



Smart. Focused. Done Right.®

Shared Services 101: The Essentials for a Leading Practice Organization

Shared Services & Outsourcing Week
Workshop A

March 2024

YOUR DISCUSSION LEADS



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SCOTTMADDEN



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SUCCESS FACTORS





Introduction to ScottMadden



Who We Are

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.

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

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 thousands of 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 assessment, strategy, design, implementation, technology, business case and roadmap, governance, program management, and change management.

Smart. Focused. Done Right.®

Areas of Focus



BUSINESS SUPPORT SERVICES

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



INFORMATION 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.



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.



MULTIFUNCTION/GBS

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



HUMAN CAPITAL MANAGEMENT

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.



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.

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

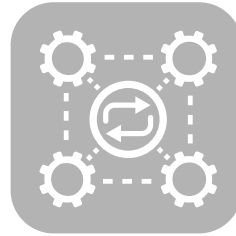


Improve

- 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, Non-profit	Energy and Utilities	Healthcare	Professional Services
						
						
						
						
						
						
						



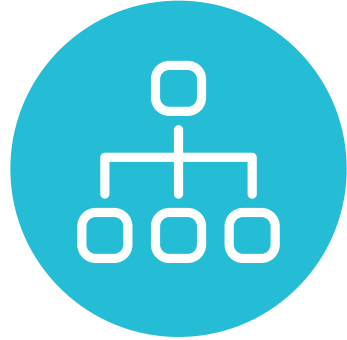
Shared Services Overview



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

- Standardize processes
- Establish common model for expansion
- Implement performance metrics
- Improve customer experience

Gain Control & Leverage Data

- Improve reporting and analytics
- Improve compliance
- Enable better decision making

Cost Control & Scalability




- Align skillset and work
- Create economies of scale
- Automated processes
- Eliminate redundant work

End-to-End Accountability

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



Benefits of Shared Services – Non-Labor Savings

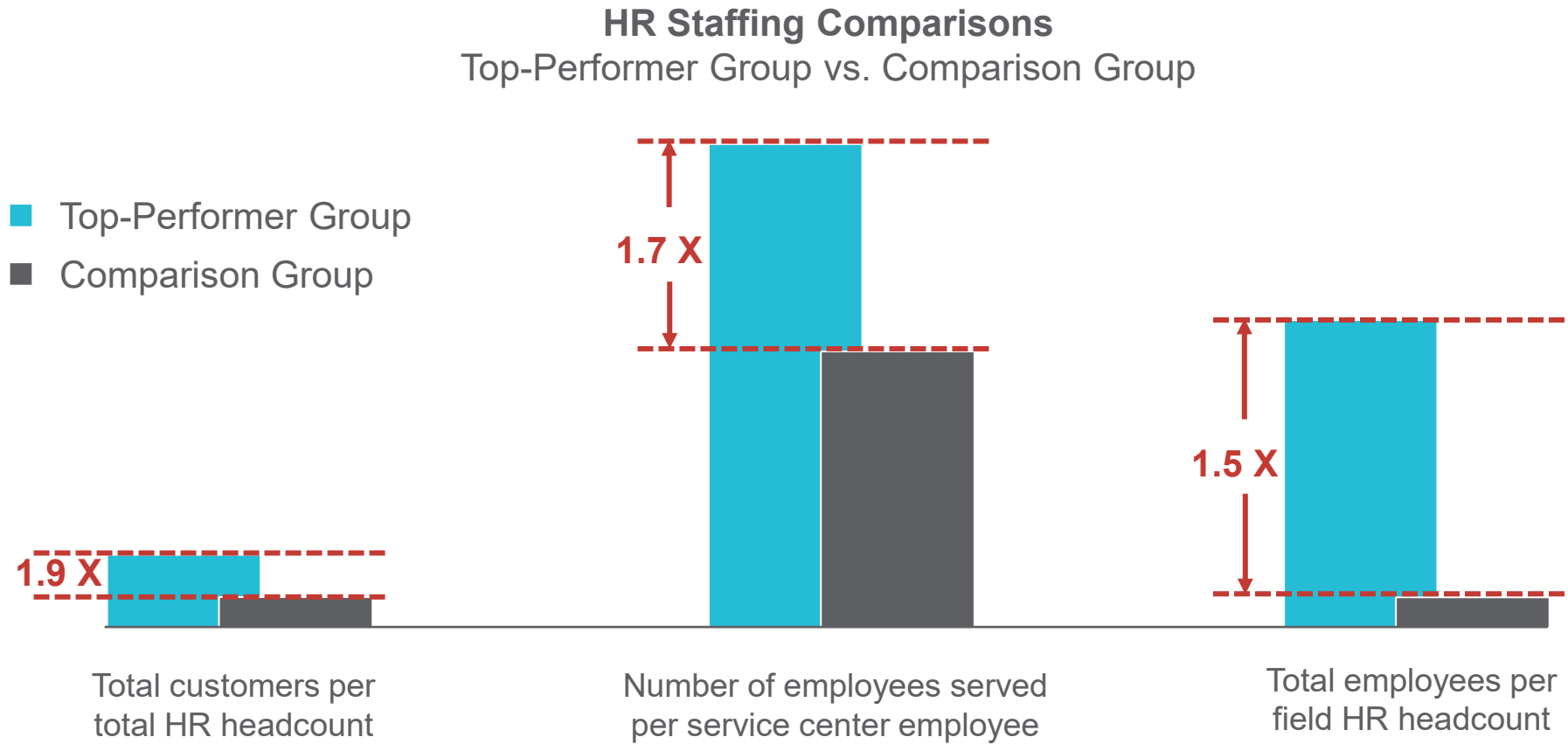
	Category	Savings Type	Example Range of Benefits
	Finance	<ul style="list-style-type: none">Audit fee reductionT&E expense savingsDynamic discounting savingsWorking capital improvement	\$100K – \$3M
	HR	<ul style="list-style-type: none">Recruiting cost avoidanceTraining cost reductionUnemployment insurance liability avoidance	\$50K – \$2M
	Administrative	<ul style="list-style-type: none">Facility and utility cost reductionOffice supply/mailing cost reductionCommuter services reductionTravel expense reduction	\$40K – \$3M
	Other	<ul style="list-style-type: none">Legal fee reductionContract consolidation	\$60K – \$600K

Additional soft-dollar 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.

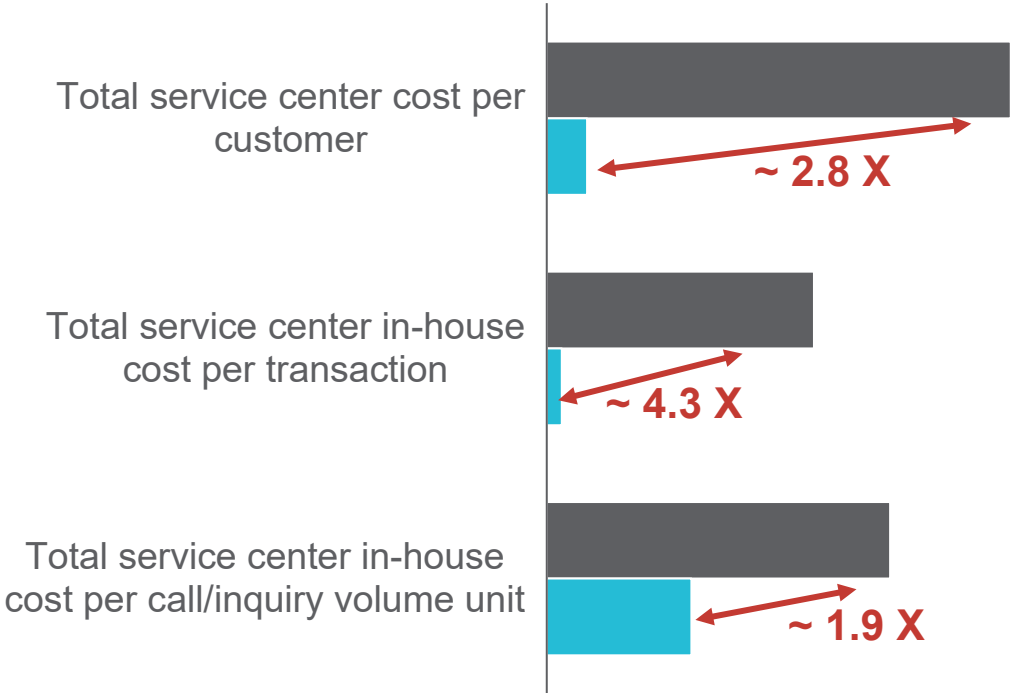


Benefits of Shared Services – HR Benchmarks (Cont'd)

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

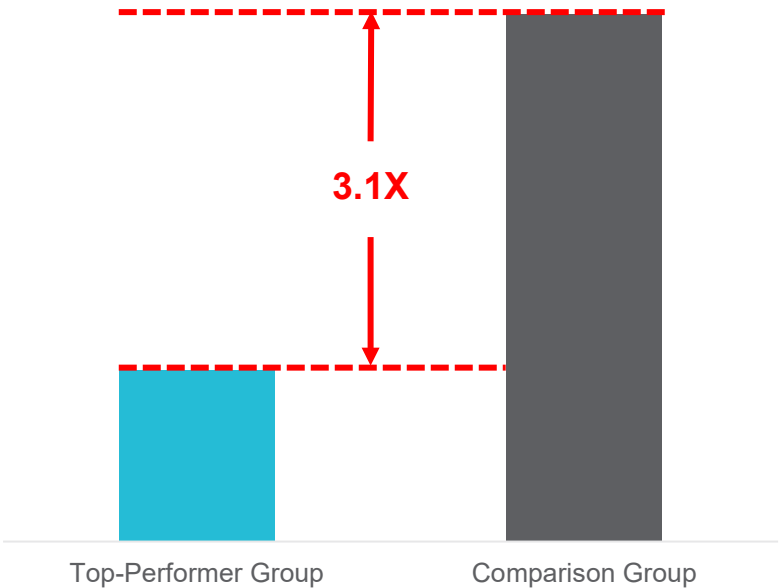


Benefits of Shared Services – Finance Benchmarks

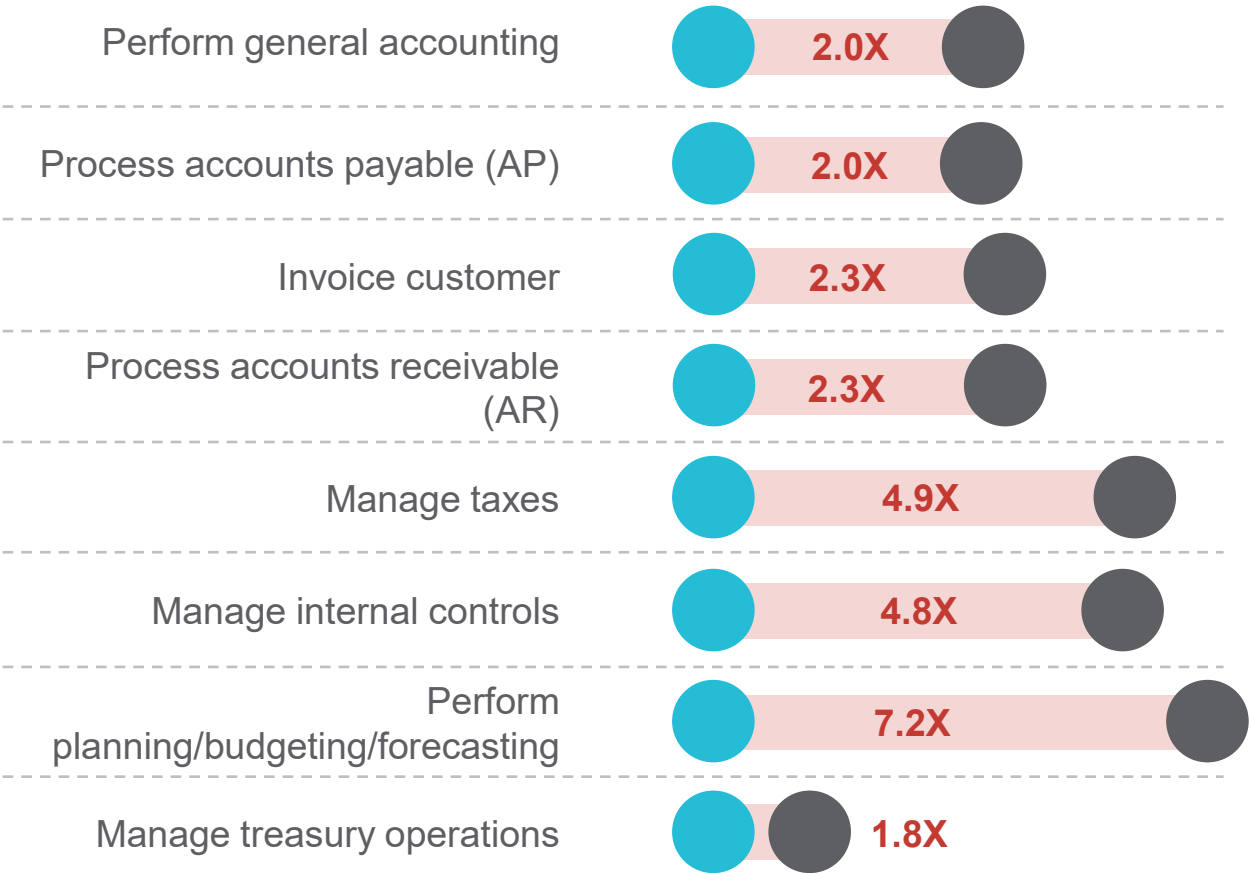
Top-performing finance shared services centers have significantly better staffing ratios.

