



**Essential Strategies for a Shared Services Organization to Thrive in Any Market Condition** 

# YOUR DISCUSSION LEADS



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## **Agenda**

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INTRODUCTION TO SCOTTMADDEN

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SHARED SERVICES FUNDAMENTALS: DESIGN AND IMPLEMENTATION

SHARED SERVICES OVERVIEW





NEXT GENERATION CONCEPTS: EXPANSION AND AUTOMATION







### 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**



- 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



- 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

- 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

- 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** 





Higher Ed., Public Sector, Non-profit **Energy and Utilities** 

Healthcare

**Professional** Services



























AmeriHealth

Caritas

















Entrada Group

Mexico, Delivered





(IR) Ingersoll Rand

ENPRO



**SIEMENS** 











**OLYMPUS** 































# **Shared Services Overview**



## What Is Shared Services?





### **Shared Services Overview**

## **Who Should Consider Shared Services?**



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

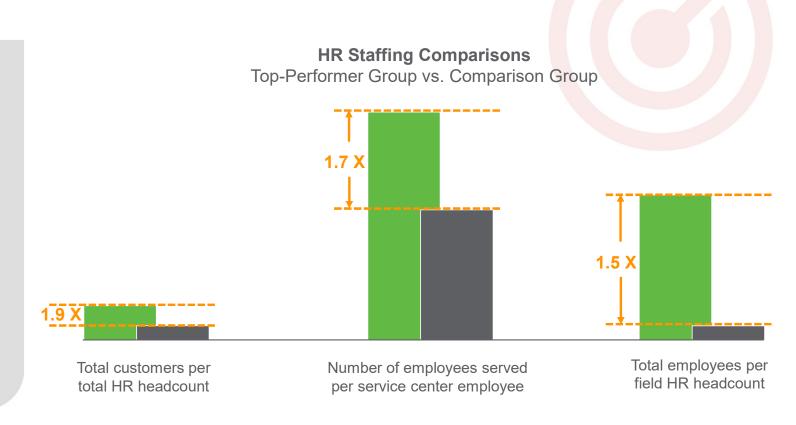


## **Benefits of a Shared Services Model**



## **Benefits of Shared Services – HR Benchmarks**

Top-performing HR shared services organizations have significantly better staffing ratios, including their employee service centers.

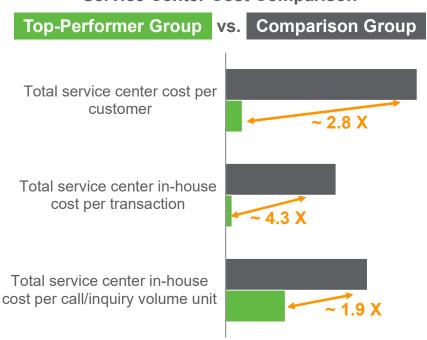




## **Benefits of Shared Services – HR Benchmarks (Cont'd)**

Top-performing service centers operate at a large cost advantage and show better operational performance.

### **Service Center Cost Comparison**





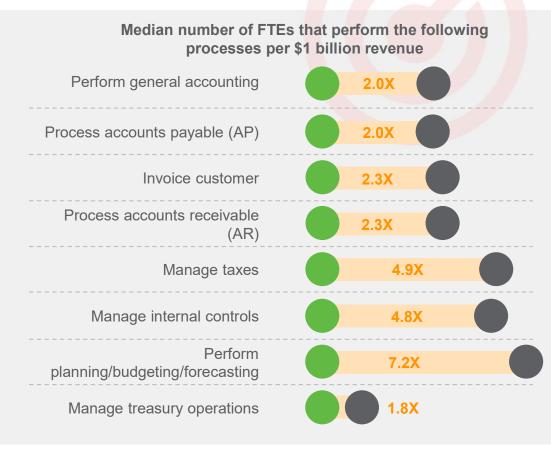


## **Benefits of Shared Services – Finance Benchmarks**

# 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



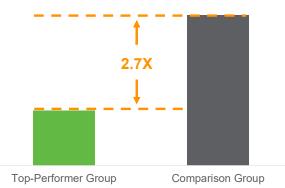




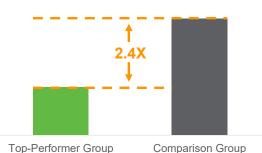
## Benefits of Shared Services – Finance Benchmarks (Cont'd)

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

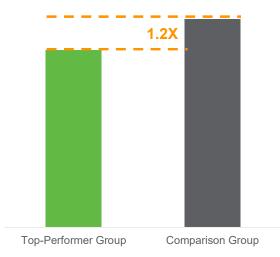
Total cost to perform the finance function per \$1,000 revenue



