Shared Services Strategies – the Next Generation

Research Findings

We have analysed the responses from the research questionnaire and are now in a position to publish the results. We are pleased to say the response was in excess of 60 organisations which gives us enough dependable data to make some sensible conclusions.

Our goal was to understand more about the development of Shared Services as a concept, to understand organisations' drivers, the main functional areas involved, locations chosen, system platforms, scale, etc.

Following the success of this exercise, we plan next year, to refine the questionnaire and having now set a bench mark, we can then look at how organisations are progressing on their journey towards Shared Services.

Note – in many of the responses, the total or percentage exceeds 100% because the participants were asked for multiple responses.

Strategy

1 In this section, we asked, why did the organisation select Shared Services as a path to follow?

Answer Options	Response Percent	Response Count
Supports global vision	38.6%	22
Cost reduction	82.5%	47
Cost containment	28.1%	16
Supports growth plans	38.6%	22
Supports acquisition and disposals plans	15.8%	9
Tax reasons	3.5%	2
Other		10

The responses in the Other category included:

- To enable line HR to focus on talent outcomes and to improve consistency in employee experience.
- To free up and make clearer distinction between transactional activities and higher value advisory activity provided by the Business Partners and Centres of Excellence
- To standardise global processes and ease of administration of support services
- To build a platform for the future by anticipating changes in the environment that would require this direction
- To support organisational re-design
- To increase the quality of service provision

2 Which of the following elements are contained in your organisation's strategy for shared services?

Answer Options	Response Percent	Response Count
Business Vision	76.5%	39
Geography	58.8%	30
Functions/applications	78.4%	40
Ethos/culture	21.6%	11
Timeline	31.4%	16
Outsourcing	51.0%	26
Processing for 3rd parties	21.6%	11
Lean or 6 Sigma	29.4%	15
Other responses included skills retention, a commercial operating model and to provide consistency of service across geographies.		

Applications

3 Which functions are being supported by the service centres?		
Answer Options	**Response Percent**	**Response Count**
Finance	56.9%	29
• GL	52.9%	27
• A/R	49.0%	25
• A/P	52.9%	27
• Management reporting	41.2%	21
• Compliance/statutory	33.3%	17
• Tax filing	25.5%	13
• Other	3.9%	2
Human Resources	64.7%	33
• Payroll	52.9%	27
• Benefits	45.1%	23
• Allowances	33.3%	17
• Talent Management	31.4%	16
• Other	9.8%	5
Procurement	41.2%	21
Travel & expenses	45.1%	23
Customer services	19.6%	10
IT	49.0%	25
Marketing	11.8%	6
Other		10

The Other category included items such as

- IT Support (Service Desk)
- Editorial services
- Risk and compliance
- Business Change Services
- Global Business Development and lead generation
- Worldwide Real Estate and Facilities
- Facilities Management
- Pension Administration, and
- Front Line Telecommunication Business Services

4 Which additional (value added) activities are provided?

Answer Options	Response Percent	Response Count
Decision support	29.4%	15
Planning and budgeting	37.3%	19
Management reporting	60.8%	31
No additional activities are provided	25.5%	13
Other (please specify)		1

Outsourcing

5 Have any of these functions been outsourced?		
Answer Options	**Response Percent**	**Response Count**
Finance	25.5%	13
Human Resources	13.7%	7
Procurement	11.8%	6
Travel & expenses	17.6%	9
Customer services	5.9%	3
IT	37.3%	19
Marketing	3.9%	2
No applications have been outsourced	47.1%	24
Other (please specify)		

The Other category included Benefits management, Editorial and Pre-Employment Checking

Locations

6 To which geographical locations have these applications been moved or outsourced?

The principle locations which participants cited are as follows?

