



Helping Organizations Worldwide Work  
Smarter, Faster, and With Greater Confidence

# HR SHARED SERVICES: KEY TRENDS AND PERFORMANCE DRIVERS

An APQC Webinar

April 21, 2022

# SPEAKERS

## **Karen Hilton**

Partner, ScottMadden



## **Courtney Jackson**

Partner, ScottMadden



A blurred background image of a call center with several agents wearing headsets and working at computers.

# AGENDA

01

INTRODUCTION

02

MACRO HR TRENDS

03

DISCUSSION OF TRENDS,  
BENCHMARKS, AND LEVERS

04

WRAP UP & QUESTIONS

## Who We Are

**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.

WE DO

**WHAT IT TAKES  
TO GET IT DONE  
RIGHT**

### 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

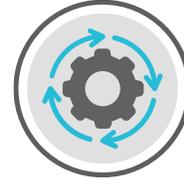
Our clients range across a variety of industries from energy to healthcare to higher education to retail. Our areas of expertise span the spectrum of middle and back office corporate and shared services.

### HUMAN CAPITAL MANAGEMENT SERVICES

- HR Transformation
- Systems
- Process Design and Continuous Improvement
- Talent and Engagement
- Payroll

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

# Corporate and Shared Services Capabilities



## Assess and Plan

- Strategic planning
- Feasibility analysis
- Benchmarking
- Statistical and analytical modeling
- Leading practices assessment
- Performance evaluation
- Project planning
- Leadership education and buy-in
- Staff evaluation
- Change readiness assessment
- Site visits

## Design

- Current state analysis
- Future state design
- Business case development
- Service delivery model design
- Work scope delineation
- Policy assessment
- Intelligent automation strategy
- Sourcing evaluation
- Organizational design
- Technology evaluation
- Transformation planning
- Implementation planning
- Change management

## Build

- Project management
- Service and transaction center build
- Detailed organizational design
- Staffing
- Policy harmonization
- Process redesign
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation
- Metrics and dashboarding

## Improve

- Analytics setup and deployment
- Operations improvement
- Governance
- Service expansion
- Cost reduction
- Process redesign
- Intelligent automation opportunities/implementation
- Technology upgrade
- Merger and acquisition integration
- Field resource development
- Voice of the customer surveys
- Metrics and performance management

# 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

# About the Study

## Study Scope:

Delivery Model and Operations



Performance

Staffing

SSO Management Infrastructure and Technology

## New Topics or Additions in 2021:

- Distribution of HR technology roles
- Virtual work models
- Total HR cost metric

Identified gap in available shared services benchmarks and launched first HR study



FIRST CYCLE

2011

Engaged APQC to conduct custom HR study and deployed first cycle

2012

SECOND CYCLE

THIRD CYCLE

2013

2015

FOURTH CYCLE

FIFTH CYCLE

2017

2019

SIXTH CYCLE

SEVENTH CYCLE

2021

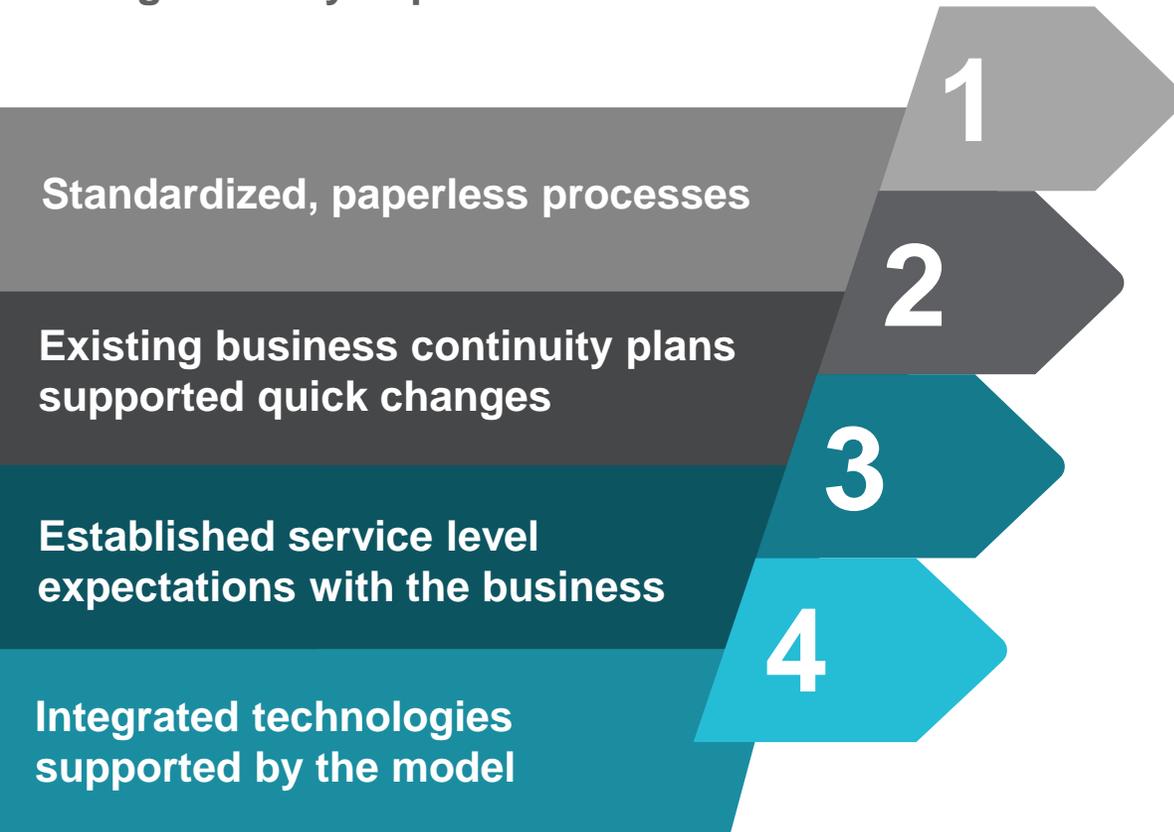
Completed October 2021

# Macro HR Trends



# Shared Service Virtual Models

Only 1% of GBS reported a drop in productivity, versus 13% of non-GBS organizations whose productivity was significantly impacted.<sup>1</sup>



