing

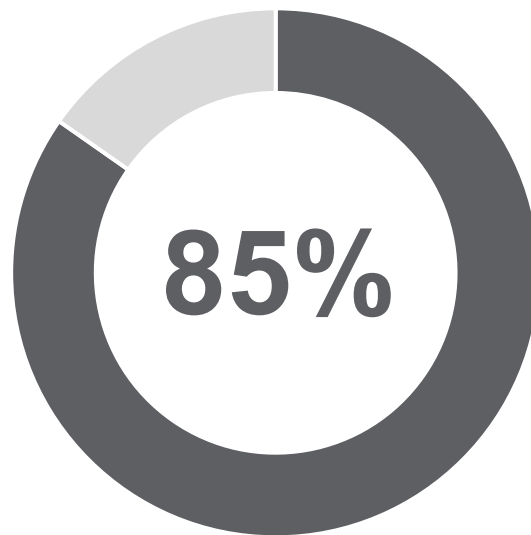
Among Tier 2 specialist groups, employee relations and workforce administration groups show the highest staffing levels, while training administration and leave of absence administration groups show the lowest staffing levels.



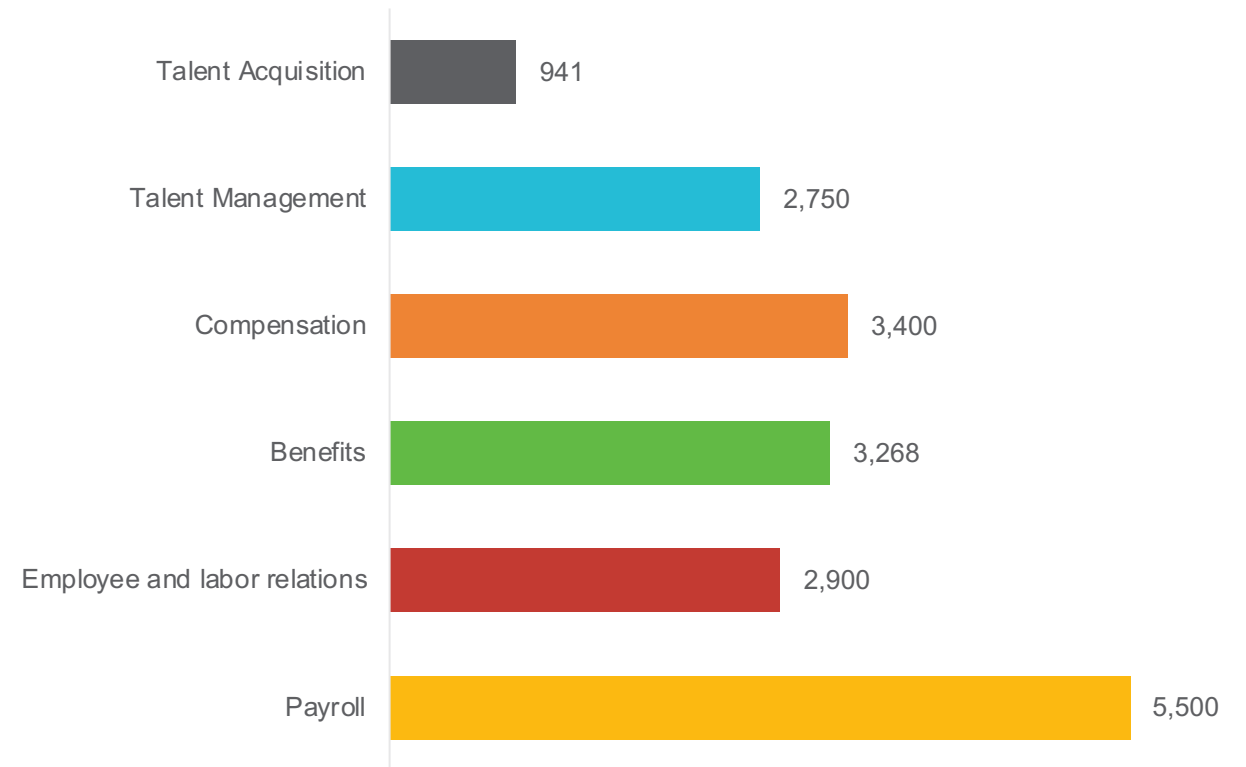
Centers of Expertise

Approximately 85% of the SSOs employ CoEs as part of their model. Staffing levels vary by type of CoE, but talent acquisition, talent management, and employee and labor relations CoEs generally show higher staffing levels relative to company employees.

