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MANAGEMENT CONSULTANTS

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Best Practices for Selecting a Geographic Location for Your Shared Services Operations

How to Use a Structured Approach to Gain Stakeholder Buy-in and Make a Smart Choice

November 2015

Why Use a Structured Approach?

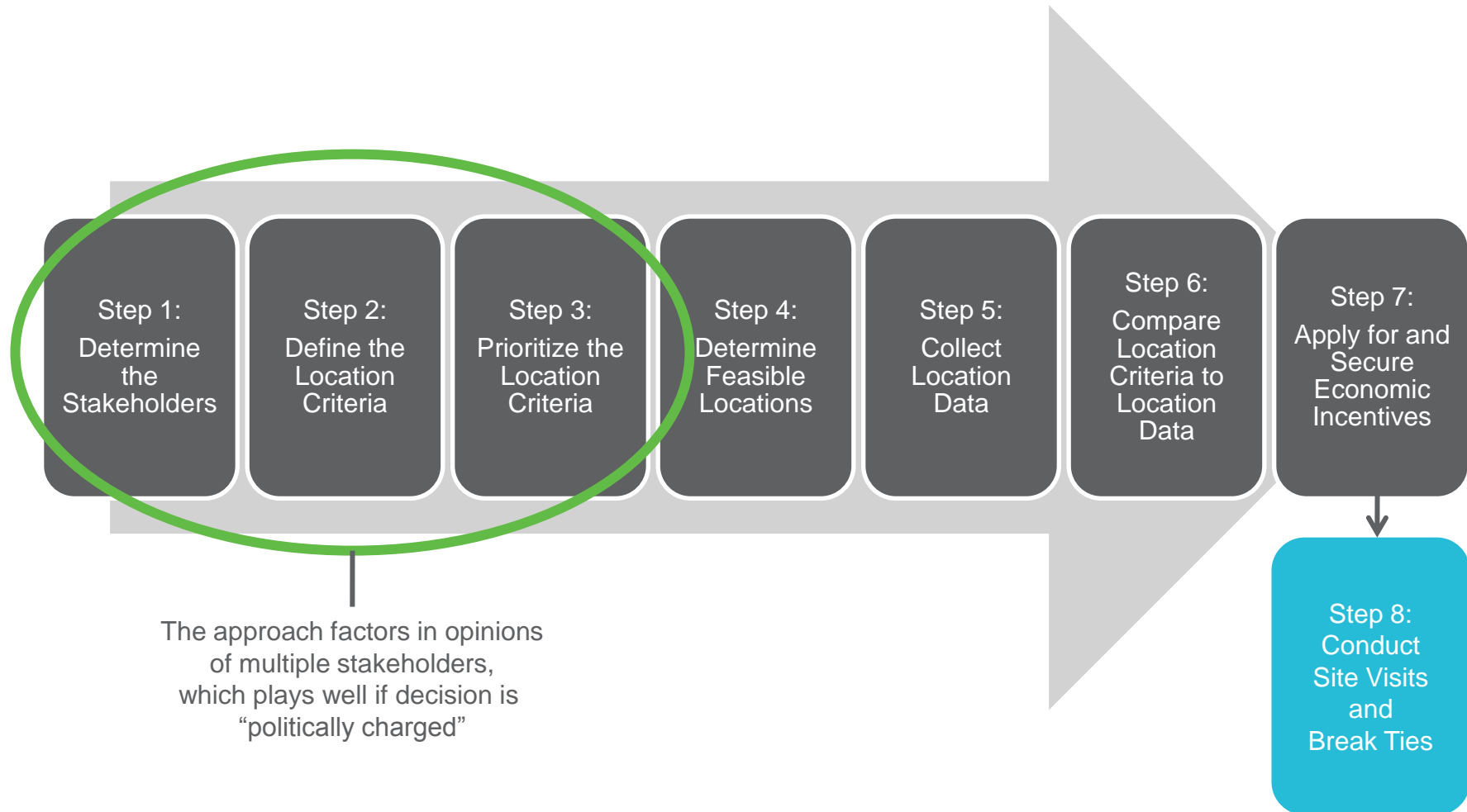
Selecting the location for your shared services operations is an important decision that can impact your long-term success. At the same time, it is a challenging decision with many criteria to consider and stakeholder preferences to manage. There are many benefits you can realize by following a structured approach to selecting a geographic location.

Key benefits include the following:

- Employees with a “stake in the game” are given a voice
- Ranking helps determine cities that should be visited (not final decision)
- Personal preference is removed from the equation
- Large/small gaps in location criteria preferences and city data are accounted for in the process
- City database is created and expanded with every analysis

What Does a Structured Approach Look Like?

While processes may vary, we have found that following these steps provides the rigor and results to satisfy stakeholders and produce an outcome that meets your needs.



What Do You Need to Consider along the Way?

Step 1:
Determine the Stakeholders

- Who has an interest in the location selection decision?
- Could the location decision significantly impact their operation(s)?
- Who has a vote in this decision?

Step 2:
Define the Location Criteria

- What is important for your operations?
- Which do your stakeholders care about?