UK		23
Europe		11
India		9
Far East		7
USA		7
South America		4
Eastern Europe (Hungary and Romania		4
Ireland		2
New Zealand		1
South Africa		1
		69

Progress on the Journey

7 How complete is your journey towards your shared services vision?		
Answer Options	**Response Percent**	**Response Count**
Less than 50%	33.3%	20
51-75%	27.5%	14
76-90%	13.7%	7
More than 90%	25.5%	13

Structure and Organisation

8 How many people are in each centre?		
Answer Options	**Response Percent**	**Response Count**
Under 100	43.8%	21
101-250	29.2%	14
251-550	16.7%	8
More than 500	10.4%	5

People

9 What is the level of capability of each centre?		
Answer Options	**Response Percent**	**Response Count**
High	37.5%	18
Medium	54.2%	26
Low	8.3%	4

10 What sort of training programme do they go through?		
Answer Options	**Response Percent**	**Response Count**
Basic processing	54.2%	26
Value add	39.6%	19
Management	6.3%	3

11 How many days per year do you allow each person for training, on average?		
Answer Options	**Response Percent**	**Response Count**
Less than 1 week	35.4%	17
1 to 2 weeks	39.6%	19
2 to 3 weeks	16.7%	8
More than 3 weeks	8.3%	4

12 How are the activities of a process split among the staff? Please describe.

80% of the responses suggested the split of responsibilities was by process or function.

This allocation was often made after an initial single point of contact
In two instances, the split was by both industry sector and geography
In one instance, the organisation separated “rework” from regular processing
In one instance, the split was by degree of complexity
In one instance, the process was not split. One person takes care of the whole process for each transaction. If it is cross function, the flow is managed by SAP.
In one instance, the allocation was “rotational” where all staff cover all activities at all levels. Thereafter an underlying traditional 3 tier architecture

Systems

13 What is the IT strategy in terms of ERP platform?		
Answer Options	**Response Percent**	**Response Count**
SAP	65.6%	21
Oracle	34.4%	11
Agresso	0.0%	0
Other		15

The systems included in the Other category include, Peoplesoft, Lawson, SAGE PAS, ResourceLink- NGA, GDMS, IFCA, CODA, MS SQL 2008, TalentLink and a variety of internally developed applications.

14 What is the standard for reporting systems?		
Answer Options	**Response Percent**	**Response Count**
Hyperion	50.0%	16
Microsoft	50.0%	16
Other (please specify)		14

The other category was analysed as follows:

SAP	4
Cognos	2
Excel	1
CSV	1
QLIKView	1
MS SQL	1
Bespoke	4

15 Which standard database do you use?		
Answer Options	**Response Percent**	**Response Count**
Oracle	65.7%	23
Microsoft	34.3%	12
Other (please specify)		8

16 Who supports the systems?		
Answer Options	**Response Percent**	**Response Count**
Systems integrator (who?)	19.5%	8
In-house	80.5%	33
Other (please specify)		8

The other category answers were all “outsourced” or multi-sourced to third parties or specialist sub-contractors

17 Do you use 'vanilla' systems (i.e. standard, out of the box systems) or have the basic packaged systems been modified to some extent?		
Answer Options	**Response Percent**	**Response Count**
Vanilla	10.9%	5
Low - Less than 5% modifications	21.7%	10
Medium - 6-10% modifications	19.6%	9
High - More than 11% modifications	47.8%	22

18 Do you use any 'smart' technology? Please tick all that apply.		
Answer Options	**Response Percent**	**Response Count**
Scanning tools	66.7%	22
OCR	57.6%	19
Workflow	87.9%	29
Other (please specify)		5

19 Are the systems being used via the 'Cloud' or do they all belong to the Shared Service Centre Please describe.	
Answer Options	**Response Count**
	29

Systems run in house	18
Private cloud	6
Third party cloud	3

There were two other responses with a mixture of both at present - with a definite move towards cloud

Process and Controls

20 What level of complexity and non- standard transactions exists in your business? Please describe.	
Answer Options	**Response Count**
	27

The degree of complexity from the respondents was:

High	8
Medium	9
Low	10

21 How do you measure and drive Compliance? Please tick all that apply.		
Answer Options	**Response Percent**	**Response Count**
Reporting methods	83.7%	36
RAG Traffic light system	41.9%	18
Strong/audit controls	60.5%	26
Other (please specify)		4

The Other category was made up of contractually enforceable Service Level Agreement (SLA), RAG reporting (as it is the only way to stimulate awareness and responsibilities, as audit is too late), Oversight accountability and Manually.