Use of Centers of Expertise

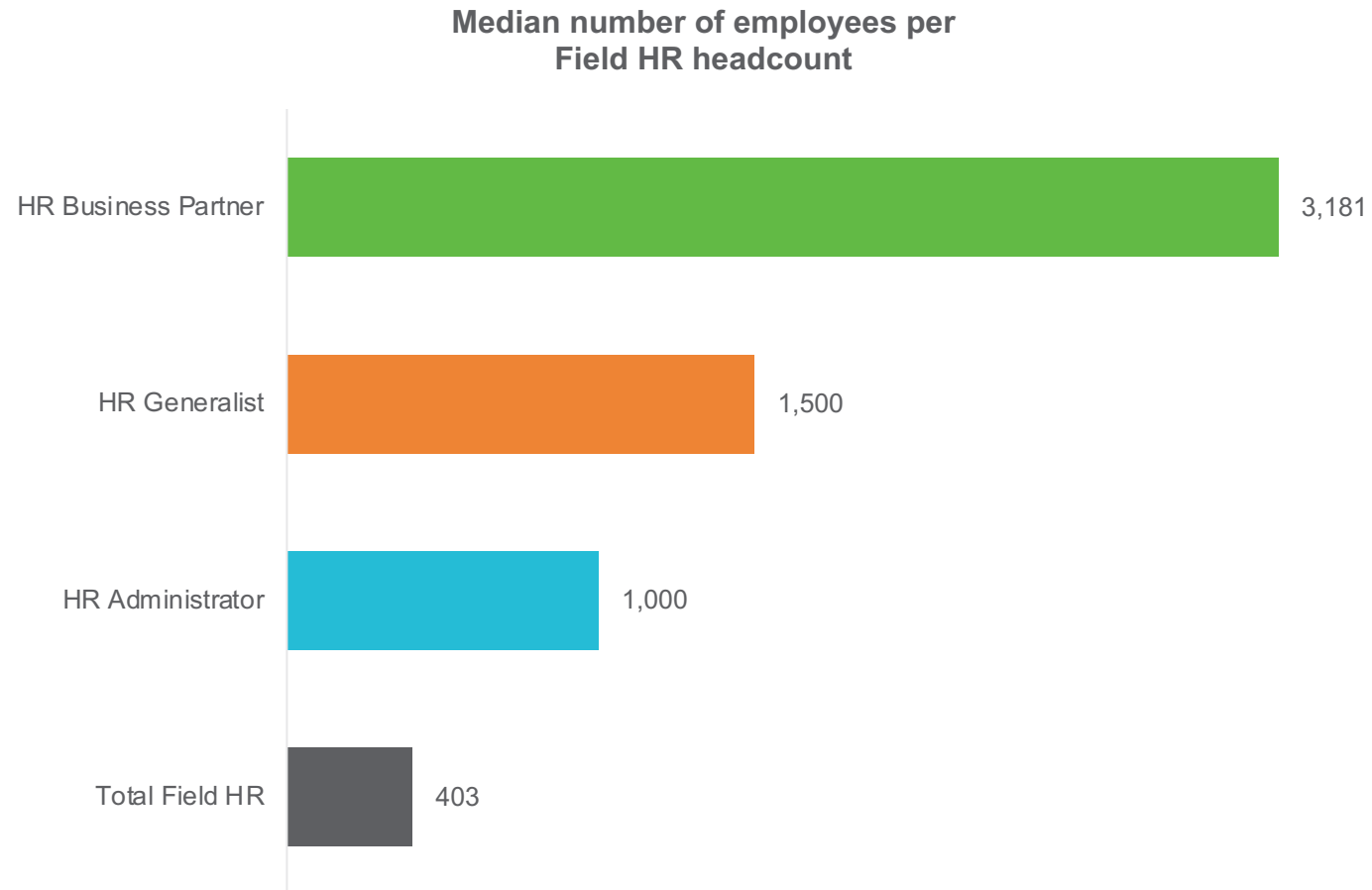


Median number of employees per CoE headcount



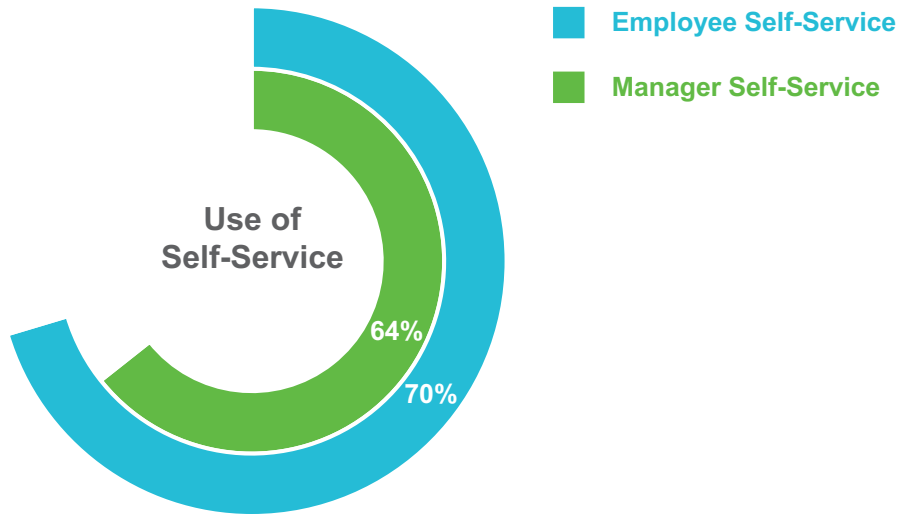
Field HR Staffing

Shifting transactional work to service centers and/or leveraging technology enables field HR to operate more efficiently. Top performers show lower use of the field HR administrator role and lower total field staffing.