- 3.1X more efficient overall
- Typically, 2-7X more efficient in staffing major finance processes

Median number of finance function FTEs across the entire organization per \$1 billion revenue

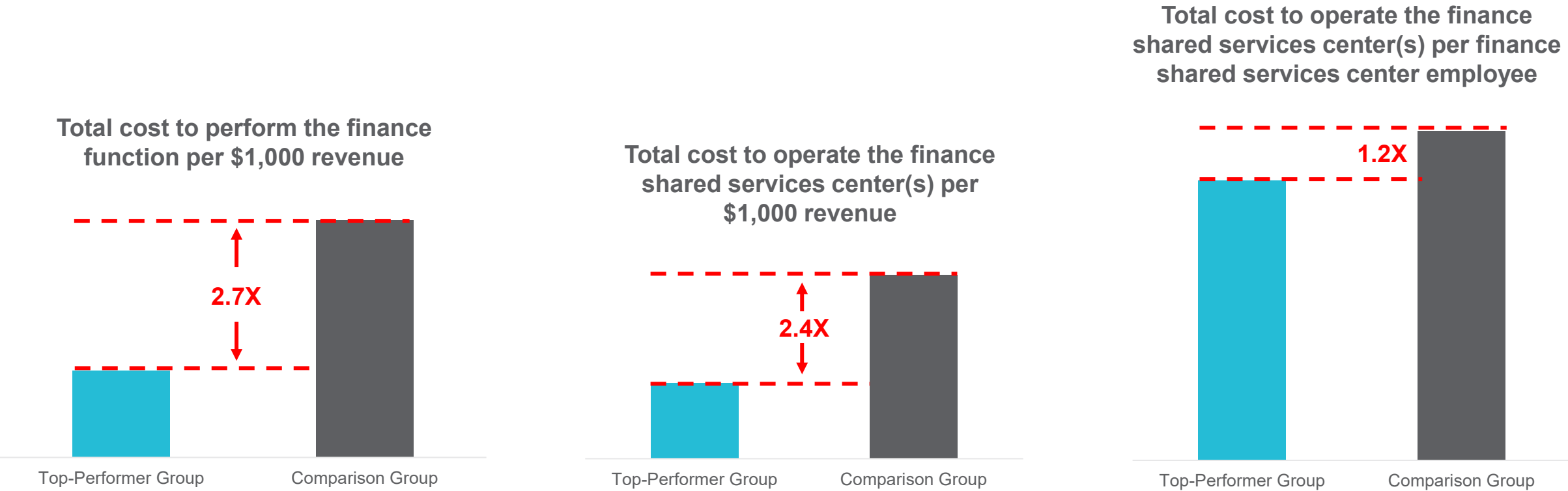


Median number of FTEs that perform the following processes per \$1 billion revenue

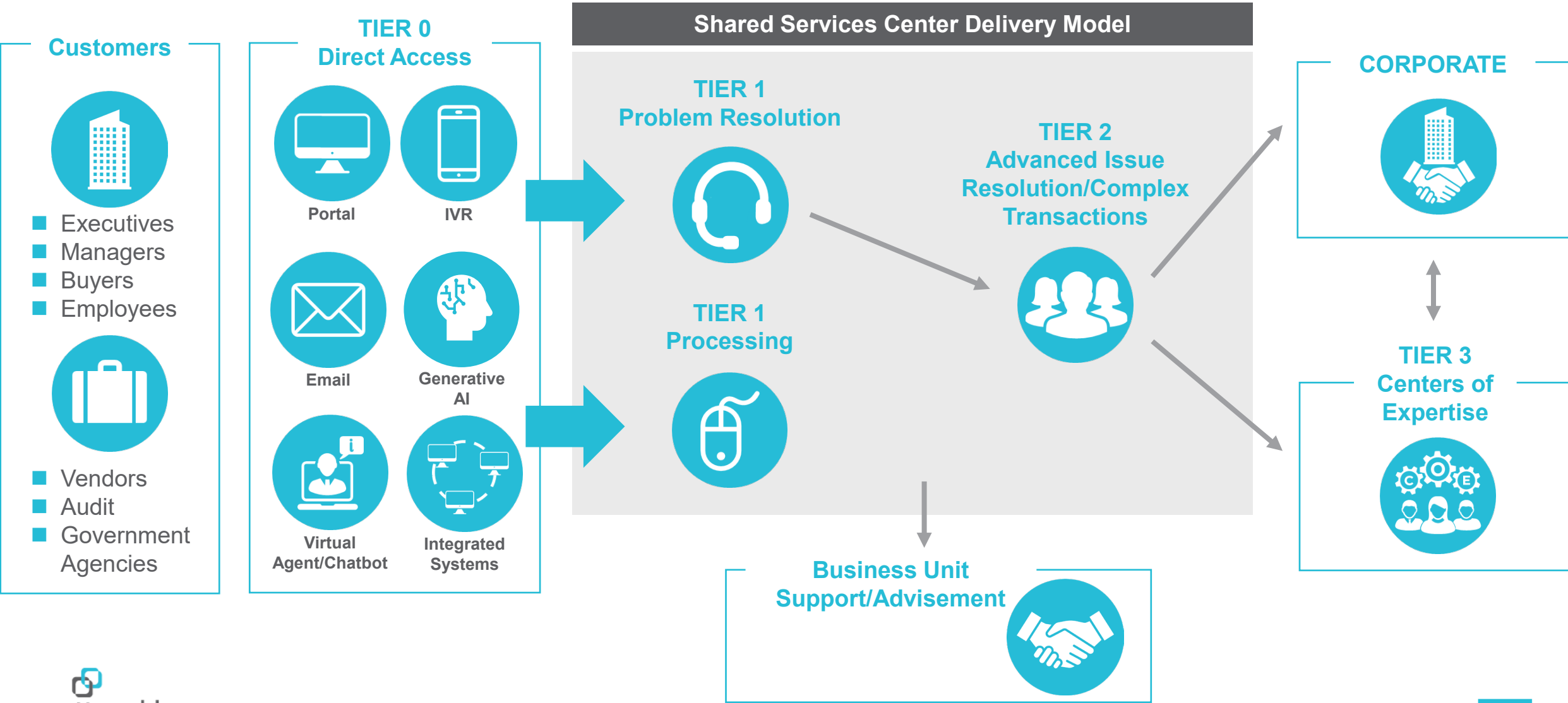


Benefits of Shared Services – Finance Benchmarks (Cont'd)

Top-performing organizations operate at a larger cost advantage for finance overall, as well as in their finance SSCs.

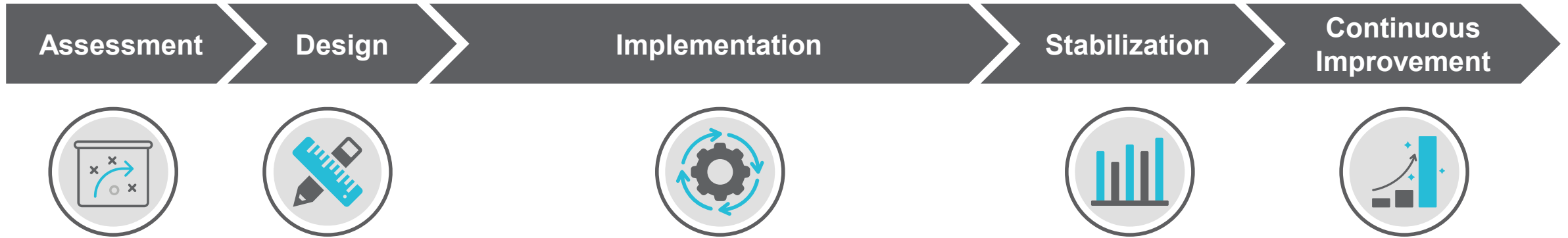


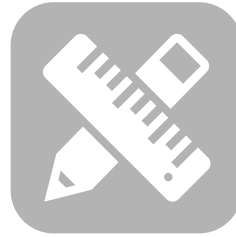
Leading Practice Tiered Delivery Model



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.