Total cost to operate the finance shared services center(s) per \$1,000 revenue



Total cost to operate the finance shared services center(s) per finance shared services center employee





### **Shared Services Overview**

## **Benefits of Shared Services – Non-Labor Saving**



### Additional soft-dollar savings and qualitative benefits include these items:

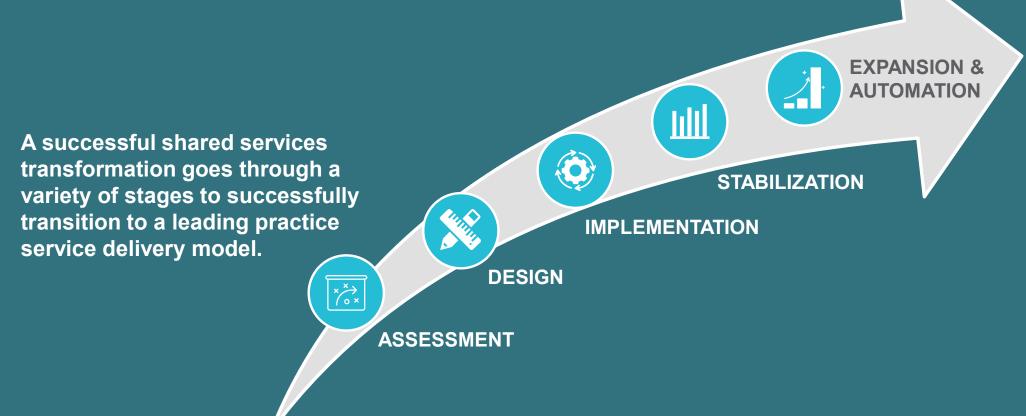
- Reduced turnover
- Reduced cycle times
- Improved customer satisfaction
- Reduced risk



- Better compliance
- Improved scalability
- More flexibility
- Faster decisions

- Improved internal controls
- Reduced time to fill jobs
- Transaction error reduction