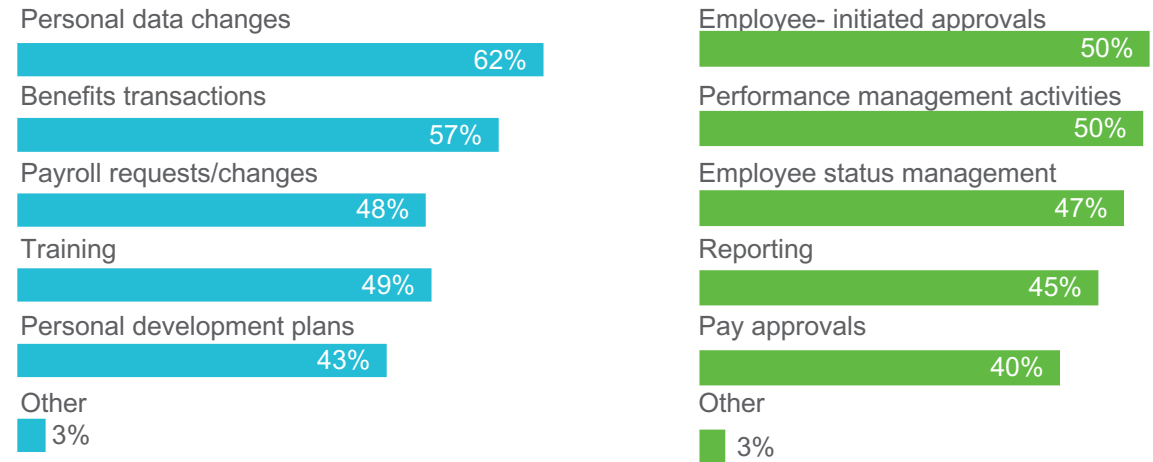


Portal Use and Self-Service

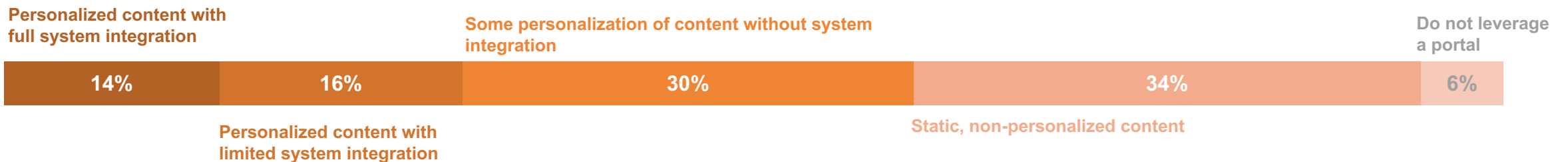
Adoption of employee self service remains high, but fewer than two-thirds of organizations are employing manager self-service. Opportunities exist for enhancing the effectiveness of employee portals through better integration and personalization.