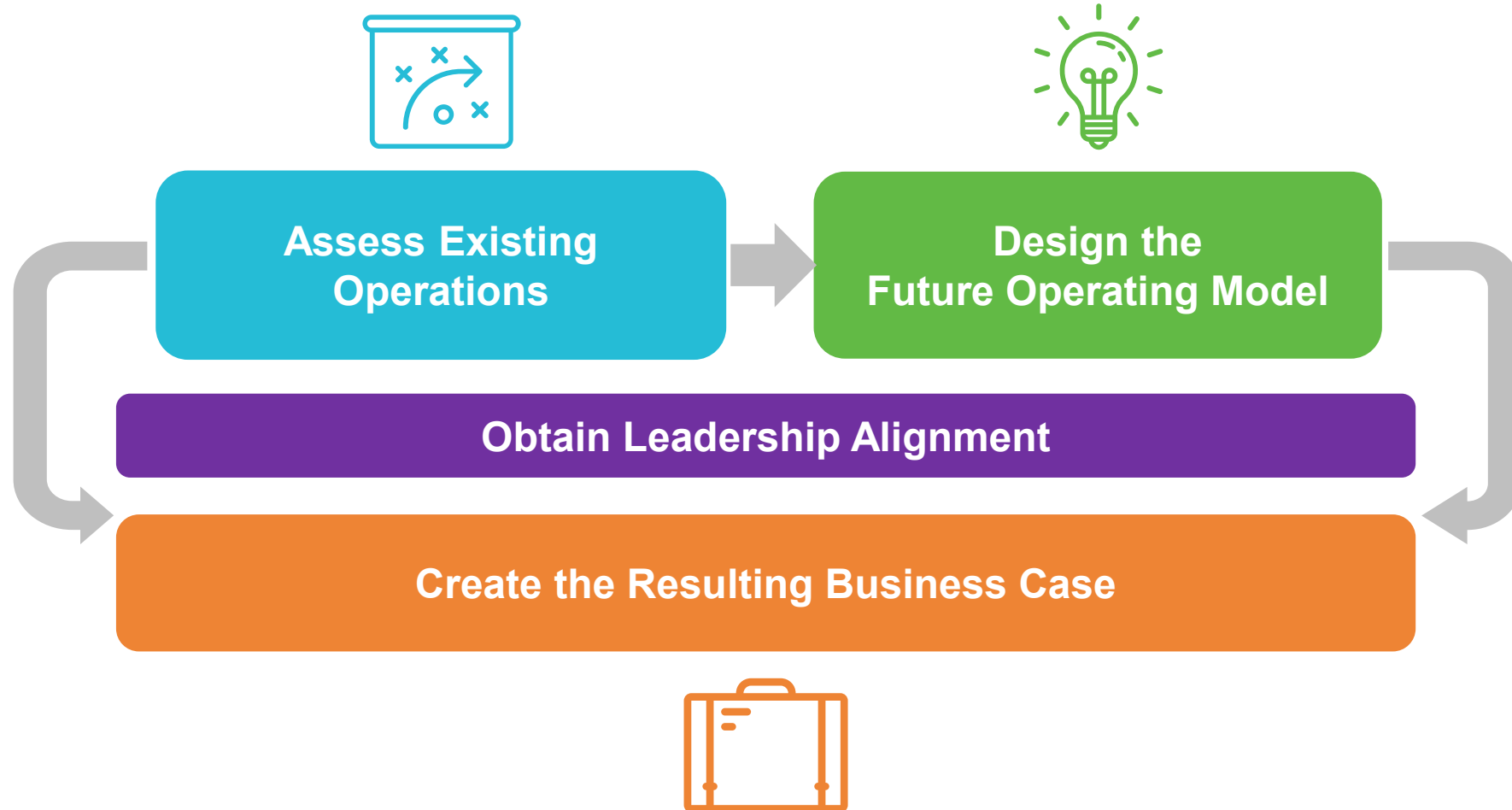




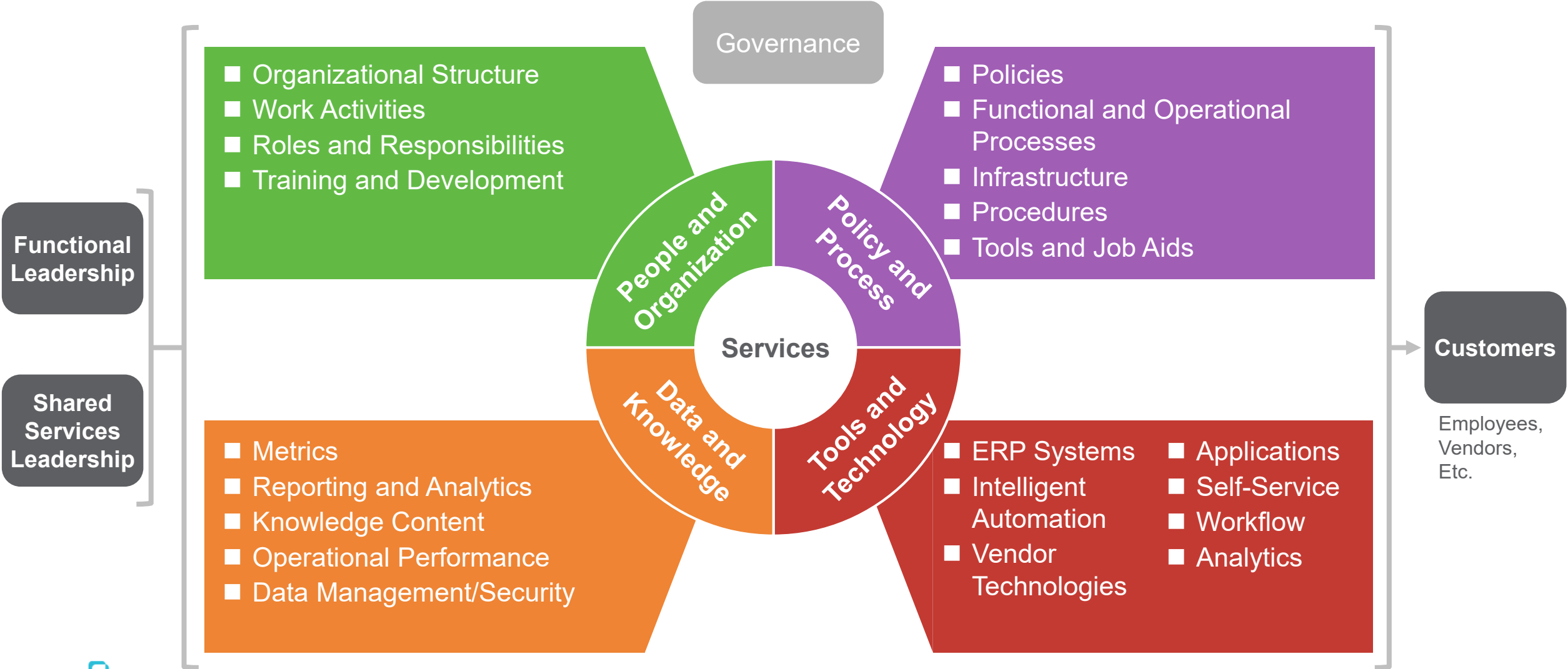
Assessment and Design



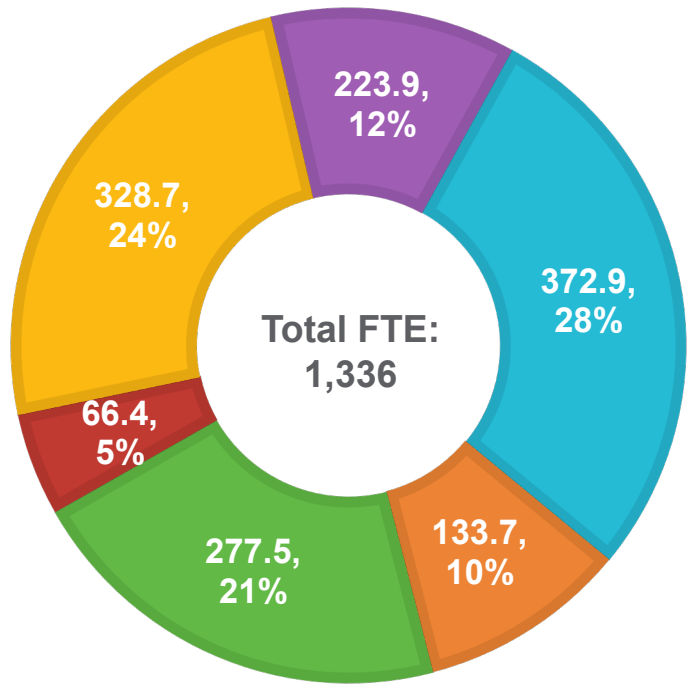
Critical Steps in the Process



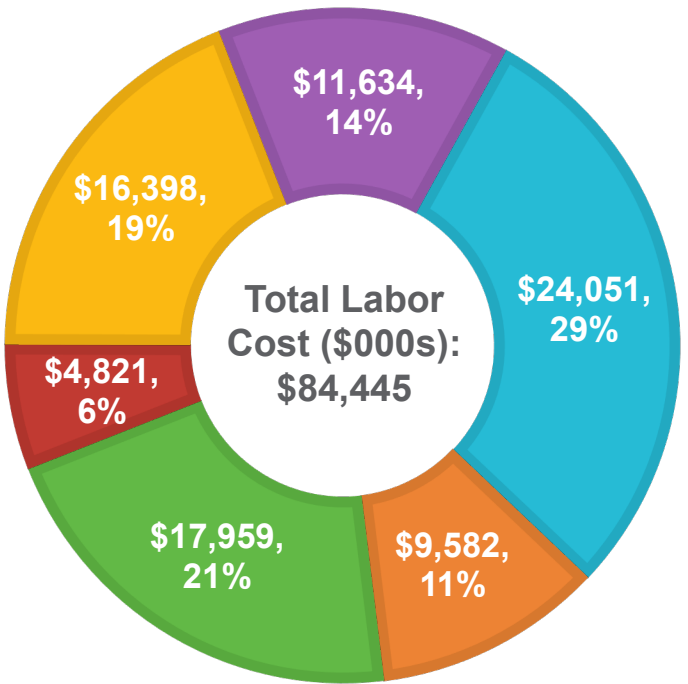
Assessment: Current Operations



Assessment: Activities and Costs



- Financial Services
- Communications & Event Planning
- General Admin



- Contracts & Grants Management
- Facilities
- Human Resources



A Work Activity Assessment can be an effective tool to understand time spent on, and cost of, activities. It can also help identify process challenges.

Assessment: Voice of the Customer

Customer opinions can point the way toward opportunities for high-value improvements.



Many organizations only receive feedback when customers are unhappy; a **balanced view** is much more insightful.

Design: Operating Model

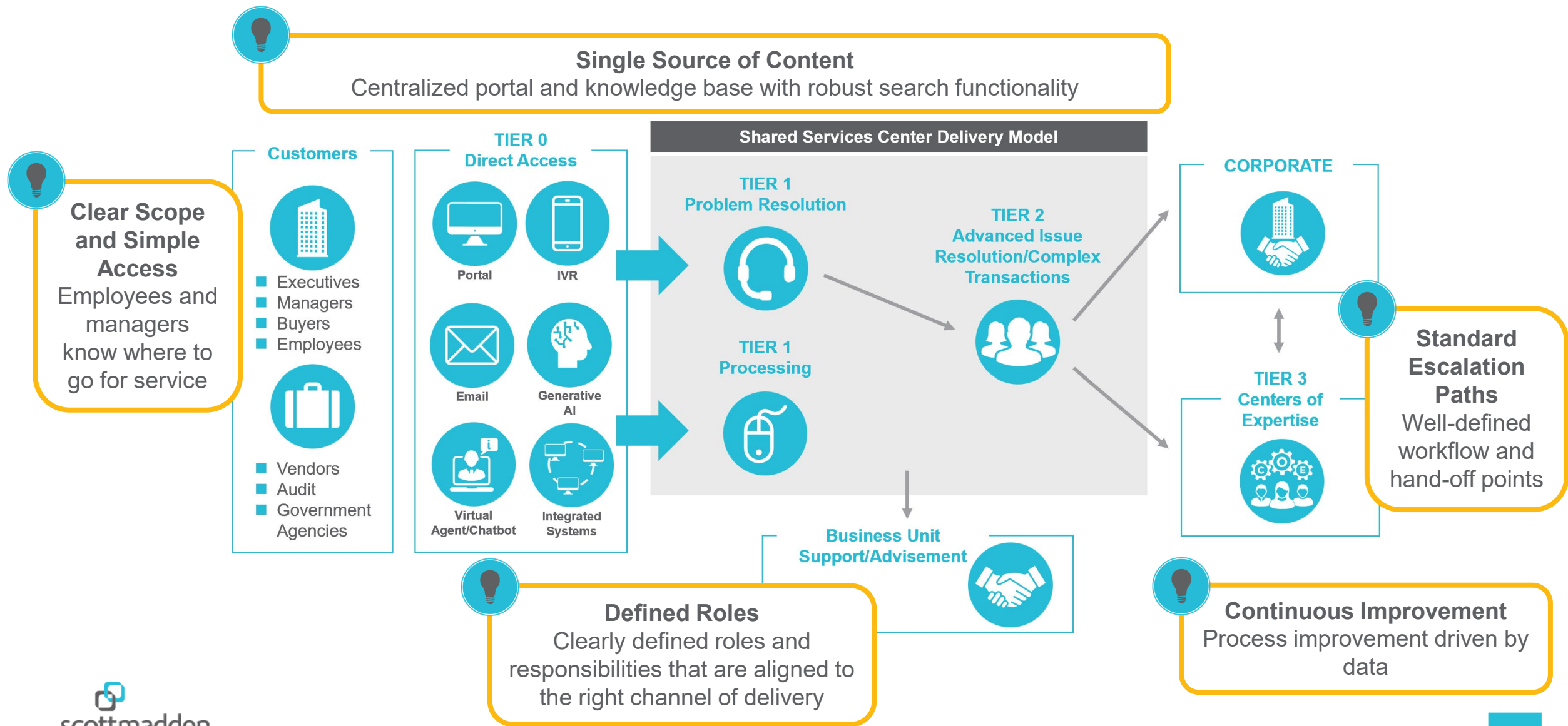
Key considerations when developing a future operating model are culture fit, compliance risk, and acceptable expectations for cost and customer service.

