

✓ **Planning, Persistence, Performance, and
Patience: The “4 Ps” of Shared Services
Leadership**

How Leaders of Top-Performing Shared Services Organizations Use
the “4 Ps”

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After spending a few days at a gathering of shared services professionals, it’s only natural to start reflecting on those topics that have energized your workshops and hallway discussions. That reflection often reveals a common thread within many of the storylines, and that is the role leadership plays in shared services organizations most recognized and heralded for achievement.

It is effective leadership that sets apart those organizations that have advanced most successfully from others that have spent years hampered by limited operational improvements and little growth.

In the shared services world, much has been written about management, with the focus on performance and accomplishment of day-to-day activities. But the role of leadership has yet to receive the same degree of attention. Management is about doing things right; leadership is about doing the right things. This distinction is often overlooked, causing shared services leadership skills to be overshadowed by management skills.

The “4 Ps” of shared services leadership addressed in this article—planning, persistence, performance, and patience—are derived from ScottMadden's many years of helping build, grow, and optimize shared services organizations.

PLANNING

Effective shared services leaders develop a clear and shared vision for the organization and then vigorously pursue that vision. A strategic plan is commonly used to define the journey to achieving the vision. To remain relevant, constant evaluation, planning, adjustments and reevaluation are needed. Planning in this fashion ensures that there is always a pipeline of activity—next step—that has received proper consideration, prioritization, and executive support well in advance of the implementation opportunity. Less effective organizations tend to have uncertainty in direction and experience time lapses or lost opportunity while they ponder, “What next?”

Factors considered as part of the strategic plan need to include both internal and external influences, such as goals of the shared services organization, corporate strategy, customer business plans, leading practice and trends in technology and service delivery. The result should be a prioritized and balanced portfolio of activities that addresses internal improvements and external expansion. A good leader is effective at engaging key stakeholders in this process, giving careful attention to the collection and use of feedback, as well as selectively sharing plan results.

The strategic plan can be simple or complex. It may not be widely shared, and it may not even be formally documented, but it is always on the mind of the shared services leader. The plan provides guidance for annual business planning, operational and project decision-making, and prioritization of department resources. It also supports delivery of consistent and clear

messages to the management team about the path forward. This direction helps managers in their day-to-day decision-making and provides motivation by enlightening them about goals and future opportunities for the organization.

The most effective leaders are able to use their plans to steer change, staying a step ahead of decision makers and solidifying their own destiny. Providing a storyline for future service quality enhancements and growth opportunities, backed up by evidence of historical performance, demonstrates preparedness and the capability to meet new challenges. This puts the company on notice that the shared services organization is ready for progression and has earned the right to the budget and resources necessary to make it happen.

Note that the skills required to accomplish the steps above are leadership skills—defining and pursuing a vision—not day-to-day operational management skills.

PERSISTENCE

Shared services is not an easy “sell” to corporate management, and it can be even more difficult to bring business-unit managers on board. The concept requires a fundamental change in organization, processes, roles, and responsibilities, and thus often engenders strong resistance. Even initial supporters of the concept of a “shared” venture may recoil and balk when it becomes evident that a significant amount of control will leave their hands. Therefore, as an advocate for shared services, a leader must be creative and resilient in defining and promoting the value of the shared services proposition.

In many organizations the services that are candidates for a shared delivery model fall under the control of a locally focused organization. There may be completely discrete services within each business unit, or similar services using unique processes and policies that leverage a central technology for aggregation. In either situation, a group of corporate and business-unit stakeholders are tied to, and sometimes emotionally invested in, the way they manage or receive their services.

Because of this, seldom does a proposed shared services initiative receive unanimous approval on first submittal to the executive management team. Even a solid business case will face rebuttal by those who have traditionally held a heavy degree of influence and control over the targeted services. With a vast array of stakeholders in the mix, pushback against the shared services initiative can come from different corners of the organization. Common themes include: “We are unique.” “Our employees won’t operate this way.” And, “We tried this years ago and there was no value to be gained.”

An effective leader listens to stakeholders during the exploratory stages of a shared services initiative to determine the causes of concern—cost, control, compliance, or ownership—and takes actions to address them. Valid claims of “uniqueness” among internal customer organizations should be addressed in the new solution, and direct effort should be taken to

disposition invalid ones. Research on previous shared services initiatives should be completed to determine what prevented success in those instances. To avoid the same fate, the lessons learned in the past should be incorporated into the design and positioning of the current initiative.

Garnering support for a shared services initiative is going to be difficult. A strategic approach that leverages potential allies and neutralizes potential opponents and roadblocks is required. To enhance the opportunity for success, effective leaders take stock of their position in the organization and build a guiding coalition around them that is commensurate with the support needed for the scope of the initiative. Even with the right coalition of support, persistence in framing and re-framing the scope of the initiative, the business case, and the strategic value is key to eventual success.

