

Turn your Shared Service Center into a leading SSC

Turn your Shared Service Center into a leading SSC and have one of the 5% leading SSCs worldwide

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What can you expect in this presentation?

- ▶ This presentation describes the strategy of the 5% leading Shared Service Centers worldwide.
- ▶ Leading Shared Service Centers achieve unique results.

1. Leading SSCs achieve unique results

1. Leading SSCs are só appreciated by the business as a sparring partner that its people are asked to add expertise to innovations for the external customer.
2. Their company is an attractive employer for talents because the SSC offers challenging new development opportunities for employees.

1. Leading SSCs achieve unique results

3. The business experiences optimal customer orientation instead of bureaucratic behavior.
4. 75% administrative cost savings:
 - € 500.000 to € 2.000.000 per year and
 - 5% to 10% growth in profits.

2. What is a shared service ?

To have a shared understanding, this is Bangemann's (2005) definition. A shared service is:

- A. A supporting activity, not a core activity
- B. A service, not a product
- C. Shared, fit for more than 1 customer
- D. Supplies a service to internal customers. As such it is different from a staff activity.

3. This is the reality of 80% of all SSCs worldwide

Does this feel familiar to you?

The majority of CFOs complain about their SSC:

1. Inefficiencies. The processes are cumbersome and inefficient. CFOs don't realize the business case.
2. Insufficient quality of the services and reports are a messy mix of Excel sheets from different IT systems that miss their purpose.

3. This is the reality of 80% of all SSCs worldwide

Does this feel familiar to you?

The majority of CFOs complain about their SSC:

3. Customers are dissatisfied or don't want to work with the SSC.
4. Lack of good employees, high turnover and absenteeism. Employees feel threatened by the changes, show stress and call in sick. The best people are in danger of leaving. CFOs know that a new kind of employee is needed, but it is not easy to get the right people.

3. Worldwide research illustrates these complaints ^{*1}

Worldwide 700 SSCs report problems with:

1. Talent management as a priority number 1!
 - 60% of the potentials leave in 3 years.

*1 Source: Shared Services and Outsourcing Network 2021

3. Worldwide research illustrates these complaints ^{*1}

Worldwide 700 SSCs report problems with:

2. Continuous improving and the need for emotional IQ.

- Critical competences for success are proces improvement, cultural sensitivity and emotional IQ to understand the business and external customers.
- Instead SSCs deal with bureaucratic employees not suitable to service internal customers. With the risk to act like a tax authority instead of a service center.

3. Worldwide research illustrates these complaints ^{*1}

3. 81% of the companies is not data-ready.
 - Data is unstructured, not accessible or not integrated.
 - Compare this with that as a CFO you want to be part of the Formule 1, but you just got your drivers licence.
4. The strategy for intelligent automation.
 - ERP systems demand to change your organisation but you want IT that suits your unique organisation perfectly.
 - More and more CFOs choose best of breed IT solutions.

3. Consequences of these problems

For example my 10th SSC was that of a family business where setting up an SSC had failed twice in 10 years.

- ▶ Employees had been fired and new employees were hired, twice.
- ▶ Reports of the well-known strategy consultants caught dust on a shelf.

I was hired for the 3rd attempt.

It costs your company tons (millions) of money and energy if the SSC does not work.

Sometimes setting up a SSC really fails and is reversed.

3. Consequences of these problems

Too many problems and issues are bad for your reputation and career.

- Some CFOs and finance managers even lose their job because the SSC doesn't achieve results.

And... these problems do not solve by itself.

- You don't want to be the CFO losing his career because of a bad functioning SSC.

4. Another perspective exists...

Leading SSCs achieve unique results:

1. Leading SSCs are só appreciated by the business as a sparring partner that its people are asked to add expertise to innovations for the external customer.
2. Their company is an attractive employer for talents because the SSC offers challenging new development opportunities for employees.

4. Another perspective exists...

Leading SSCs achieve unique results:

3. The business experiences optimal customer orientation instead of bureaucratic behavior.
4. 75% administrative cost savings:
 - € 500.000 to € 2.000.000 per year and
 - 5% to 10% growth in profits.

4. Leading SSCs

Only 5% of all Shared Service Centers worldwide is a leading SSC.

- ▶ What would it be like if you are one of the 5% CFOs with a leading SSC?
- ▶ Do you want a leading SSC?

5. The Shared Service Center specialist



- ▶ Carina van Reeve
- ▶ I am a MBA with majors in computer science and change management
- ▶ Since 2002 I am a Shared Service Center specialist

5. Thé Shared Service Center specialist

- ▶ **My 5th SSC** reduced administrative costs by 75% without any forced redundancies or hassle with the Works Council. This was € 2 million in cost savings per year and 8% growth in profit.
 - Also, all divisions wanted to work with the SSC.
 - Even better: they asked for new services and invited the SSC to participate in commercial tenders.