Model	Description	Cost	Compliance Risk	Culture Fit	Customer Service
Outsourced Model	Outsourced Tier 1 and increased support for more Tier 2 functional work.	M	M	L	M
Global/ Business-Aligned Model	An in-sourced service center provides Tier 1 and Tier 2 support. Tier 1 and 2 support is general and offered to all employees, while Tier 2 support is split—some support is general, and some is aligned by business account.	H	H	H	M
In-Sourced Model	Support is provided internally by a single, global service center that provides support to all employees.	M	L	H	M



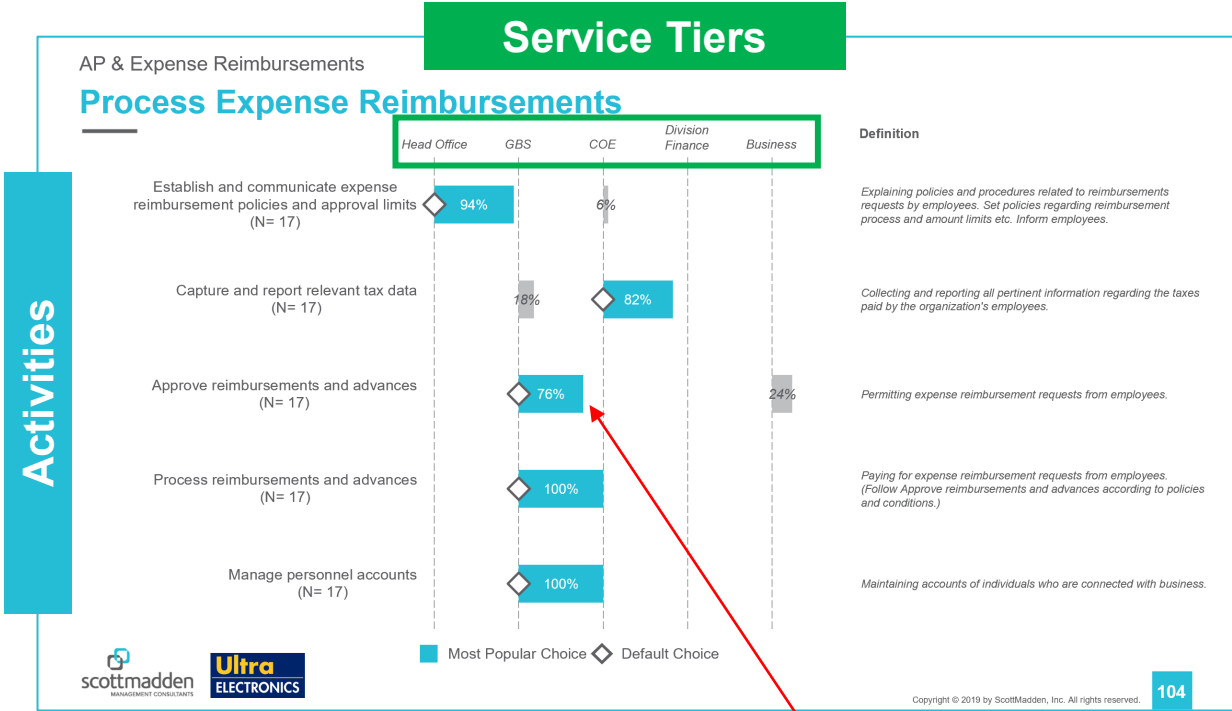
Customer satisfaction **initially decreases** as customers adapt to the new model; however, **once customers experience the benefits of the model, satisfaction increases and stabilizes.**

Design: Operating Model

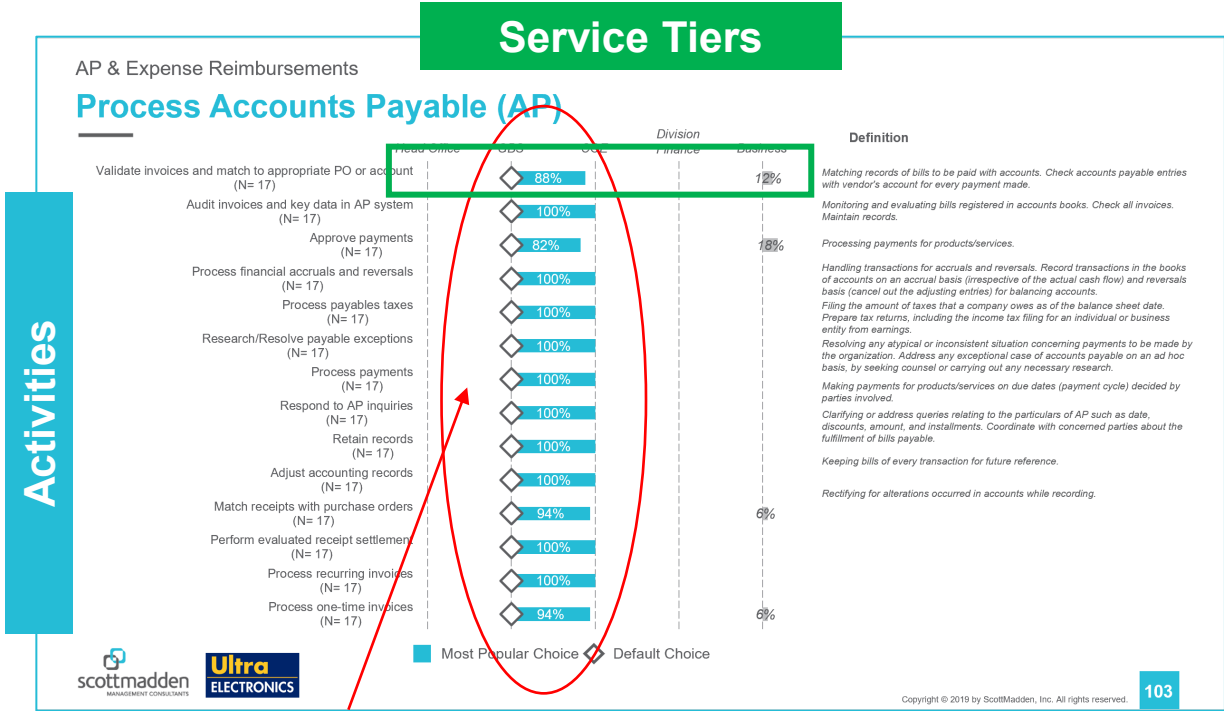


Design: Scope of Services

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.



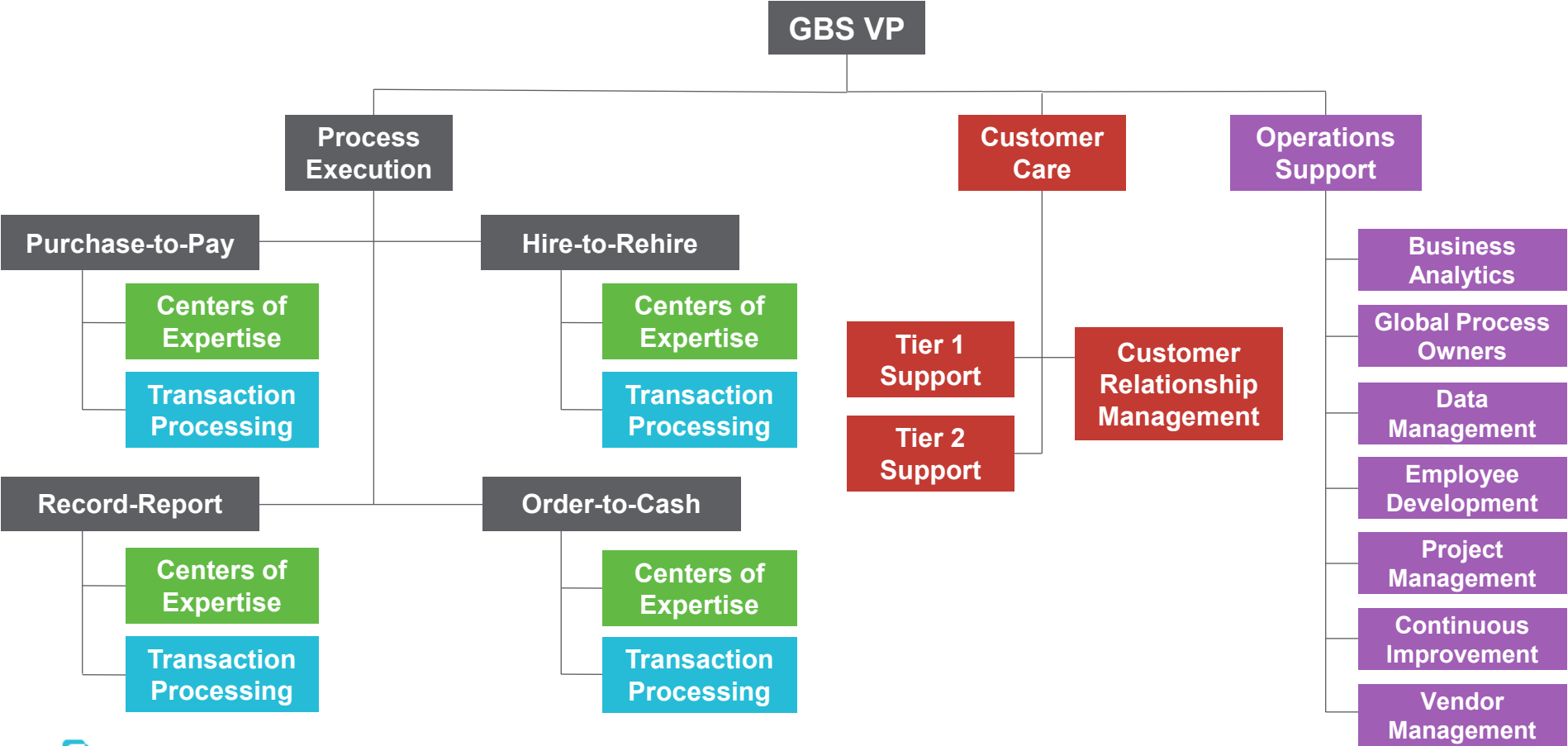
Less than 80% of respondents agreed on the placement of activities.



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

Design: Organization Structure

Leading GBS organizational structures align around end-to-end processes, consolidate customer care under a single leader, and leverage an operations support group that can scale with the organization.

