

Shared Services: Putting the Right People in the Right Jobs

The concept of shared services has been in the management lexicon for more than 20 years. But enthusiasm for process improvement and optimization in this area has waxed and waned—largely in sync with broad economic conditions. Recent APQC studies, including a member survey, indicate a period of renewed enthusiasm. The newcomers to the shared services model have a lot of pointed questions, while the pioneers are climbing further up the maturity curve.

Of keen interest to APQC is the organization that, until now, has put off moving transaction-oriented administrative activity, such as payables processing, into a shared services model. What should the newcomer expect to gain? What challenges are inevitable? Looking for answers, APQC's Mary Driscoll, the senior research fellow for financial management, conducted the following interview (the final article of a four-part series) with Brad DeMent.



Brad DeMent leads the financial shared services practice at ScottMadden Inc., a management consulting firm. He is also the leader of the firm's Latin American shared services operations. DeMent has extensive experience designing, improving, and merging shared services operations.

APQC: Let's assume a management team is launching a financial shared services organization (SSO) for the first time. How do they best determine what work—and which people— should move into the SSO and what/who should be retained at the business unit level?

BD: Start with the following assumption: a number of senior finance and accounting personnel at the business unit level are spending more than 50 percent of their time doing low-value, transactional or administrative work. It tends to creep up on people over time, and they do not realize the extent of it. Spend some time specifically defining what types of work business unit staff should be relieved of. Then, conduct a broad survey to measure the amount of work, and determine who is performing the work and at what position or grade.

APQC: So, off to the SSO it goes?

BD: All things being equal, yes. However, you have to be discerning about this. Some work, by nature, should stay decentralized. It helps to ask a few key questions:

- Is the work unique and/or core to that business unit?
- Does the work require detailed knowledge about the business unit?
- Does the work need to be in close, physical proximity to the business unit (e.g., requires frequent face-to-face discussions)?

If the answer is “yes” to any of these, careful consideration is required before transferring the work to the SSO.

APQC: Looking at roles and job descriptions that remain at the unit level, what changes can be expected after moving transaction work into an SSO?

BD: This touches a common concern: the move to an SSO will take away parts of people’s jobs, but often not always enough to warrant a full head count reduction. The fact is that people typically wear multiple hats, particularly in smaller business units. Someone may have payroll responsibilities as a portion of their job, but also have invoice payment processing or even core business unit work. So, a unit manager may logically ask: “What happens if I have to start paying a centralized service group to perform these services, but I can’t afford to lose a full head count?”

APQC: Wouldn’t that be ultimately more expensive for the unit?

BD: That’s only correct if workloads, roles, and structures do not change in the business units. You cannot let that happen. So, keep the original goal in mind. The idea is to move transaction-processing burdens into a place where they can be managed with more efficiency, productivity, and control. If some of this work is intentionally left in the businesses, maybe marked for later transition, it too should be assessed with a view toward consolidation. Unit managers need to figure out how to better allocate capabilities or skill sets so that they can reorganize the work that remains into full head count increments. This may mean modifications to organization design and employee roles in the business units, as well as the SSO. On the bright side, all this can be a great opportunity to create professional challenges and career paths for people who were previously buried by transaction processing tasks.

APQC: One of the main objectives is to release finance people (inside the units) from time-consuming transactional work. But how can you be sure that these liberated people will transform into strategists or analysts capable of producing insightful decision-support?

BD: That’s where it can get tricky. It is certainly a mistake to assume that everyone retained at the business unit level can step easily into more strategic activities. It is important to understand that some people simply aren’t strategic or analytical in nature; and moving them in that direction is counter-productive. So skill assessments are needed in the SSO and also in the retained organization(s). The answer may be that the SSO has liberated enough transactional work to replace several non-strategic thinkers with one new strategic thinker.

APQC: Once the management team knows what work should be done in the SSO, how should it determine the mix of skill sets needed in the SSO?



BD: The first step is to categorize the type of work. Is it administrative, transactional, customer support, or analytical? The next step is to assign people to the types of work that fit their skills, which is what they naturally enjoy and gravitate to but are not necessarily doing. Most often, the plan calls for moving the majority of administrative, transactional, and customer support work into the SSO. Then you face a couple of questions:

1. What analytical work is strategic to the business units and should remain in the field?
2. Do the analytical skills reside in the field to accomplish this work?