My (dutch) book ‘The success of shared service? You!’, describes how this was achieved.

5. The Shared Service Center specialist

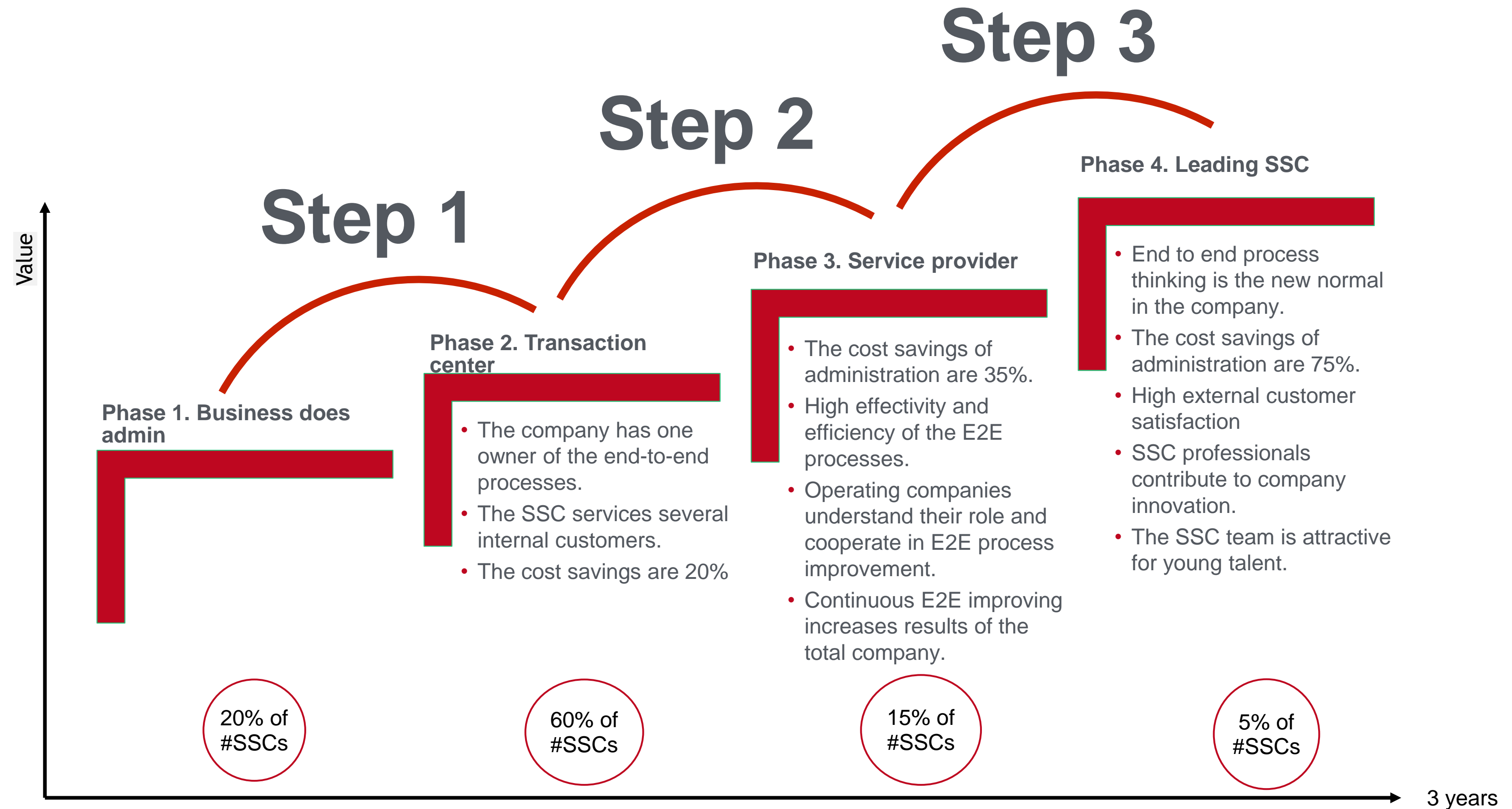
- ▶ **My 10th SSC** was that of a family business where setting up an SSC had failed twice in 10 years.
 - Help from the well-known strategy consultants didn't have the desired results. Their reports caught dust on a shelf.
 - This 3rd attempt succeeded and yielded 4% growth in profits.
 - This SSC is so successful that in addition to finance and HR, it now also provides facility, fleet management, legal affairs, purchasing and IT services.

6. Turn your Shared Service Center into a leading SSC

- ▶ This is the strategy of the 5% leading SSCs worldwide.
- ▶ Their CFOs achieve unique results.