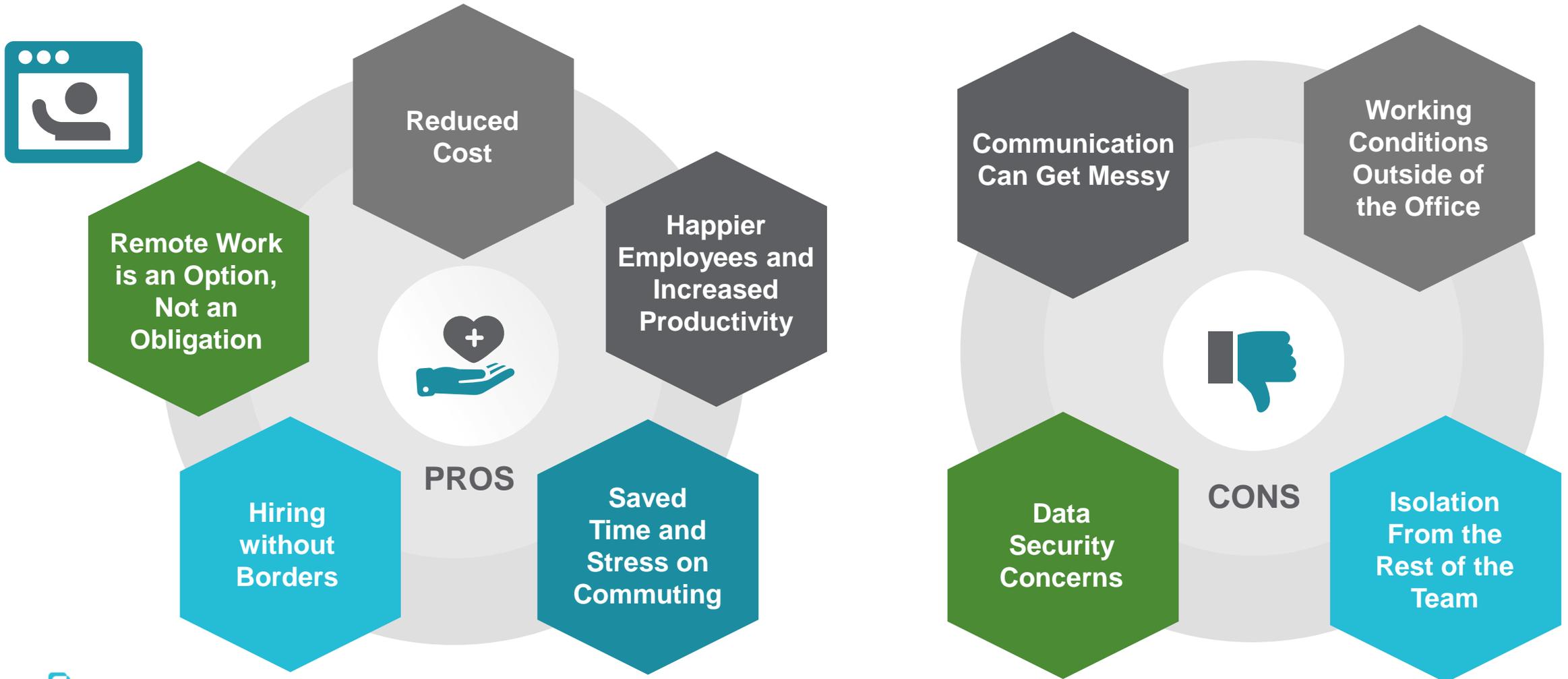
## Trends We Are Seeing

In the post-COVID world, most organizations are utilizing an agile, **hybrid model** by strengthening the relationship between service and evolving customer needs, accelerating the speed of delivery, and promoting innovation and adoption of new technologies.

Other companies are going **fully virtual** by closing their physical service centers and continuing to operate using virtual technologies. Companies with leading practice technologies, good business continuity plans, and robust process automation were the most successful in virtual operations.

# Pros and Cons of Virtual or Hybrid Models

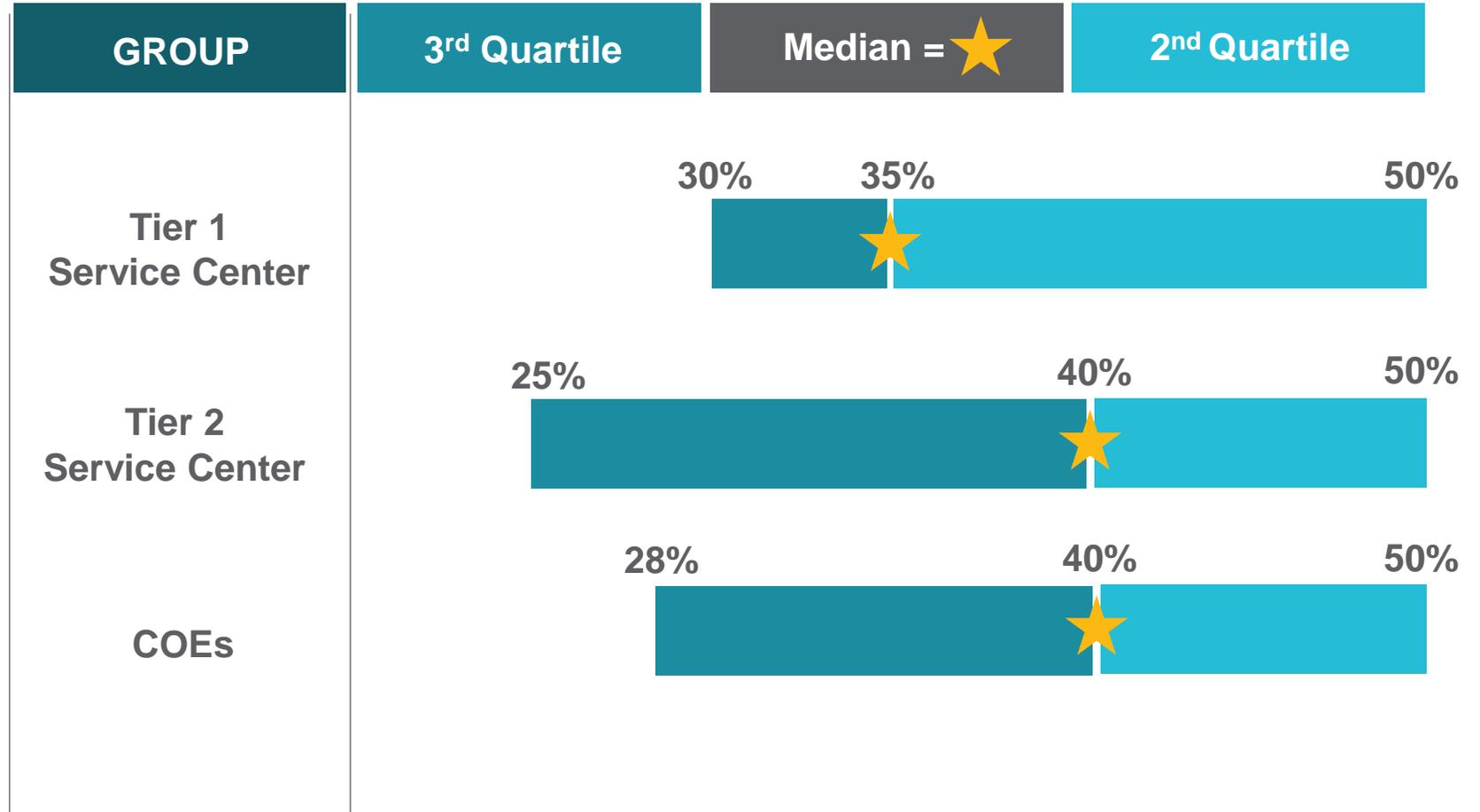
After COVID-19, **nearly all companies** are planning to use a hybrid in-person/virtual approach