Often the easiest "sell" for shared services is a function or service that is generally recognized as not performing at an expected level. A good leader looks for "broken" services that fit within the strategic plan, and he or she develops a value proposition to make the case for bringing the service into the shared services organization. This effective tactic not only frees thankful executives from responsibility for the broken service, but also helps to build experience within the shared services organization. That experience then drives credibility toward a tipping point of acceptance for more significant opportunities that are to come.

It may come as a surprise, but persistence—demonstrated through creative selling, resolving roadblocks, developing coalitions, and framing achievable opportunities—is a leadership skill, not a management skill.

PERFORMANCE

Typically, shared service initiatives start small, with a single function or even a single service. In order to grow shared services (a leadership challenge), performance (a management challenge) is key.

Sound management and effective delivery are what give shared services leaders legitimacy in their efforts to pursue growth. While not diminishing the importance of management in achieving high performance levels, our principal focus here is the *leadership* challenge to *capitalize* on good performance to achieve sustainable growth for shared services.

Communications and an ongoing dialogue between corporate and business-unit managers that analyzes performance quality and achievements in light of the shared services business case is required to earn acceptance and readiness for expansion

One shared services organization had earned respect for successfully absorbing decentralized, non-standardized activities into its efficient operating model. Still, the leader recognized the need to solidify support among key stakeholders by articulating specific

operational improvements and financial savings as a direct result of the shared services organization. A thorough historical study reviewed operational achievements, staffing changes, service growth, key investments, cost savings, and general performance metrics recorded since inception. The study produced a tremendous amount of information backing up the premise that the shared services organization had achieved its original business case and was continuing to add value to the company even beyond the original expectation.

This information outlining the organization’s successes proved invaluable for encouraging positive dialogue with steering committee members, key stakeholders, and shared services managers. The study achieved the intended goal of providing proof that the shared services organization was effectively achieving its objectives in a very cost-efficient manner. The analytics was also key to providing senior executives with the information they needed to invest in the next stage of the shared services organization’s journey.

The ability to achieve and demonstrate performance is a critical element of effective shared services leadership.

PATIENCE

Building a shared services organization for the long term can be a painstaking process that requires balancing today's performance with tomorrow's growth. Leaders must demonstrate a certain level of patience that allows them to avoid mistakes, such as being too aggressive or inflexible with growth opportunities.

An effective leader is careful not to outrun the performance of the shared services center with aggressive service additions or enhancement projects. Going after the next opportunity is always tempting, but the shared services organization must be ready to take on the next challenge. This means ensuring that existing services are running smoothly and that the management team has sufficient depth and bandwidth to accomplish these goals. Failure to ensure this puts the immediate effort at risk and can also create a negative backlash from stakeholders and shared services staff. An effective leader must take ownership of controlling the risk, even at the peril of advancing one step forward, then taking two steps back.

Applying pressure to force an unwilling business unit into the shared services organization is an aggressive tactic that will create a difficult working relationship. The focus should be on making services more desirable, or working out a compromise between both sides. As time passes, circumstances tend to shift in the shared services organization’s favor. The organization gains more experience, enhances or implements new technology, and continues to increase its portfolio of integrated services—all of which support the shared services value proposition.

In attempting to retain a standardized approach, many shared services organizations meet the requests of new customers inflexibly. While entertaining every request surely would be a

mistake, reasonable and genuine needs may not be responded to with sensitivity. This creates a heightened level of angst in the customer organization and can lead to work slowdowns, issue escalation, a halt to the project, or at the very least a jaded relationship going forward. A leader recognizes where energy may be wasted and adjusts the pursuit and approach accordingly.

A more progressive method engages customers in a discussion about the cost of exceptions and pursues workable compromises. An effective leader understands which compromises make sense and finds agreement that will bring the customer under the shared services umbrella. The shared services organization will then be able to add value despite the special requirements of certain customers. More importantly, the leader knows that shared services will provide excellent service, earning the customer’s long-term confidence, and eventually ownership of the service. This allows particular issues to be revisited at a future date.

Balancing growth challenges effectively takes patience. Leaders demonstrate patience with self-control, self-confidence, and strategic compromises.

SUMMARY

Both management and leadership are elements critical to shared services success, and most successful shared services executives embody both capabilities.

It is the leadership skills, however, that guide a shared services organization to do the right things. The deft execution of planning, persistence, performance, and patience by an effective leader is what enables shared services to grow from single-function transaction processing centers to a mature, multi-functioning organization that adds consistent value and is seen as a strategic asset by corporate executives and business-unit customers alike.

More Information

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The ScottMadden [corporate & shared services practice](#) has been helping clients create greater value for their corporate services organizations for nearly 30 years. Our highly efficient, collaborative teams employ measurable, award-winning methods and deep cross-functional expertise to improve operational performance.

More information about ScottMadden's corporate & shared services practice can be found at www.scottmadden.com. Contact ScottMadden in Atlanta at 3495 Piedmont Road, NE, Building Ten, Suite 805, Atlanta, G.A. 30305; call 404-814-0020; or e-mail info@scottmadden.com.

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