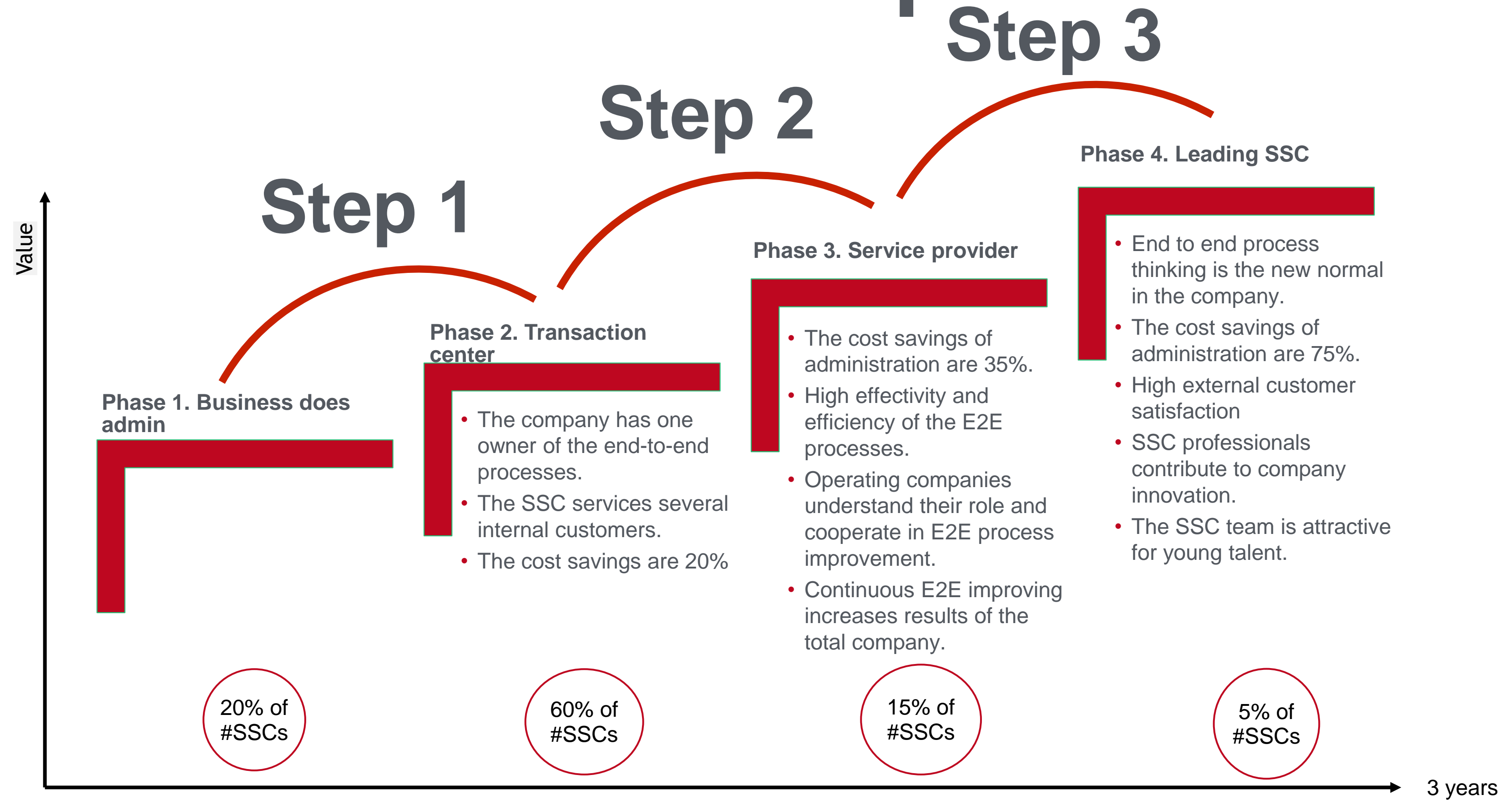
The strategy of leading SSCs

A distinction can be made into four SSC maturity phases. Each phase has its own characteristics and focus areas for improvement. **Worldwide 80% of the SSCs are either in Phase 1 or Phase 2 and stop in Phase 2.**