## The Shared Services "Transformation Journey"

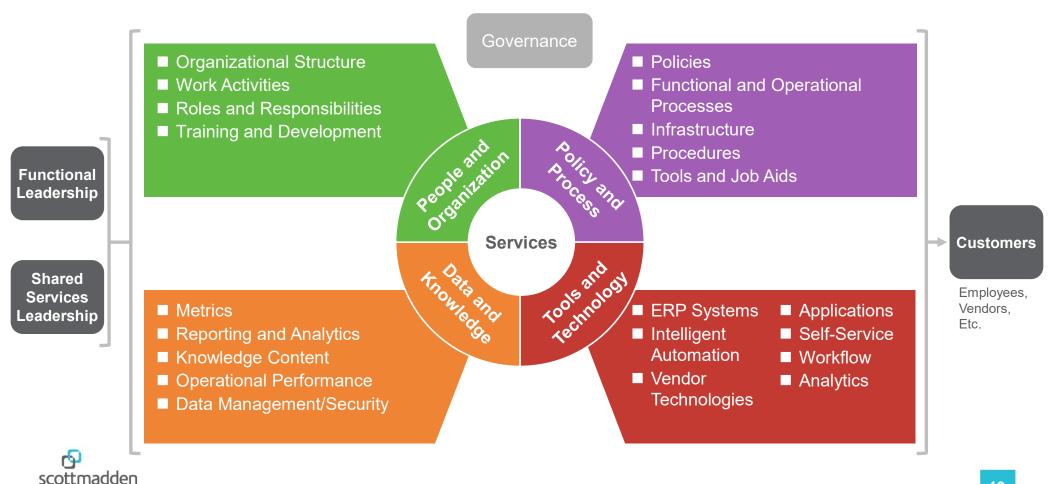




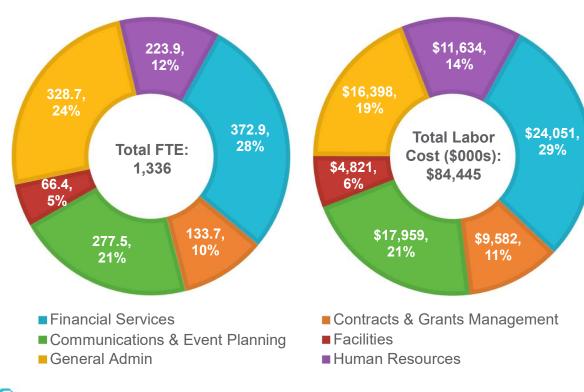




## **Assessment: Current Operations**

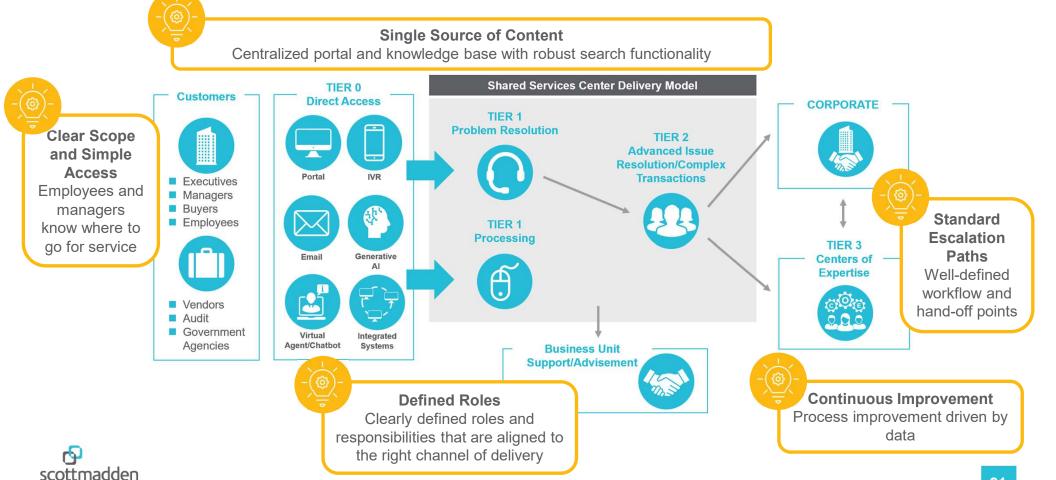


## **Assessment: Activities and Costs**



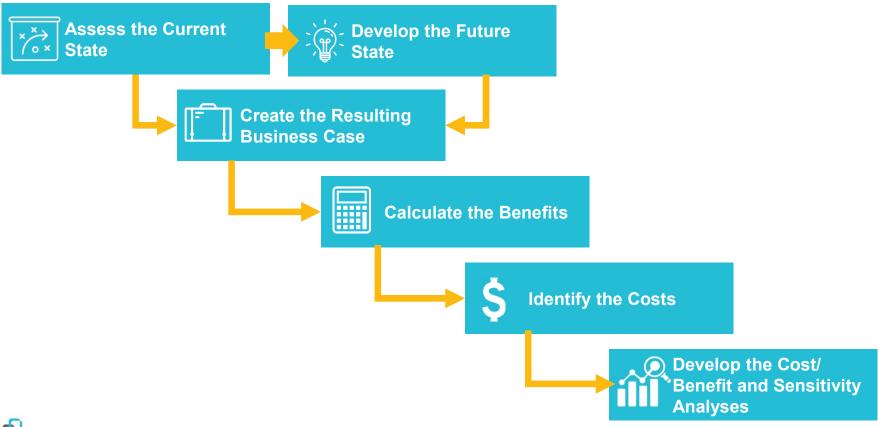
A Work Activity
Assessment can be an effective tool to understand time spent on, and cost of, activities. It can also help identify process challenges.

## **Design: Operating Model (Cont'd)**



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## **Business Case: Preparation Steps**





## **Business Case: Soft Benefits**

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

# Increased Customer Orientation



- Balances 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



## 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.

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



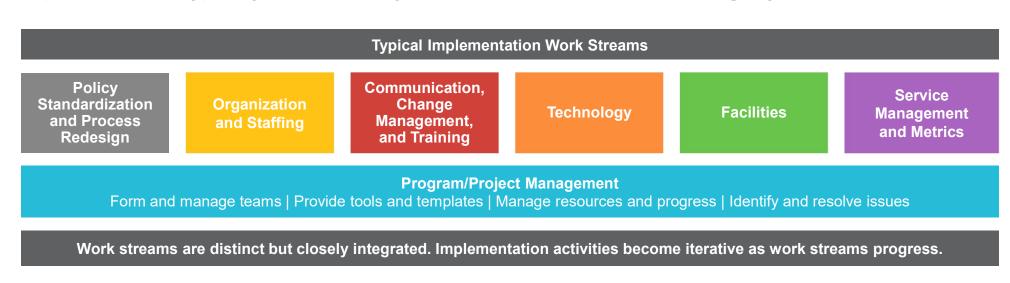
What pace of change will your organization's culture accept?

Do business leaders support the model?

Are you prepared to commit resources (people, investment dollars, etc.)?