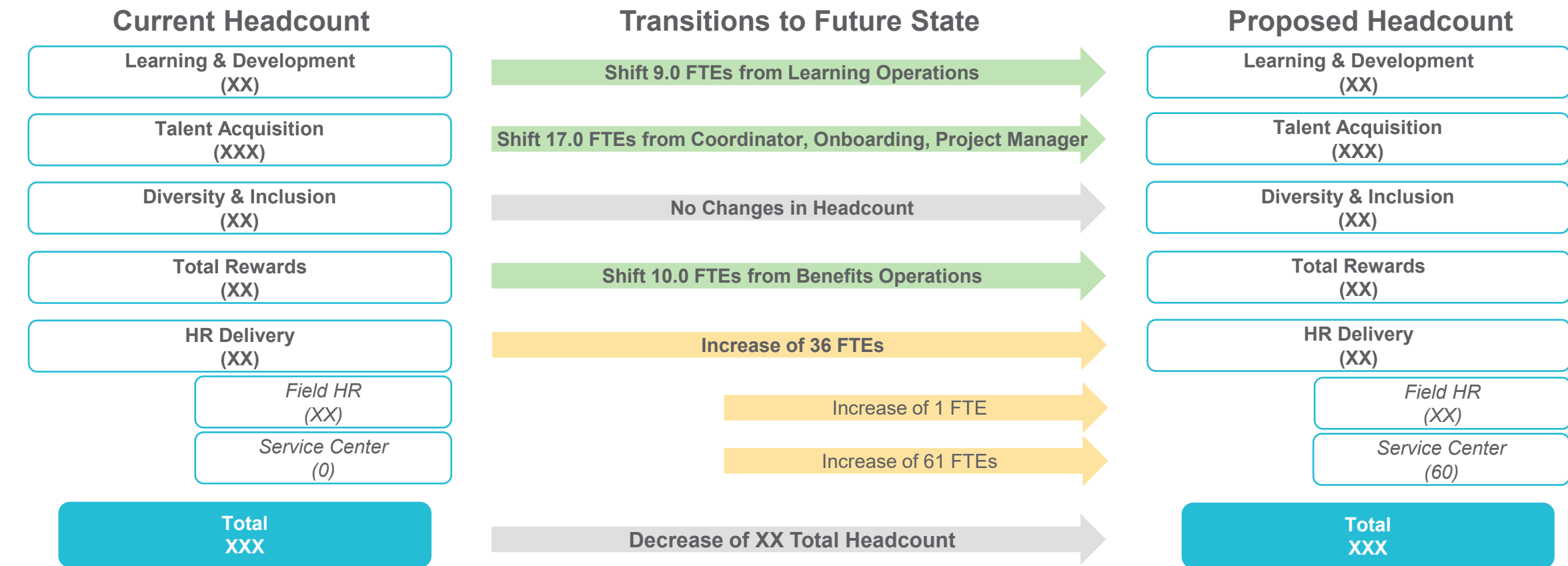


Several Highlights

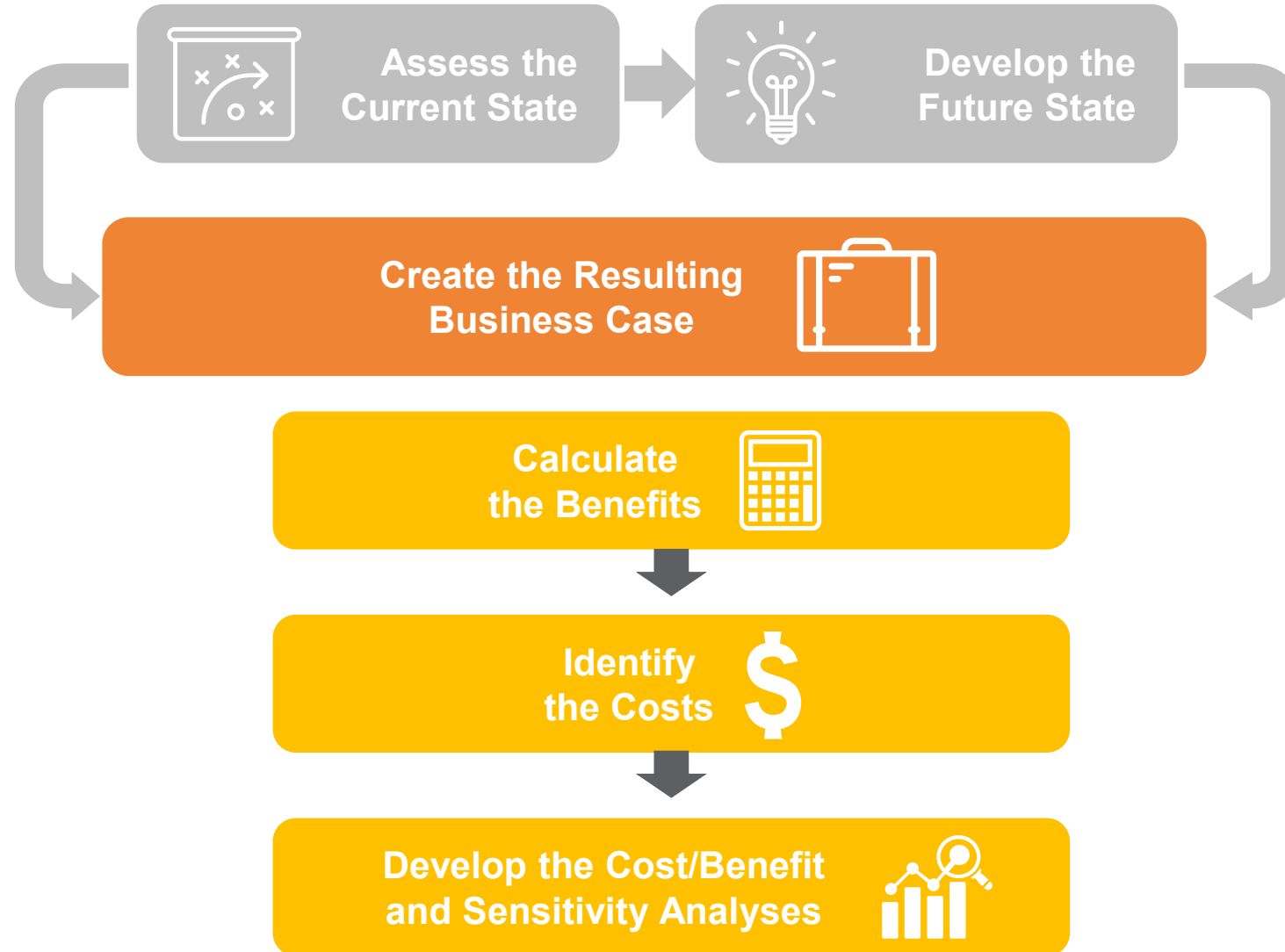
- End-to-end process orientation
- Separate and accountable customer care
- Enhanced “Operations Support” to factor key elements of the GBS model (e.g., Global Process Owners)

Design: Staffing Levels

Proposed staffing level changes address movement of transactional work and alignment of resources using insight from benchmarks, data from the Work Activity Survey, and organizational nuance.



Business Case: Preparation Steps



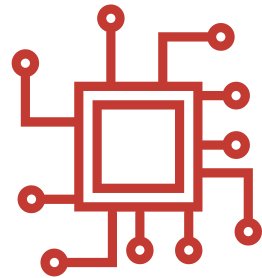
Business Case: Benefits Quantification

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

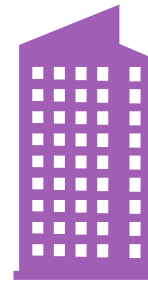
Headcount Benefits (Labor)



Other Quantifiable Benefits



Technology



Site



Vendors

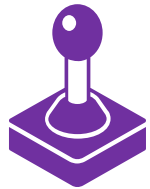
Business Case: Soft Benefits

Beyond quantifiable benefits, there are also several intangible benefits that should be evaluated.



Increased customer orientation

- Balance of human interaction and self-service tools
- Enables continuous improvement through metrics, dashboards, and analytics



Improved controls

- Increases internal controls across the business
- Reduces risks and increases transparency and compliance in processes



Enablement of strategic decision making

- Improves scalability and nimbleness for acquisitions and major business changes
- Permits better and faster decisions based on company-wide metrics



Enablement of further, indirect efficiency

- Reduces cycle times of processes for internal and external stakeholders
- Reduces overall operating costs while improving accuracy and speed of service

Business Case: Costs

Costs are typically spread among different areas and include one-time and recurring inputs.

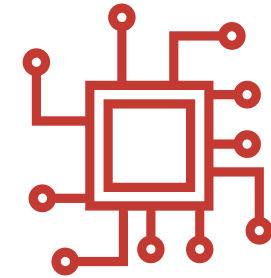
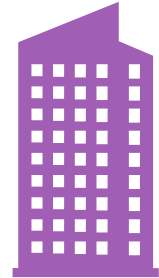
Headcount Costs (Labor)



Consulting and Project Team



Site



Technology

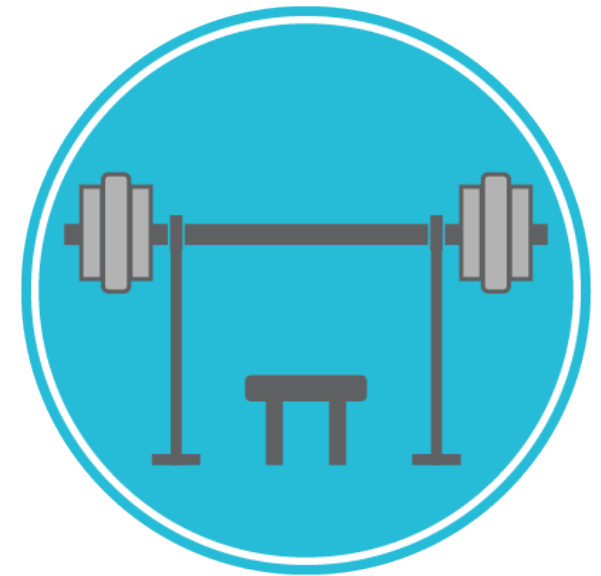


Marketing and Training

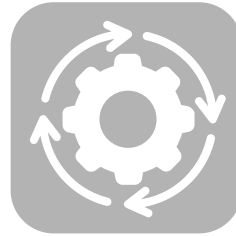
The Path Forward

The shared services journey is transformational—it is a multi-year journey that can take different paths. Consider key challenges and the enablers you will need to be successful.

- Do business leaders support the model?
- Are you prepared to commit resources (people, investment dollars, etc.)?
- What pace of change will your organization's culture accept?



Approach in “digestible” steps for your organization—determine how far, how fast.