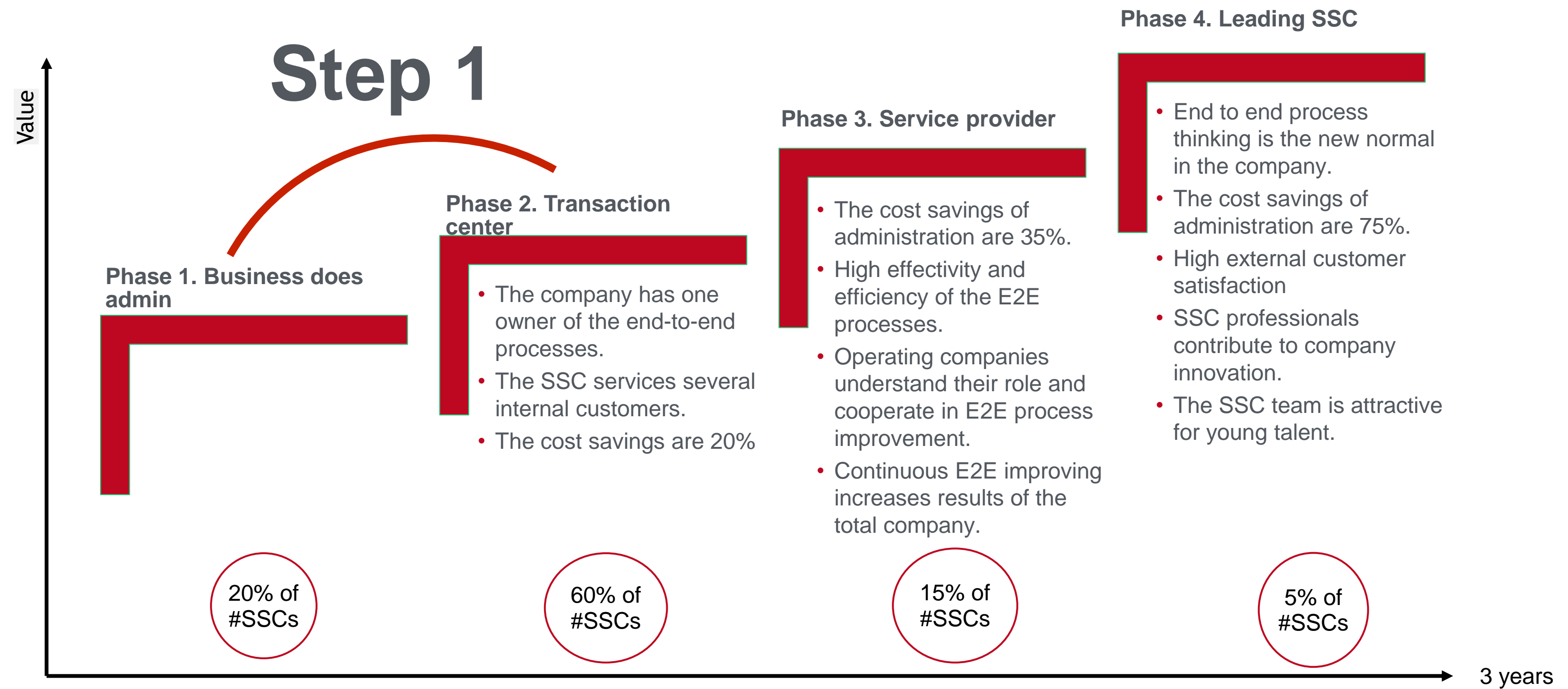


...this implies there is still an untapped potential to improve quality, reduce retention, increase external customer satisfaction and an additional cost savings up to 75%

6. Turn your SSC into a leading SSC – in 3 steps



6. Turn your SSC into a leading SSC – step 1



6. Take step 1 and reach phase 2 – case

A worldwide (Asia, South America, US, UK, NL) family business with € 0,5 billion turnover, cherishing entrepreneurship.

When I started:

1. CFO Hans was new, he started 3 months before we met. His predecessor, unable to 'fix' the SSC, had been fired.
2. The financial SSC was 6 years old.
3. Some business directors had stopped working with the SSC and hired their own financials again.

6. Take step 1 and reach phase 2 – case

4. Instead of the work being done with fewer people, more people were needed.
 4. 25 FTE in the FSSC plus more than 15 people in the business who did financial administration.
5. The backup in case of illness and holidays was difficult: in capacity as well as in knowledge.
6. Over the past 6 years, the FSSC employees were told often that their work would change significantly. Nothing had happened, so they didn't believe this anymore and waited for the real change to come...

6. Take step 1 and reach phase 2 – case

I discovered:

1. CFO Hans thought he was ready for step 2, but I discovered that step 1 was not finished yet.
2. What had happened is that 21 people were just moved from business locations to one central location, doing the same work they did in the business locations.

6. Take step 1 and reach phase 2 – case

I discovered:

3. So the benefits of step 1 had not yet been achieved.
 - Productivity was low. For example in the accounts payable process the productivity was less than 5.000 invoices per FTE per year whereas in step 1 20.000 is possible.
 - Several people were processing bank transactions whereas 1 hour a day is possible.

6. Take step 1 and reach phase 2 – case

With my advice CFO Hans decided to:

1. Standardize all financial processes (over 4 IT systems) and implement clear responsibilities of the business and the SSC.
2. Organize the SSC in the process-based teams accounts payable, accounts receivable and general ledger;
3. Employees become specialists in one process.
4. Measure productivity and quality monthly and discuss results with business directors.

