



**scottmadden**  
MANAGEMENT CONSULTANTS

**Smart. Focused. Done Right.®**

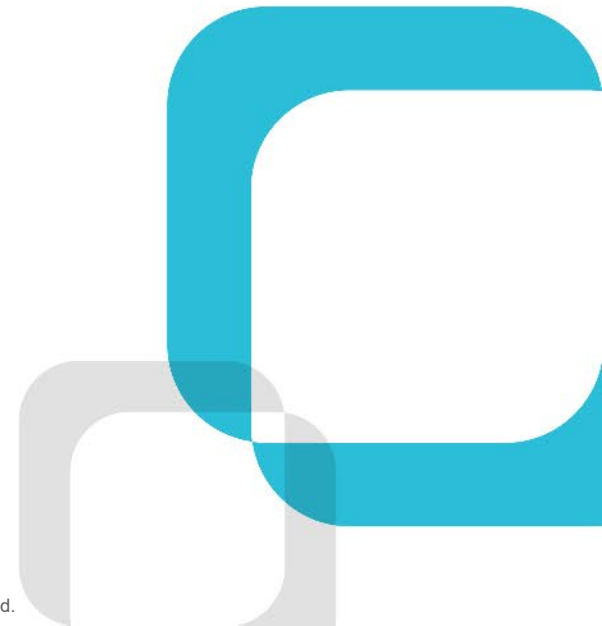


# Shared Services 101: The Essentials for a Leading Practice Organization

Shared Services & Outsourcing Week  
Workshop A



March 2023



# 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 **40 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

We have completed more than 2,200 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.**

# Areas of Focus

## HUMAN CAPITAL

We offer HR transformation (including HR shared services), analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.

## TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization get the most out of its IT investment.

We also help you optimize your projects to focus on delivering business outcomes not just installed technology.

## MULTIFUNCTION/GBS

We move shared services to the next generation—integrating finance, human resources, information technology, supply chain, and/or other business services into a single, multifunction shared services or global business services operation with effective governance and management.

## SUPPLY CHAIN

We assist clients across the full range of supply chain processes and have the unique ability to create alignment between supply chain and its stakeholders. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, we help you with every step.

## FINANCE AND ACCOUNTING

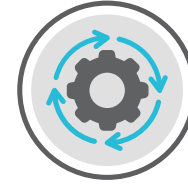
We help companies transform their finance and accounting operations. Through enterprise financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your company.

## BUSINESS SUPPORT SERVICES

We help our clients integrate various administrative services into their shared services model to improve service response performance to the business. Services often include real estate, facility maintenance, fleet, security, sales and marketing, insurance, customer service, research, and others.



# 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
- 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
- Process redesign
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation
- Metrics and dashboarding

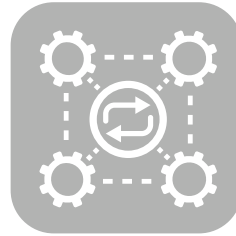
## Improve

- 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



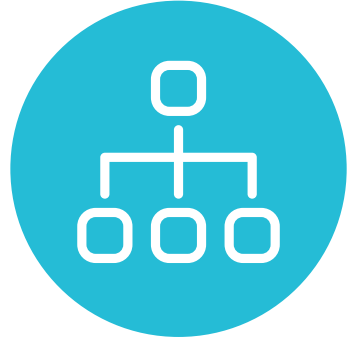
# Shared Services Overview



## 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

And more...

# 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

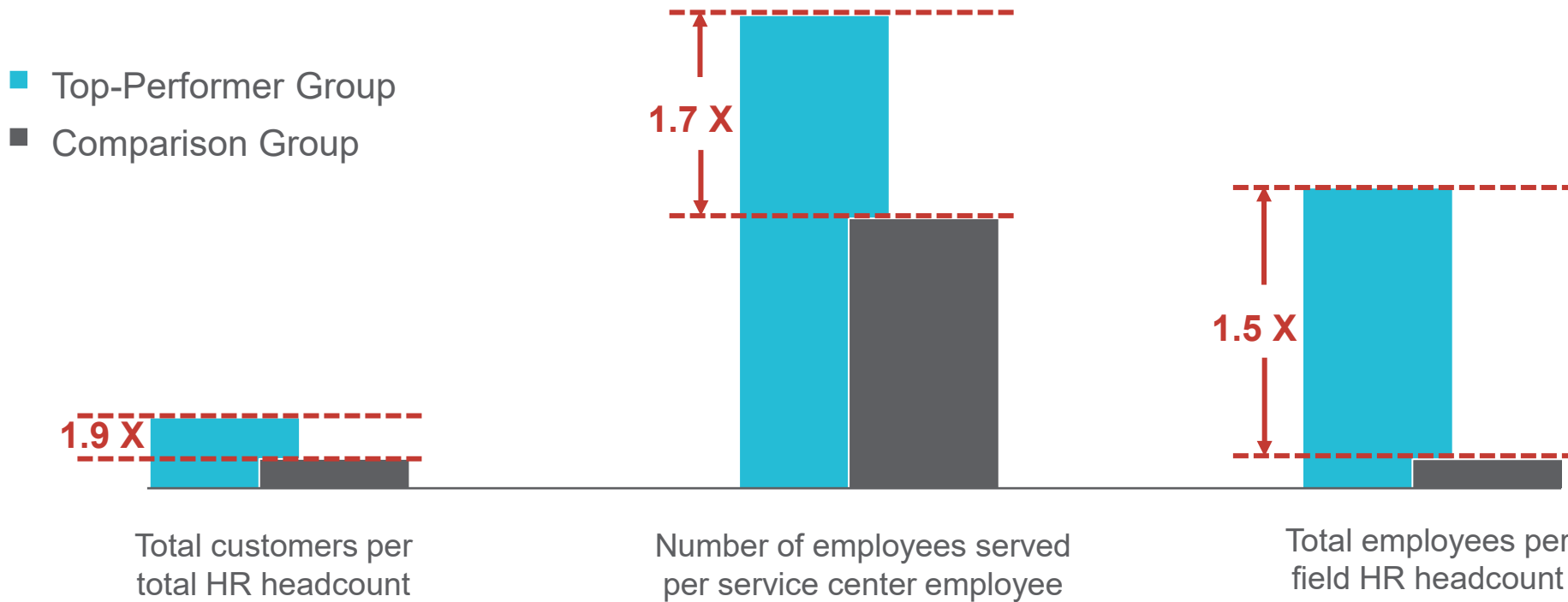
**Additional soft dollars savings and qualitative benefits include these items:**

- 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.

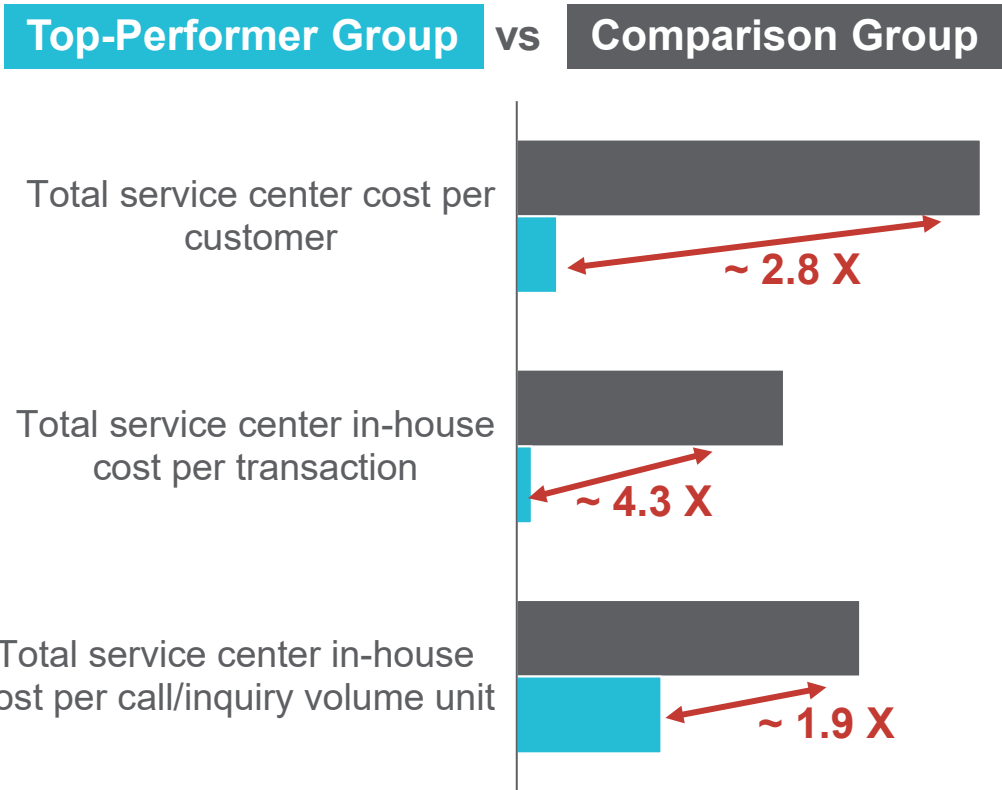
HR Staffing Comparisons  
Top-Performer Group vs. Comparison Group