## **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**



## **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**



### **PROCESS**

### **POLICY HARMONIZATION**

focuses on development and standardization of "guidelines," "standards," and "rules" around identified topics.

### PROCESS STANDARDIZATION

focuses on "how" a service is delivered.

**Prepare Appropriately** 

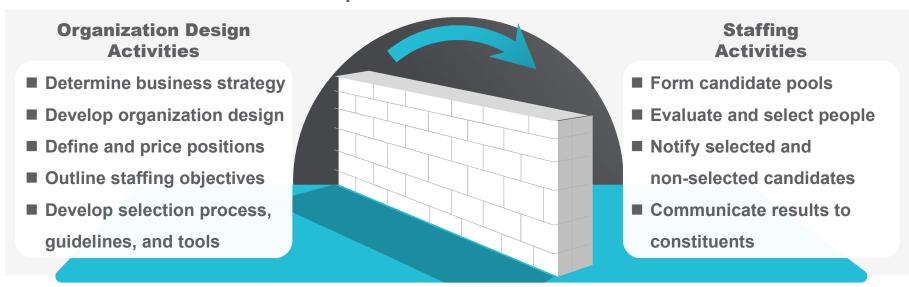
**Push Sufficiently** 

**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.



## **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.

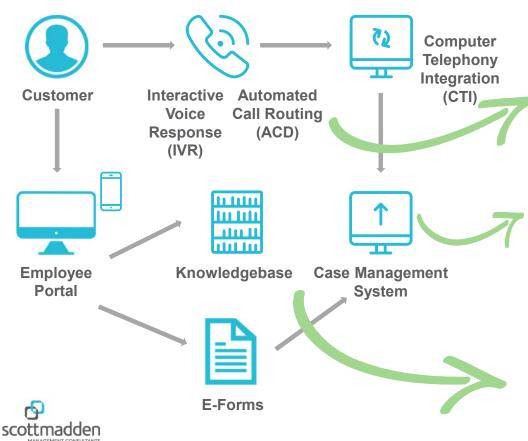
### **Example Training Assessment**

	General				Operations						Content					Technology							
STAFF	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



## **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)**

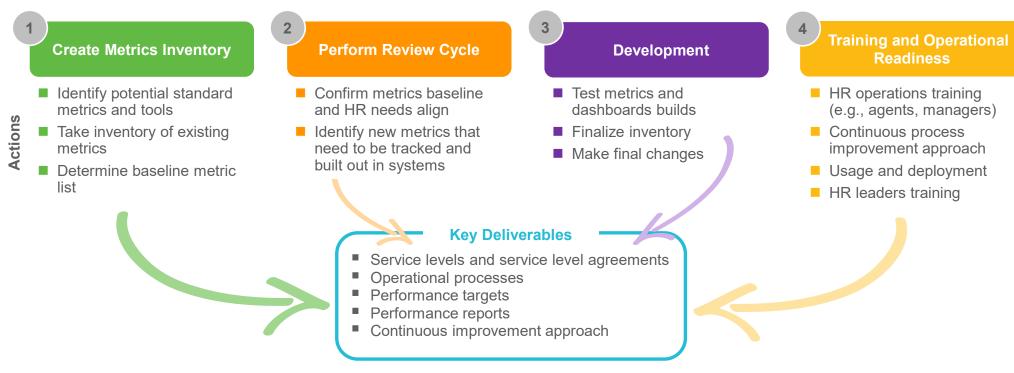
- Provides one system to create, track, and review cases
- Offers flexible communication channels (e.g., text, live chat) with customers
- Enables 24/7 support to employees in different time zones or for non-office workers with virtual agent
- Supports better performance management with case metrics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

### **Portal and Knowledgebase**

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

## **Service Management and Metrics**

The Service Management and Metrics work stream focuses on vital infrastructure to operating the service center and ensuring integration among the key channels (field services, COEs, and HR operations) of the service delivery model.