6. Take step 1 and reach phase 2 – case

One year later the **results** were:

1. CFO Hans was promoted to EMEA.
2. Cost savings of the financial administration one year after implementing these improvements of 20%.
3. The perspective within 3 years was to save € 1 million administrative costs.

6. Take step 1 and reach phase 2 – case

One year later the **results** were:

4. Employees were happy with the first results.
5. They specialized in a process and developed their customer orientation.
6. Bureaucratic colleagues left the SSC.
7. The SSC professionals deserved respect of the business for their craftsmanship.

6. Leading SSCs strategy - step 1

1. Standardize End-to-end processes and chose a clear cut in responsibilities between operating companies and SSC.
2. SSC performs services for a number of operating companies.
3. A decision is made to operate 'in house' or to outsource.
4. Each SSC professional specializes in one process - P2P, O2C, R2R.

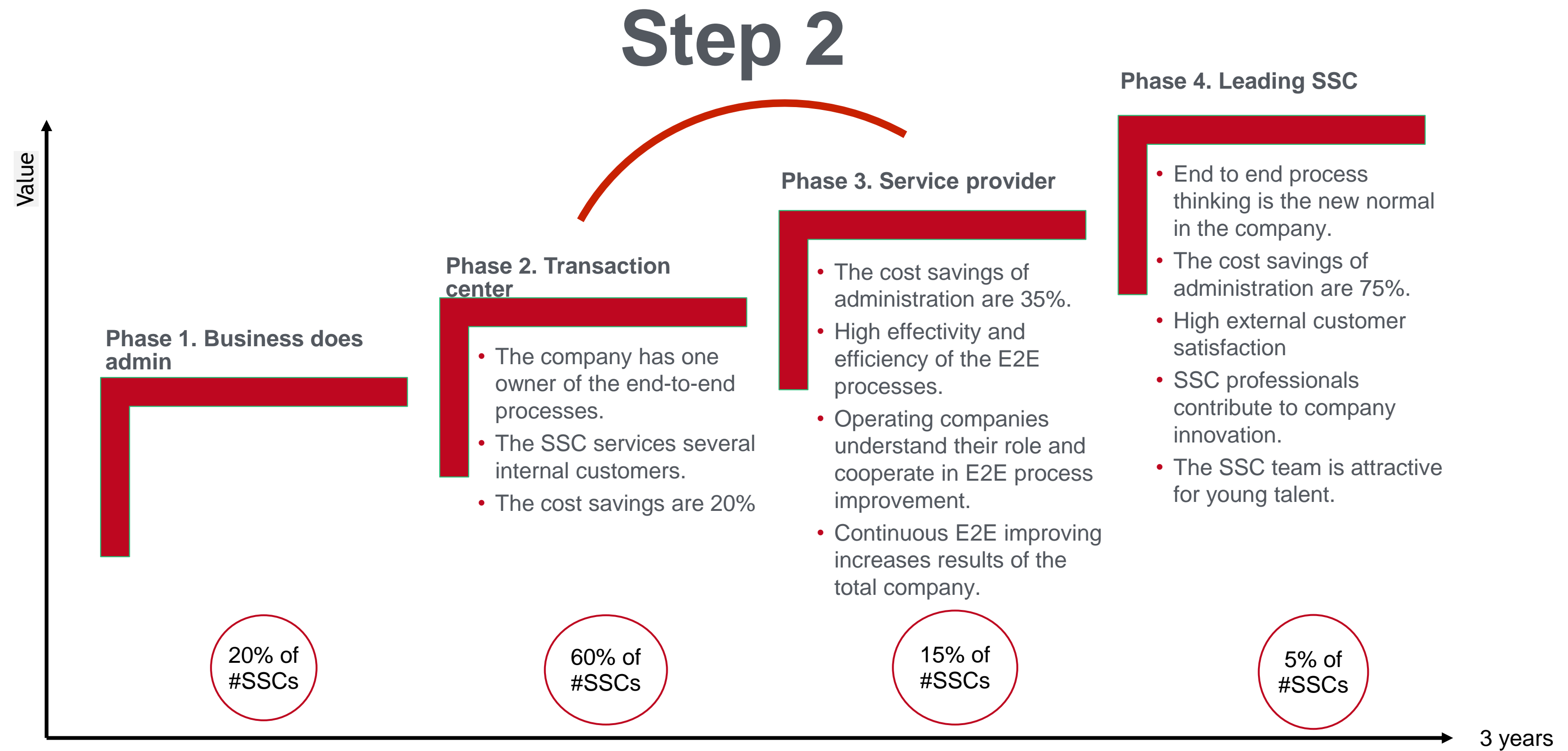
6. Leading SSCs strategy - step 1

5. Effective delivery of services: reliable, constant, low failure rate, short throughput times.
 - Integrity and discipline: be clear what you are planning to do and do what you promise.
6. Measure results to improve performance and to communicate with operating companies.

