A Fit, Fast and Flexible New Operating Model
The journey from shared services to integrated business services

High performance. Delivered.
Transforming the operating model to drive profitable growth

It’s a new era for the consumer goods industry. Developed markets are stagnant, and consumers there are looking for value. Meanwhile, emerging markets are growing, with at least one billion new middle-class consumers by 2015. Prevalent globalization is driving businesses to find opportunities across all borders, and that means combining local relevance on a global scale. Add to that new competitors popping up around every corner, and in every category. How can consumer goods companies grow in this environment while effectively managing margins? You need efficiency, scale and continuous innovation.

The business model is the first stepping-stone on this journey. Because the sum of an organization is greater than its parts, you shouldn’t look at each business unit discreetly. Instead, you should look at the whole to reduce selling, general and administrative (SG&A) costs and drive profitable growth. Examine how efficient the organization is and how it measures up against the competition. Leaner, more efficient operating models can enable the agility to enter new markets or categories and deliver better outcomes at lower costs.

Transforming the operating model to enable integrated business services revolutionizes how companies organize and deliver front, middle and back office services throughout the enterprise. A global business services unit ensures centralized, consistent services, eliminates redundant services, and can also help all other units work better. This integrated business services model enables end-to-end process views, a customer service focus and clearly defined working relationships across corporate functions, business units and regions (see figure 1). With such efficiency, valuable resources are freed up to focus on the company’s core, differentiating capabilities. Working in this way will make it easier for each group to achieve its desired business outcomes while driving innovation and enterprise growth at scale.

Figure 1. An integrated business services operating model
The journey from shared services to integrated business services

Just as the consumer goods industry is evolving, so is shared services. Consistent, standardized services that drive cost-effectiveness are essentials of shared services. But unlike traditional shared services, developing a global business services unit integrates services for all functions, business units and regions end-to-end with a single services focus. Based on Accenture research and client experience we recommend five steps to complete your journey to integrated business services.

1. Focus BPO on Process Effectiveness

Evolve your business process outsourcing (BPO) approach from process efficiency (aimed to reduce cost to operate) to process effectiveness (aimed to improve strategic and operational business outcomes). Pair the process with the right people and call upon highly skilled knowledge workers to bring the right mix of skills that go far beyond the purely transactional work typical of traditional BPO. Knowledge workers who bring industry and functional experience can make informed, judgment-based decisions that support your business strategy. Then move from a cost take-out mentality to driving business performance through end-to-end services. Combine BPO with the strategic plans to improve processes and a common technology platform that reduces costs while increasing automation and productivity.

Even services that traditionally have not been outsourced can be centralized and delivered back to the rest of the organization for greater efficiency and effectiveness. This will not only enhance back-office services, but also core, customer-focused capabilities. For example, integrated operating models delivering trade promotion management, consumer engagement, digital marketing and merchandising, and analytics services increase consistency, productivity and ROI for enterprise sales and marketing organizations.

Recent Accenture research helped show that the inclusion of innovative services that integrate the back, middle and front office activities is critical to defining the trajectory for a global business services unit. Almost 90 percent of those surveyed see the potential value in offering these types of services and have already made the decision to expand their scope far beyond what is being offered in their existing service organizations. Middle and front office activities that were previously "off-limits" for fear of business risk or disruption are now contenders for movement into the global business services unit.
2. **Revolutionize shared services**

Integrated business services are not intended to just be the global version of traditional shared services. Nor are they focused on efficiency alone. Integrated business services are a key element of the overall business strategy and a platform for continuous innovation at scale.

Seamless process, organizational and technology integration across often isolated internal groups and departments, fuels the ability to continuously identify, innovate and implement new services and solutions that could be centralized for cost and time efficiencies, and support growth (see figure 2). The power of integration lies in an end-to-end view on how value is created and delivered: from products to insights to consumer interactions to transactions. Integrated business services apply the power of standardization and simplification to what matters most to consumer goods companies: getting the right products to the right consumers quickly.

With integrated business services, global process owners manage processes end to end to eliminate redundant, non-value added tasks throughout the company. By defining roles and responsibilities aligned to skills and processes, providing formal training programs and offering attractive career options, you can attract highly-skilled, market-competitive talent to your global business services unit. Employees can be located locally, regionally or globally, and can have widely varied skill sets, from data entry clerks for transactional activities to professionals with Ph.Ds. for predictive analytics. Different sourcing models will work for your unit. The right fit depends on your unique business and goals, and can include internal resources, those sourced from global providers, or a combination.