## **Facility Design and Hybrid Work Models**

# Trends in Facilities Design







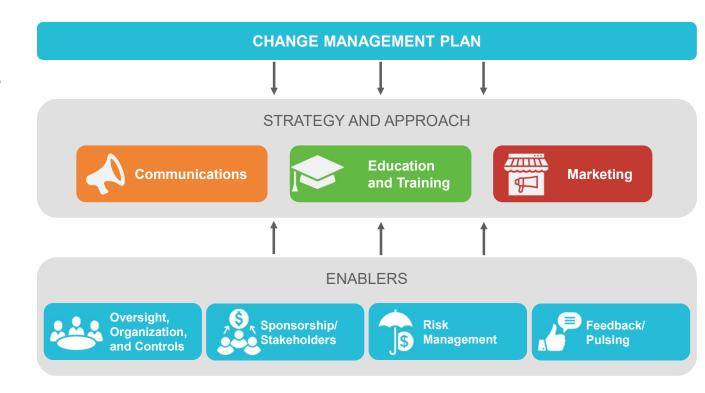
- Work "neighborhoods" to facilitate different types of work, including quiet spaces, collaboration areas, and touchdown spots for remote workers
- "Social hubs" to encourage cross-pollination of ideas and foster trusting relationships
- Enhanced technologies to facilitate collaboration and efficiency (e.g., video conference rooms and smart boards)
- **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.

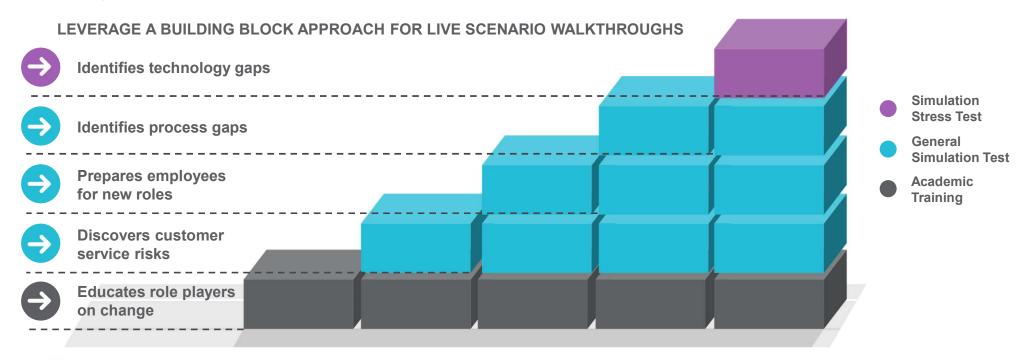
- Assess impact of overall change on stakeholder groups
- Build awareness
- Build, execute, and monitor communication plan
- Create and launch marketing campaign
- Assess training and education needs
- Build plan
- Conduct training and education





## **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.

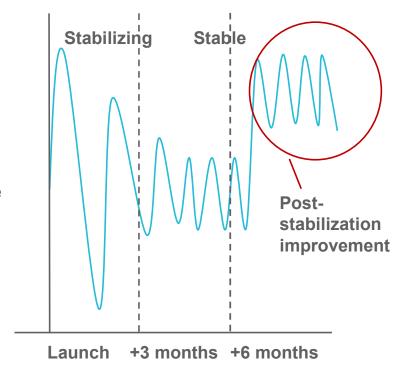




## **Establish the Stabilization Plan**

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









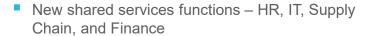
## **Evaluating Multiple Expansion Methods**

After companies implement and refine shared services, they look for opportunities to expand and better support their customers. Companies can expand their shared services operations by offering more services or supporting more customers.



### **Expand Across Functions**

**More Services** 



- Additional business administrative functions
  - Communication services
  - Environmental, health and safety
  - Regulatory compliance
  - Real estate
  - Facilities
- Additional transactions-based functions
- More value-added services





## **Expand Across Geographies**More Customers

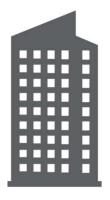
- Additional customers
- Additional business units within each company
- New geographic areas
  - New states, regions, countries, etc.
  - Global shared services centers
- Support to other companies (external sales)



## **Understanding the Multi-Function Rate of Adoption**

GBS has emerged as the standard operating model for internal enterprise services.

>53%



**Top 1000** 

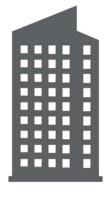
companies with a

Multifunction

Shared Services

(3 or more functions)

>73%



**Top 1000** 

Companies with a

Multifunction

Shared Services

(2 or more functions)

Trend points toward a continuing migration to a Global Business Services with over 90% of the F 1000 considering a move within the next 3 years



## **Defining Global Business Services**

Global Business Services (GBS) is the integrated services capability of an enterprise, focused on the delivery of transactional and analytical work supporting the business units and corporate, under a single organizational structure.