6. Leading SSCs results - step 1

1. The company has one owner of each end-to-end process.
2. The SSC services several internal customers.
3. The administrative cost savings are 20%.

6. Turn your SSC into a leading SSC – Step 2



6. Take step 2 and reach phase 3 – case

A listed company with € 1,5 billion turnover.

When I started:

1. CFO Keith had expanded the scope of the SSC services in 1.5 years.
 - He had started with the financial administration and had added planning, fleet management and facilities.
2. The SSC had grown from 80 FTE to 125 FTE.

6. Take step 2 and reach phase 3 – case

A listed company with € 1,5 billion turnover.

When I started:

3. CFO Keith had executed a project with RPA with a well-known strategy consultant and 5 working robots. He had invested tons of euros, mainly in consultancy hours and didn't keep track of the business case so he didn't know the cost savings.

6. Take step 2 and reach phase 3 – case

I discovered:

1. The cooperation of the business and the SSC costed a lot of power and energy. The business complained and accused Keith of:
 - building an empire,
 - be a bureaucracy, not being of any help for the business
 - wasting money in hiring tens of expensive consultants working on 'tech' and toys like RPA.
2. The SSC results were not measured. Productivity had slightly increased with an estimated 10%.

6. Take step 2 and reach phase 3 – case

I discovered:

3. Employees were not comfortable and afraid what impact all changes would have for each of them personally. Talents left for a better perspective.
4. This company had expanded the scope of their activities before the SSC had proven itself as a good supplier to the business. A lot of time and energy had been invested in concentrating the activities planning, fleet management and facilities.
5. The next step was to significantly improve the performance of the SSC.

6. Take step 2 and reach phase 3 – case

With my advice CFO Keith decided to:

1. Start monthly interviews with directors of operating companies on the SSCs performance.
 - Measure the SSC performance and perform: do what the SSC had promised and improve its performance.
2. Improve all performance end-to-end. Introduce a lean way of thinking and improve processes with the business. Hire a black belt.

6. Take step 2 and reach phase 3 – case

With my advice CFO Keith decided to:

3. Help and train SSC employees in their new, changed roles. With a focus on reliability, customer orientation and even help users in the business with new IT systems and processes.

6. Take step 2 and reach phase 3 – case

One year later the results were:

1. The business appreciated the customer oriented service, compared to the bureaucratic behavior they were familiar with.
 - They asked the SSC to provide HR as a new service.
2. The business improved their input in the primary process.
3. 35% administrative cost savings.

6. Leading SSCs strategy - step 2

1. Get results and do what you promise. Deliver high quality services at low costs and satisfy internal customers.
2. SSC professionals become customer focused.
3. Increase productivity and end-to-end efficiency.
4. Communicate measurable results with the business and improve together end-to-end.

