DIGITAL & TECHNOLOGY SERVICES

How To “Share” Responsibility in Setting Up Your Own Shared Services Center

Setting up an independent SSC requires collaborative rules of engagement from the start.

As an organization grows and back-office processes get complex and stretched, leaders face the need for action to make life better.

One of the preferred options is to move their back- and middle-office processes to a shared services model. This is achieved either by outsourcing most of the processes or by creating their own captive shared services center (SSC). When one decides on outsourcing, the responsibility transitions to a new set of governance challenges, and it is essential to build an internal governance capability as the service-level agreements (SLAs) drive the outcome. On the other hand, a captive SSC requires a collaboration whose success or failure depends on leadership and how the SSC interacts with its internal clients. Let’s focus on the process of setting up a captive SSC and how to best establish the rules of engagement.

Building a captive SSC inevitably raises the perennial ownership and accountability discussion, especially in larger organizations where a significant number of employees are affected by this change.

CEOs arbitrate the issue of who runs this new business unit. Is it the CFO and/or controller who will manage all financial reporting and FP&A processes? Will HR, Legal, Compliance, etc., manage their own respective processes? Or does an independent SSC leader manage all in-scope processes and treat Finance, HR, Legal, Compliance, Audit, etc., as internal clients with internal SLAs and KPIs, ring-fencing quality, delivery and exceptions?

An independent SSC structure is ideal to manage, control and optimize for future growth. However, building it from the ground up is complicated.

What happens when quality and delivery go off the rails? Finger pointing and the blame game starts with every incident. The challenge is how to stop this from happening in the first place. Below are three key strategies to avoid these common missteps:

Partnership is key from the very beginning, not after you have staffed up the SSC. Internal clients should be consulted and invited to actively participate in the recruitment process, even remotely, if possible. It is tough to blame other teams for poor delivery when one is involved in that team’s hiring decision. Example: Legacy Finance leadership should interview level-appropriate short-listed candidates in the SSC just as they would if hiring in their own team.

Treat the SSC as an extension of your own team, not as an entity outside your sphere of control. SSC members should be included in most of your team meetings. Emails are good. Video conferencing is better. Accommodate calendars to be more inclusive. This is especially relevant when dealing with an offshore SSC location. Interactions build rapport and help new members get the context faster.

Conduct performance evaluations as a collective. SSC leadership should solicit formal feedback and incorporate that into the annual review of SSC team members from clients supported by that member. This framework needs to be set up at the start to eliminate cross-messaging and ambiguity. A 60/40 split between SSC and client feedback to calculate an overall performance rating would be a great starting point. In addition to internal client feedback, SLAs and KPIs built on a robust set of guidelines and strong framework are necessary to assess the SSC team performance in its entirety fairly and objectively.

A strong business services structure has the best likelihood to withstand business and organizational disruptions.

We see examples where even the best intentions for creating a global business services (GBS) model falter because of weak foundations. And with potential leadership changes occurring every few years, these issues flare up like clockwork. The outlined strategies can help create a more cohesive organization, bringing success to your new GBS.

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