# We believe that leading GBS models demonstrate five characteristics:

- 1 Delivers services to a global customer base
- 2 Reports to one person with responsibility for an overall budget
- 3 Shares infrastructure, including locations and technology platforms
- 4 Incorporates end-to-end process ownership
- 5 Includes some level of higher-value activities





## **Determining the Extent Work Can Be Consolidated**

	On Site	Transactional Center	Regional Support Hub	Connected Specialists	
Type of Work	Hands on	Transactional	Functional	Specialists	
Finance	<ul><li>Mail handling</li></ul>	■ Invoice processing	Closing books	■ Tax planning	
Example	<ul><li>Cash processing</li></ul>	<ul><li>Payroll processing</li></ul>	Financial reporting	■ Financial forecasting	
Services	<ul><li>Audit facilitation</li></ul>	<ul><li>Vendor payments</li></ul>	<ul><li>Solving problems</li></ul>	■ Cash flow manage	
Central?	<ul><li>Not possible</li></ul>	<ul> <li>Great opportunity</li> </ul>	<ul><li>Good opportunity (but know business)</li></ul>	<ul><li>Possible, but can connect virtually</li></ul>	





## What's Really Out There... And Being Used in Shared Service Processes

We have seen adoption across the four IA areas below. Data structure and integrity is essential across all IA.

	Robotic Process Automation		Predictive Artificial Intelligence	Generative Artificial Intelligence	
Global Level of Adoption	85%	60-65%	35%	~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> <li>Digital repetitive steps</li> <li>Rule-based/logic driven</li> <li>Time consuming</li> <li>Documented</li> <li>Static rules</li> </ul>	Rule-based/logic driven Time consuming Documented  Requires access to solve Multiple languages required Multiple time zones required		<ul> <li>Generates content with open data searches</li> <li>Can point to your own secure data</li> <li>Human like language(s)</li> <li>Complex Q&amp;A</li> </ul>	
Process Candidate Examples	Data entry/management   Delivery/scheduling		<ul> <li>Document research (contracts)</li> <li>Forecasting (turnover)</li> <li>Problem solving patterns</li> </ul>	<ul><li>Research</li><li>Forecast</li><li>Customer Service</li><li>Optimization</li></ul>	





A food service and facilities management organization faced challenges hiring 80,000 candidates a year. ScottMadden led an assessment of the talent acquisition (TA) organization and discovered low candidate conversion rates, non-efficient processes, and opportunities for enhanced candidate experience. Although there was significant web traffic to the organization's "Careers" page, the 1.2 million unique visits translated to only 220 applications.

#### **KEY ACTIVITIES**



**Gathered requirements** from the TA customers – hiring managers, TA subject matter experts, and HR technology administrators and owners



Identified solutions that were experimental and scalable with low implementation efforts that could quickly yield a high value



Developed requirements that focused on **specific functionality** that resolved the identified challenges and aligned with the organization's HR technology roadmap



Facilitated a **comprehensive vendor selection process**, from issuing the request for proposal through final vendor selection, due diligence, and implementation planning



Paradox, a leading **conversational Al recruiting software**, which met and exceeded the functional requirements and the client's expectations, was selected



ScottMadden collaborated with Paradox and the organization to develop a roadmap to **expand the use cases and scale adoption** of the new technology across the enterprise



To date, the organization has hosted more than 400 events nationwide and has scheduled interviews with nearly 30,000 candidates in less than three minutes per candidate



## **GenAl Transforming HR**

GenAl has the potential to drive 20%-30% increased productivity across the HR value chain in the near term.

	- Anticipate -	Attract		Develop —			Engage —	
Activity Categories	HR Strategy and Planning	Recruiting and Resourcing	HR Admin and Shared Services	Compensation and Benefits	Learning and Development	Performance and Career Management	Employee Engagement	Employee Relations
Example Activities	HR strategy, strategic workforce planning, org design	Employer branding, recruitment	First-level support, onboarding, data mgmt., reporting	Job grading, comp, and benefits policies	People development, training design, and delivery	Performance mgmt., career planning	Retention mgmt., org development, and change mgmt.	Trade unions, work councils, labor law issue resolution
Share of Total Time	10%-20%	10%-20%	20%-30%	5%-10%	10%-20%	10%-20%	5%-10%	5%-10%
Potential Efficiency Gain								