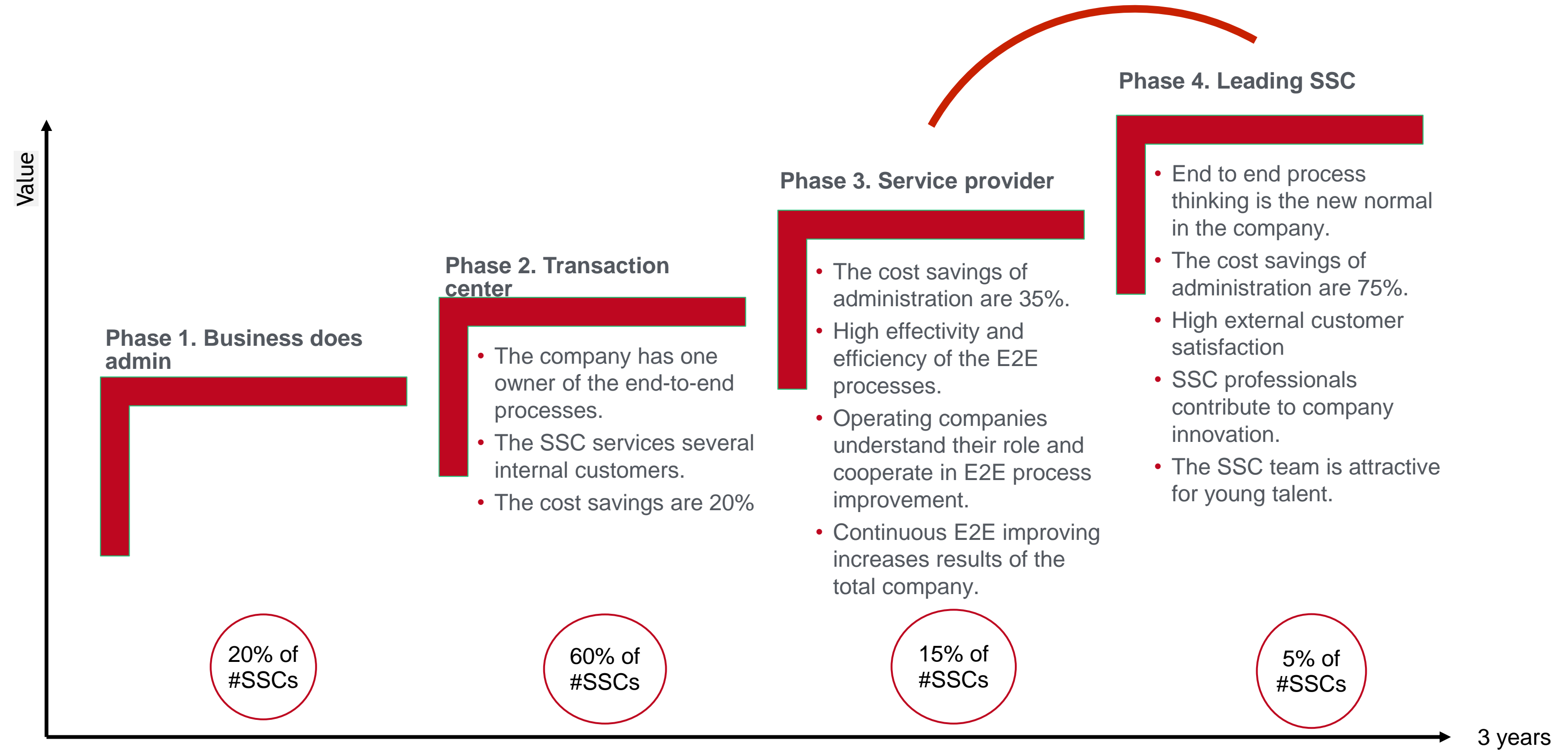
6. Leading SSCs results - step 2

1. The business acknowledges the value of the SSC and asks for new services like HR, procurement, facilities, customer service, fleet management
2. The administrative cost savings are 35%.
 - € 250.000 to € 1.000.000 per year and
 - 2,5% to 50% growth in profits.

6. Leading SSCs results - step 2

3. The end to end philosophy becomes popular. High effectivity and efficiency of the end-to-end process. Registration in the primary process in the business has a high quality. The business understands its role and cooperates in end-to-end process improvement.
4. Continuous end-to-end improving increases the results of the total company.

6. Turn your SSC into a leading SSC – Step 3



6. Take step 3 and reach phase 4 – case

A multifunctional SSC

When I started:

1. CFO Peter attends international conferences of Deloitte and the SSON.
2. He frequently benchmarks with other SSCs.
3. At the start of this SSC 7 years ago, the FSSC employees were angry because CFO Peter was very transparent about the administrative cost savings he anticipated.
4. The SSC was multifunctional SSC, HR had been added to the FSSC.

6. Take step 3 and reach phase 4 – case

I discovered:

1. CFO Peter has been able to manage a 75% reduction well in the past 3 years without redundancies.
 - Thanks to the fact he had a clear vision 7 years before.
2. The operational SSC processes were well managed with workflows and a dashboard for operational control.
3. The SSC has acquired a lot of expertise about processes and IT and shared this with the businesses.

6. Take step 3 and reach phase 4 – case

With my advice CFO Peter decided to:

1. Renew the vision on the SSC and focused on 'working with the business for the external customer'.
2. Expanded the competencies lean, change management, data analysis and project management.

6. Take step 3 and reach phase 4 – case

With my advice CFO Peter decided to:

3. The data analysts started with process mining. This supports the prioritization and optimal usage of the limited available 'change' resources.
4. The SSC supports commercial colleagues in the business and participates in tenders.

The strategy of leading SSCs



6. Leading SSCs strategy - step 3

1. Customers are fan of the SSC and the SSC is involved to solve problems of external customers, even asked to participate in innovative projects for external customers.
2. Robotics and intelligent automation, BI, process mining and data analytics develop.
3. Develop new competencies in the FSSC: lean, data analytics, project management, change management.

6. Leading SSCs results - step 3

1. Leading SSCs are só appreciated by the business as a sparring partner that its people are asked to add expertise to innovations for the external customer.
2. Their company is an attractive employer for talents because the SSC offers challenging new development opportunities for employees.