# 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



First-Contact Resolution



Average Speed To Answer



Service Center Employee Turnover

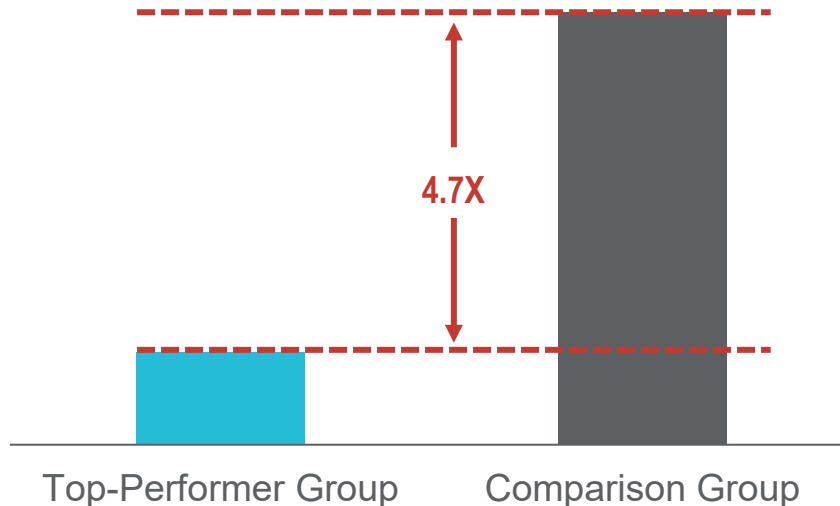


# Benefits of Shared Services – Finance Benchmarks

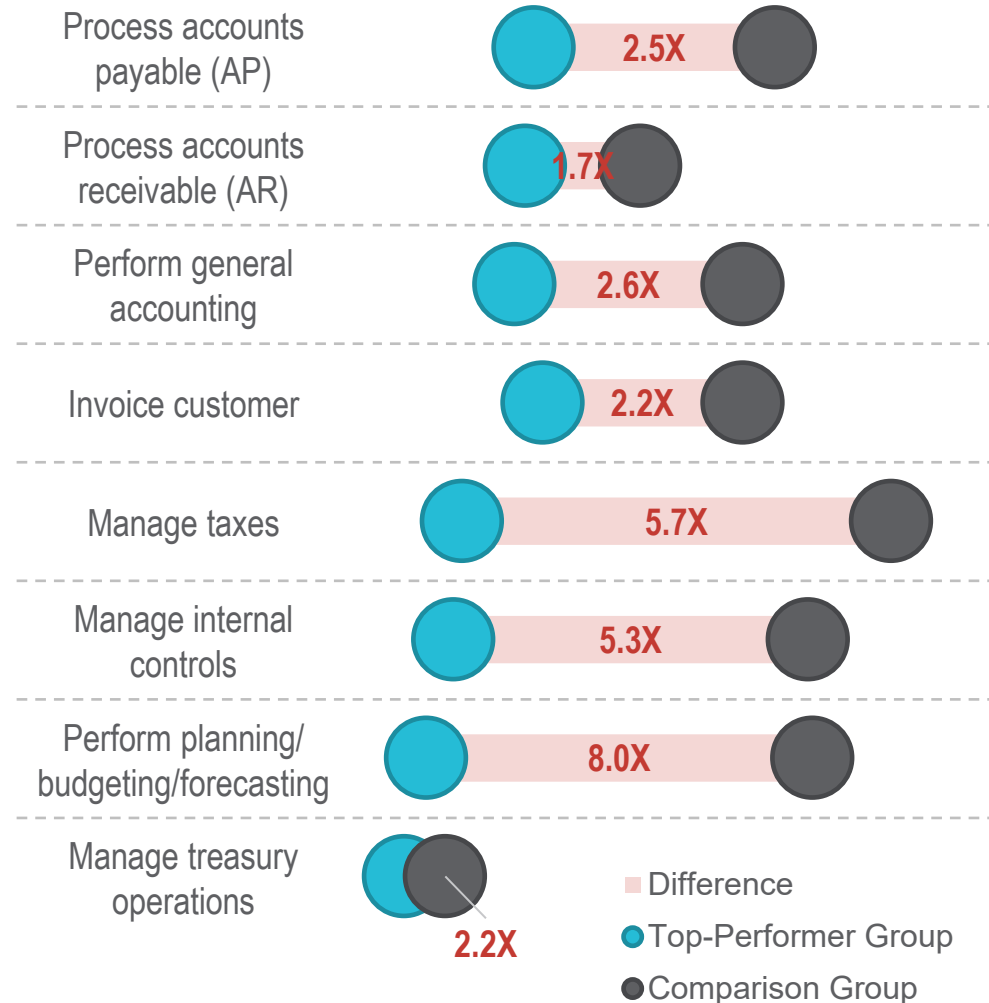
## Top performing finance shared services have significantly better staffing ratios

- 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



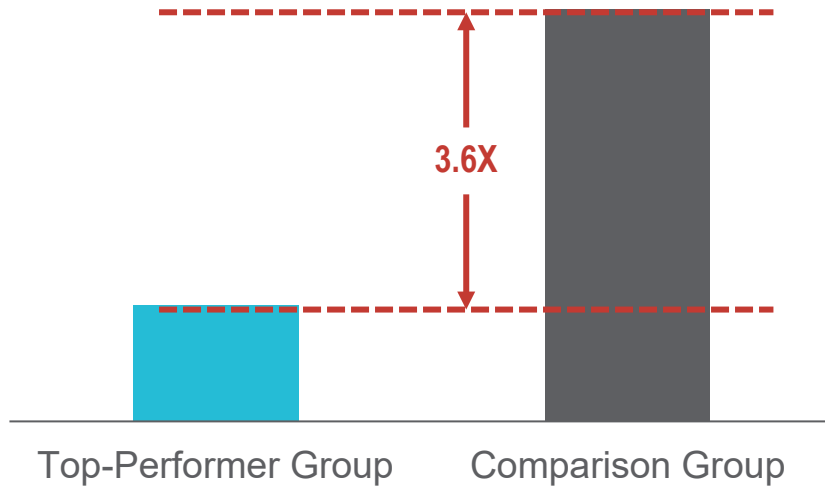
Median number of FTEs that perform the following processes per \$1 billion revenue



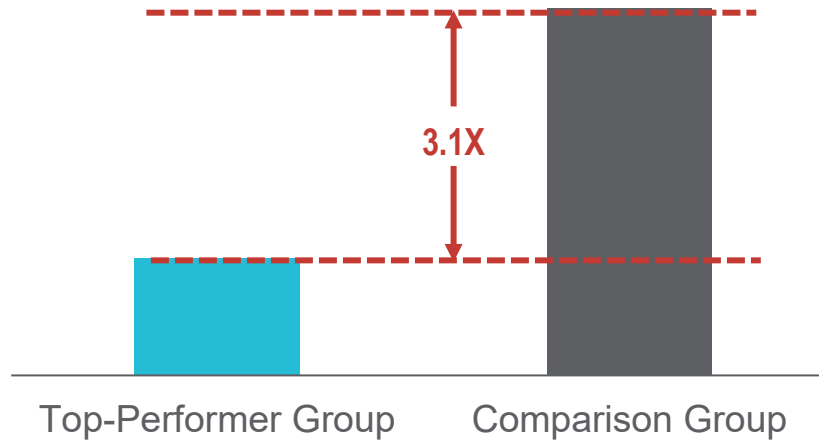
# Benefits of Shared Services – Finance Benchmarks (Cont'd)

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

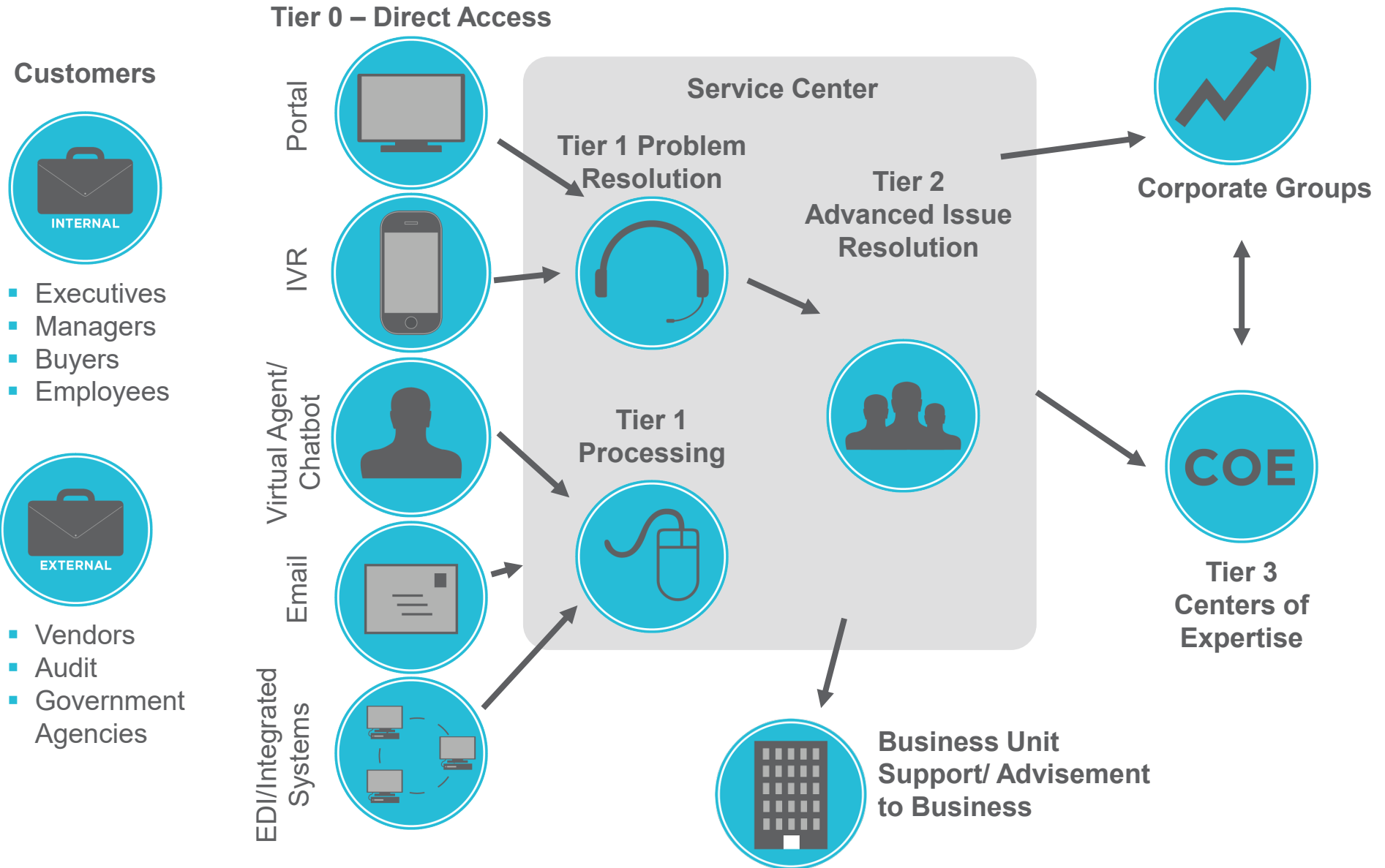
Median total cost to perform the finance function per \$1,000 revenue



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:



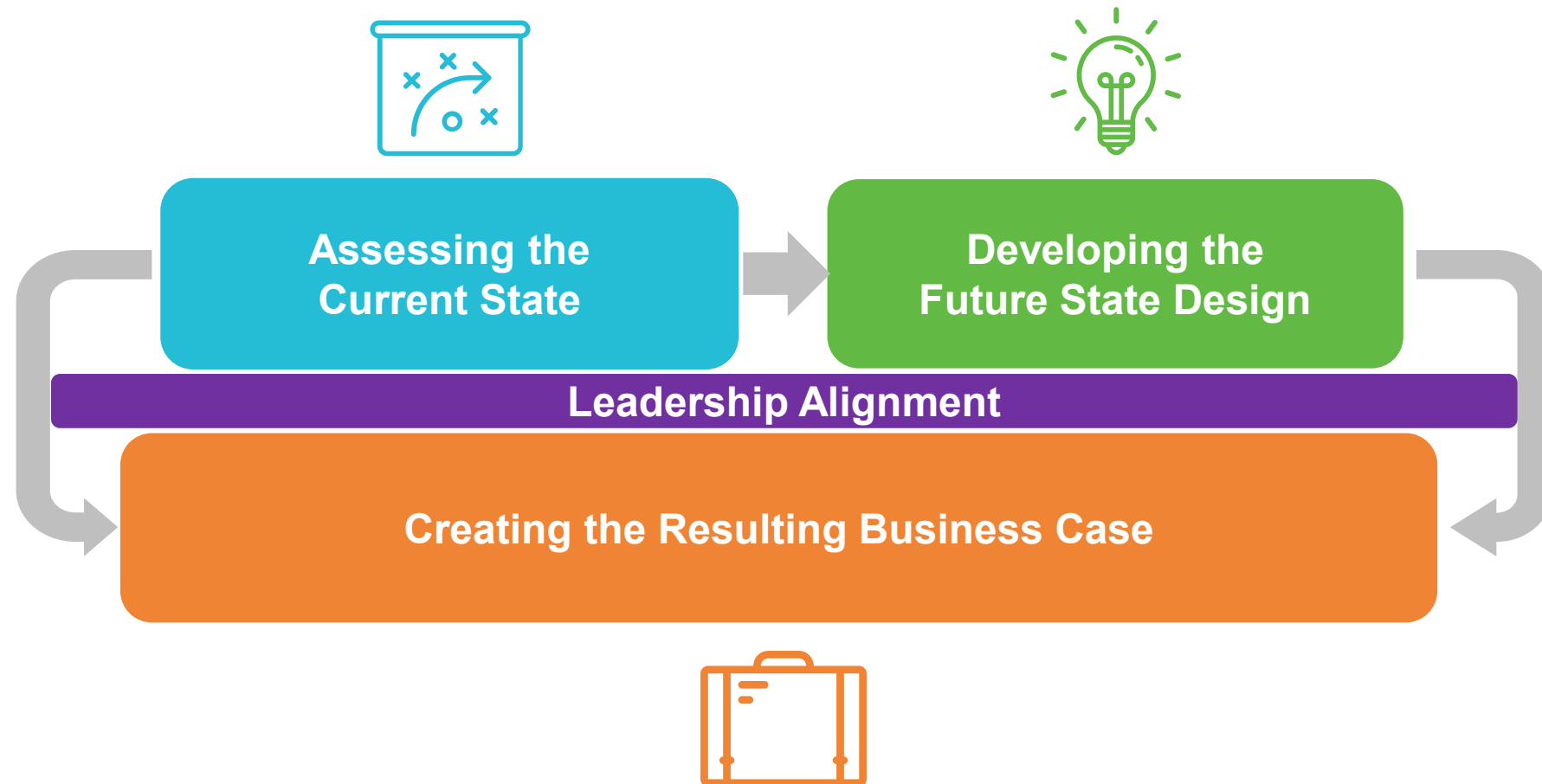


# Assessment and Design

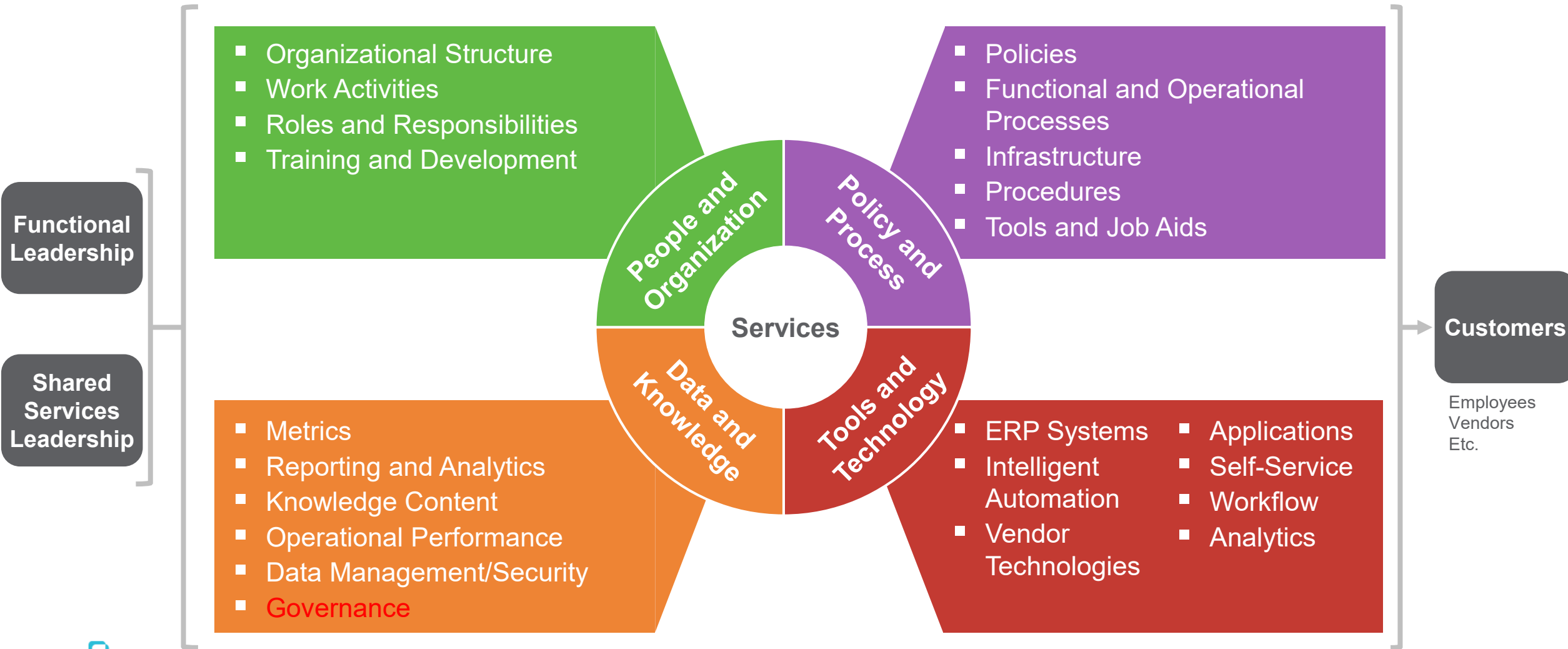


## Critical Steps in the Process

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.

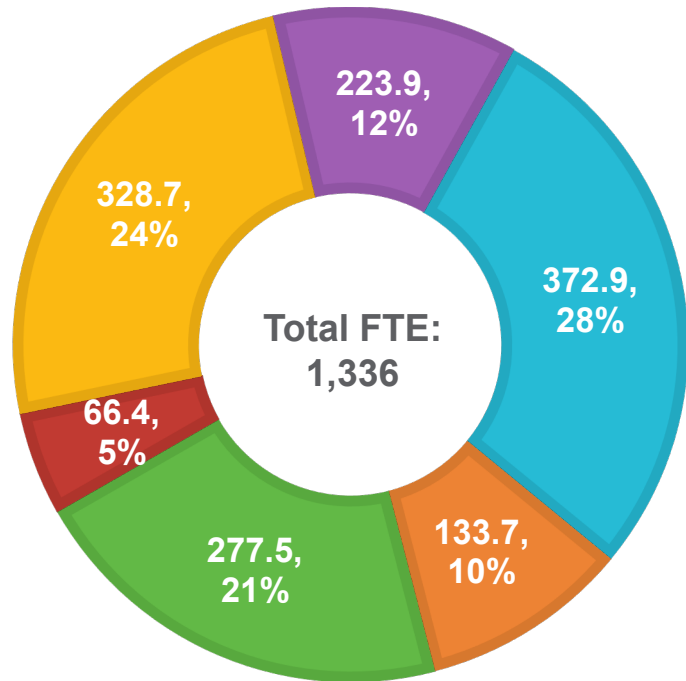


# Assessing the Current Operations

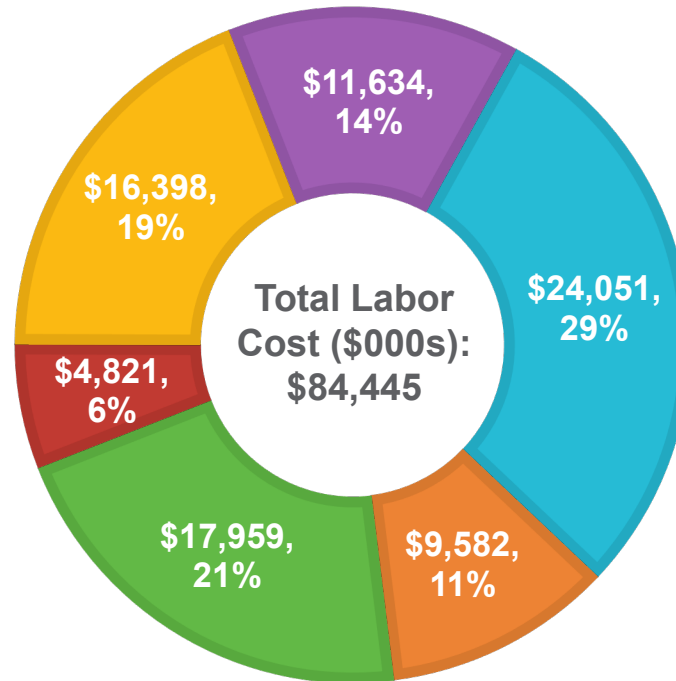


# Current State Assessment

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



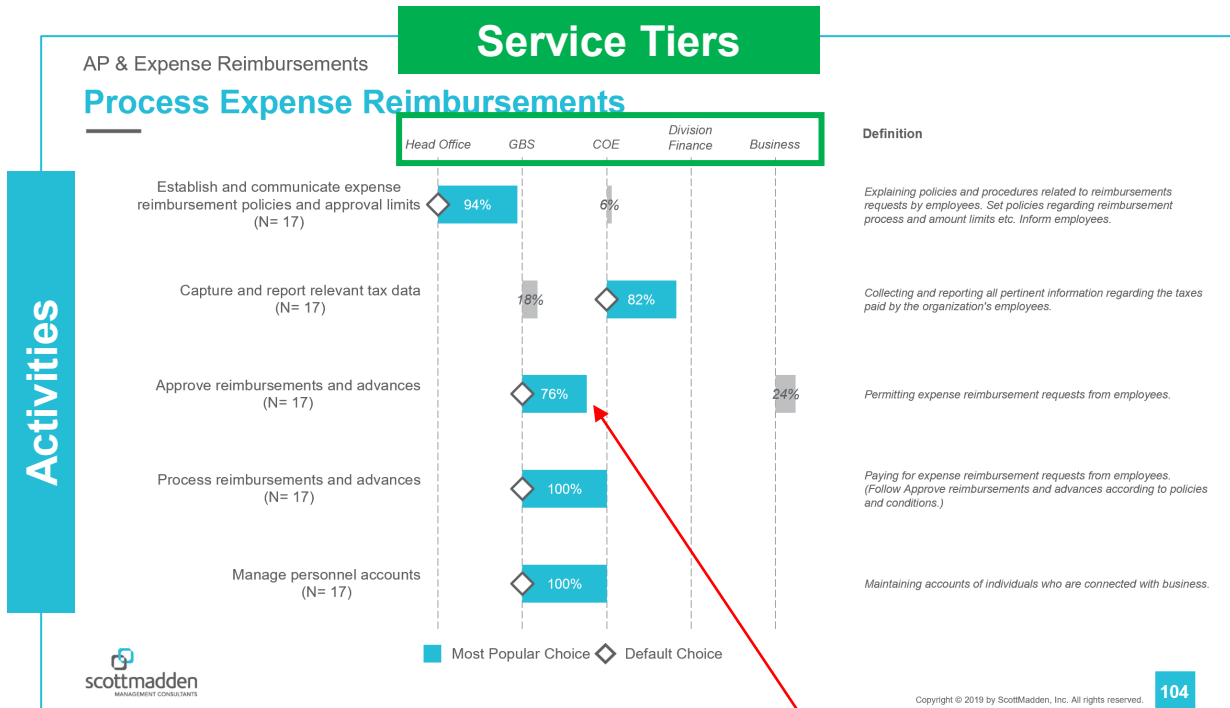
- Contracts & Grants Management
- Facilities
- Human Resources