Total 20%-30%



10% - 25% 25% - 50%

## **GenAl Transforming Finance**

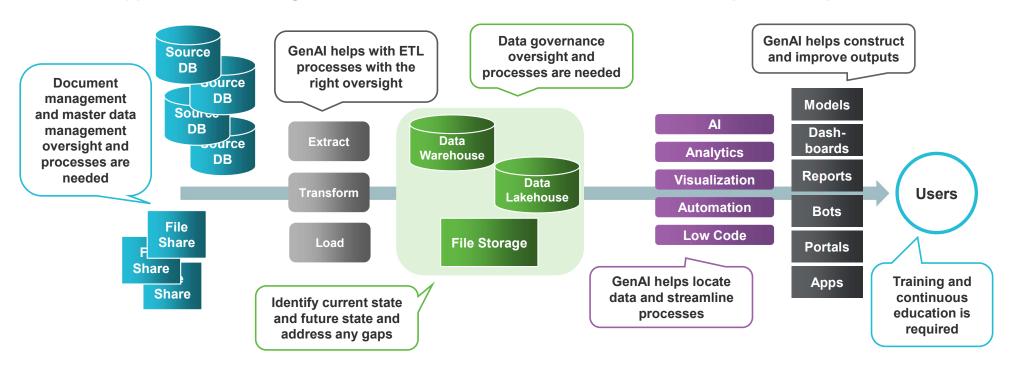
GenAl has the potential to drive 20%-30% increased productivity across the finance value chain in the near term.

Activity Categories	Accounts Payable	Fixed Assets	Order Management and Billing	Accounts Receivable	General Ledger	Finance Reporting	Finance Planning and Analysis	Тах
Example Activities	Vendor invoice processing, expense reviews, supplier reconciliation, research mis- matches	CapEx review, depreciation and asset disposition tracking, ensuring proper depreciations schedules	Order processing, billing and invoicing, error identification and handling stopping the downstream impact	Customer invoicing and history, collections, generating letters, enabling rapid collection calls	Journal entries, account reconciliation, financial statement preparation, finding errors to backout	Monthly/ quarterly and annual reporting, SEC filings, management reports, ad hoc financial reports or queries	Variance analysis and explanation, forecasting revenue, populating budget templates	Tax compliance preparation, tax calculating and planning, checking tax law updates, finding loopholes
Share of Total Time	10%-20%	5%-10%	20%-30%	5%-10%	10%-20%	5%-10%	10%-20%	5%-10%
Potential Efficiency Gain		•			•	•	•	
				Total 20%-30	)%			



## **Structuring Data for GenAl is Critical**

Appropriate data structure has long been important for accurate and efficient data analysis, and it remains a priority for GenAl applications. The diagram below shows where GenAl can be a force-multiplier in the process.







#### 1. Insufficient Data Quality

Using poor-quality or incomplete data can lead to inaccurate models. Ensure your training data is clean, relevant, and representative of the problem you're solving.

#### 2. Overfitting

Over-fitting occurs when a model performs well on the training data but poorly on unseen data. Regularization techniques and validation sets can help prevent this.

#### 3. Ignoring Ethical Considerations

GenAl can inadvertently learn biases present in the data. Be mindful of fairness, transparency, and ethical implications when deploying models.

#### 4. Lack of Explainability

Black-box models can be challenging to interpret. Prioritize models that provide insights into their decision-making process

#### 5. Choosing the Wrong Algorithm

Selecting an inappropriate algorithm for your use case can hinder performance. Understand the strengths and limitations of different GenAl approaches.

#### 6. Inadequate Model Evaluation

Properly evaluate model performance using relevant metrics. Avoid relying solely on accuracy; consider precision, recall, F1-score, etc.

#### 7. Ignoring Deployment Challenges

Deployment involves integrating GenAl into existing systems. Consider scalability, latency, and maintenance requirements.

#### 8. Not Involving Domain Experts

Collaborate with domain experts to validate model outputs and ensure they align with real-world expectations.





**Common Pitfalls and Risks** 

## **Best Practices for Deploying Gen Al Use Cases**

Successful model deployment involves collaboration between data scientists. engineers, and DevOps teams and functional experts.

Containerization

Use container technologies like Docker to package your model, dependencies, and environment. This ensures consistency across different deployment environments.

Scalability

Design your deployment pipeline to handle varying workloads. Consider using orchestration tools like Kubernetes for auto-scaling.

**Health Checks** 

model is functioning

Set up health checks to

verify that your deployed

serving faulty predictions.

correctly. This helps prevent

Monitoring and Logging

Implement robust monitoring and logging to track model performance, resource usage, and errors. Tools like Prometheus and Grafana can help.

A/B Testing

Deploy new models alongside existing ones and compare their performance using A/B testing. Gradually transition to the new model if it performs better.

**Version Control** 

sensitive data.

Keep track of model versions and ensure reproducibility. Use Git or other version control systems.