If the right alignment of skills to work does not exist in the business units or in the SSO, then it is best to search elsewhere in the organization, or externally, for an appropriate match.

APQC: During our first interview in this series, you stressed that an SSO, if it's successful, will have a strong customer-service orientation. But I have spoken to a number of finance and accounting people who readily admit they are not "people pleasers" by nature. How can the SSO leadership team prepare for and mitigate that?

BD: Training is certainly one technique. But before marching down that road, start by looking really hard at your people's natural talents. You know the ones already that will thrive in a position requiring a genuine service orientation.

You'll only need a small but talented group of people in the SSO to deal with the customers. Perhaps you'll need to bring people in from the marketing group, the HR group, or from another organization where they had a service-related job. The point is that you need people that have experience and enjoy talking to customers and resolving their problems. Then, you can train these people to answer the financial questions. Prioritizing service culture over functional knowledge is not an intuitive approach, but I've seen it work well. There is an art to delivering good customer service, and it involves much more than delivering a quick answer.

APQC: When it comes to the SSO leadership, presumably the ideal candidate would be someone who has that experience. Where can a CFO or controller find a good director of financial shared services?

BD: For the organization setting up an SSO for the first time, the most important question is whether you bring someone in from the outside. This really depends on the desired startup speed and the resistance that you may be facing in the organization. In situations where you need a fairly quick start-up and you don't have time to bring someone up the learning curve or correct for mistakes, then it may make sense to look in the external market for a candidate with SSO managerial experience. If you're looking to build a green field operation and people aren't willing to relocate, then you will be required to look in the external market.

However, we've seen situations where it makes sense to look internally. This is especially true when there is a great deal of customer resistance to the SSO model. If you can bring the right person in from the field to run the SSO, you will have a familiar face working with customers and reducing resistance. Over time, that person can learn how to become an SSO leader by attending conferences, gathering ideas on process innovations, and building networks with other SSO managers. Eventually, if you've chosen well, this SSO operator will learn the ropes of this unique role.

APQC: What special skills does the global SSO leader need?

BD: A leader of a regional or global SSO will need a few more skills than the leader of a domestic SSO. The person running either the global or regional SSO must have superb political instincts and be able to influence others to get things accomplished in a complex environment. Consider the Latin America region. An SSO leader for that region will have seven or eight diverse countries to serve. That means pushing an agenda with multiple country managers, who may report to different executives and are ultimately responsible for only their country's operations. These country managers may have the final decision rights over SSO strategies in their country. Standardization takes on an entirely different challenge in this environment. So the global SSO leader must be sensitive to multiple cultures and how they interact with a centralized unit located in a foreign country. On a technical level, that leader must have a solid understanding of financial reporting regulations, accounting standards, cross-border charge-back regulations, country tax requirements, currency arbitrage, regional economic risks, political instability, and so on.

APQC: When you observe a strong SSO leader in action, what do you notice right away?

BD: I notice a group of motivated employees who are passionate about the work they are doing. Employees tend to adopt the qualities of their leaders. Strong SSO leaders are also curious in nature. They try to glean insights from the data streaming through the SSO. They are looking for new ways to analyze that data and deliver insightful decision-support to their customers. They are not satisfied with the status quo. Though it may seem counterintuitive, a strong SSO leader often possesses the qualities of a "general" as well as a "statesman." They face tough customers demanding customized service on a daily basis, and they must be able to take a firm stance to defend the integrity of the SSO model. The statesmanship is often left to other arms of the SSO organization in early challenging environments.

At the end of the day, the great leader ensures that the SSO is a vibrant environment that continues to add value to the organization while maintaining a motivated work force and satisfied customer base.

Note: Also available are parts 1 through 3 in this series of conversations with Brad DeMent:

#1: Financial Shared Services—Driving Excellence from the Start

2: Shared Services Design and Structure: Gaining Consensus

3: Shared Services—the Crossroads in IT Planning

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For more than 30 years, APQC has been on the leading edge of improving performance and fostering innovation around the world. APQC works with organizations across all industries to find practical, cost-effective solutions to drive productivity and quality improvement. We are a member-based nonprofit currently serving more than 500 organizations in all sectors of business, education, and government.

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