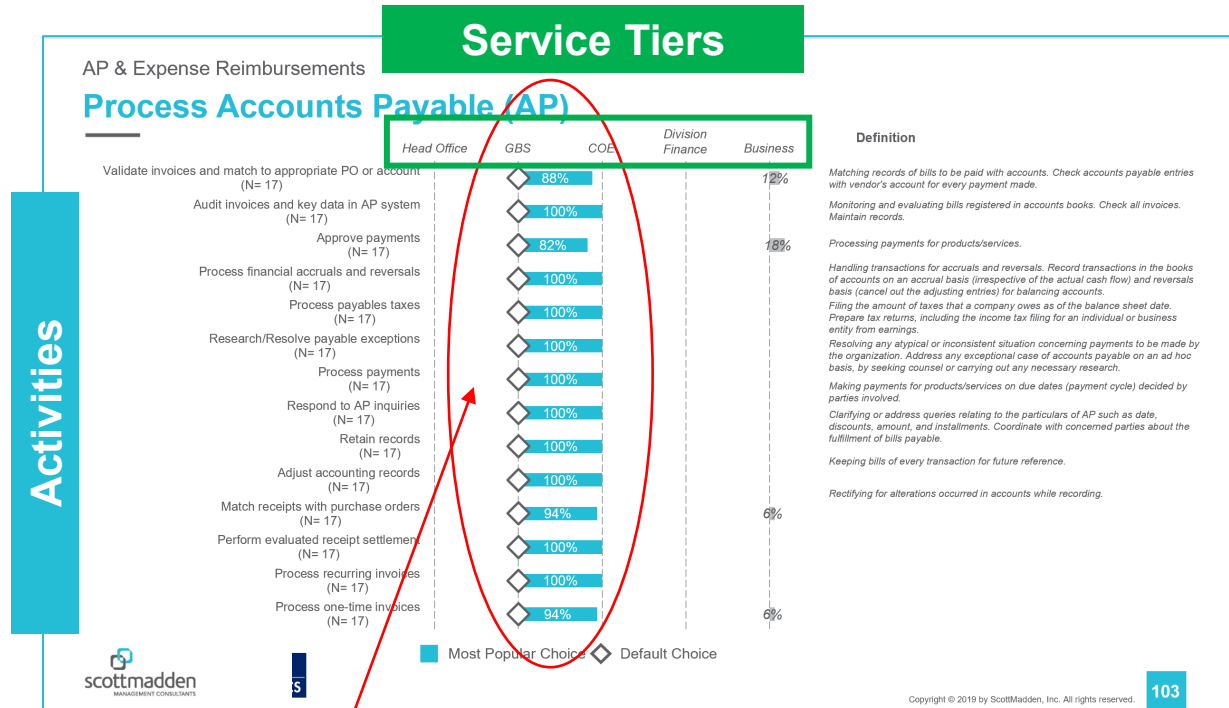
**A Work Activity Assessment can be an effective tool to support this step**

# Design: Scope of Services

Alignment of where discrete activities are placed within the service model is a key feature of design. Each function and each industry will place activities in the model based on their strategic objectives.



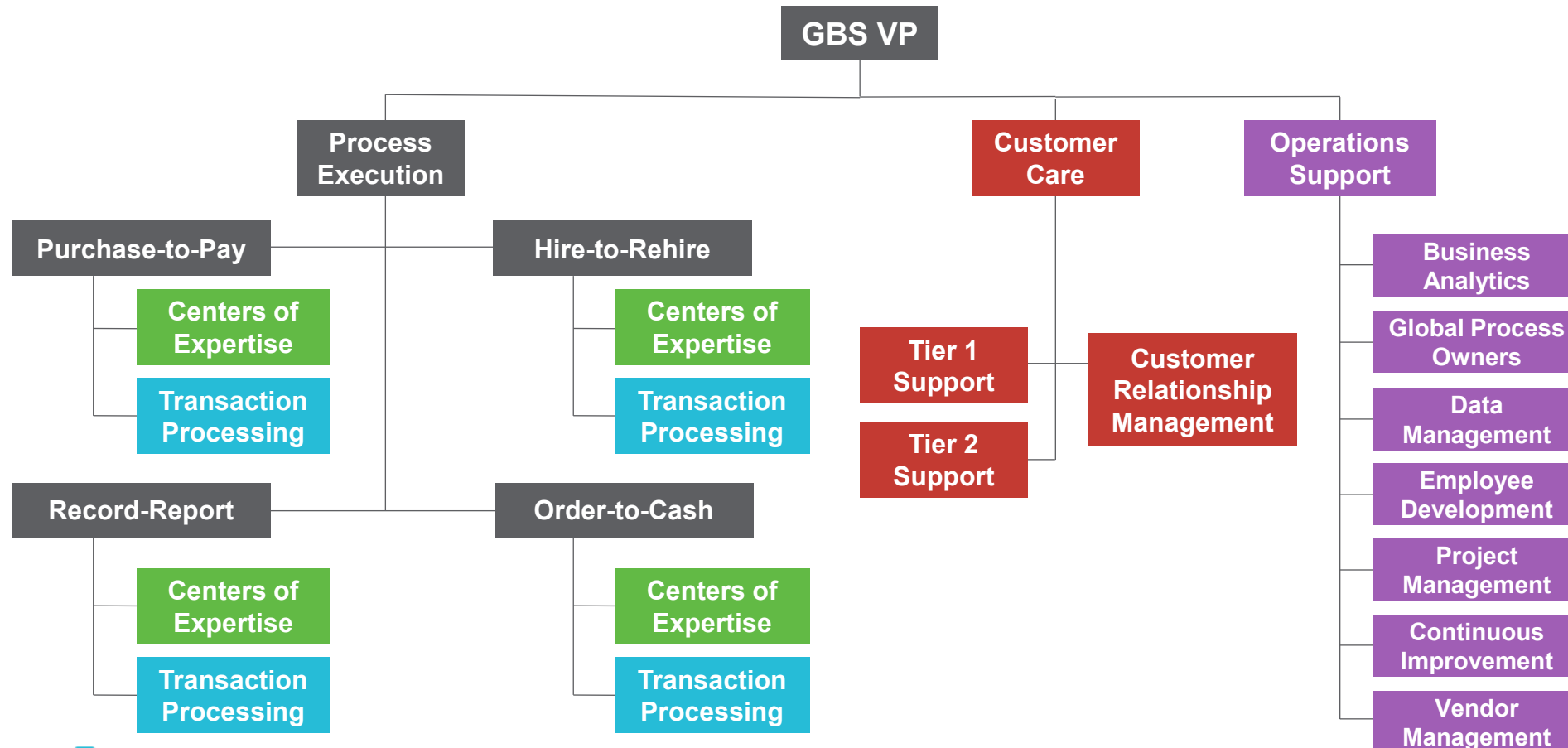
Less than 80% of respondents agreed on the placement of activities



Greater than 80% of respondents agreed on the placement of activities

# Design: Leading Practice Global Business Services (GBS) Org

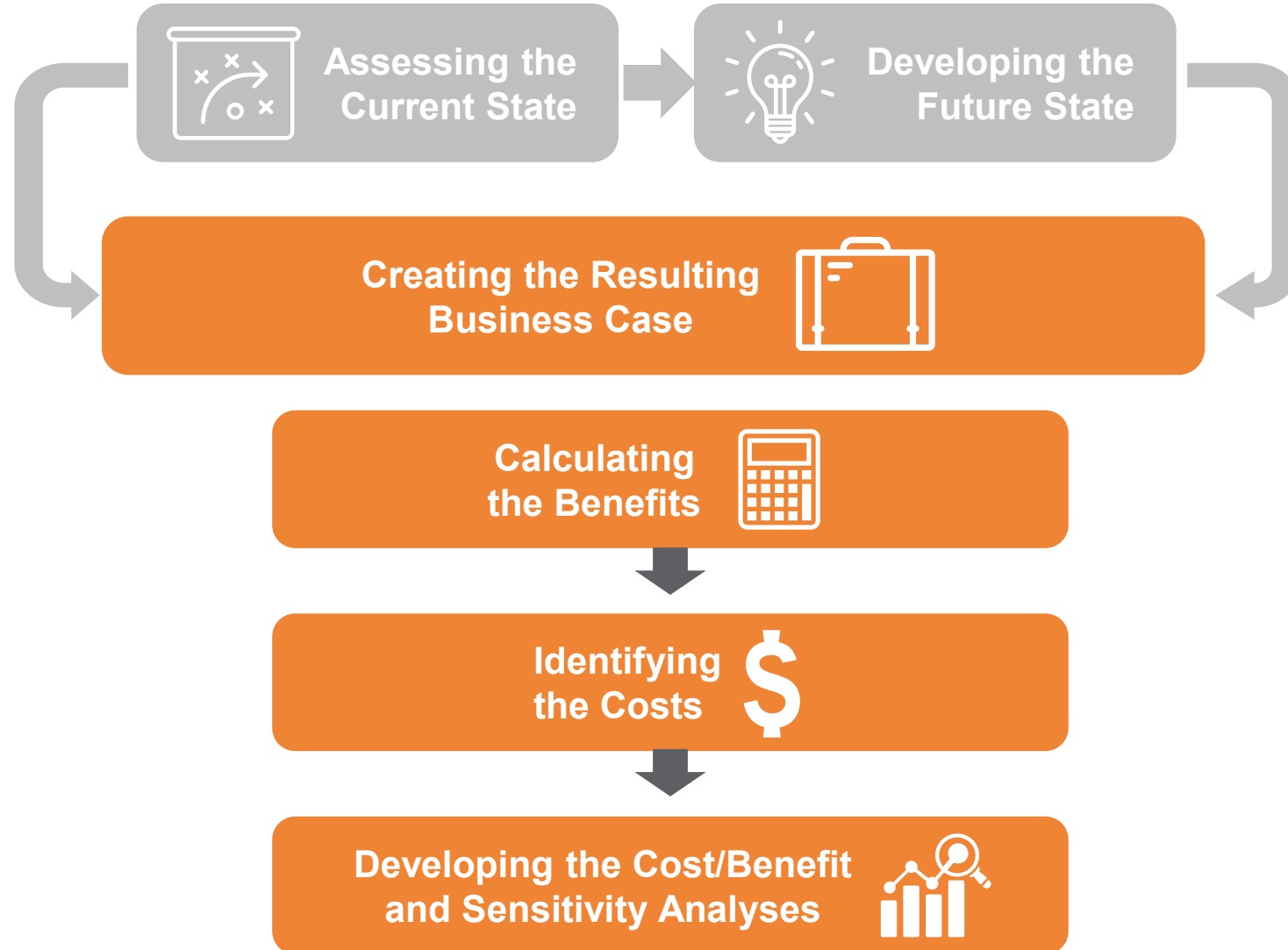
GBS organizations fundamentally shift several processing structures, while maintaining some commonality in operations support with more traditional shared services models.



