

Finance & Performance Management

Ensuring Successful Shared Service Implementations: From Vision to Operation


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This Point of View highlights a number of recurring themes that, in Accenture's experience, have contributed to the success of many Shared Services implementations.

The Shared Services journey is by no means an easy one to undertake. It requires desire, discipline and the ability to execute a complex plan. It is important to understand that Shared Services is more than simply moving people together into one location and executing a common process on a common system.

It involves a change in mindset and an increased focus on the organization's mission. Successful implementations integrate processes, people, and technology to deliver a totally new business capability. This Point of View highlights a number of recurring themes that, in Accenture's experience, have contributed to the success of many Shared Services implementations.

Leading Shared Services success factors include:

1. Clearly Define the Shared Services Vision
2. Develop a Detailed Business Case for Change
3. Define Scope for Economies of Scale and Skill

4. Establish Appropriate Executive Leadership
5. Hire the Right People for the Project
6. Communicate! Communicate! Communicate!
7. Start Transition Planning Early
8. Hire the Right Team for the Shared Service Center
9. Develop a Comprehensive and Enduring Training Plan
10. Over Support each Implementation

To take each of the key themes separately...

Shared Services implementations involve a change in mindset and an increased focus on the organization's mission.

1. Clearly Define the Shared Services Vision

A clear vision and sound understanding of the future goals of the Shared Services solution are critical inputs to ensuring Shared Services success. Defining the vision and strategic objectives lays the foundation for the remaining Shared Services design and development activities and is a critical task since the results will act as a compass for the remainder of the Shared Services program. While the scope of the program, the impact on the organization, and the service management approach will all evolve over time, the Shared Services vision and strategic objectives will remain stable throughout the program lifecycle. The most successful visions have had Shared Services positioned as a strategic resource, combining the best processes with the best people to achieve world-class efficiency.

Senior client participation is essential when defining the Shared Services vision and strategic objectives. Operating unit leaders are often skeptical regarding the benefits of a Shared Services solution and fearful that they will lose control. Their involvement in the definition of the vision and strategic objectives will increase the comfort level, buy-in, and sponsorship of the solution and will ensure alignment with the overall goals of the organization.

2. Develop a Detailed Business Case for Change

A strong vision for the future must be backed by a compelling rationale for change. This is manifested in a business case that outlines benefits through labor reduction, labor arbitrage and increased processing efficiencies, i.e., doing more work with the same or fewer resources. The "case for change" also needs to include the softer benefits that are required to achieve buy-in across the organization. These include better service, information, controls and a platform for significant continuous improvement. A clearly developed business case provides the justification that senior leadership requires to pursue Shared Services. In essence, the business case helps to sell the program internally.

Many Shared Services business cases under-estimate the implementation and run costs. Often, there is significant investment required in technology such as an Enterprise Resource Planning

(ERP) system, workflow capabilities, case management solutions and employee/manager self-service tools. Workforce transition costs such as severance, outplacement, stay-on bonuses and temporary staffing will be material. The business case also needs to include ongoing, annual run costs adjusted for inflation—labor, technology, facilities, continuous improvement projects and vendor contracts. There are multiple line items that must be estimated to develop a confident case for change.

A good business case will be used to measure the success of the project once finished. Project leadership will have accountability to deliver on the benefits presented in the business case. If actual costs and savings differ from the original business case, root causes can be established and future project teams can be made stronger by the lessons learned.

Defining the Shared Services vision and strategic objectives lays the foundation for the rest of the design and development activities and acts as a compass for the remainder of the Shared Services program.

3. Define Scope for Economies of Scale and Skill

Many Shared Services projects try to avoid the large change management issues by pursuing a scope that is small, uncomplicated and generally non-controversial. The theory is that once the model is proven on a small scale, the organization will be ready for the full benefits of Shared Services. This may be a valid approach for some organizations, but the operating model, business case and implementation plan should still be developed with a full-scope end-state in mind. This is the best way to develop a true internal service delivery "business". It will be hard to achieve transformational change, and the associated benefits, without considering more functions, operating units, people and geographic entities from the start.

Traditional Shared Services models have been built to deliver high volume, back-office functions. Today's Shared Service centers are delivering more value by leveraging economies of skill functions such as legal, marketing, tax, etc. The structured process and well-defined service and performance management techniques that are hallmarks of successful Shared Service models can be successfully applied to many non-traditional functions. Furthermore, the more functions included within Shared Services, the more opportunities to share and leverage capabilities within the Shared Services organization versus the operating units.

4. Establish Appropriate Executive Leadership

Leaders who are committed to change, believe in their organization's strategy and are willing to support the vision publicly are one of the biggest assets of a Shared Services project. Without senior level sponsorship, Shared Services projects have difficulty convincing impacted operating unit employees that change is necessary. Steering committees should be built with the top executives from both headquarters and the operating units.

Strong day-to-day project leaders are also a must. These leaders must have the knowledge and authority to make decisions on behalf of the organization. They must be recognized for their commitment to delivering quality work within fixed parameters. Above all, the leadership, whether from the organization or the project team, must be respected by those around them. The organization will not follow the

strategic direction without credible and impactful leaders.

One common pitfall is to assume that the leader of the implementation project is the right choice for the leader of the operational center. While there are instances where this has worked, the most successful projects have used two distinct leaders for development and operations. The skills and focus of each leader are different. It is particularly difficult for one individual to play both roles during the deployment period. Their time is unfairly divided between issues related to the transition and issues arising from daily operations.