Step 3:
Prioritize the Location Criteria

- Which have the most impact to your costs and operations?
- How will you assess priorities?
- Are all stakeholder inputs weighted equally?

Step 4:
Determine Feasible Locations

- What are your geographic boundaries?
- Are any locations preferred or non-starters?

Step 5:
Collect Location Data

- What sources can you leverage?
- Which other companies have operations in your list of feasible locations?
- What will your stakeholders care about and deem credible information?

Step 6:
Compare Location Criteria to
Location Data

- How do the location candidates compare based on your weighted criteria?
- What are the pros and cons of your top three locations?

Step 7:
Apply for and Secure
Economic Incentives

- What sources are available?
- What requirements or constraints exist?
- Does the timing of incentives align with your needs?

There are many questions you and your team will need to address to identify the best location for your operations.

Why Are Site Visits Important?

Site visits will lend information that is difficult to gather in an analysis, such as:

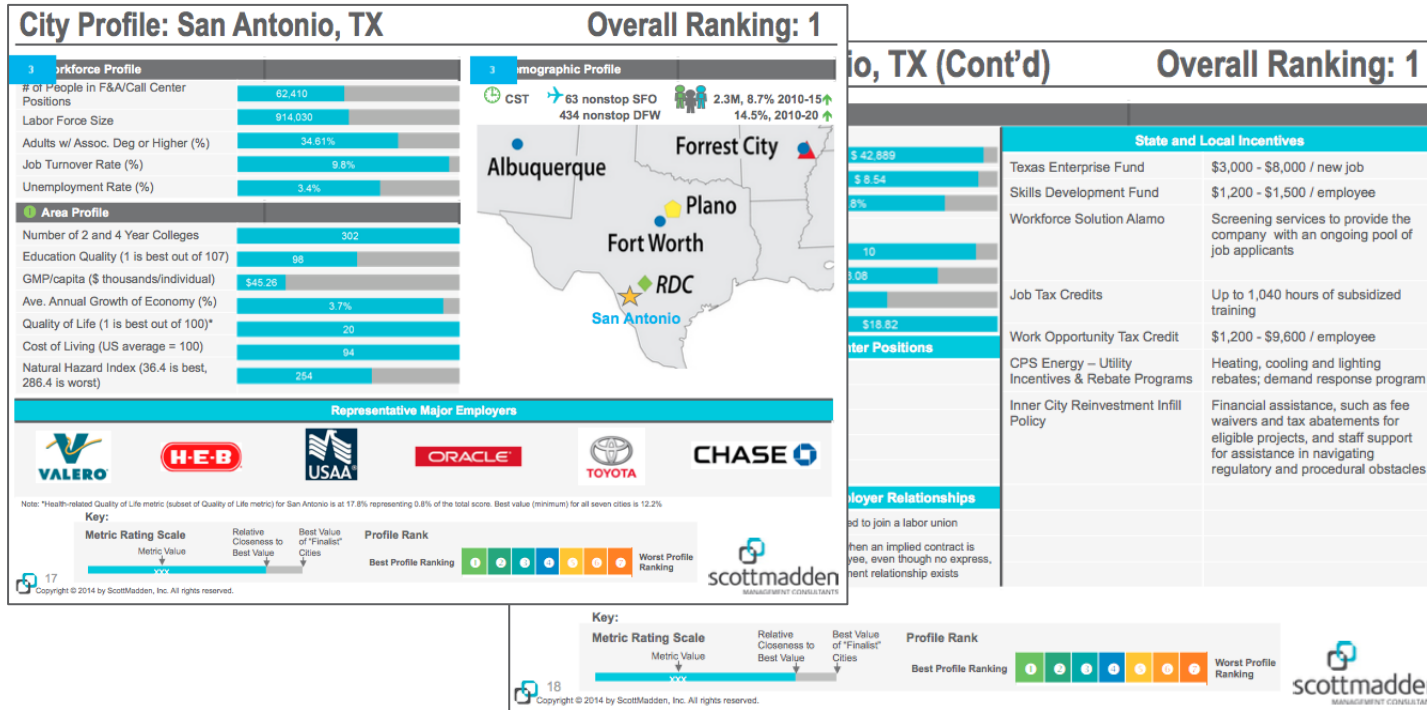
- Specific tax and regulatory benefit opportunities
- Turnover rates
- Recruiting and retention challenges
- Language capabilities and fluency
- Specific issues with labor (retention rates, performance, etc.)
- Experience with local suppliers/vendors (particularly technology)
- Logistical challenges (mail system, electricity, commute, etc.)
- Experience monitoring/complying with local government (tax, labor laws, etc.)
- Worker culture/attitude toward change
- Criteria used for selecting the site
- Lessons learned or things they would have done differently



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What Are the Outcomes? What Happens Next?

Summary location information and rankings are presented to stakeholders, and site visit insights can be used as a tie-breaker to reach a final decision.



Once locations have been down-selected and a final decision made, future state designs can begin to take shape:

- To support recommendations on location and preliminary designs, a business case should be developed
- International companies should factor in tax impact to their business case (line item)