Self-Service Capabilities



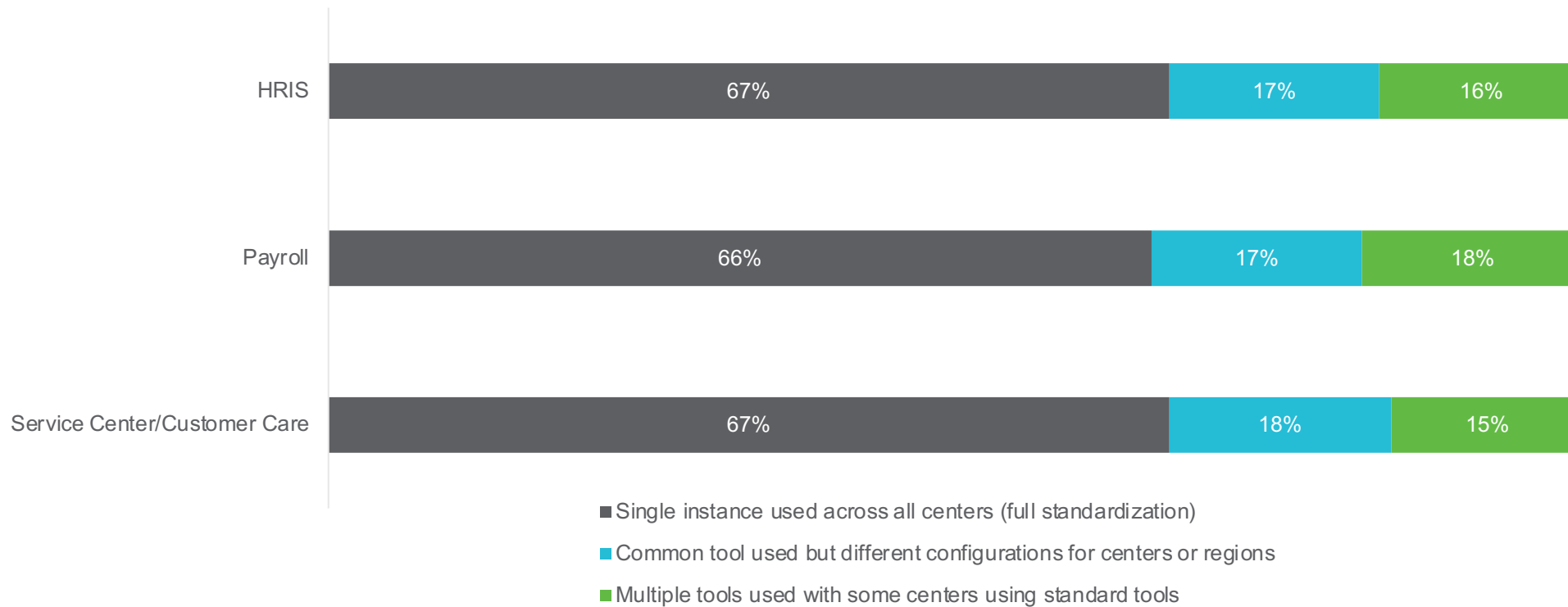
Which best describes your organization's use of an employee portal?



Technology Standardization

More than half of the participants have fully standardized to a single solution for HRIS, payroll, and customer care tools.

To what degree are your technology platforms standardized across your global centers?