5. Select the Right People for the Project

Too often Shared Services projects are staffed with the people who are available, instead of those who bring the right skills, experience and decision-making abilities to the table. The resources on a Shared Services project need to be the "best of the best" at what they do. These are the people who will be designing the future of the organization and influencing their peers, therefore they should be the people who ARE the future of the organization.

Key resources should always be assigned to the project team on a full-time basis, as they will not have the capacity to fulfill both their project responsibilities and their every day job responsibilities. Tracking of participation levels is important. If full-time participation is expected and not received, the project

schedule will be impacted. Once these key resources are in place, it is important to publicly and privately recognize their contributions to the organization. Senior executive support of their efforts will encourage the team to achieve delivered success...not just a successful delivery.

6. Communicate! Communicate! Communicate!

There can never be too much structured communication during Shared Services implementations. Early in the project, a communication plan should be established which details what communications will be needed, when they need to occur, what format is best suited for the message, who the appropriate communicator is and who the audience for each message should be. Some messages will need to be directed to the entire organization. Others will need to be targeted to distinct audiences within the organization.

Communications should start from the very beginning of the project. A common mistake is to withhold information in an attempt to shield impacted employees from the hard messages. In the end, withholding

information generally makes employees more anxious about, and more resistant to, the upcoming changes.

Perhaps the most effective form of communication is a face-to-face meeting. This vehicle allows everyone to see the commitment of the project team and the leadership to building the future of Shared Services and the overall organization. This method of communication should be used to communicate the big ideas and strategies and build support for the overall change effort. Once these messages have been delivered, easier, more cost-effective forms of communications (emails, voicemails, etc.) can be used to disseminate the details and provide instructions as needed.

There can never be too much structured communication during Shared Services implementations.

7. Start Transition Planning Early

Transition activities must start long before the actual cutover to Shared Services. A dedicated transition team should be established to implement the Shared Services solution. The team should be composed of project team members (who understand the new scope, processes, and technology), and key resources from the operating units. Together, they will manage the knowledge transfer, coordinate data conversion activities, facilitate training sessions and complete a multitude of other required activities on the conversion checklist.

Transition activities should begin as early as 180 days in advance of the implementation, with communications regarding the new service delivery

model. Operational impact meetings with senior leadership in the operating units should be held to discuss the overall changes to processes and responsibilities. If multiple rollouts are scheduled, it will be a challenge to secure enough resources to cover all of the transition-related tasks. Managing multiple rollouts in different phases of readiness requires significant attention to planning and execution details.

8. Hire the Right Team for the Shared Service Center

Perhaps the most important success factor is to locate and hire the right employees. Once the organization design is approved, the hiring plan needs to be executed. Successful implementations have a mix of internal and external hires. Regardless of the source of new staff members, the process to fill the roles on the new organization chart can take weeks, even months, longer than planned. It is important not to underestimate this effort and to ensure that the project has the right Human Resources professionals in place to manage the process from the start.

Selecting the right candidates is difficult. There is an obvious need to hire people with the right skills to perform the work. However, it is also important to remember that one of the tenets of Shared Services is to provide superior service. Not only must

resources be qualified to conduct their defined responsibilities; they must display behaviors and attitudes which will further the Shared Services vision. Often, external hires who are not impacted by the existing process can adapt more quickly to the new mission and culture. They are not encumbered by the existing business processes, or by personal relationships that may challenge a "buyer versus seller", professional service delivery approach.

It is common to underestimate the amount of change occurring within the organization and the need, and desire, of employees to learn how the process will work in the future.

9. Develop a Comprehensive and Enduring Training Plan

It is common to underestimate the amount of change occurring within the organization and the need, and desire, of employees to learn how the process will work in the future. Shared Services training can take on many different forms. Some changes can be communicated, or trained, through emails and flyers. Other changes require extensive system-based training. As with communications, a detailed training plan must be created which outlines the content, the audience, the optimum training delivery method, the schedule and the trainers.

Training must not only be developed for the new Shared Services organization, but also for the retained positions in the operating units. Shared Service processes have responsibilities on both sides of the transaction and the operating unit employees require instruction and training just as much as the Shared Services employees. They may even need to learn new tasks that were not previously a part of their responsibilities.

10. Over Support each Implementation

Successful implementations require a post cutover support strategy covering the new Shared Service center and the internal customers served. The more robust this support, the faster the new operation can be transitioned and stabilized. Support can be provided remotely over the phone or, most effectively, through on-site project representation at the operating units. Quick answers to questions and resolutions to issues build confidence in the Shared Services model while enforcing a professional seller/buyer relationship.

Given the combination of a new organization, business processes and supporting technology, it is important to over staff the organization during the transition and stabilization periods. There will be a lot of moving parts, a

critical need for collaboration and teamwork and the added challenge of a demanding internal customer who expects Service Level Agreements to be taken seriously. In order to ensure that the volume of work coming in the Shared Service Center is completed as designed, more hands and minds will be needed at the beginning.

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Conclusion

The design and implementation approach to each Shared Services solution is different. The gap between the current state and future vision will drive the critical decisions required for every successful implementation. It is clear, however, that there are a number of recurring themes that have made the transition to Shared Services more successful. Strong leadership and executive support, comprehensive and effective communications, well developed business cases and project plans, the ruthless pursuit of standardization, and the need to change a back-office culture to one that is truly customer service-oriented are all required to deliver a world-class operation.

This Point of View provides a summary of themes, that in Accenture's experience, have proved critical in the successful implementation of Shared Services. It draws on the expertise of Accenture's Shared Services professionals and provides a guide to deliver a Shared Services organization that provides better service at lower cost. For more information about F&PM solutions, contact:

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