## Several highlights

- End-to-end process orientation
- Separate, accountable, customer care
- Enhanced “Operations Support” to factor key elements of the GBS model (e.g., Global Process Owners)

# Business Case Preparation Steps



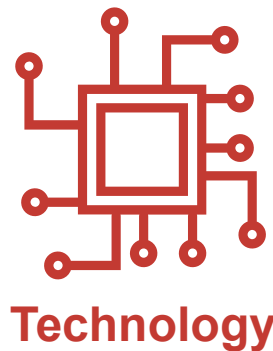
# Calculating the Benefits

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

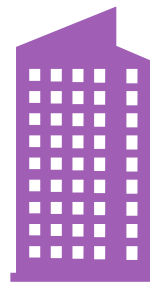
## Headcount Benefits (Labor)



## Other Quantifiable Benefits:



Technology



Site



Vendors

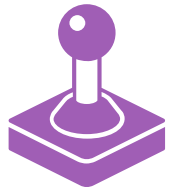
## Calculating the Benefits – Soft Benefits

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

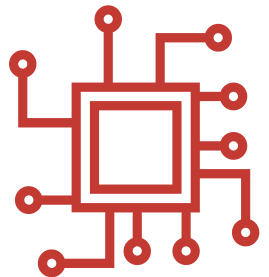
# Identifying Costs

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



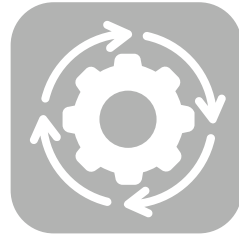
Consulting and  
Project Team



Marketing  
and Training



Site

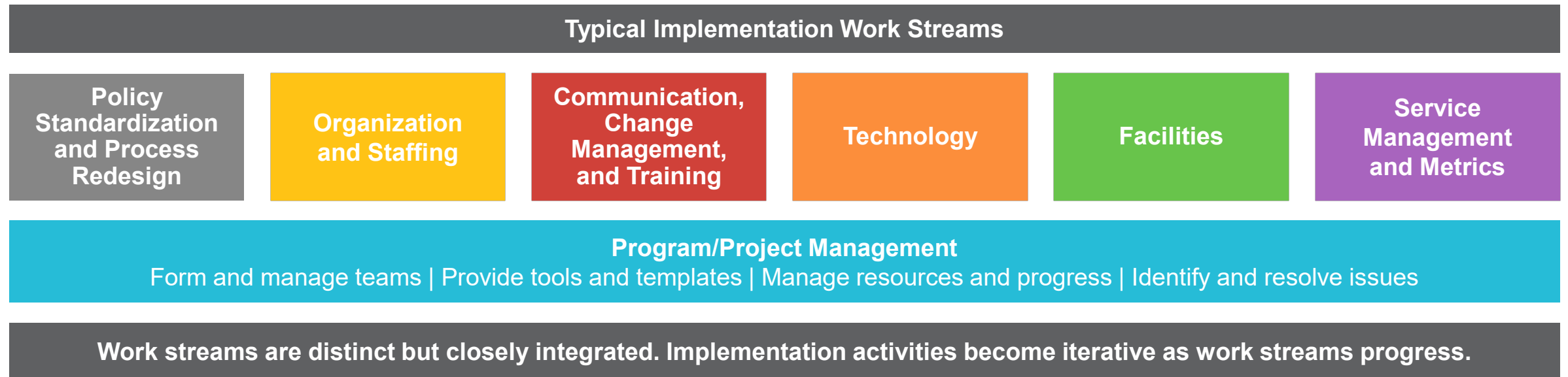


# Fundamentals for Implementing Shared Services

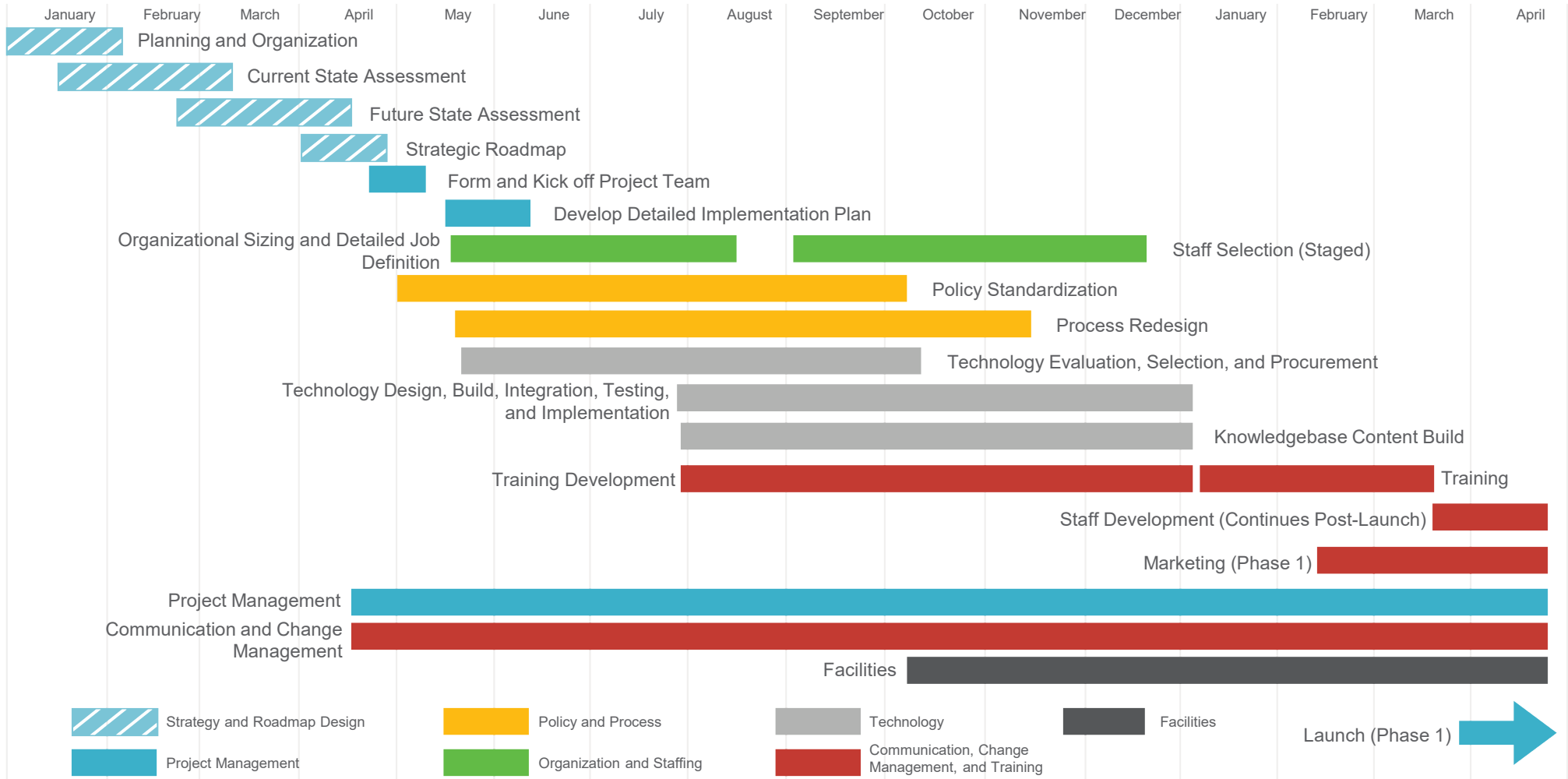


## Typical Implementation Work Streams

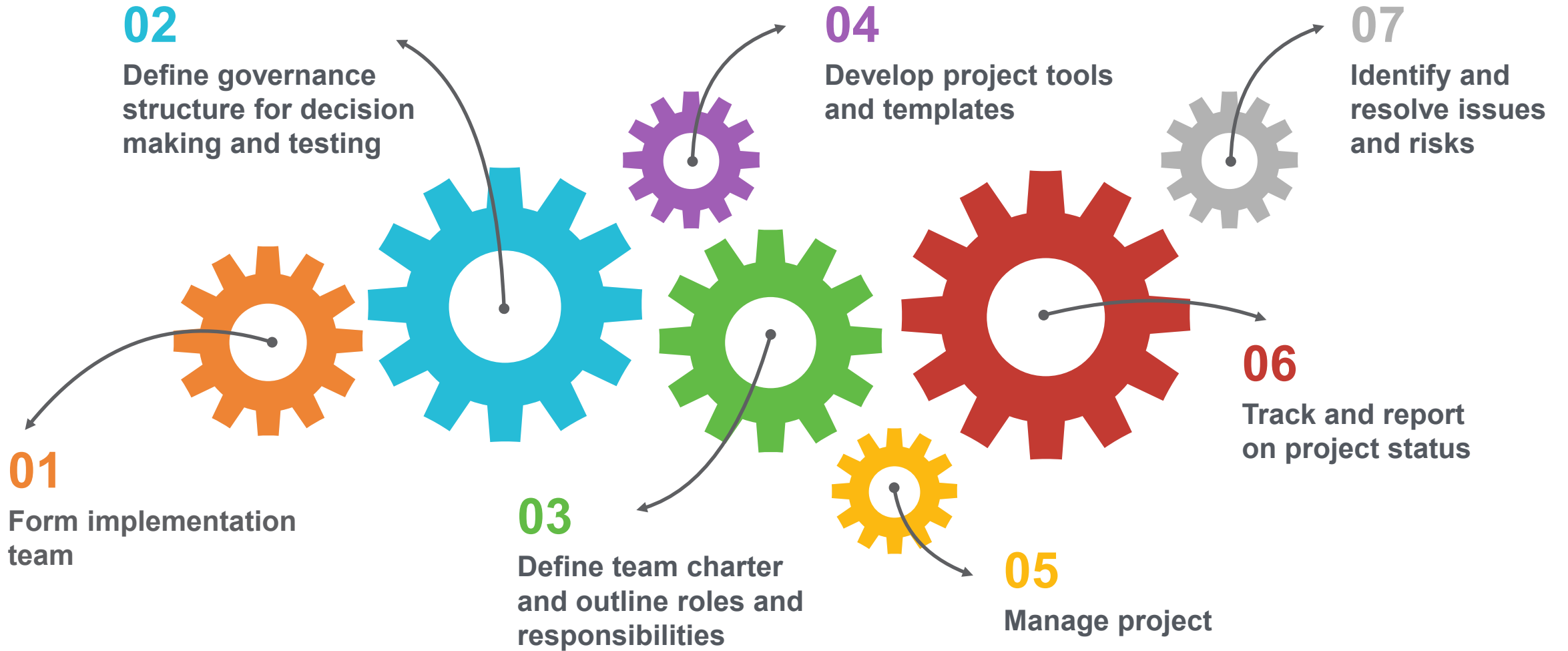
After the business case and roadmap are complete, service centers are built and launched. Implementations typically consist of major work streams and corresponding key activities.