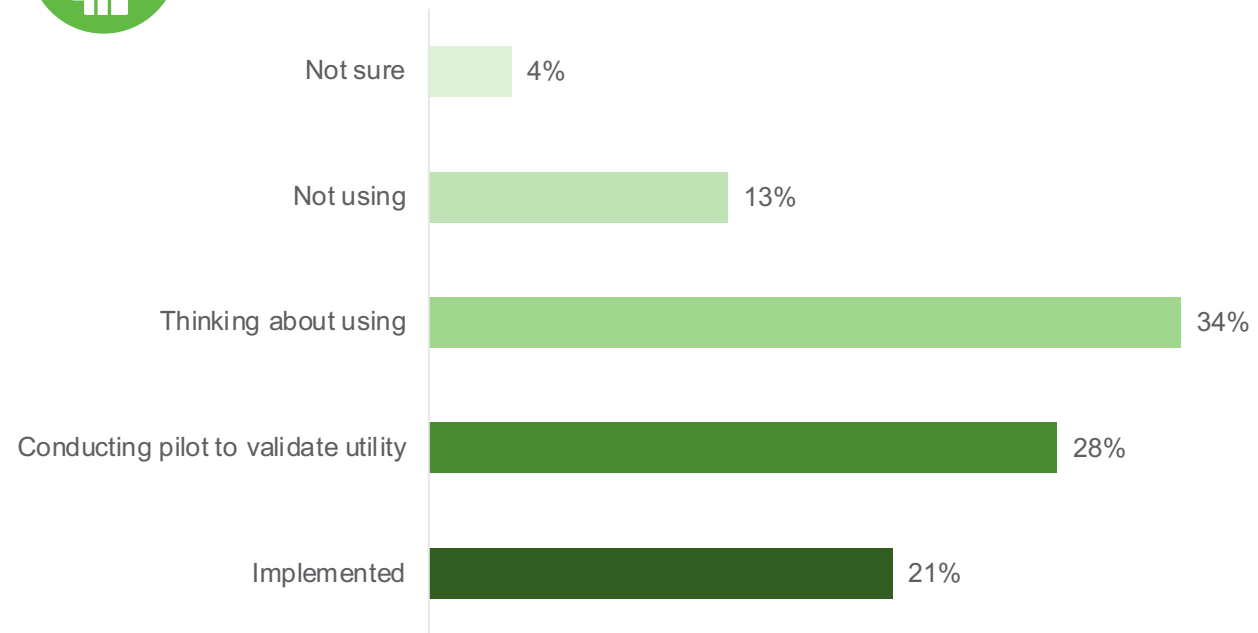


Intelligent Automation

Nearly 50% of SSOs reported piloting or having implemented IA applications; another 34% are thinking about using



To what extent does your shared services center use intelligent automation applications?

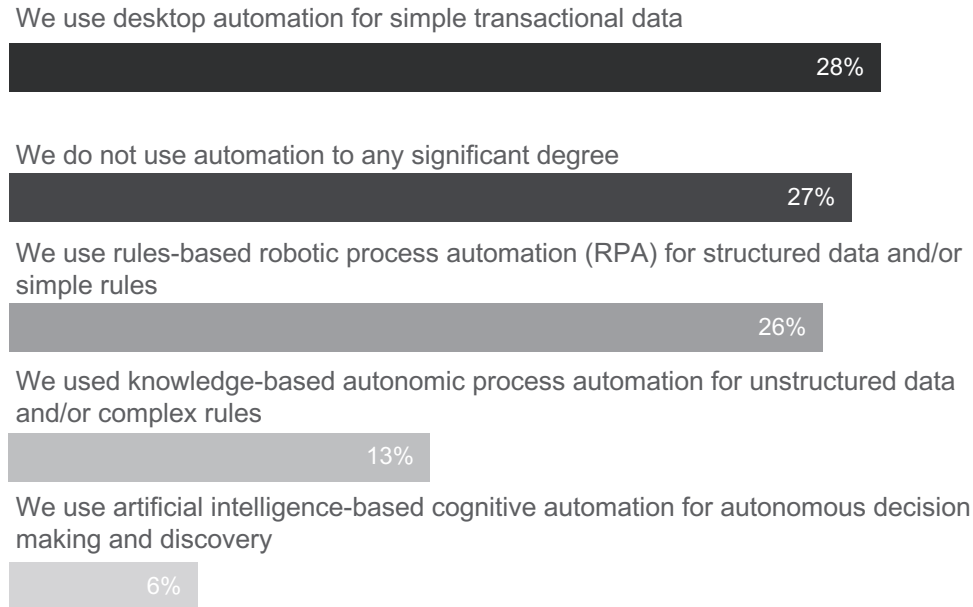


Intelligent Automation (Cont'd)

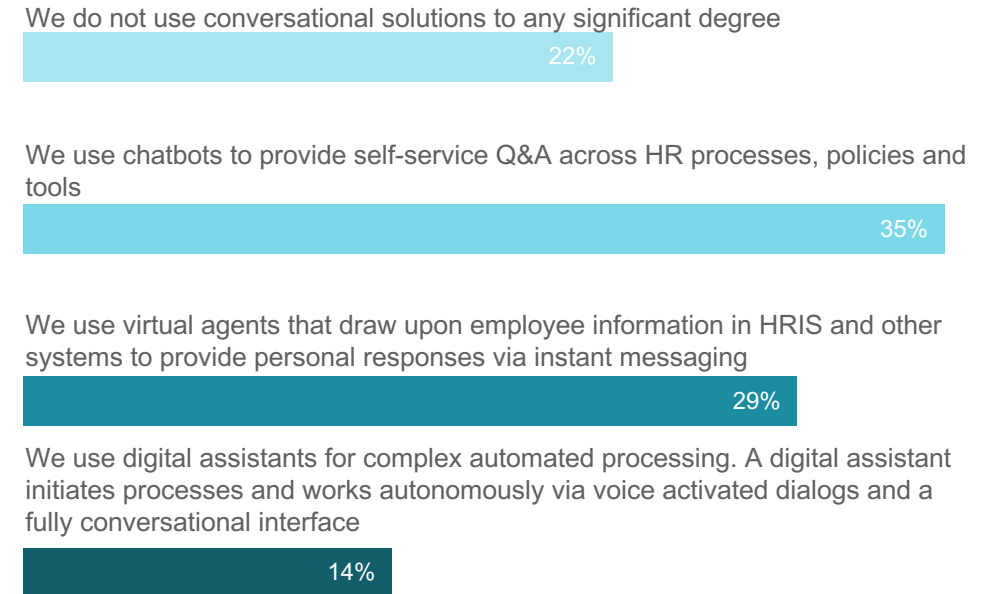
- Among organizations that are harnessing the power of RPA, the majority are using desktop automation for simple transactional data or use rule-based RPA for structured data
- 78% of organizations use some type of conversational solution to support HR service delivery, mostly via chatbots to provide self-service Q&A across HR processes, policies, and tools



Which of the following best describes your HR organization's maturity with regard to process automation?