**Integration/Continuous** Deployment (CI/CD)

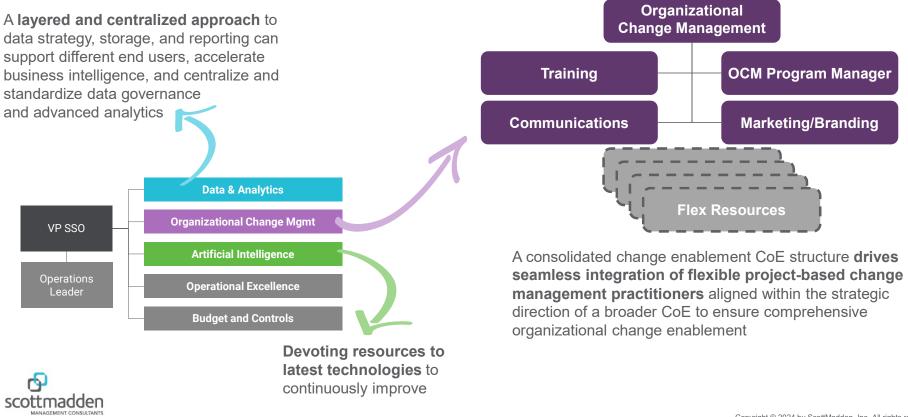
Security Secure API endpoints with authentication and authorization mechanisms. Avoid exposing

Automate model deployment using CI/CD pipelines. This ensures smooth updates and rollbacks.

Continuous

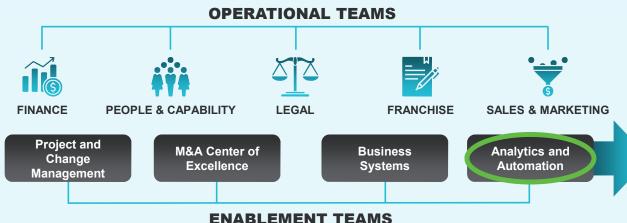
## **Revamping Traditional Models and Services Provided**

Build a robust support organization: Some organizations are elevating critical support functions to a CoE level with a direct reporting relationship into the VP of SSO.





Company's partner of choice in enabling business operations efficiency, productivity, and growth.



#### **ENABLEMENT TEAMS**



1,000+ professionals

200+ services



Focused on delivery against operational expectations for investor relations reporting, GBSC operational analytics metrics, SLA/KPIs, and automated processes.



55 team members

(8 automation-focused)



8 locations



1,500 users



900 data sources



**140** bots delivered to production

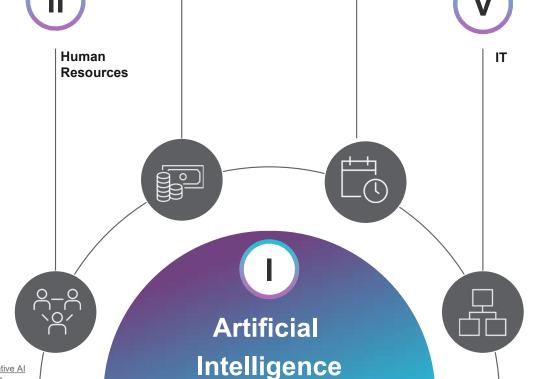


150K hours automation projection for 2023

## **Artificial Intelligence Enables the Data to Optimized Shared Services**

Artificial intelligence (AI) is crucial for shared services organizations and the enterprise governance of AI should be included in the SSO.

- <u>Efficiency and Productivity:</u> Al automates repetitive tasks, freeing up employees to focus on higher-value activities
- Improved Customer Service: Al-powered chatbots handle routine inquiries, enhancing the customer experience
- <u>Cost Reduction:</u> Al streamlines processes, reducing operational costs and boosting competitiveness
- <u>Personalization:</u> Al generates personalized content and recommendations for customers
- Innovation Potential: Al, including generative Al, can revolutionize service delivery and decision-making



**Finance** 

**Supply Chain** 



<u>Unlocking the Potential of Generative Al</u> in Shared Services - ScottMadden

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## **Wrapping Up**



#### Housekeeping items:

- Complete SSON's workshop evaluation form to help us improve
- Request access to our complete workshop presentation - scan the QR code



# Hear from one of our clients and engage with a leadership panel:

- Client Case Study: "Modernizing HR in Healthcare Navigating Tradition and Innovation to enable a Future-Ready Workforce", Tuesday at 2:45pm
- Panel Discussion: "Balance Cost-Cutting with Value Creation", Tuesday at 4:30pm



#### **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 Solo Stove



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





# **Presentation Copy**

IF YOU'D LIKE A COPY OF THE PRESENTATION, PLEASE SCAN THE QR CODE AND ENTER YOUR CONTACT INFORMATION.