# Plans Reported by HR Shared Services



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



# What We Heard from Shared Services Leaders

## Defense Contractor

- Shifting from a fully remote model to a hybrid model with employees returning two days a week to the office
- Evaluating requests for relocation to become fully remote on a case-by-case basis
- Allowing individual managers to determine in-office days for their team
- Encouraging in-office days to be purposeful – built around collaboration and team building and not filled with conference calls

## Automotive Company

- Adapting model after returning to office and then going remote again with variants
- Encouraging employees to come in the office for useful purposes
- Using a team agreement to outline expectations and buy-in from team
- Requiring team members to be on video for virtual calls and going around the virtual room to maintain engagement
- Holding various non-work related virtual events for team culture

## Federal Agency

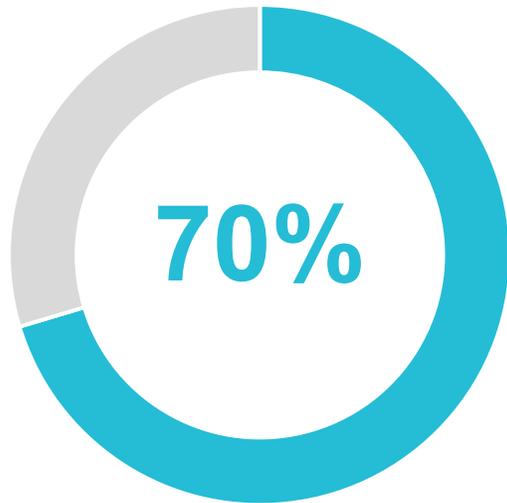
- Transitioning from COVID protocol to max telework model this spring
- Offering flexibility within parameters
- Requiring in-office days twice per pay period (every two weeks)
- Offering a fully remote status for other employees living substantial distance from center
- Employing hoteling model for office space
- Using virtual award ceremonies and team events to remain connected

# 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?



# 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

### Geographic Model



12%

of participants operate with a single global center

73%

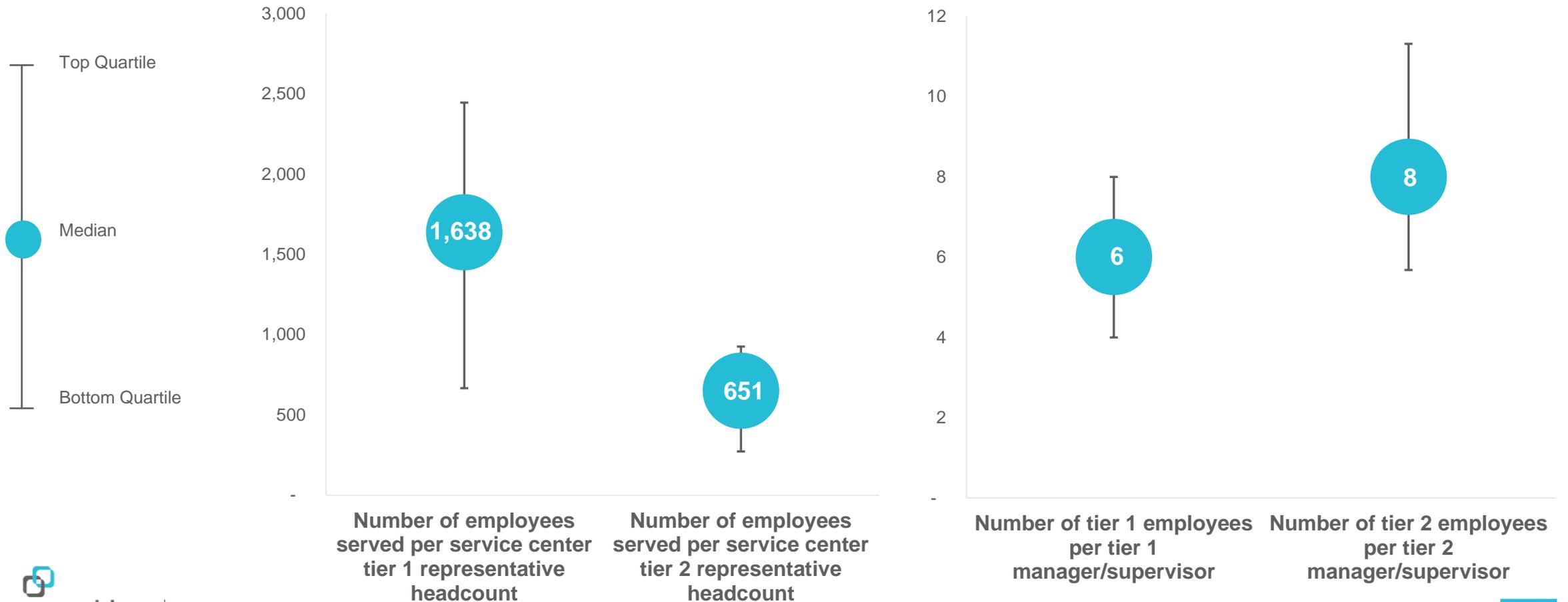
of participants have regional or country-specific centers with global management integration

15%

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

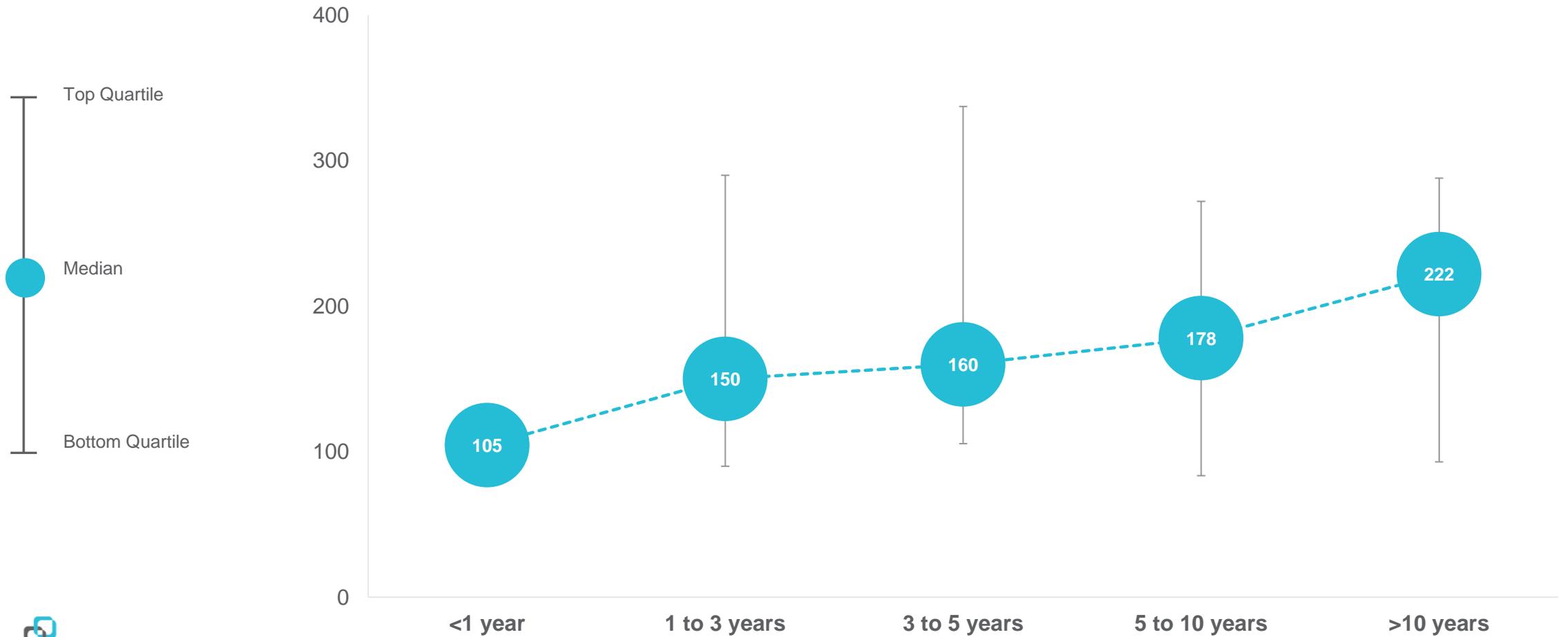
# Service Center Staffing Metrics

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.