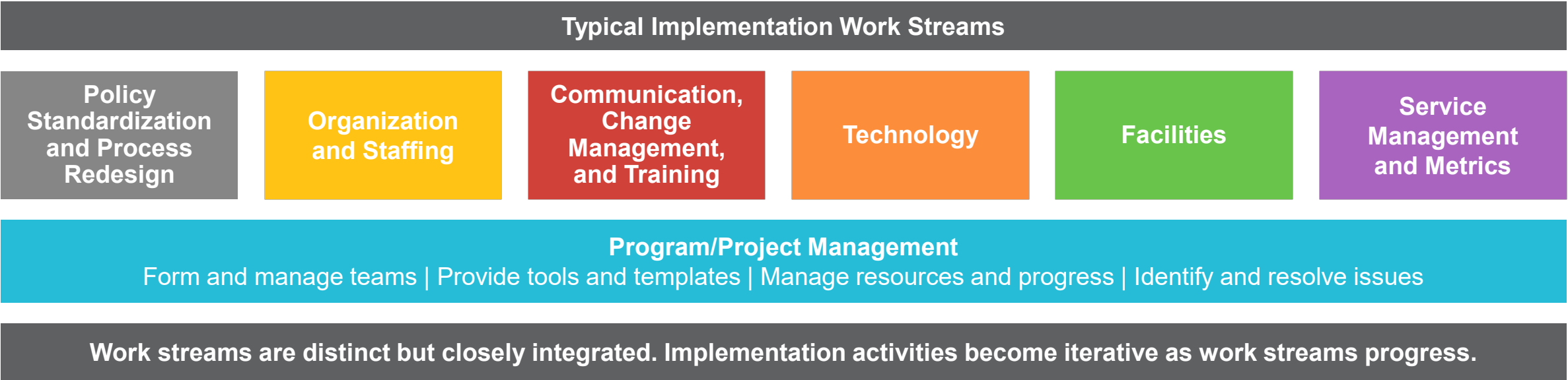


Fundamentals for Implementing Shared Services

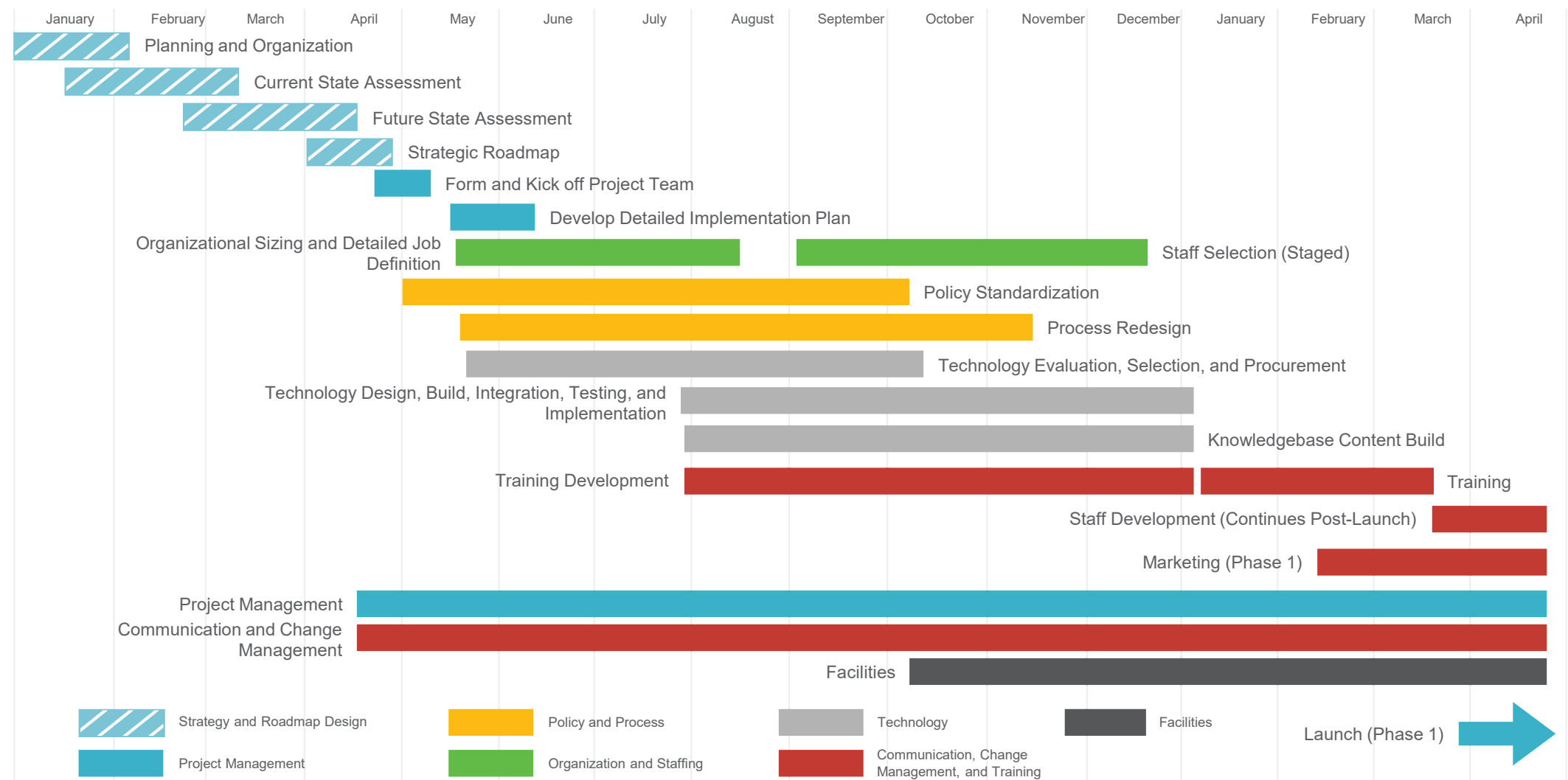


Typical Implementation Work Streams

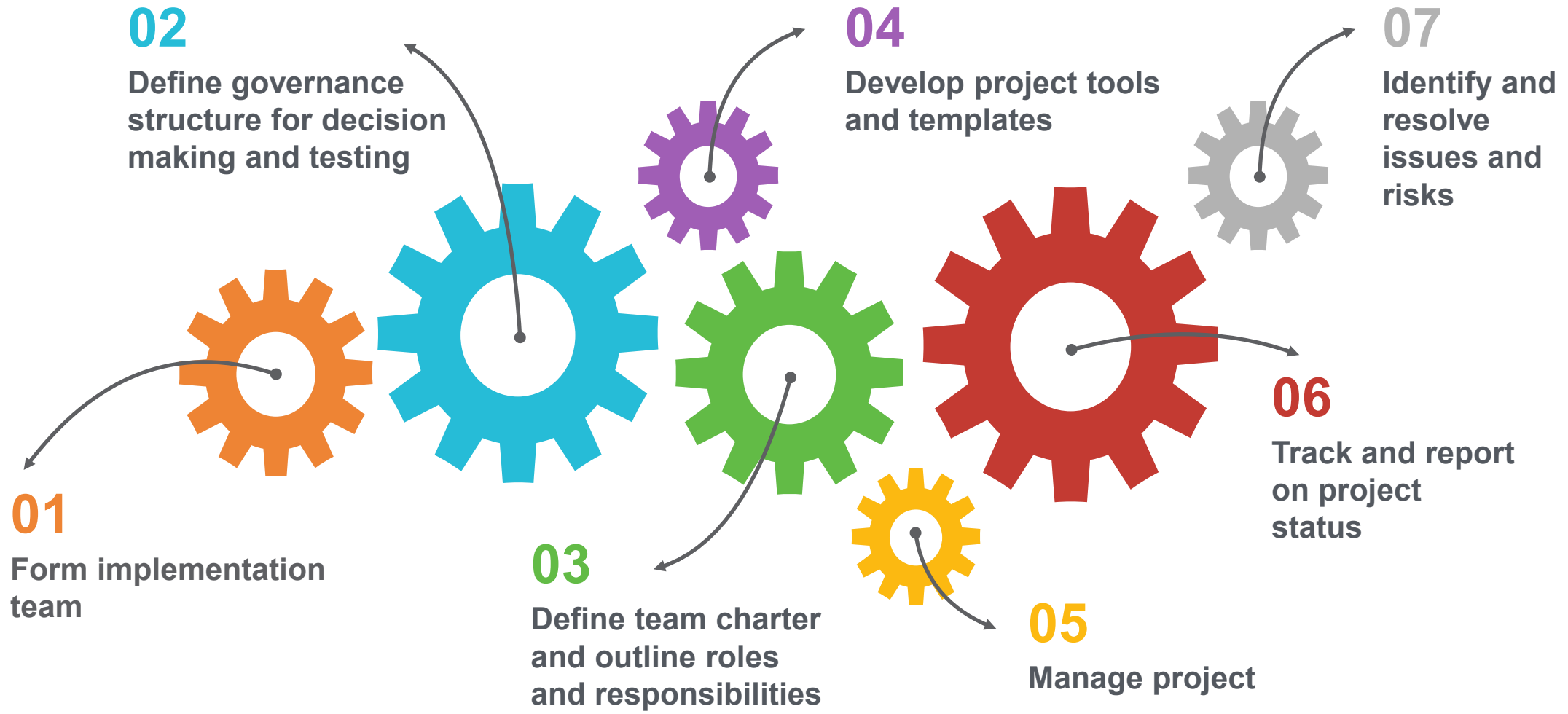
After the business case and roadmap are complete, service centers are built and launched. Implementations typically consist of major work streams and corresponding key activities.



Typical Timeline



Project Management Tasks



Forming the Right Team

Typical Project Organization



Part-Time Participants and Subject Matter Experts



Policy and Process Considerations

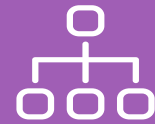
Policy harmonization and process standardization are essential steps toward maximizing the efficiency gains of a new service delivery model. Throughout the policy harmonization process, it is important to remember that policy development and redesign will drive process development.



POLICY

POLICY HARMONIZATION

focuses on development and standardization of “**guidelines**,” “**standards**,” and “**rules**” around identified topics.



PROCESS

PROCESS STANDARDIZATION

focuses on “**how**” a service is delivered.

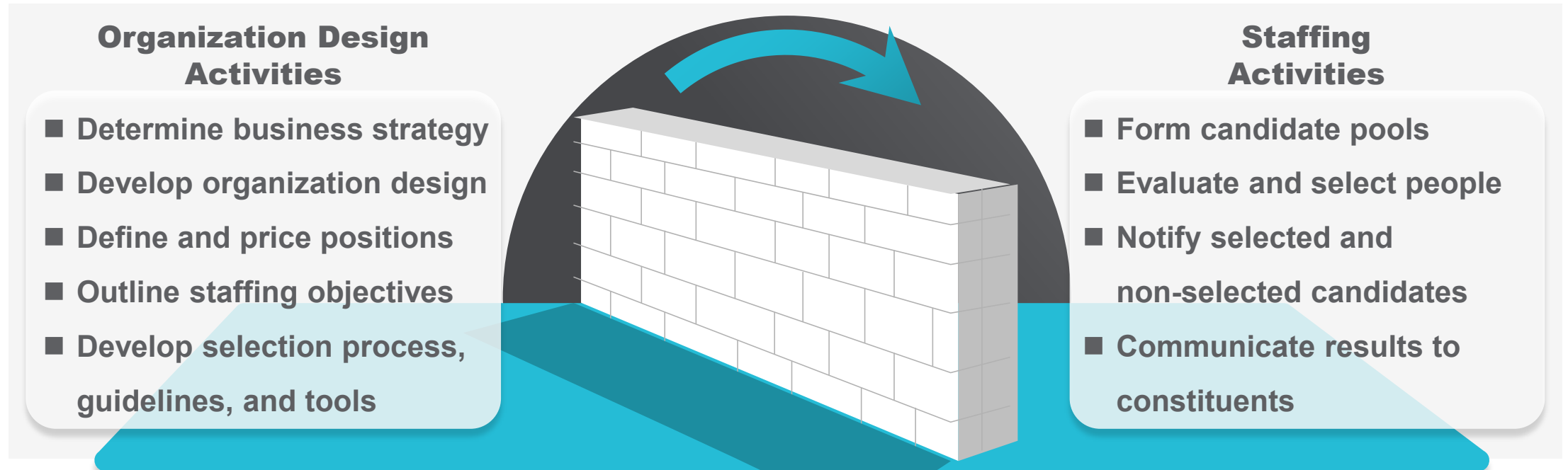
Prepare Appropriately

Push Sufficiently

Roll Out Effectively

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.



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



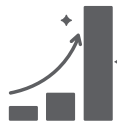
**Efficient, Self-Directed
Work Teams**



Performance Driven



Technology Driven



Continuous Improvement

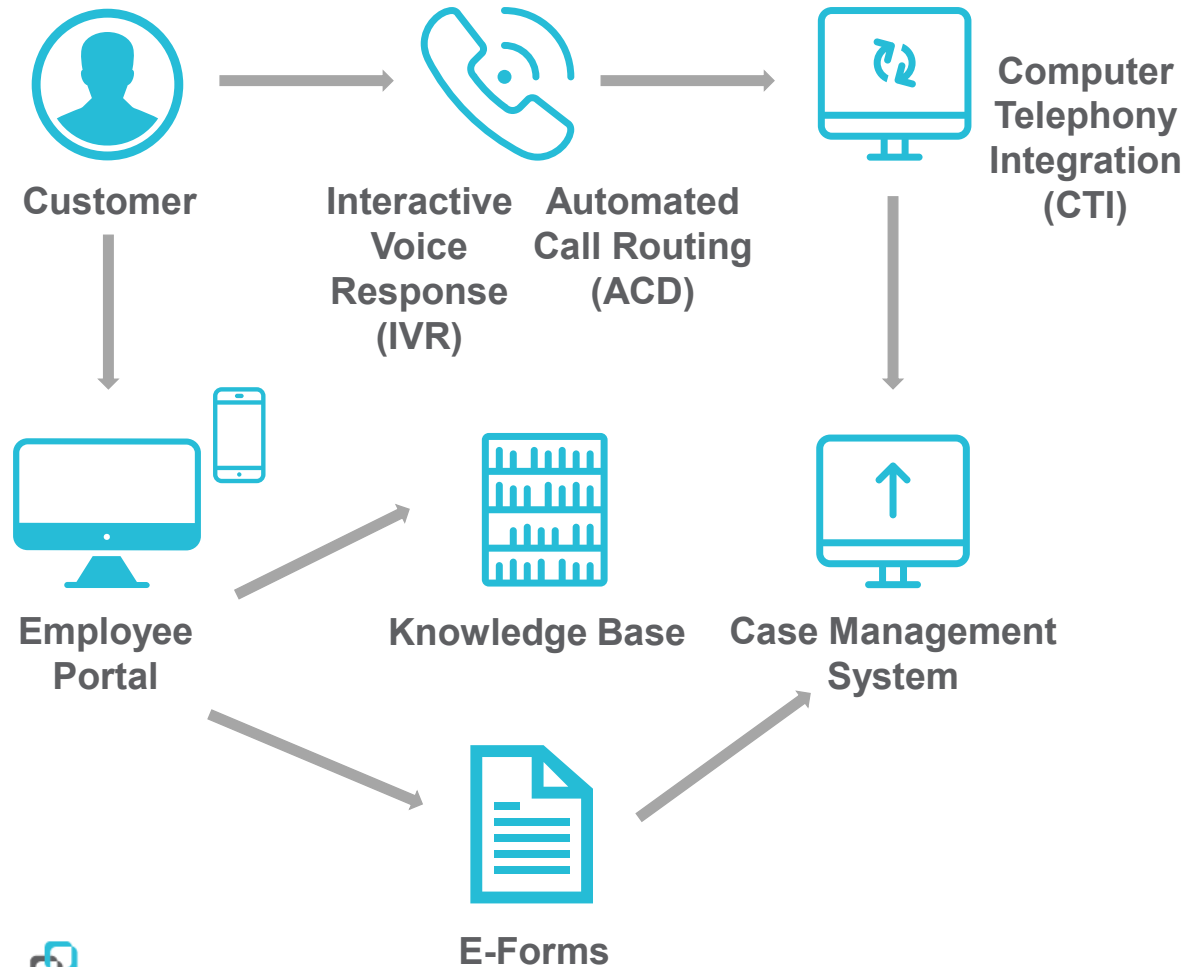


Supporting Technologies

- One number, one portal, and 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




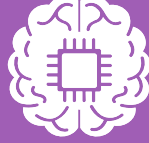
Case Management System (CMS)

- 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

What's Really Out There... And Being Used

	 Robotic Process Automation	 Virtual Agents and Chatbots	 Predictive Artificial Intelligence	 Generative Artificial Intelligence
Approximate GBS Adoption	65%	30-45%	15-25%	~5%
Characteristics of Data Input	Structured, rule driven, and static	Structured data with cognitive computing	Largely structured data with hidden patterns	Unstructured/structured data, driven by prompts
Nature of Ideal Process Fit	<ul style="list-style-type: none"> ■ Digital repetitive steps ■ Rule-based/logic driven ■ Time consuming ■ Documented ■ Static rules 	<ul style="list-style-type: none"> ■ Customer-interfacing ■ Requires access to solve ■ Multiple languages required ■ Multiple time zones required 	<ul style="list-style-type: none"> ■ Requires research ■ Non-routine inquiries ■ Formula-driven ■ Requires pattern and detailed analysis 	<ul style="list-style-type: none"> ■ Generates content with open data searches ■ Can point to inhouse data ■ Language processing ■ Complex Q&A
Process Candidate Examples	<ul style="list-style-type: none"> ■ AP/AR management ■ Billing and invoices ■ Data entry/management 	<ul style="list-style-type: none"> ■ Customer service ■ Vendor inquiries ■ Delivery/scheduling 	<ul style="list-style-type: none"> ■ Document research (contracts) ■ Forecasting (turnover) ■ Problem solving patterns 	<ul style="list-style-type: none"> ■ Research ■ Forecast ■ Customer service ■ Optimization
Data structure and integrity is essential across all IA.				