3. **Benchmark your internal organization**

By creating a global business services unit and defining roles and responsibilities, you can put a governance model in place to ensure that services are compliant, delivered efficiently and aligned with the business strategy.

Seamless governance includes decisions about budget, people, processes and technology, but also joint plans and targets, common measurements of success and a shared vision of improvement and innovation. Global business services team members work directly with your business managers across product development, marketing, brand, supply chain, finance, HR, procurement and other key functions to help build the fit, fast and flexible operating models that will ensure success in existing and new markets.

Continuous measurement is essential to ongoing success and growth. An integrated business services view equips your organization to measure the efficiency and effectiveness of enterprise performance, and gauge how your business stacks up against the competition. Using this knowledge of strengths and weaknesses, your company can identify the right path to implement new services and solutions that support enterprise growth at scale.

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**Figure 2. Benefits of an end-to-end services framework**

- Cost savings through labor arbitrage and process efficiencies
- Platform for standardization and improvement of processes
- Enabler for common systems environment
- Analysis of data and measurement of success
- Scalability and flexibility leading to making overheads variable
- Facilitates for tax optimization
- Possibility of outsourcing/consolidation
- Enables focus on core business customers and consumers
- Possibility of extension beyond transactional processes
- Creation of integrated cross-border business services
4. Scale services up or down
Consistent, standardized services aligned with the company strategy enable unsurpassed agility and scalability to innovate in developed markets, react quickly to opportunities in emerging markets, and acquire and integrate other organizations. A global operating model built on the premise of dynamic change requires its front, middle and back office services to be highly integrated, highly efficient and highly flexible. An integrated business services model enhances the flexibility and responsiveness of the organization so you can quickly scale services up or down based on changing market or business needs. And in the highly competitive consumer goods industry, speed to market is essential to winning and retaining consumers.

By leveraging a global footprint and managing global talent pools that leverage cost- and tax-efficient locations, companies can afford to scale the number of standardized, cross-border services delivered back to the organization. Integration and collaboration tools enable high-quality, market-competitive services.

This operating model balances local relevance with global reach and scale, which is critical to profitable growth in today’s business environment. Delivering globally is essential, but a one-size-fits-all approach won’t win consumers. They want products that appeal to their local tastes. But delivering to dynamic, localized tastes around the world, when commodity prices are high and the economy is unstable, can be cost-prohibitive. Companies need to industrialize processes and systems to create the cost efficiencies necessary to deliver on a large scale.

5. Leverage analytics to generate incremental business value
With responsibility for end-to-end services and a common technology platform, the global business services unit is sitting on top of a data gold mine. This gold mine can be harnessed to turn previously siloed functional information into aggregated data sets made up of proprietary and public data from a variety of sources. After applying statistical modeling and advanced analytical techniques, the data can be used to derive cross-functional, actionable insights that can help business units understand the full business landscape and be more confident and proactive in their decisions. Analytics can benefit the unit’s internal customers by providing, for example, analysis of a company’s customer base, data that directs how a company re-positions its products in the market, ideas on how to drive more profitable sales, acquisition decisions or information to better manage its resources. In all of these cases, the global business services unit actually partners with the business to use data and analytics to make an impact on the product and the marketplace as well as on top line sales and bottom line savings.

Are you ready?

Every business is unique and at a different level of maturity. With that in mind, a good place for consumer goods companies to start is measure the current efficiency and effectiveness of enterprise performance to reveal areas of opportunity. Such analysis delivers an individual business case instead of generic benchmarking.

Select the best path along the journey for you based on your company’s specific business needs and goals. That could mean starting with the front office, then covering the back office, or vice versa. You could start with one or few services across regions and business units, then scale the number of services over time. Or you can start with multiple services in one or few regions, then expand globally over time.

Over the last 20 years the leading consumer goods organizations have dramatically increased their performance by transforming their operating models. They improved margins by moving from local to regional operating models, and there is potential to double the size of the business through a super global/super local operating model enabled by integrated business services (see figure 3). This model brings value beyond traditional cost management, by aligning more closely with the business to not only support, but in many cases, drive greater business value.
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