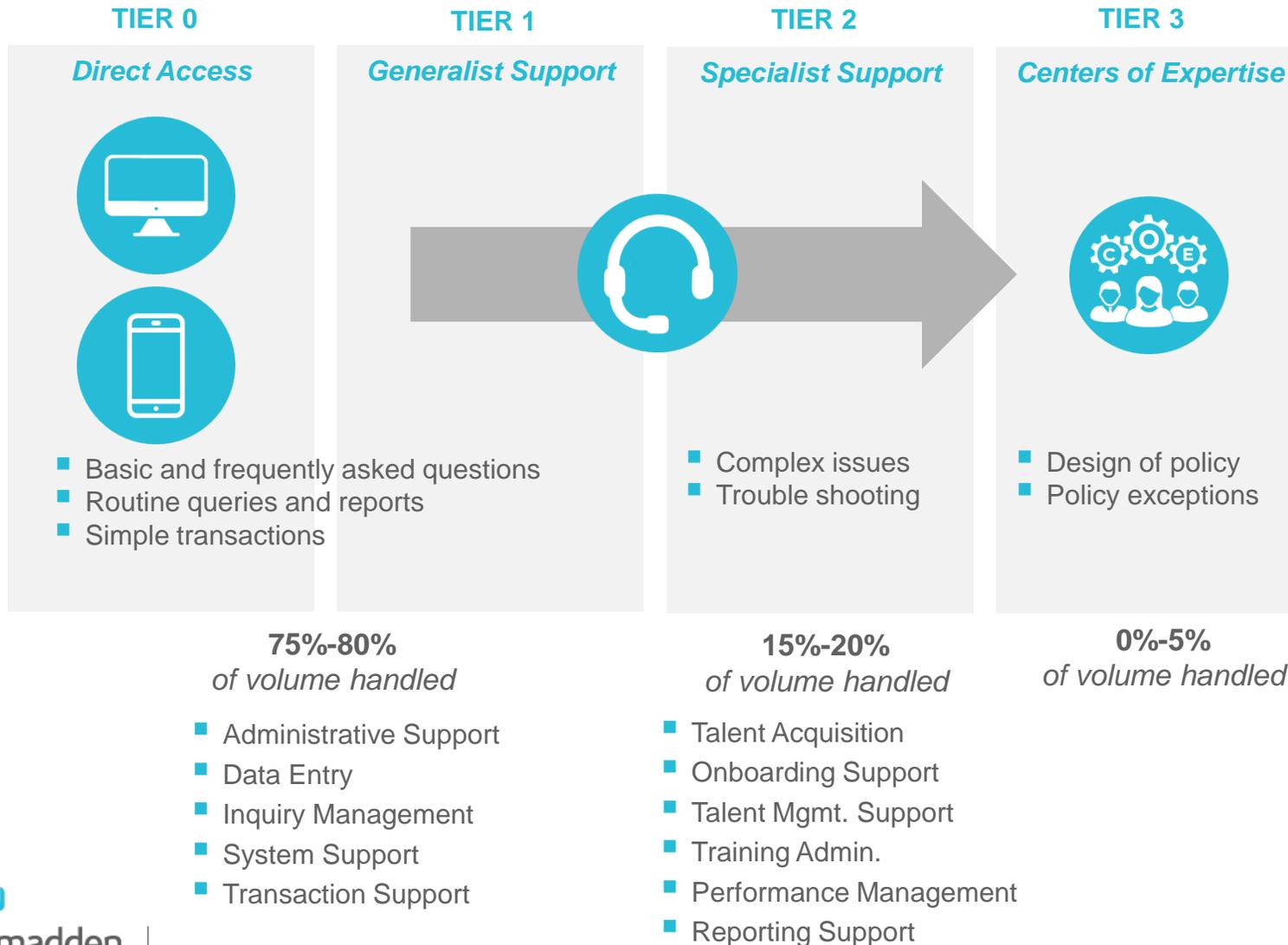


# Overall HR Ratios Increase as SSO Matures

Total employees served per total HR headcount by maturity



# Continuing to Drive Scope Up the Value Chain

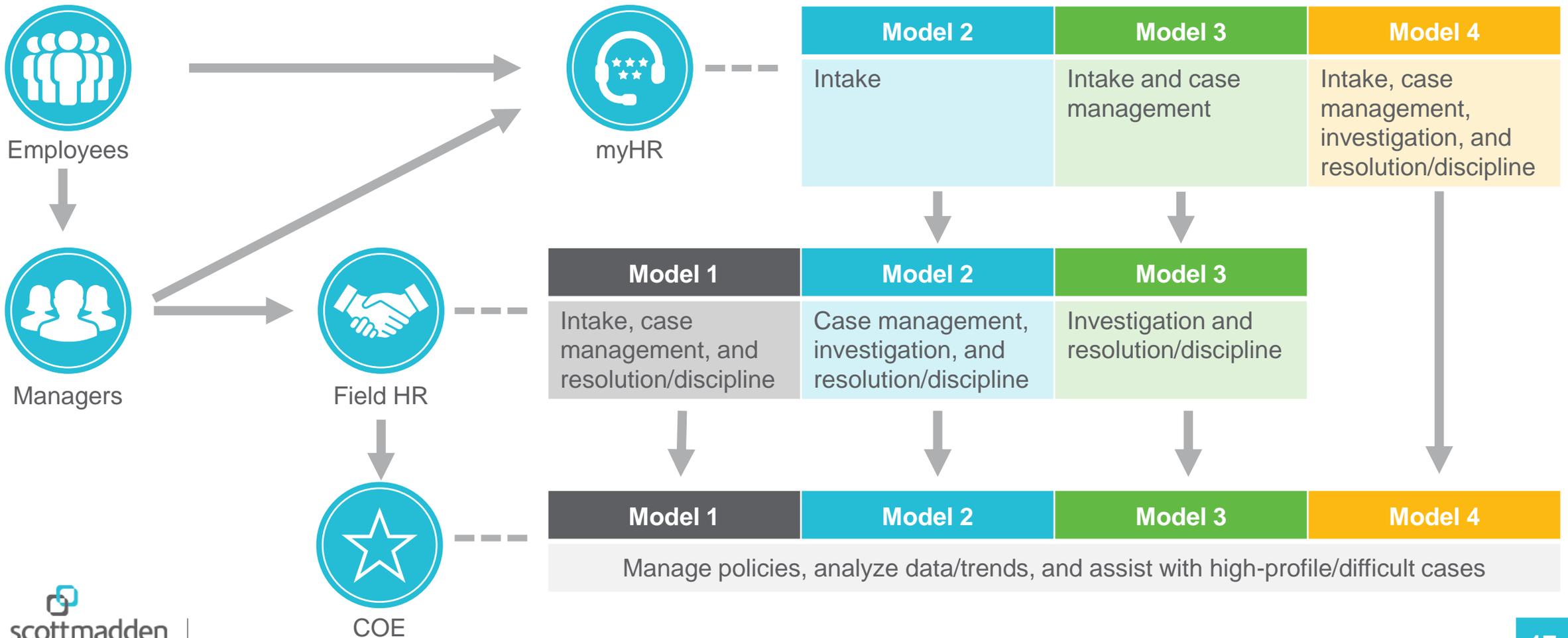


*For example: Growth occurring in HR SSOs – higher value services:*

- Employee Relations
- Labor Relations
- Organizational Effectiveness
- Business Analytics

# The Spectrum of Models for Employee Relations

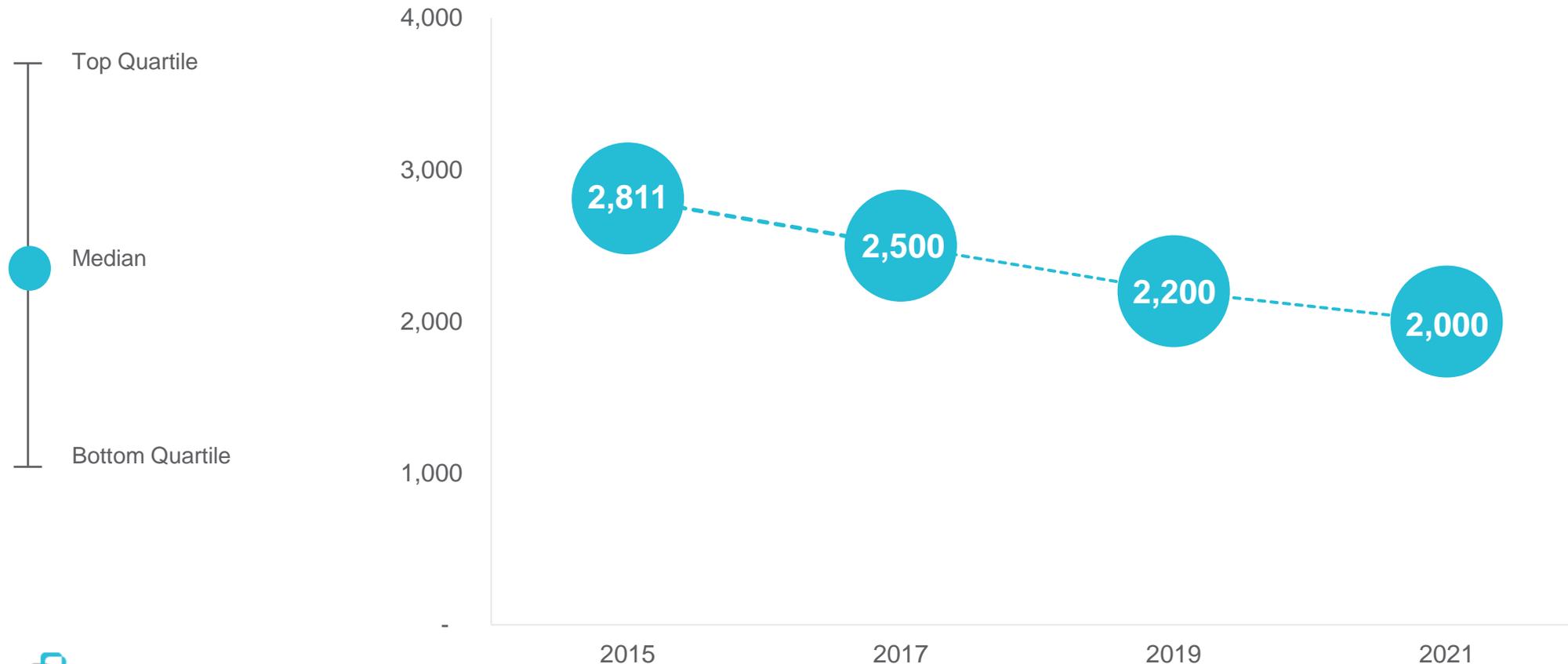
Models for Employee Relations, including employee investigation, escalation, and disciplinary action components, vary based on industry, employee population, and/or geographic coverage. Even when employee relations is included in the scope of an employee service center, the delivery models can be diverse as illustrated along the spectrum below.



# Trends in Employee Relations Specialist Staffing

Since 2015, employee relations specialist staffing has increased by 29%.

Total company employees served per North American HR shared services center employee relations specialist headcount



# Digital Transformation Trends in HR

## AI continues to grow

While candidates will eventually require in-person interviews, artificial intelligence assists in the hiring process. AI cuts down on the amount of work management must do to find new hires and time wasted with ineligible candidates.

## Cloud-based HCM tools are essential

Cloud-based HCM is essential as it ensures that your business' resources, organization, and ability to share is accessible from one place to all. Businesses reaped the benefits of cloud-based systems when most companies switched to remote working.



## Virtual reality for training

Top companies have designed virtual reality training programs that provide a fully-immersive experience for employees during training.

## Chatbots for more than customer service

With Chatbots, simple issues can be addressed, information can be submitted, data can be provided, and new hire information can be collected. Chatbots can pass any needs that go beyond their capabilities off to the proper representative. This streamlines HR processes and reduces the time HR employees spend on simple matters.