Facility Design and Hybrid Work Models

Trends in Facilities 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** to facilitate collaboration and efficiency (e.g., video conference rooms and smart boards)

Hybrid Work Models Pros and Cons

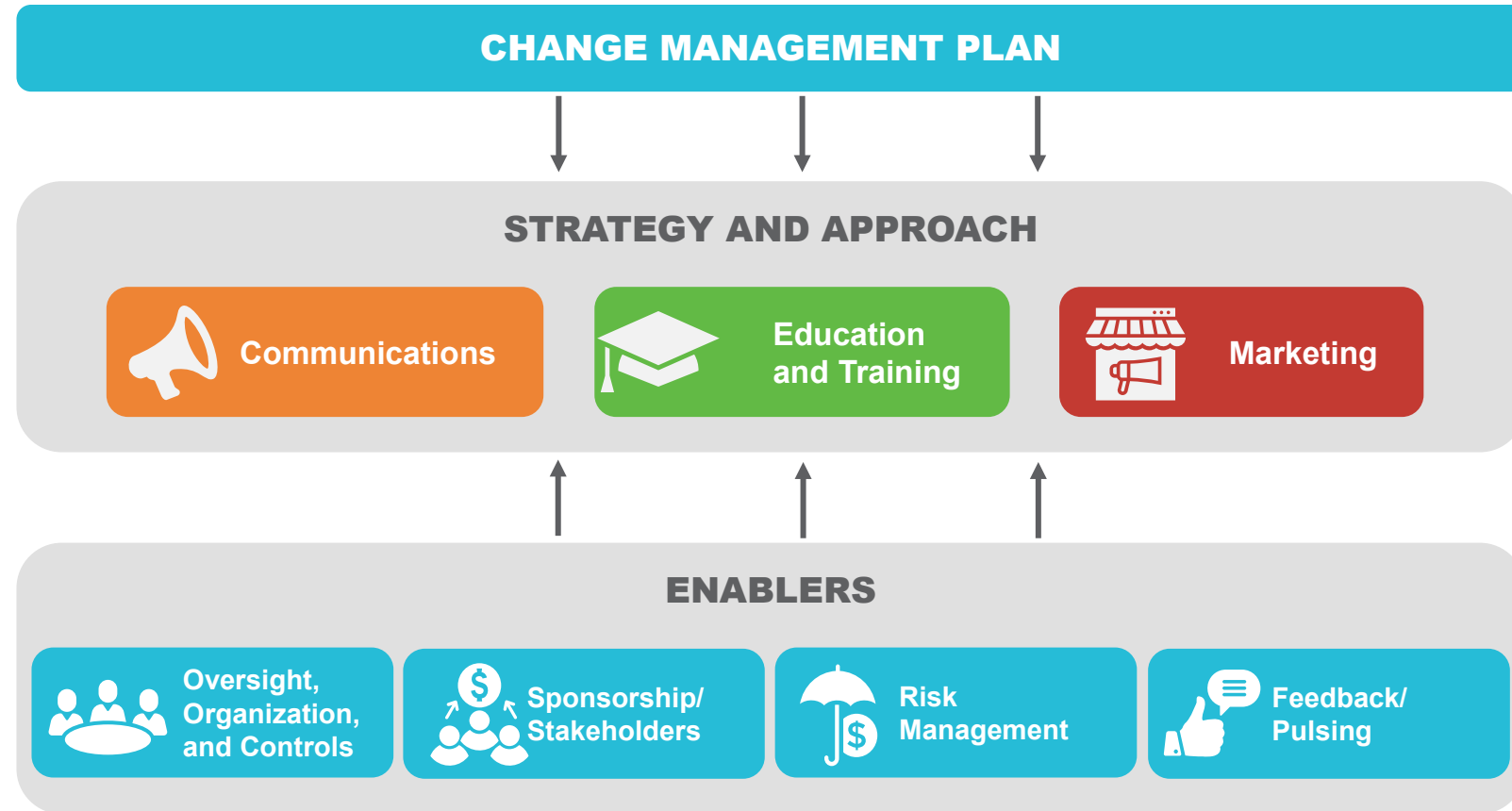


- **Pros:** Reduced facilities costs, increased productivity, hiring without geographic borders, recruiting with remote work as an option (not an obligation), happier employees, fewer negative impacts of commuting (e.g., stress)
- **Cons:** Communication can get messy, data security, working conditions vary outside of the office, isolation

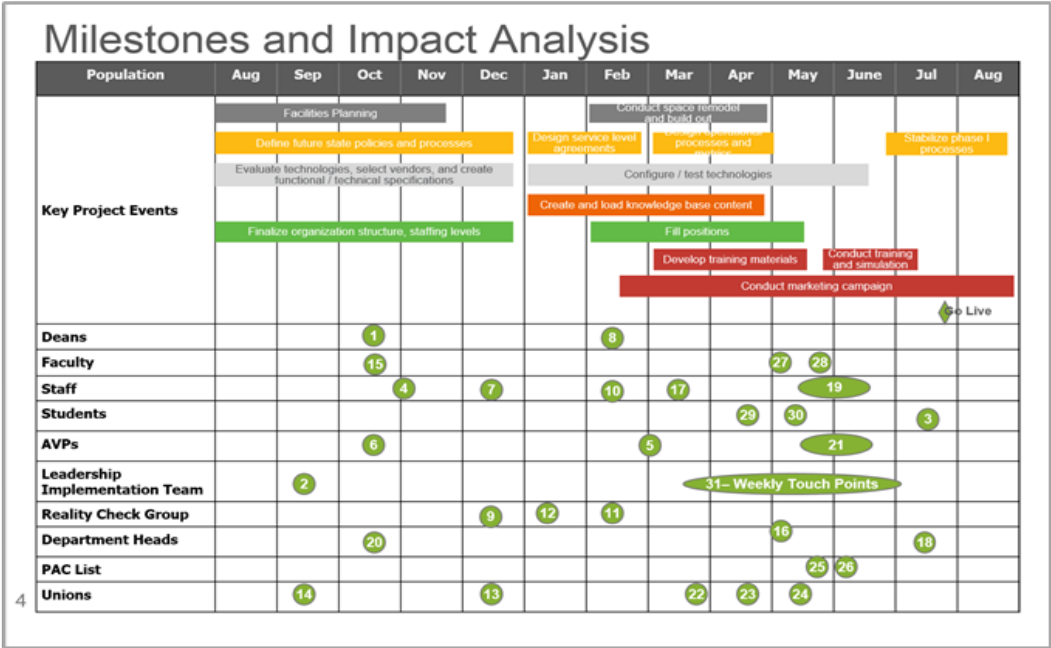
Change Management Framework

Successful change management solutions are based on well-planned and integrated initiatives and actions.

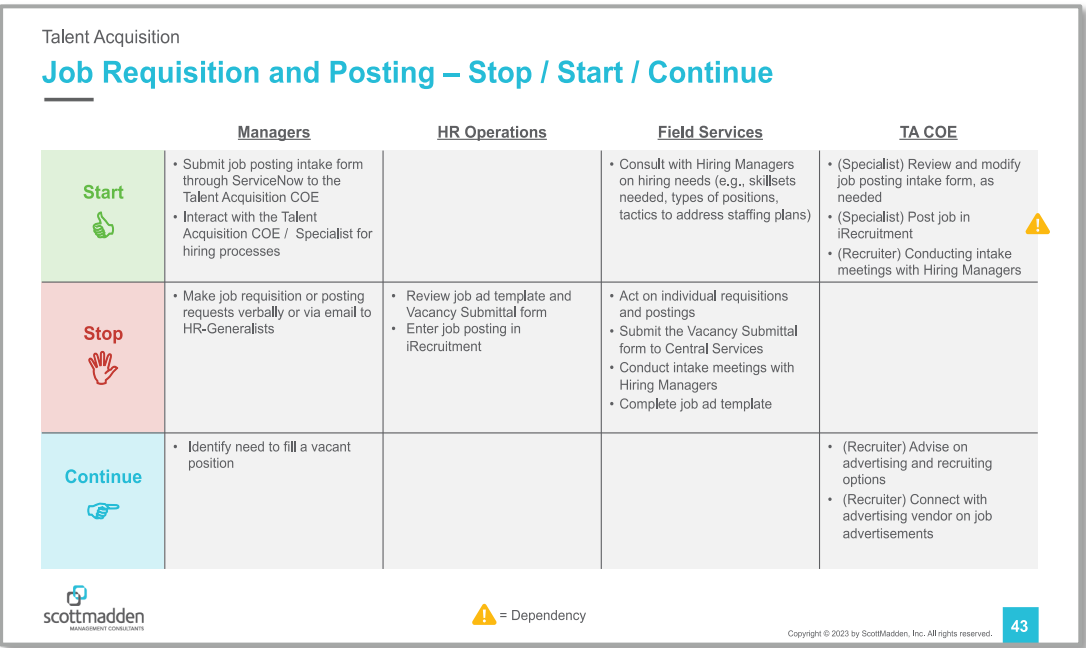
- Assess impact of overall change on stakeholder groups
- Build awareness
- Build, execute, and monitor communication plan
- Create and launch marketing campaign
- Assess training and education needs
- Build plan
- Conduct training and education



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.

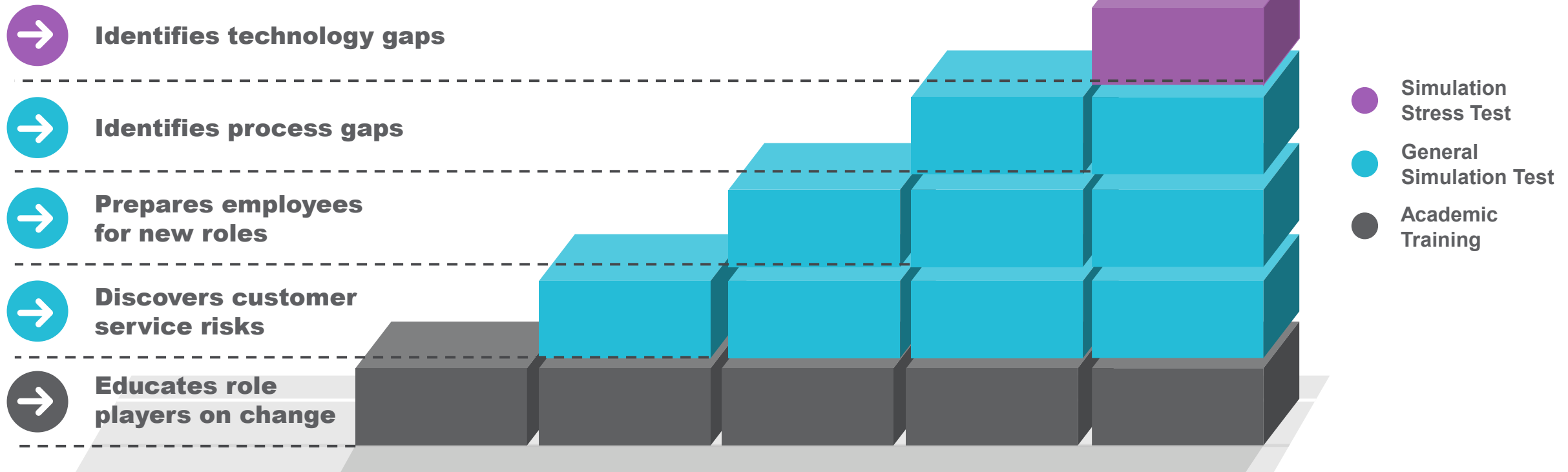
Example Training Assessment

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 this 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