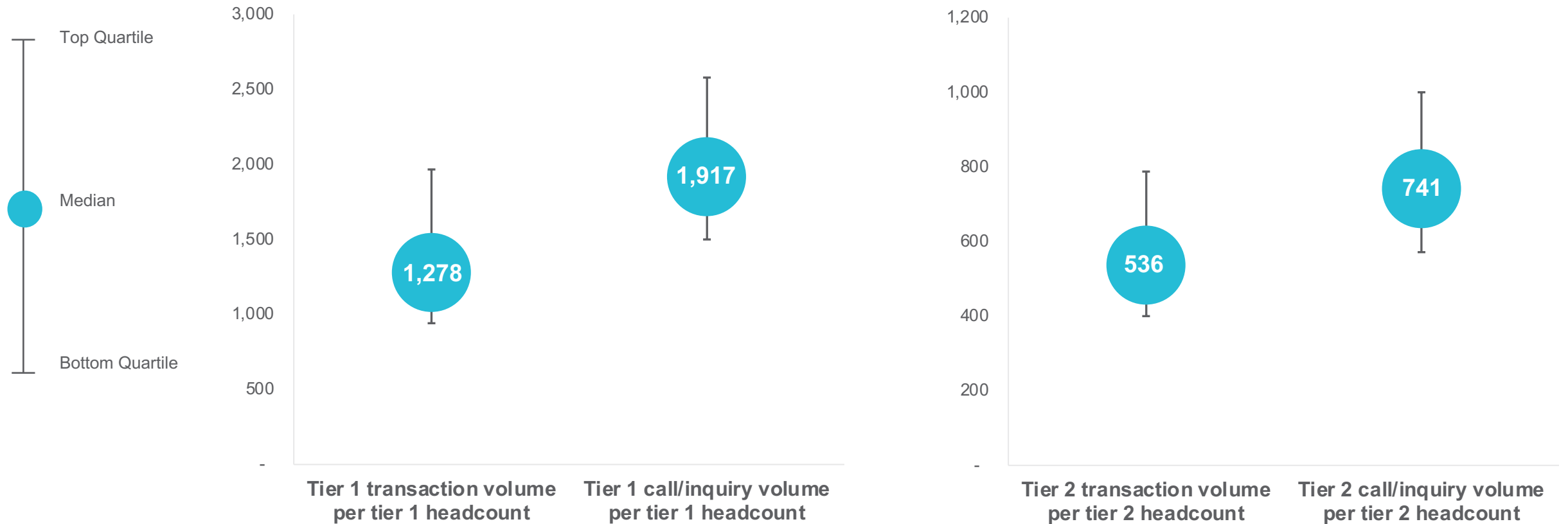


Which of the following best describes your HR organization's use of conversational solution to support HR service delivery?
select all that apply



Service Center Performance – Efficiency

Tier 1 is handling more transactions and inquiries than Tier 2, likely due to the increased complexity of Tier 2 work. The median Tier 1 transaction volume is just over 2 times the median Tier 2 transaction volume per representative headcount. The median Tier 1 call/inquiry volume is 2.5 times the median Tier 2 call/inquiry volume per representative headcount.



Global Operations

85% of participants reported using a GBS model

- 12% have a single global center
- 23% have regional centers with global management and integration
- 50% have site/country-specific centers with global management and integration

12%

of participants operate with a single global center

Geographic Model



73%

of participants have regional or country-specific centers with global management integration