6. Leading SSCs results - step 3

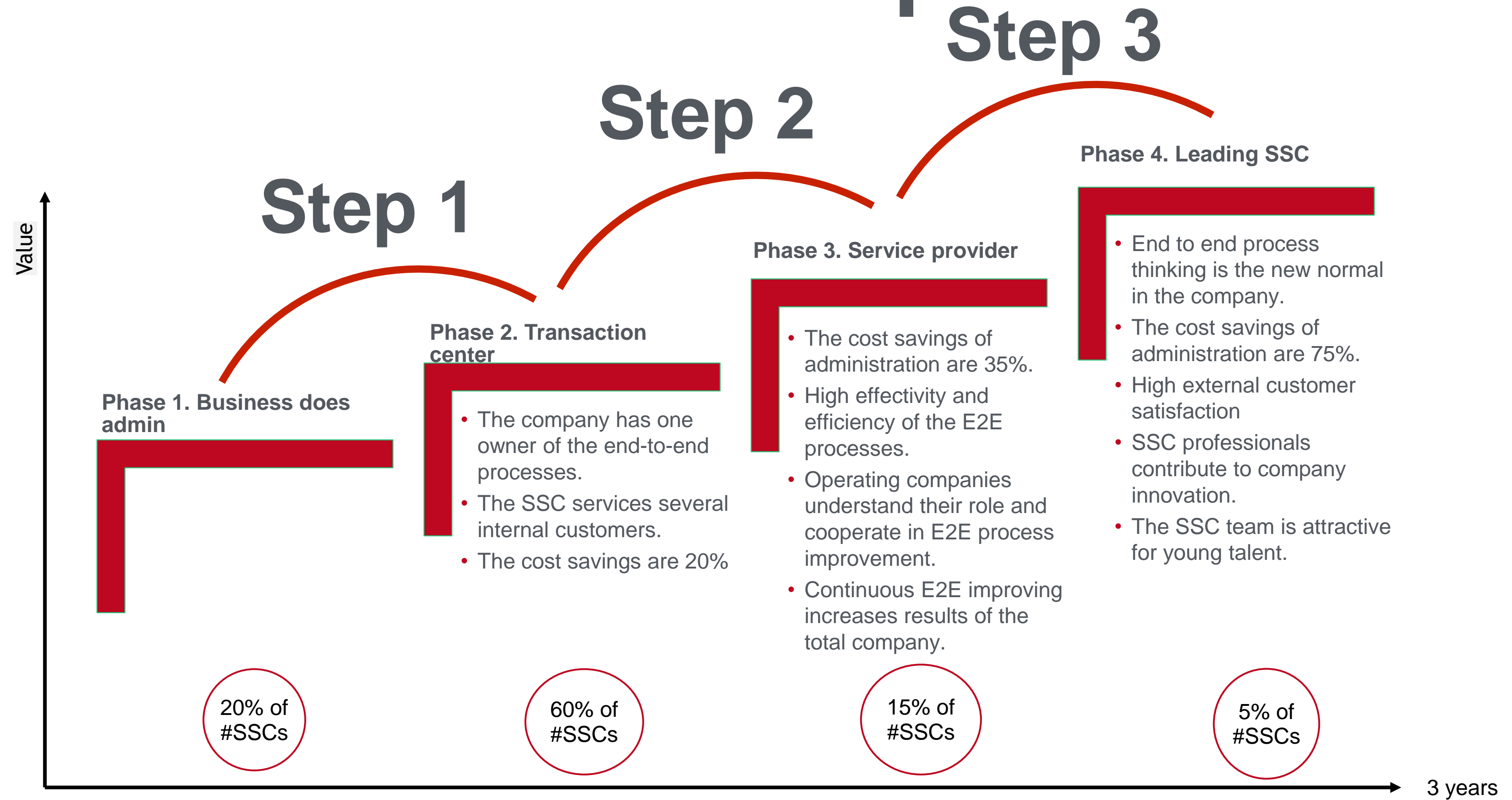
3. The business experiences optimal customer orientation instead of bureaucratic behavior.
4. 75% administrative cost savings.
 - € 500.000 to € 2.000.000 per year and
 - 5% to 10% growth in profits.

After step 3 cost savings of the SSC are 75%.

Cases of FSSCs are:

Company	Revenue company	FSSC cost reduction
A	€ 500.000.000	€ 600.000
B	€ 1.000.000.000	€ 1.200.000
C	€ 2.000.000.000	€ 2.400.000

6. Turn your SSC into a leading SSC – in 3 steps



Your SSC first time right? Hire a guide!

Do you want a leading SSC? In 3 years, instead of 10 years?

I have helped CFOs of companies like Peterson Control Union group, Dura Vermeer, Hago, Vebego, BAM, Connexxion to turn the Shared Service Center into a leading SSC.

- ▶ Without forced redundancies or hassle with a works council.
- ▶ Their projects are published in CFO.nl, controllers magazine and FM.nl.

Contact Carina van Reeven at carina@sharedserviceguide.com