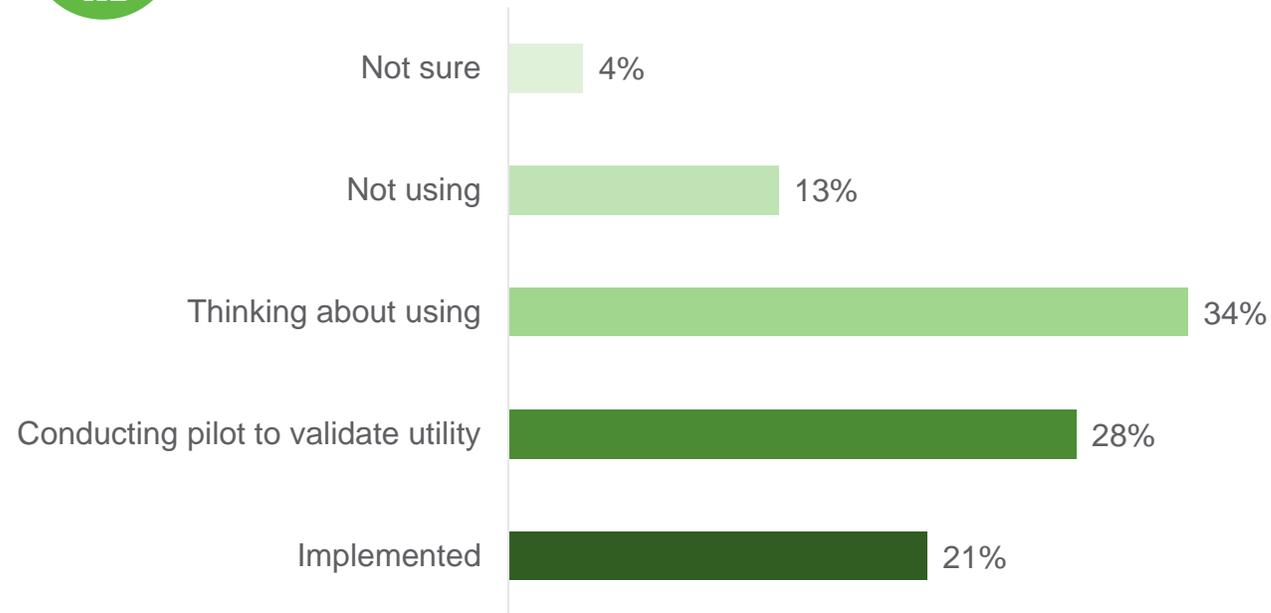


# Intelligent Automation

Almost 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?



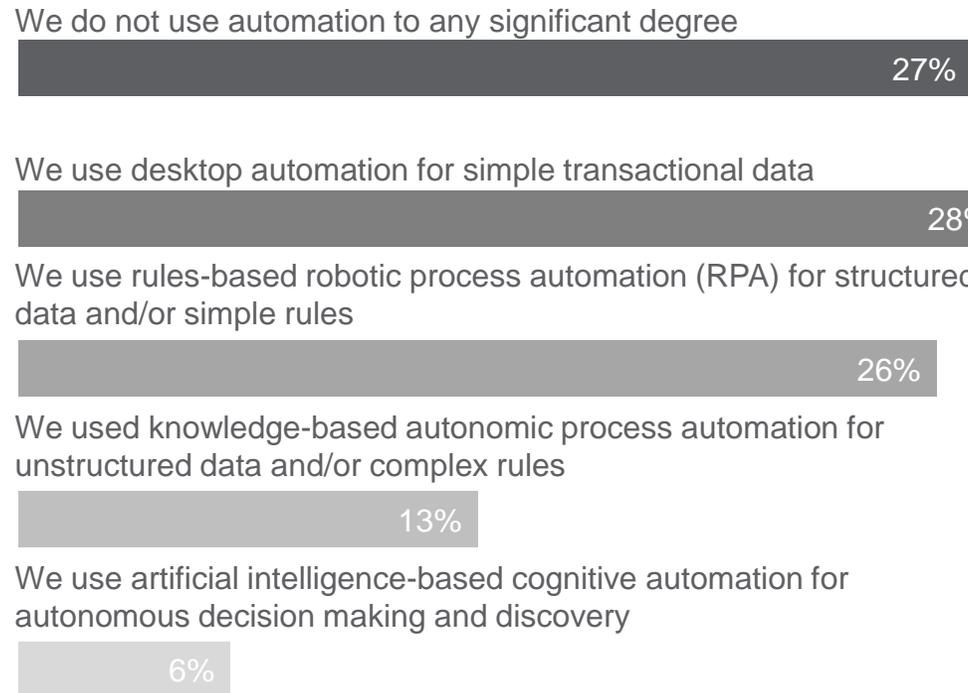


# Intelligent Automation (Cont'd)

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



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





# Case Studies on HR Automation

## Food Service Provider

**Who:** Global customer service business across food, facilities, and uniforms with over 200,000 employees.

**Goals:**

- Streamline and automate candidate screening process
- Enable seamless interview scheduling
- Improve the candidate experience

**How:**

- Gathered information and needs from TA's customers
- Develop requirements and completed vendor selection process
- Selected solution and implemented functionality
- Developed a roadmap to expand the use cases and scale adoption across the enterprise

**Technology Used:** Paradox

**Results:**

- Hosted more than 400 events nationwide
- Scheduled interviews with nearly 30,000 candidates in less than three minutes per candidate
- Sent more than 300,000 messages to candidates
- Applied through Olivia, Paradox's conversational AI assistant, by more than 25% of job-seekers

## Support Provider

**Who:** Outsourced sales, technical support, and customer service provider with more than 90,000 employees located in 30 countries.

**Goals:**

- Reduce attrition
- Improve recruitment efficiency
- Deliver an engaging candidate experience

**How:**

- Leveraged digital tools to identify top talent
- Educated candidates with a more realistic job preview
- Assessed applicant skills and characteristics that predict success with custom situational judgement tests
- Used candidate data to match applicants to specific roles and predict top performers

**Technology Used:** Harver

**Results:**

- Reduced employee turnover rate by 45% within the first year
- Reduced time to hire by half
- Increased candidate satisfaction scores, reaching 97.5%



# Case Studies on HR Automation (Cont'd)

## Healthcare Non-Profit

**Who:** A healthcare non-profit with over 65,000 employees.

**Goals:**

- Give their HR team (600+ employees) the opportunity to do more meaningful work
- Reduce risk
- Deliver a higher level of service

**How:**

- Implemented Catalytic
- Enabled ease in building automated processes
- Allowed for simple system integration, provided flexibility and configurability

**Technology Used:** Catalytic, a secure cloud-based automation tool

**Results:**

- Automated 4,000 hours' worth of HR work
- Increased its time-savings to 40,000 employee hours
- Improved the employee experience

## Brewer

**Who:** A multinational beer brewing company located in the Netherlands with over 650 employees.

**Goals:**

- Create an eco-friendlier system than their current paper centered system
- Provide employees with better insight into their labor to personalize the conditions and benefits