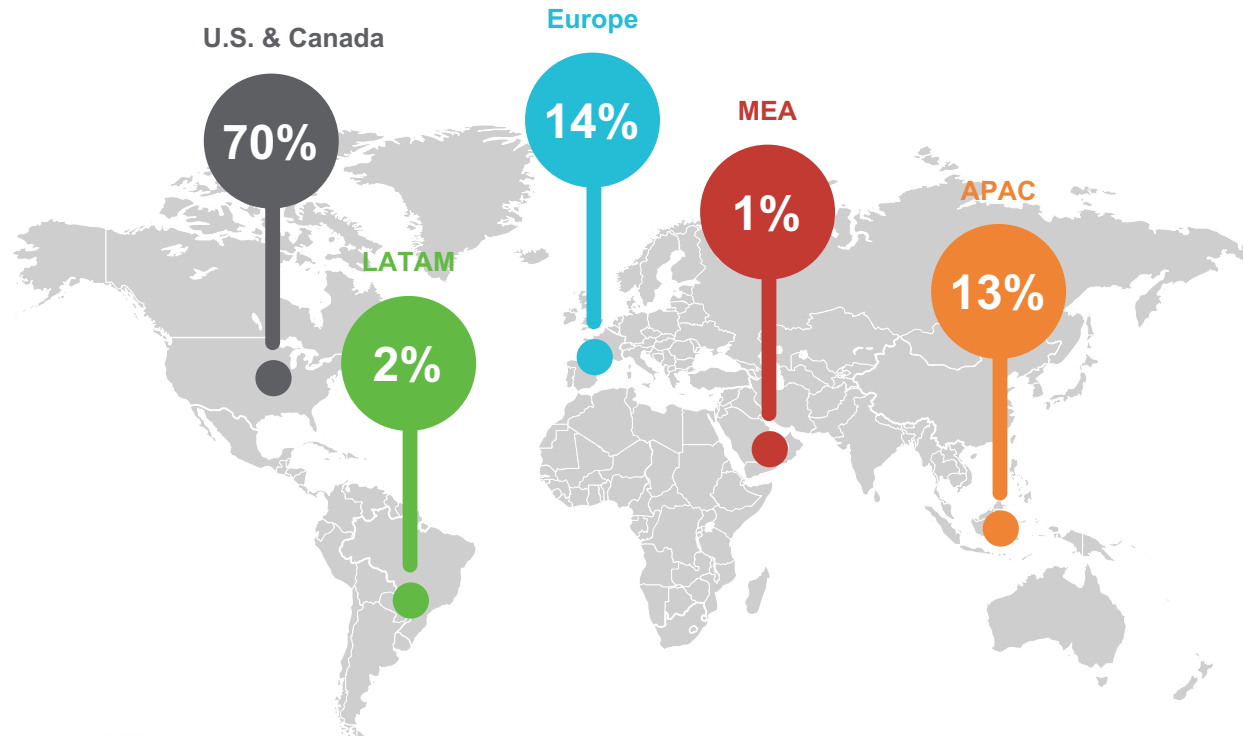
15%

of participants have a non-GBS model, including regional centers run independently, country-specific centers, or other geographic model

Global Operations (Cont'd)

North America has been the primary focus of our study and therefore remains the top location, followed by Europe.

Service Center Location by Region



Top U.S. Locations

- New York
- California
- Florida
- Texas
- Georgia
- Illinois
- Delaware
- Massachusetts
- Michigan
- North Carolina
- Pennsylvania