# Typical Timeline

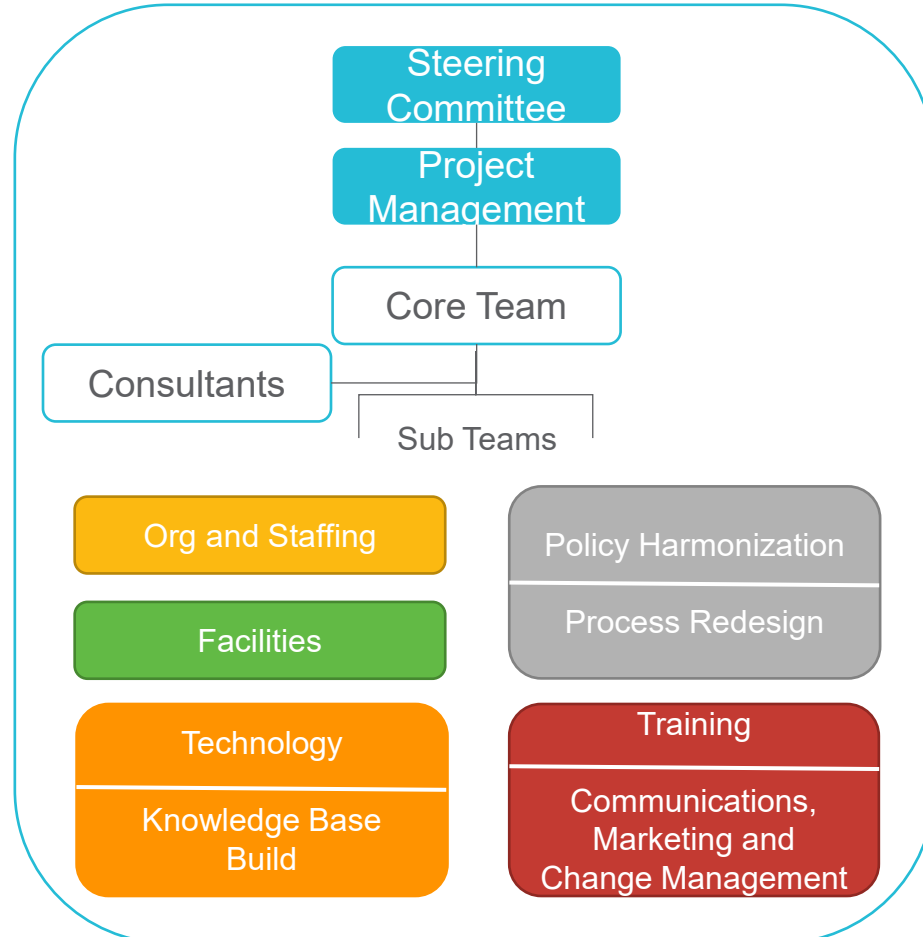


# Project Management Tasks



# Forming the Right Team

## Typical Project Organization

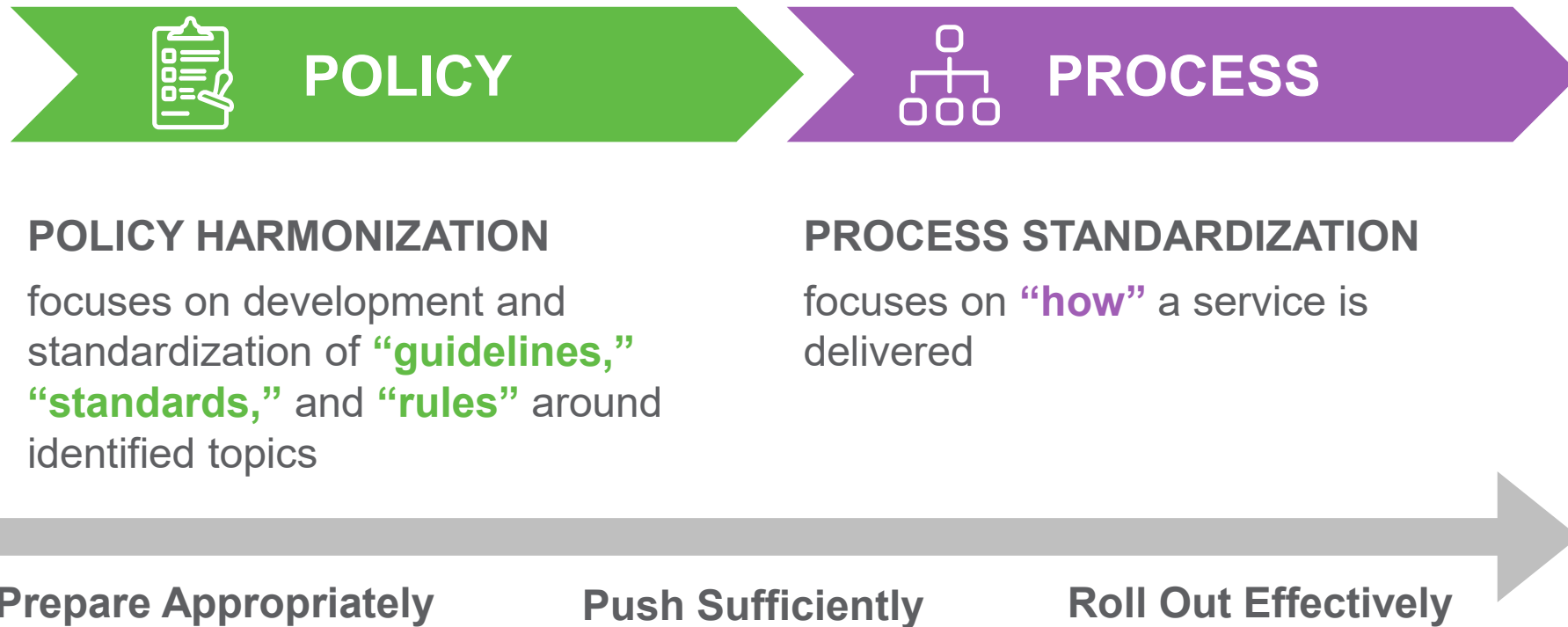


## Part-Time Participants and Subject Matter Experts



## 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.

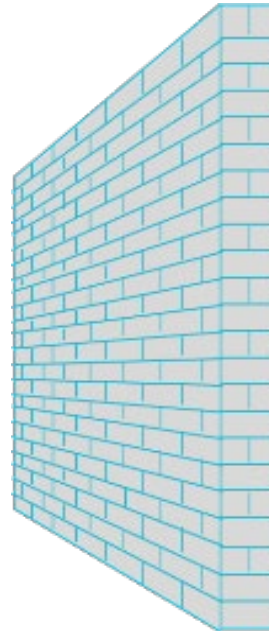


## Organization and Staffing

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

# Service Management Technologies Capabilities Overview

## Philosophy of Service



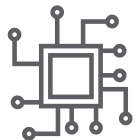
**Customer First**



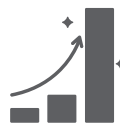
**Efficient, Self-Directed  
Work Teams**



**Performance Driven**



**Technology Driven**



**Continuous Improvement**

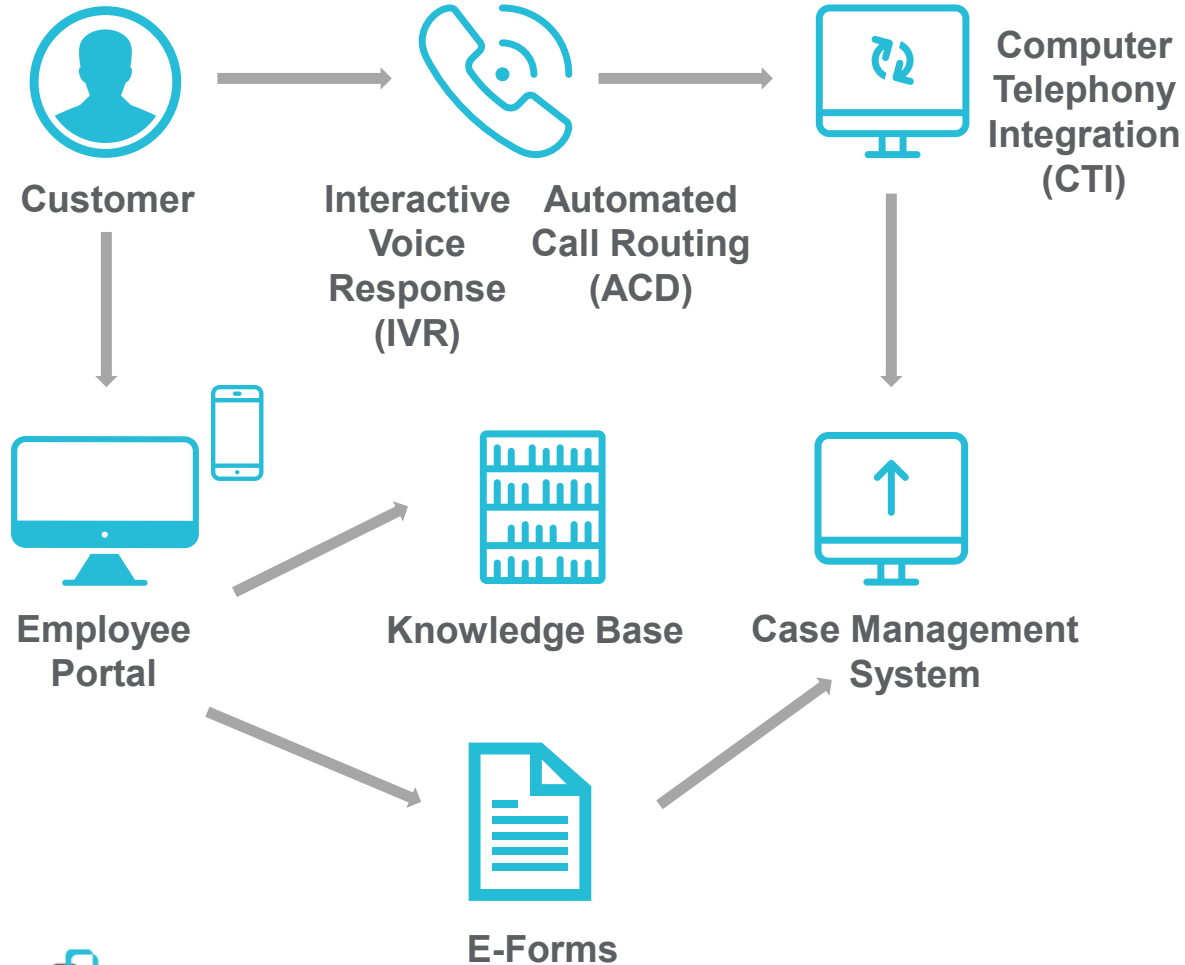


## Supporting Technologies

- 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

# Customer Care Technology

A shared services delivery model requires a foundation and investment in customer care technologies.



## Telephony System (IVR, ACD, CTI)

- Enables employee data verification with HCM integration
- Supports higher resolution rate on first contact by routing calls to the most appropriate and available representative




## Case Management System (CMS)

- Provides one system to create, track, and review cases
- Offers flexible communication channels (e.g., text, live chat) with customers
- Enables 24/7 support to employees in different time zones or for non-office workers with virtual agent
- Supports better performance management with case metrics tracking and reporting

## Portal and Knowledge Base

- Provides a "one-stop shop" for content
- Offers improved mobile accessibility and robust search function
- Lifts transactional burden across the function

# Automation Technologies

	 <b>Robotic Process Automation</b>	 <b>Virtual Agents and Chatbots</b>	 <b>Artificial Intelligence</b>
<b>Level of Adoption</b>	80% <sup>1</sup>	45% <sup>1</sup>	43% <sup>1</sup>
<b>Characteristics of Data Input</b>	Structured, rule driven, static	Structured data, but requires cognitive computing	Unstructured/structured data with hidden patterns
<b>Nature of Ideal Process Fit</b>	<ul style="list-style-type: none"> <li>▪ Digital Repetitive Steps</li> <li>▪ Rule-Based/Logic Driven</li> <li>▪ Time Consuming</li> <li>▪ Documented</li> <li>▪ Static Rules</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer-Interfacing</li> <li>▪ Requires access to solve?</li> <li>▪ Multiple languages required</li> <li>▪ Multiple time zones required</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires research</li> <li>▪ Non-routine inquiries</li> <li>▪ Formula-driven</li> <li>▪ Requires pattern and detailed analysis</li> </ul>
<b>Process Candidate Examples</b>	<ul style="list-style-type: none"> <li>▪ AP/AR management</li> <li>▪ Billing and invoices</li> <li>▪ Data entry/management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer service</li> <li>▪ Vendor inquiries</li> <li>▪ Delivery/scheduling</li> </ul>	<ul style="list-style-type: none"> <li>▪ Document research (contracts)</li> <li>▪ Forecasting (turnover)</li> <li>▪ Analytics (process mining)</li> </ul>