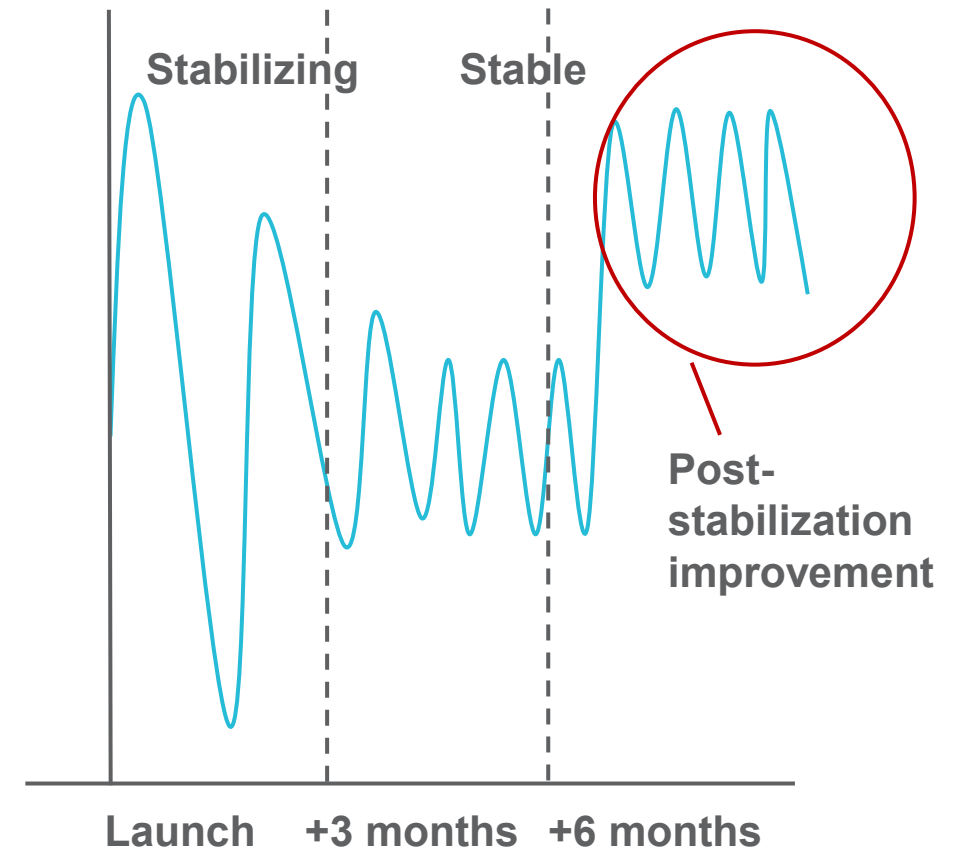
Stabilization Success Factors



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

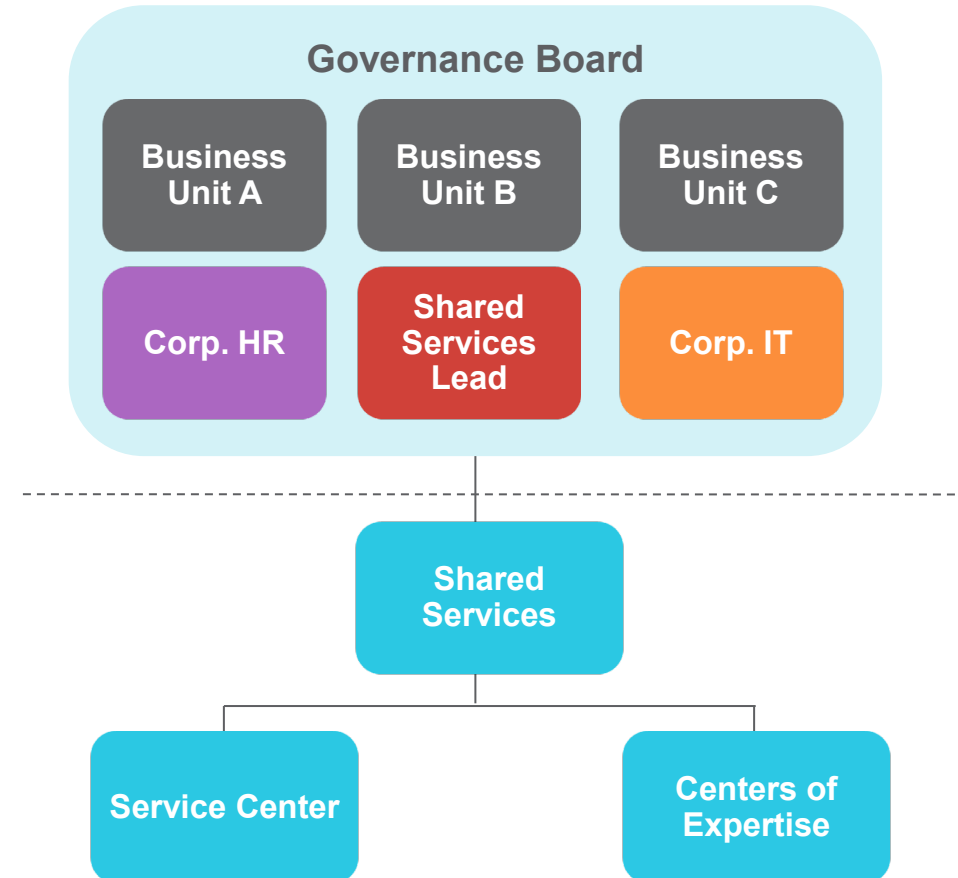
The formality and participating members in an oversight committee are influenced by the size of the organization, the number and complexity of services, organizational culture, and hierarchy.

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

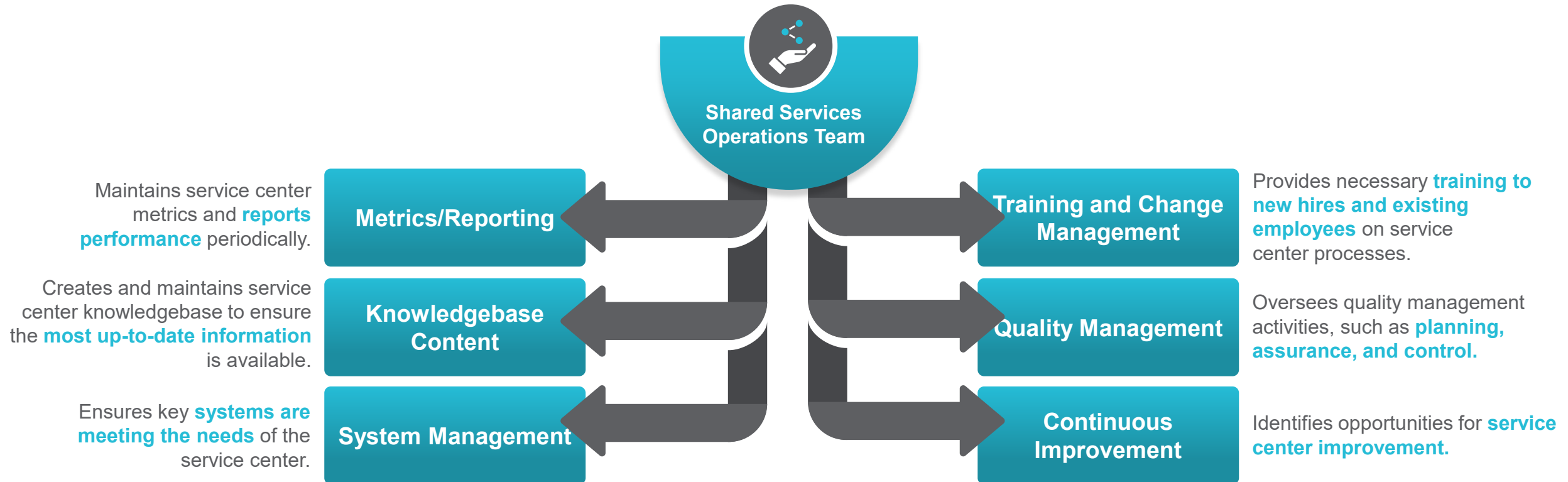
Key Benefits

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



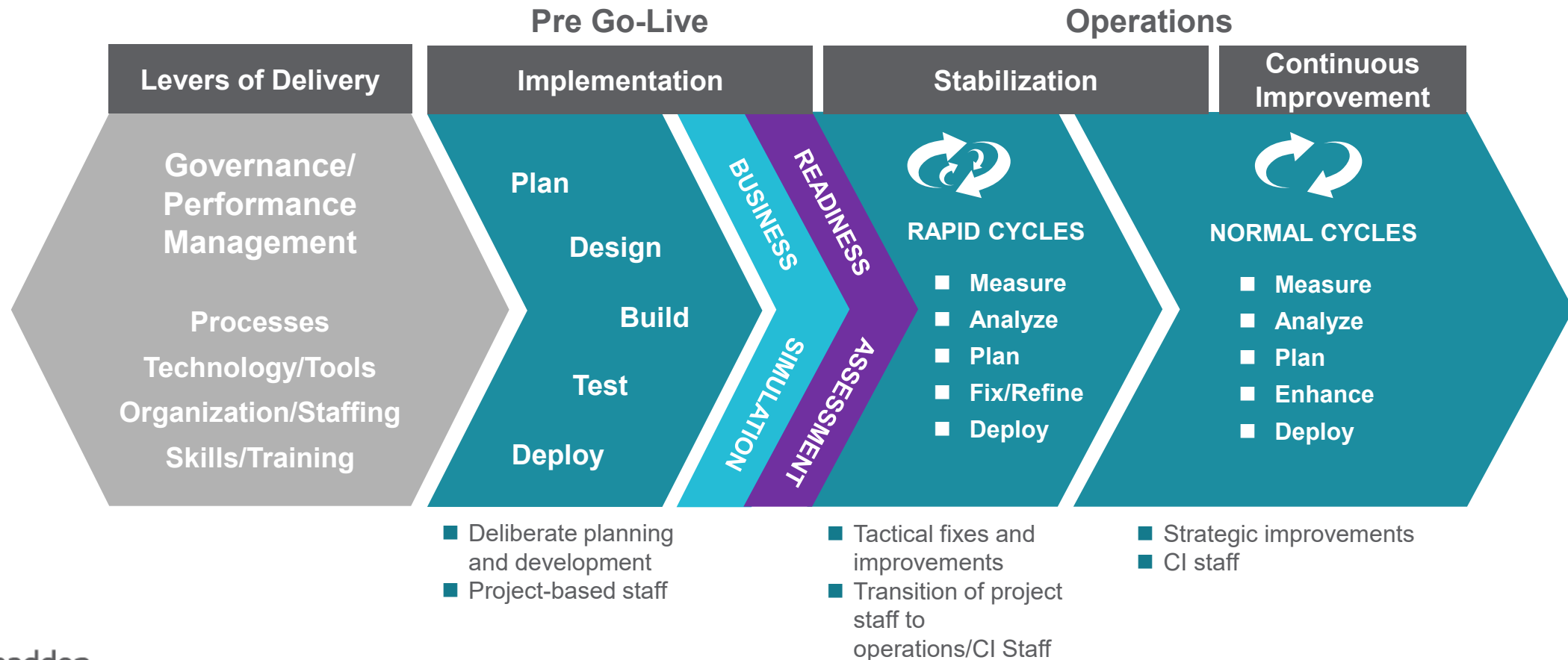
Operational Support Team

- 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**





Wrap Up



Wrapping Up

For those who have implemented and are wondering what's next, attend our advanced session **Workshop – Shared Services 501: “Taking Your Shared Services Operation to the Next Level”** today.



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, 3pm

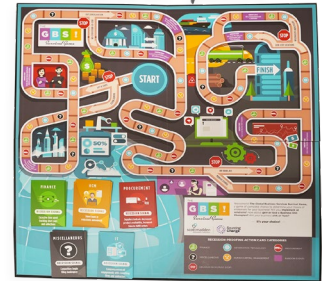


Stop by ScottMadden's booth to:

- 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 Air Pods
- Play the “GBS Survival Game”



Survival Game



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