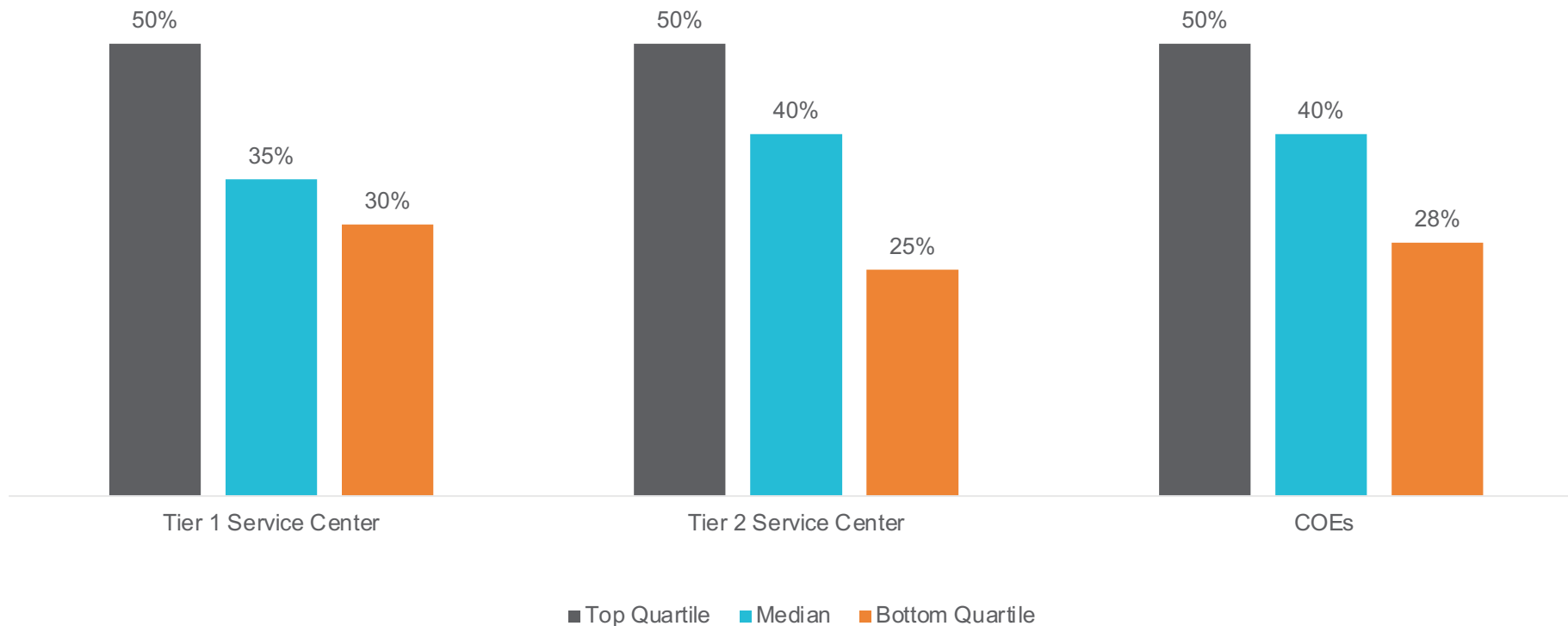
Top Global Locations

- United Kingdom
- India
- China
- Malaysia
- Australia
- Czech Republic
- Ireland
- Hungary
- Argentina
- Brazil
- Germany

Future of Virtual Work

Top-quartile organizations expect 50% of their centers' workforces to become virtual.

In the "new normal," what percentage of your HR shared services workforce in the following categories do you expect to be virtual?



Want to Find Out How You Compare?

- Contact us at info@scottmadden.com
- Sign up to be notified of our next cycle

Why Participate?

- Unique benchmarking study
- No cost to participate
- Receive detailed report of all metrics and qualitative results
- Peer group comparisons are provided where relevant

Appendix: Metric List

- Total customers (employees + retirees) served per total HR headcount
- Total company employees served per total HR headcount
- Total cost of the HR function per total company employee
- Total company employees served per HRIS headcount
- Total company employees served per continuous improvement headcount
- Total company employees served per HR business partner headcount
- Total company employees served per HR generalist headcount
- Total company employees served per HR administrator headcount
- Total company employees served per field HR headcount
- Total company employees served per talent acquisition CoE headcount
- Total company employees served per talent management CoE headcount
- Total company employees served per compensation CoE headcount
- Total company employees served per benefits CoE headcount
- Total company employees served per employee and labor relations CoE headcount
- Total company employees served per payroll CoE headcount
- Total company employees served per payroll processing employee headcount
- Number of employees served per HR shared services organization employee
- Number of retirees served per HR shared services organization employee
- HR service center employee turnover for North American shared services center
- Average speed to answer for North American HR shared services center
- First contact resolution for North American HR shared services center
- Portal hits per 1,000 employees for North American HR shared services center
- Total requisitions per North American HR shared services center recruiting/staffing specialist headcount
- Total hires handled per North American HR shared services center recruiting/staffing specialist headcount
- Total company employees served per North American HR shared services center recruiting/staffing specialist headcount
- Total company employees served per North American HR shared services center workforce administration specialist headcount
- Total company employees served per North American HR shared services center training administration specialist headcount
- Total company employees served per North American HR shared services center leave of absence administration specialist headcount
- Total company employees served per North American HR shared services center employee relations specialist headcount
- Total North American HR shared services center cost per employee
- Total North American HR shared services center cost per customer (employees + retirees)
- North American HR shared services center in-house cost per transaction
- North American HR shared services center in-house cost per call/inquiry
- Number of employees served per service center employee
- Number of retirees served per service center employee
- Number of employees served per tier 1 headcount
- Number of employees served per tier 2 headcount
- Number of tier 1 employees per tier 1 manager/supervisor
- Number of tier 2 employees per tier 2 manager/supervisor
- Number of calls/inquiries per service center employee
- Number of transactions per service center employee
- Self-service transaction volume per 1,000 employees served
- Tier 1 transaction volume per tier 1 headcount
- Tier 1 call/inquiry volume per tier 1 headcount
- Tier 2 transaction volume per tier 2 headcount
- Tier 2 call/inquiry volume per tier 2 headcount