**Data structure and integrity is essential across all IA.**

<sup>1</sup> = Source; HfS research

# 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



## Pros and Cons of Virtual or Hybrid Models

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

### Pros

Reduced Cost

Happier Employees and Increased Productivity

Saved Time and Stress on Commuting

Hiring without Borders

Remote Work is an Option, Not an Obligation

### Cons

Communication Can Get Messy

Working Conditions Outside of the Office

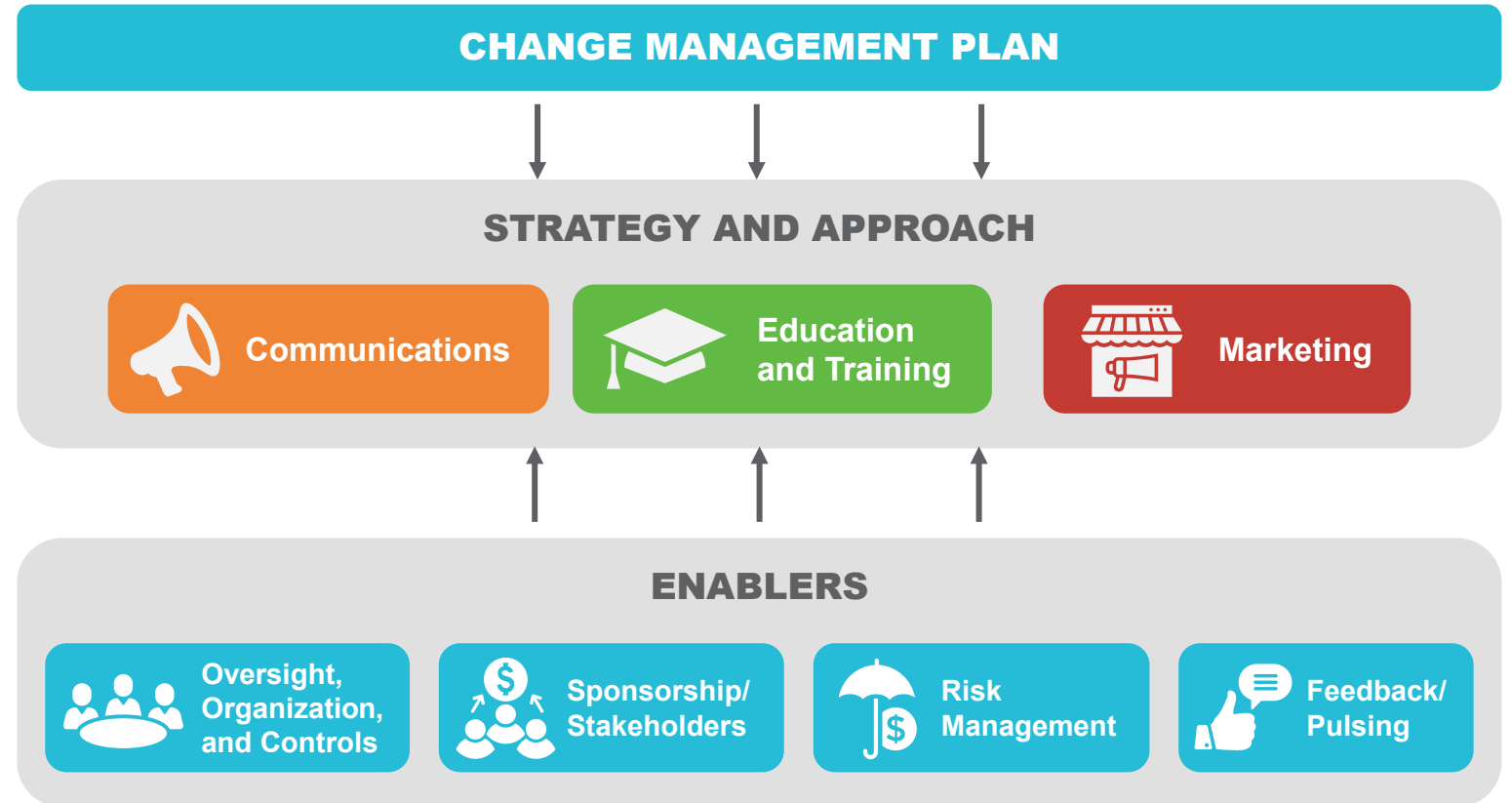
Isolation From the Rest of the Team

Data Security Concerns

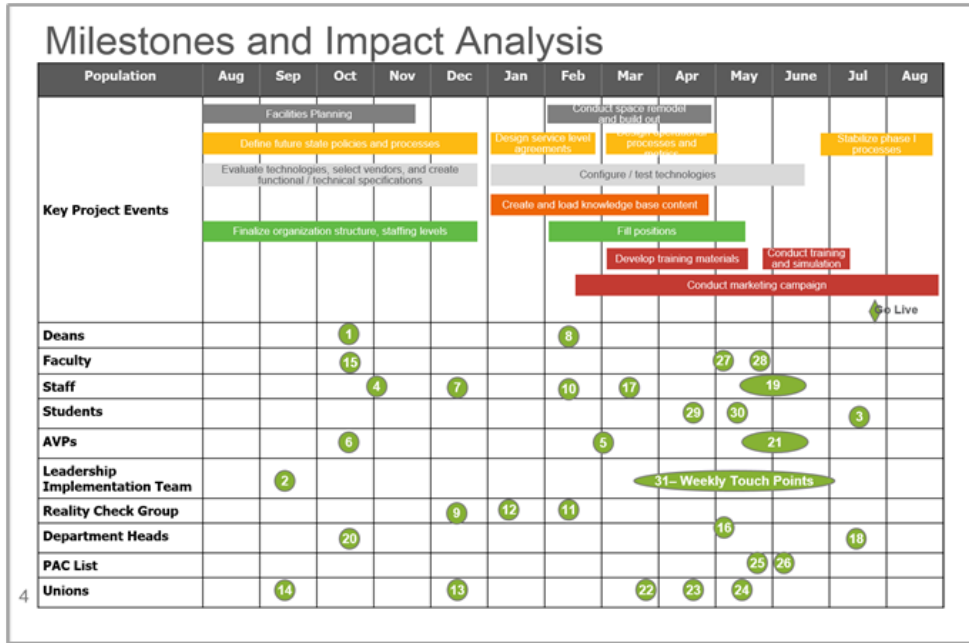
# Change Management Framework

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



Talent Acquisition

### Job Requisition and Posting – Stop / Start / Continue

	Managers	HR Operations	Field Services	TA COE
<b>Start</b> 👍	<ul style="list-style-type: none"> <li>Submit job posting intake form through ServiceNow to the Talent Acquisition COE</li> <li>Interact with the Talent Acquisition COE / Specialist for hiring processes</li> </ul>		<ul style="list-style-type: none"> <li>Consult with Hiring Managers on hiring needs (e.g., skillsets needed, types of positions, tactics to address staffing plans)</li> </ul>	<ul style="list-style-type: none"> <li>(Specialist) Review and modify job posting intake form, as needed</li> <li>(Specialist) Post job in iRecruitment</li> <li>(Recruiter) Conducting intake meetings with Hiring Managers</li> </ul>
<b>Stop</b> 🛑	<ul style="list-style-type: none"> <li>Make job requisition or posting requests verbally or via email to HR-Generalists</li> </ul>	<ul style="list-style-type: none"> <li>Review job ad template and Vacancy Submittal form</li> <li>Enter job posting in iRecruitment</li> </ul>	<ul style="list-style-type: none"> <li>Act on individual requisitions and postings</li> <li>Submit the Vacancy Submittal form to Central Services</li> <li>Conduct intake meetings with Hiring Managers</li> <li>Complete job ad template</li> </ul>	
<b>Continue</b> 👉	<ul style="list-style-type: none"> <li>Identify need to fill a vacant position</li> </ul>			<ul style="list-style-type: none"> <li>(Recruiter) Advise on advertising and recruiting options</li> <li>(Recruiter) Connect with advertising vendor on job advertisements</li> </ul>

⚠️ = Dependency

scottmadden MANAGEMENT CONSULTANTS

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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.

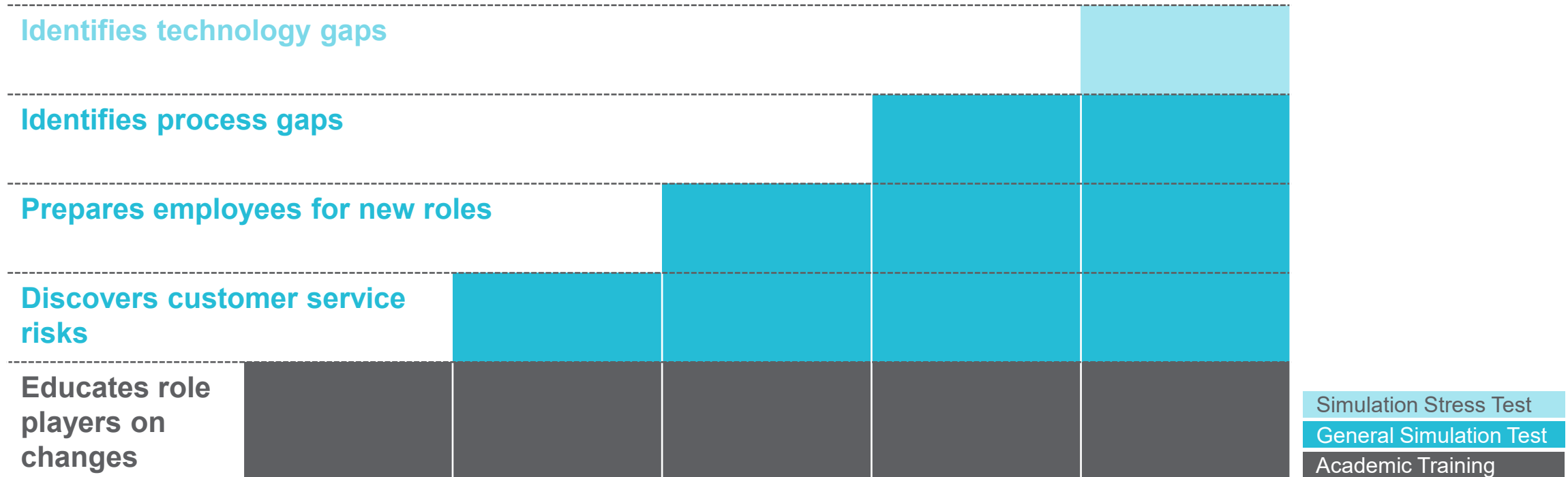
## Example Training Assessment

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:





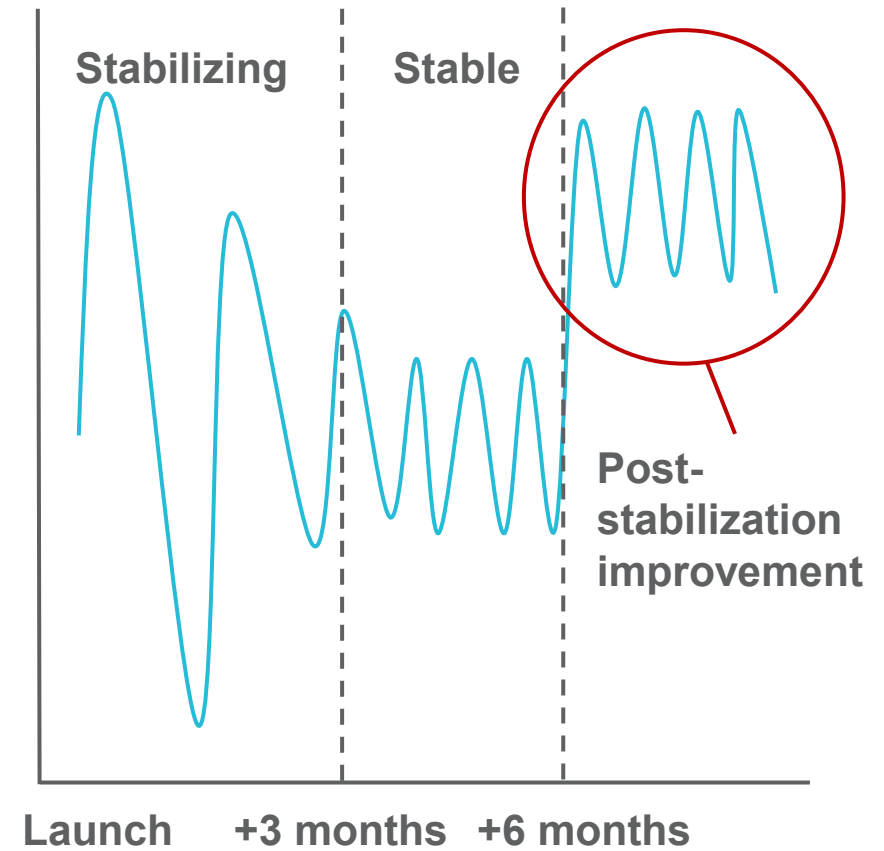
# Stabilization Success Factors



## Establish the Stabilization Plan

After launching, 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**
- Establish a **“tiger” team** to address stabilization challenges
- **Update internal customers** on shared services performance and stabilization
- Officially **end stabilization** activities when appropriate