**How:**

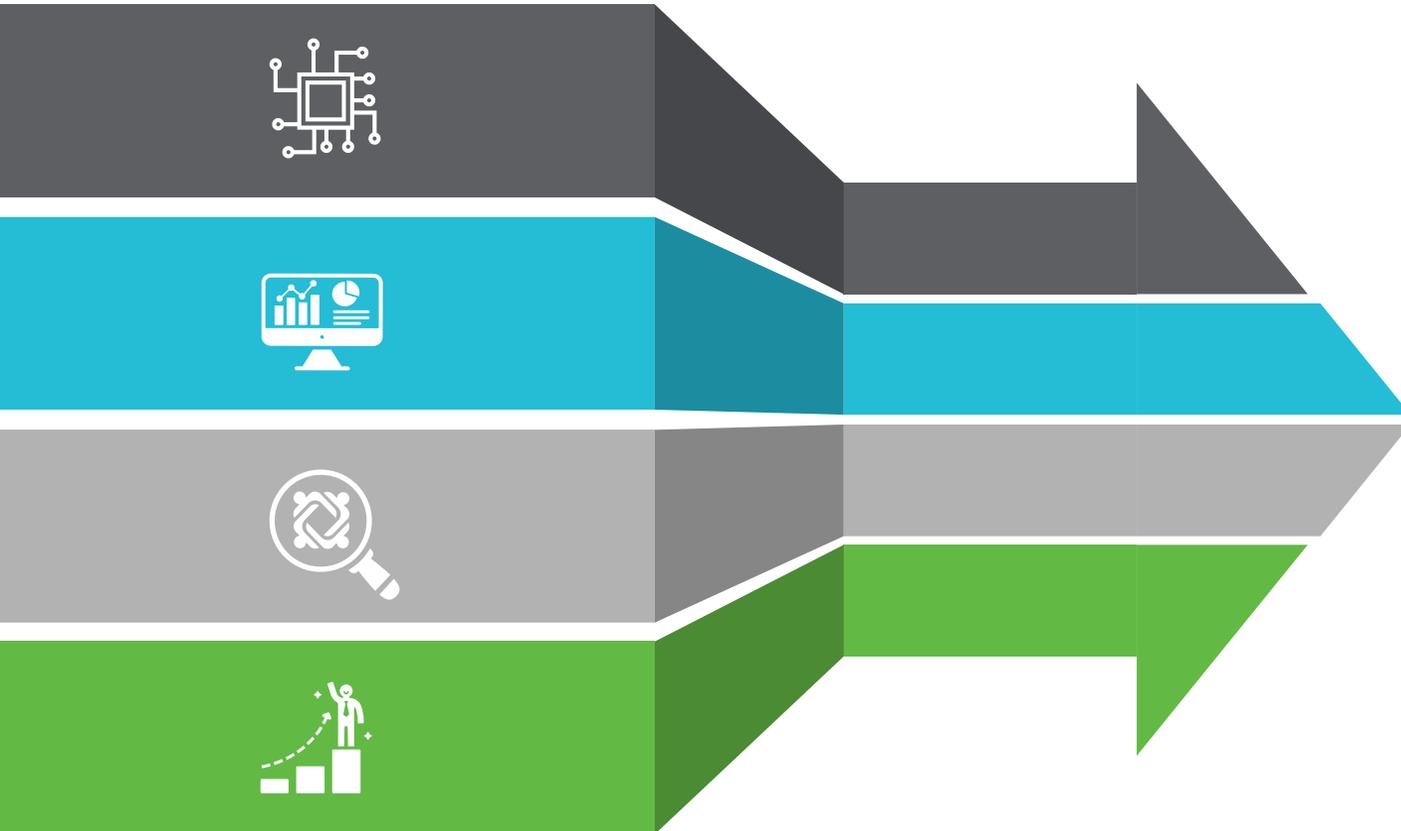
- Chose HR system that allows employees to personalize their labor conditions and benefits
- Provided simulation modules to preview results of changing terms of employment
- Allowed employees to directly see the results of their choices in that same system

**Technology Used:** Pointlogic

**Results:**

- Increased employee satisfaction from a 6.8 to 8.2 (out of 10) compared to the old paper process

# Trends in People Analytics



## TOP PRIORITY

71% see HR analytics as high priority, but progress for implementing is slow

## DATA-DRIVEN DECISIONS

A successful people analytics program requires people with the right skills, motivation, and tools

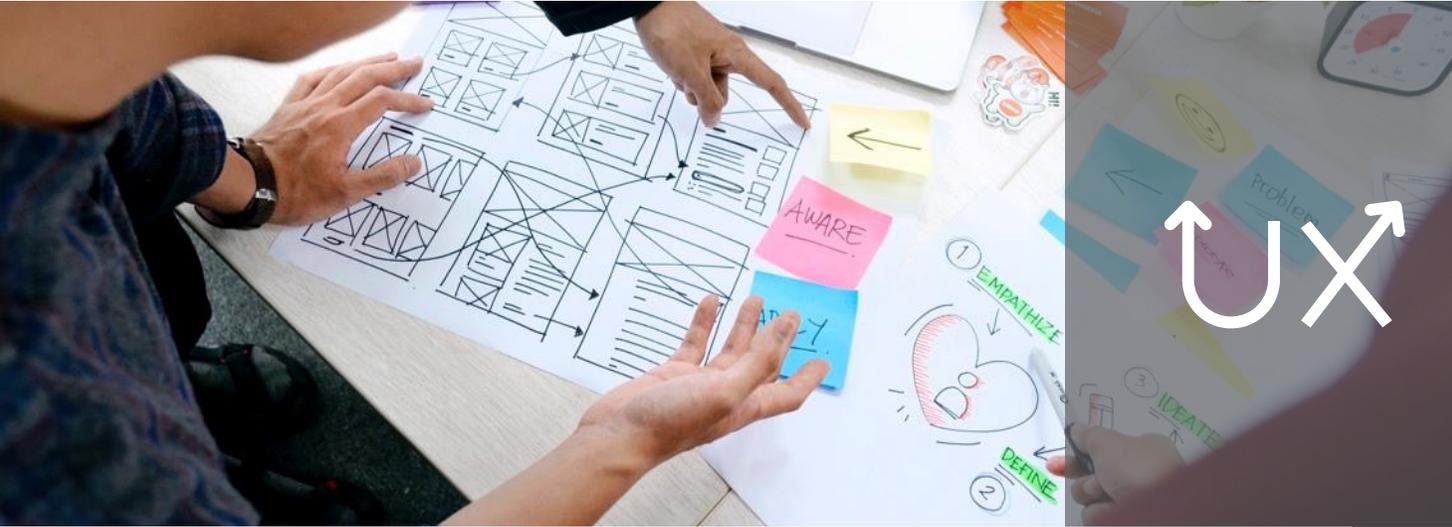
## DEI IS A FOCUS

Analytics is key to helping companies understand where they need to improve and where hiring is lacking

## EMPLOYEE PERFORMANCE

Analyzing data on salaries, performance reviews, and promotions helps assess your performance processes

# User Experience Defined.... And Why it Matters



## What is User Experience?

User experience (UX) focuses on having a deep understanding of the end-user and what they value...it is the overall feeling the end-user has about their interactions with a business, service, or product.

### ■ Benefits for Internal Customers:

- Enhances customer service
- Creates efficiencies and reduces costs
- Supports scalability
- Increases employee retention

UX is influenced by:



Call Centers



Notifications



In-Person Interactions



Web-Based Interactions

# Keeping a Customer Centric Focus – Personas



**Alicia,**  
Employee

**AGE:** 30

**GENDER:** Female

**LOCATION:** Irvine, CA

**OCCUPATION:** Nurse

**LEVEL:** Supervisor



**Quotes**

“No one could answer my question and bounced me around to different resources.”

“The application process and vendor website were simple and easy to use!”