22 How many month end control account reconciliations do you perform?		
Answer Options	Response Percent	Response Count
Less than 10	39.5%	17
11-20	27.9%	12
More than 21	32.6%	14

23 How often do you do a hard close?		
Answer Options	Response Percent	Response Count
Monthly	45.7%	16
Quarterly	20.0%	7
Annually	34.3%	12
Other (please specify) ???		4

24 What proportion of the processes are self-service?		
Answer Options	Response Percent	Response Count
Less than 50%	72.1%	31
51-75%	27.9%	12
More than 76%	0.0%	0

25 What percentage of "Straight Through Processing" does the centre run - i.e. untouched by manual intervention		
Answer Options	Response Percent	Response Count
Low - Less than 50%	72.1%	31
Medium - 51 to 75%	25.6%	11
High - More than 76%	2.3%	1

Measurement

26 What metrics are gathered on a monthly, quarterly, annual basis? e.g. Productivity per person per day. Please describe.	
Answer Options	Response Count
	29

The responses fall into the following categories

Financial (data)	15
People productivity (process)	10
(Customer) Service	6
Contractual	3
Time based	3
Confidentiality and security compliance	1

27 Are these metrics gathered by team, by individual or by some other method. Please describe.	
Answer Options	**Response Count**
	28

The responses fall into the following categories

By team	14
By individual	6
By process/function	4
Manually	3
Overall	1

28 What other performance management systems are in place? Please describe.	
Answer Options	**Response Count**
	25

The responses can be analysed as follows:

KPI Dashboard	9
HR process	8
Customer feedback/satisfaction	4
SLAs	2
Rework levels	1
Sales led	1
Benchmarking	1
Quality Control	1

29 Do two way service level agreements exist?		
Answer Options	**Response Percent**	**Response Count**
Yes	52.4%	22
No	47.6%	20

30 If you answered yes, how detailed are they? Please describe.	
Answer Options	**Response Count**
	19

The response on the degree of detail from the respondents was as follows:

Basic	7
Detailed	7

Many were contractually enforceable.

Culture

31 What sort of culture exists in the shared service centres? Please tick all that apply.		
Answer Options	**Response Percent**	**Response Count**
Productivity	57.5%	23
Efficiency	60.0%	24
Quality	65.0%	26
Customer service	67.5%	27
Other (please specify)		5

The Other category included the following responses:

- the aim was to be the best at what we do
- Scalability
- A balanced scorecard approach is used
- Innovation and Continuous Improvement
- Cross organisational networking and support for worker community

32 Which of the above cultures dominates? Please tick only one.		
Answer Options	**Response Percent**	**Response Count**
Productivity	26.2%	11
Efficiency	28.6%	12
Quality	16.7%	7
Customer service	28.6%	12
Other	0.0%	0

33 Do you have published company values? If yes, what are they? Please tick all that apply.		
Answer Options	**Response Percent**	**Response Count**
Customer focus	73.7%	28
People recognition	55.3%	21
Excellence	63.2%	24
Right first time	39.5%	15
None	15.8%	6
Other (please specify)		9

The Other category included the following responses:

- Team spirit
- Responsible, Excellent, and Innovative
- Communities and Environment
- Trust
- Support for equality and diversity
- Have fun
- Efficiency
- Quality
- Proactive approach & business growth
- Professionalism
- Personality and lifestyle

34 Are the values engrained, lived and breathed, measured, rewarded?		
Answer Options	**Response Percent**	**Response Count**
Yes	19.0%	8
Partially	59.5%	25
No	21.4%	9

Other Questions

35 Is the Shared Service Centre a cost centre or a profit centre?		
Answer Options	**Response Percent**	**Response Count**
Cost Centre	82.9%	34
Profit Centre	17.1%	7

36 Was Outsourcing considered?		
Answer Options	**Response Percent**	**Response Count**
Yes	61.9%	26
No	38.1%	16

37 If outsourcing was considered, but not opted for, why did you choose not to outsource in the end? Please describe.	
Answer Options	**Response Count**
	21

The responses can be analysed as follows:

- In house Shared Services seen as a better model
- Organisation currently too complex/broken to outsource
- Poor ROI
- Lack of capable supplier
- Perceived loss of control
- Perceived loss of service quality
- Perceived loss of knowledge

38 Is the Shared Service Centre a first step before Outsourcing ?		
Answer Options	**Response Percent**	**Response Count**
Yes	9.5%	4
No	42.9%	18
Possibly	47.6%	20

39 How is innovation promoted or sought after? Please describe.	
Answer Options	**Response Count**
	22

The responses can be analysed as follows:

Staff suggestions/feedback/reviews	9
Lean / Continuous improvement techniques	7
New technology	2
Customer feedback	1
Cost reduction as the driver	1
Only in response to crises!	1
Pipe dream!	1