## Ensure Strong Governance Is in Place

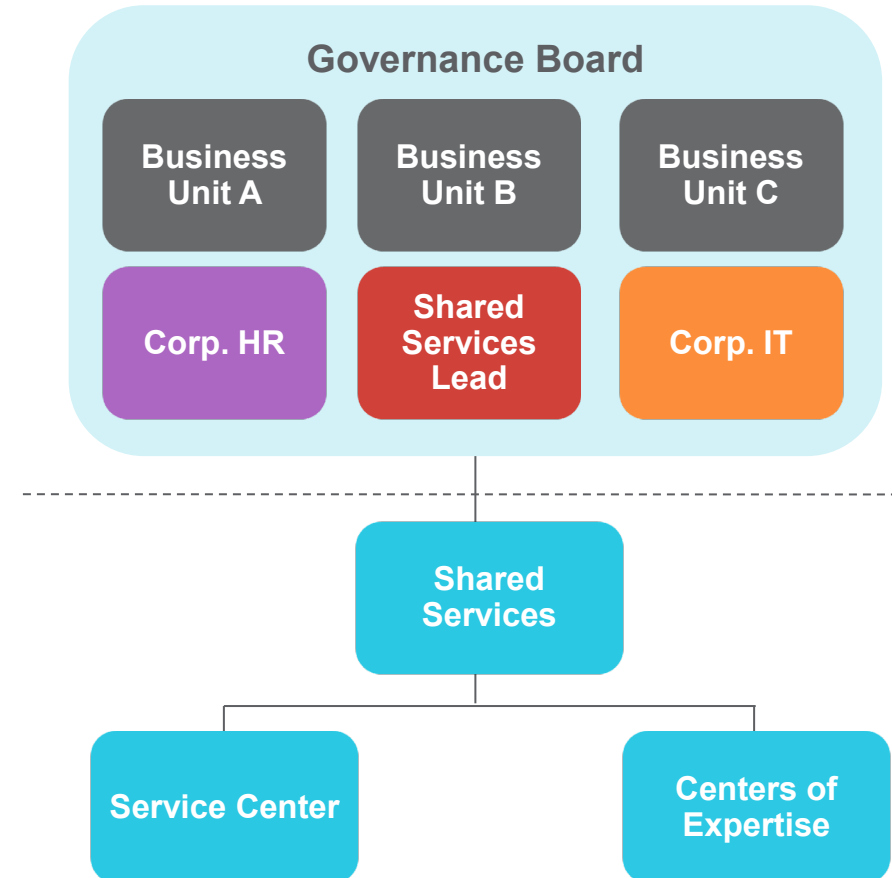
The formality and participating members in an oversight committee are influenced by the size of the organization, the number and complexity of services, organizational culture, and hierarchy.

### Shared Services Governance Board Characteristics

- Represents business units, shared services, and critical support organizations (e.g., IT, HR, etc.)
- Ensures vision and strategies are aligned
- Directs the operational team and serves as a point of escalation

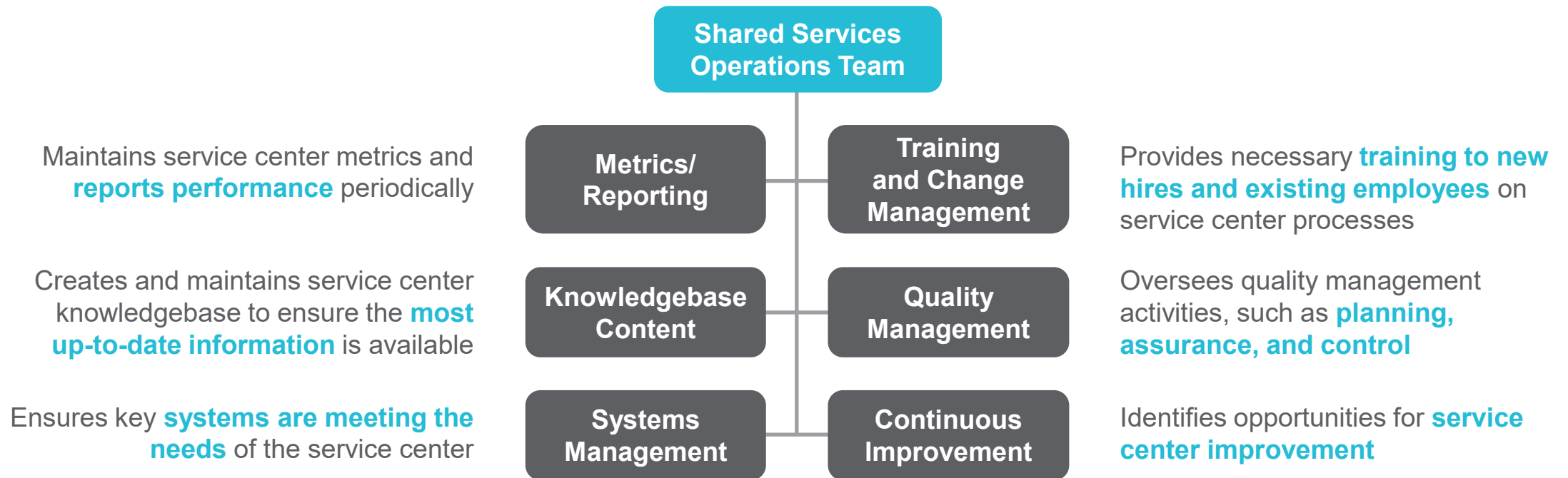
### Key Benefits

- Represents the shared services organization
- Allows customers to influence direction
- Controls spending and prioritizes initiatives
- Integrates with other business initiatives



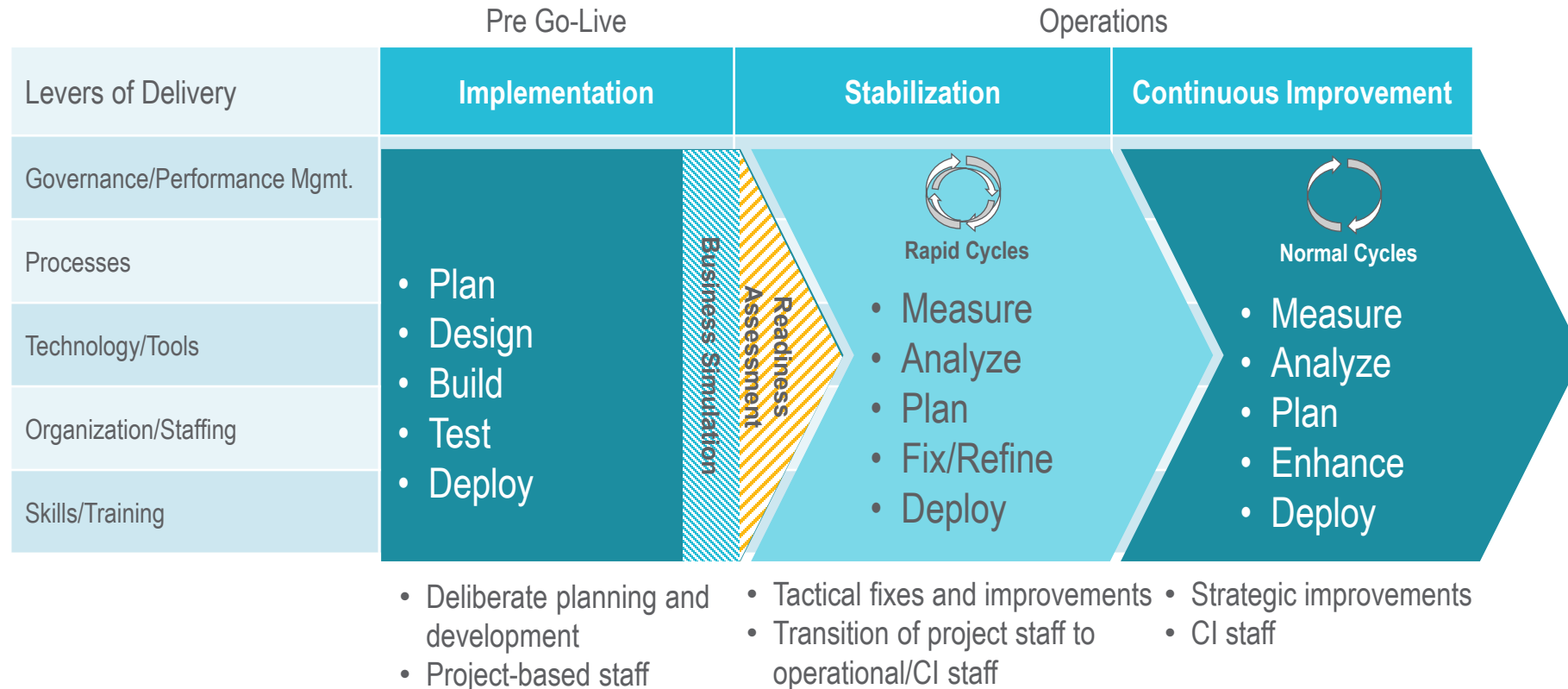
# Operational Support Team

- 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



# Transitioning to Continuous Improvement

- Mindset toward continuous improvement (CI) **starts with implementation and evolves through operations**; the levers of delivery change through each phase
- Processes for identification and prioritization of **requirements change through the transitions**



# What's Next for Your SSO?

For those who have implemented and are wondering what's next, attend our advanced session **Workshop E – Shared Services 501: “Taking Your Shared Services Operation to the Next Level”** today, **March 21, at 10:00am ET**. Topics Include:



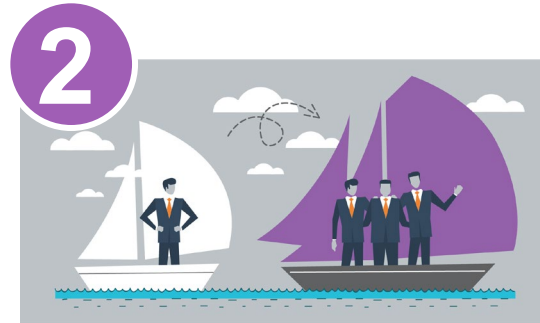
## INNOVATE

RPA

Artificial intelligence

Social media

Analytics



## EXPAND

Multi-function

Global



## 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

## Hear from one of our clients:

- Tuesday, 1:25pm–1:55pm
  - **GXO:** Building a Continuous Improvement Culture in HR Shared Service



## Stop by ScottMadden’s booth to:

- Participate in our demo drive
- Drop a card to gain access to shared services insights and helpful resources
- Enter our booth drawing for a chance to win Apple AirPods
- Learn more about participating in our HR or Finance Shared Services benchmarking studies
- Play the “Game of GBS”



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