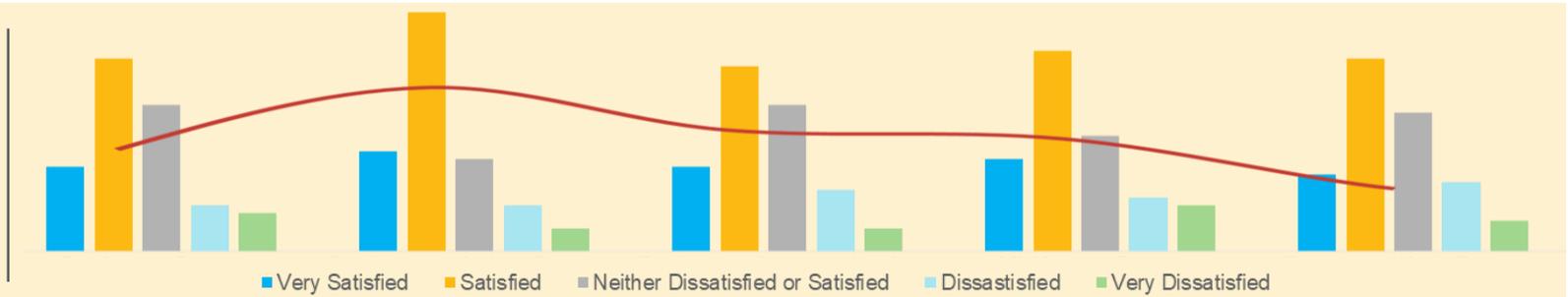
“The LOA vendor took 3 weeks to send me a rude letter that my doctor did not complete the forms correctly.”

“Both the LOA vendor and LOA Team sent me conflicting instructions for RTW.”

“There was not easy checklist. The RTW process was confusing. I hope I did it right and get paid correctly next week.”

		Pre-Leave Application	Pre-Leave Initiation	Pre-Leave Comms	Mid-Leave Process	Return to Work
<b>Interaction Points</b>	<b>Service Center</b>	○				○
	<b>LOA Team</b>	○			○	○
	<b>LOA Vendor</b>	○	○	○	○	
	<b>STD Vendor</b>	○		○		

**VOC Survey Ratings**



**Key:** ○ Good Experience    ○ Moderate Experience    ○ Bad Experience

# Increased Use of Conversational Solutions in HR

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

Select all that apply

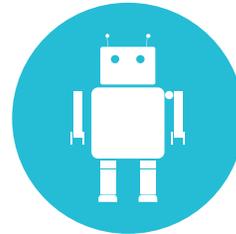
22%

of participants **do not use** conversational solutions to any significant degree

78%

of participants reported using **at least one** conversational solution to support HR service delivery

Among SSOs that reported using conversational solutions to some degree...



35%

use **chatbots** to provide self-service Q&A across HR processes, policies and tools



29%

use **virtual agents** that draw upon employee information in HRIS and other systems to provide personal responses via instant messaging



14%

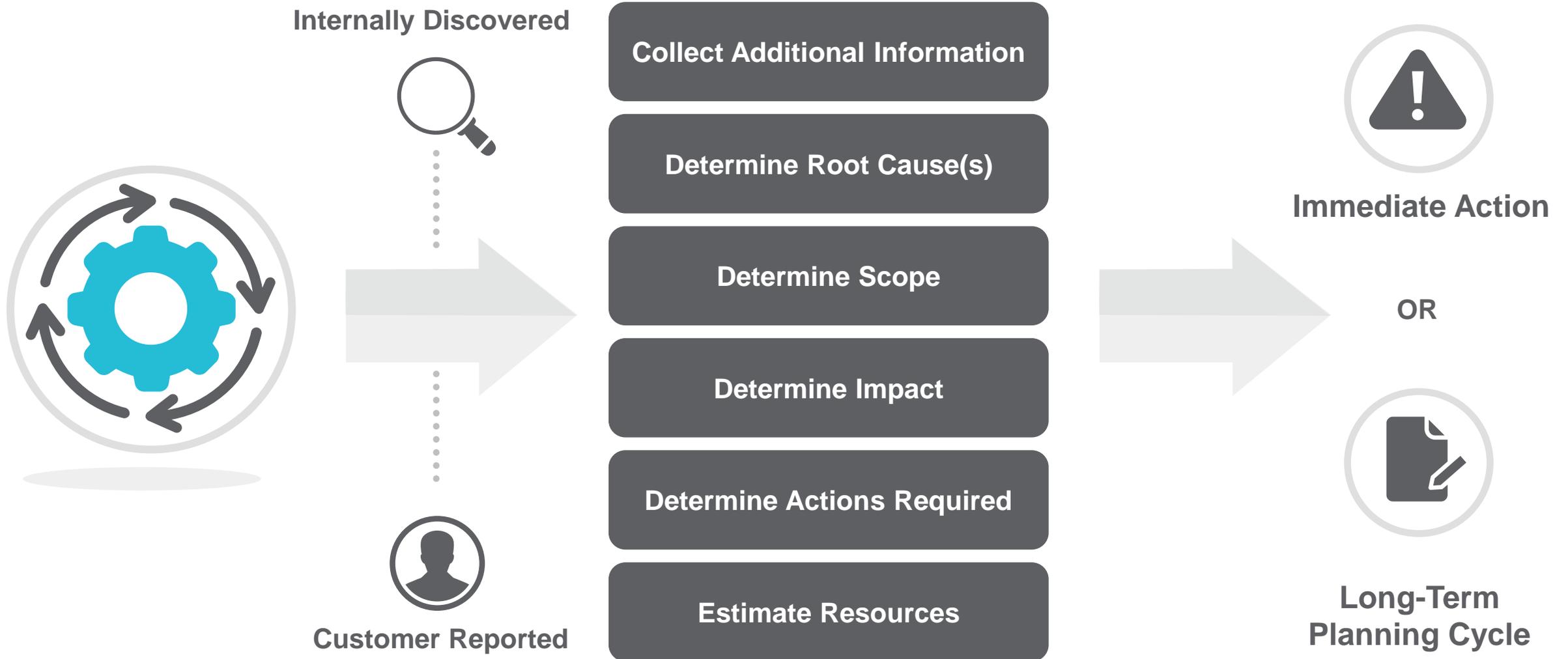
use **digital assistants** for complex automated processing



# Wrap Up & Questions



# Adopting a Continuous Improvement Mindset and Process

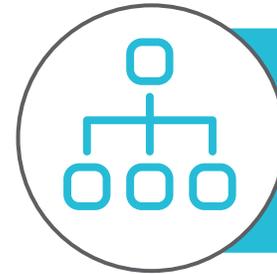


# Key Characteristics of Top Performers

From analysis of the benchmarking data, we see four key areas that differentiate good shared services organizations from great shared services organizations.



**Optimizing business operations, governance, work alignment, and structure**



**Optimizing processes and removing administrative work from the local business**



**Leveraging technology for service delivery**



**Focusing on customer satisfaction and performance**

## Want to Find Out How You Compare?

Contact us at [info@scottmadden.com](mailto:info@scottmadden.com)

### ScottMadden and APQC's HR Shared Services Benchmarking Study

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





**QUESTIONS**

# EVENTS



## APQC'S 2022 PROCESS AND KNOWLEDGE MANAGEMENT CONFERENCE

May 11-12 | Houston, TX

[LEARN MORE](#)



## ROUND TABLES

APQC invites practitioners to share challenges, successes, tactics, solutions around process and knowledge management topics.



## MONTHLY WEBINARS

APQC shares findings from research and trends on topics covering process improvement, knowledge management, finance, human capital, and supply chain.

[VIEW THE CALENDAR](#)

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