

Taking Shared Services to the Next Level

Towards a portfolio approach for shared services optimization



Since the inception of shared services, companies have been working to take their shared services organizations (SSOs) to the next level of performance. Today, the challenges and opportunities presented by an increasingly global economy have made improving shared services more important than ever. Ever-intensifying global competition, a slowed economy, shrinking workforces in mature economies, increasing pressure from shareholders, and greater demands from regulatory bodies are all pushing companies to seek significantly greater performance from shared services.

Over the years, shared services have evolved at a steady but relatively incremental pace. But today, pressures to perform are pushing companies to make great step changes in how they conduct shared services. Where early SSOs typically covered only one of a limited range of functions (IT, finance, and human resources), SSOs today are looking across multiple functions. They are expanding

the scope of functions to include capabilities such as marketing, sales, engineering, R&D, and real estate. Where an early SSO might have served a small number of business units or geographies, companies today are applying shared services across the enterprise and across continents. Indeed, the explosion in offshoring and outsourcing has turned shared services into a globe-spanning operation.

A *portfolio* approach to shared services is emerging among forward-thinking companies. Under a portfolio approach, these companies strategically and proactively balance flexible options with respect to:

- **What the SSO does:** operating multiple functions and processes and servicing a number of business units
- **How the SSO sources services:** flexing between outsourced and in-house service delivery
- **Where the SSO operates:** leveraging the labor pools, costs, and risks of geographies across the globe

A portfolio approach to shared services, when applied to all three dimensions of what, how, and where, can yield exceptional value to a company. Such an approach, in our experience, can significantly reduce the cost of shared services by 25% to 60% – a function of process standardization, operating efficiencies and flexibility, labor cost arbitrage, and tax efficiency. A portfolio approach can also provide substantial other benefits – reduced risk, greater scalability, workforce flexibility, and access to deeper and broader infrastructure, talent pools, and capabilities.

A rich body of knowledge, experience, and marketplace capabilities exists today for companies to more aggressively establish and expand their shared services activities, enabling them to greatly accelerate and increase shared services' level of performance and financial return. For companies with more mature SSOs, this body of knowledge can be leveraged to get greater value out of their existing shared services. For organizations in relatively early stages of the shared services journey, the lessons learned by trailblazers represent an opportunity to leapfrog to a state that might otherwise take years to attain.

In this paper, we discuss ways companies are using a portfolio approach to take shared services to the next level. The foundation for our observations and recommendations are:

- Data from a 2008 Deloitte survey of 35 shared services leaders
- In-depth interviews with the shared services leaders of three large global companies in the consumer products, technology, and life sciences industries
- Insights from Deloitte's senior shared services practitioners
- Our experience from our work with a wide range of companies across the globe

The “what”: Functions, processes, and businesses

Most companies approach shared services in a highly incremental, siloed manner, starting with one function (e.g., finance) and the most basic processes (e.g., A/P and A/R) and serving only a single geography or a few businesses. Gradually, they then expand to additional processes, functions, and geographies and/or business units.

One company's shared services journey

The history of one global consumer products company's SSO – from simple aggregation, to regional consolidation, to a centrally coordinated, global operation – illustrates the evolutionary process that many mature SSOs have followed.

Like many others, this company aggregated back-office processes into corporate functions long before adopting a fully fledged shared services model. A major impetus toward shared services came with the rollout of a single ERP instance across the global enterprise. By standardizing processes and data, the ERP implementation allowed the corporate services organization to leverage back-end commonalities for scale and efficiency, while maintaining flexibility in their interactions with different customers.

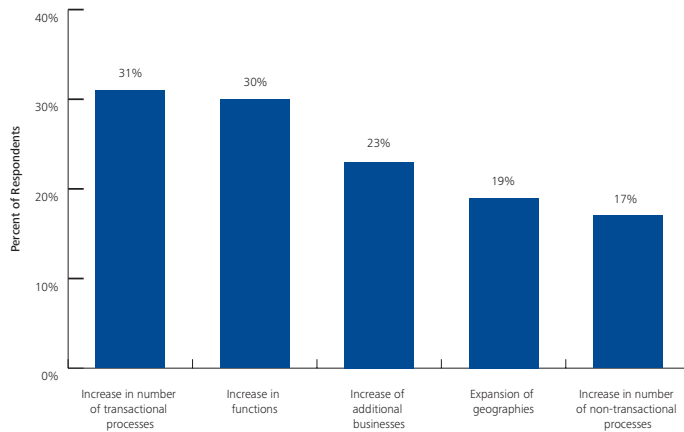
Another turning point came when the services organization's U.S. and Latin America operations began to outsource a number of processes. With outsourcing emerging as a complement to in-house service delivery, the SSO is working to standardize the scope and sourcing strategy for its services and to roll them out across the rest of the global enterprise.

The SSO's broad scope – which includes finance, payroll, and employee services, with IT and procurement to be added in the near future – has allowed the company to leverage the size of the shared organization to achieve considerable economies of scale. In addition, the company's single technology platform, its global presence, and the SSO's enterprise-wide process standardization has enabled the SSO to effectively pursue its goal of holding costs down while delivering its targeted level of service.

Moving multiple functions, processes, and business-unit customers to shared services under a portfolio approach can reduce cost by consolidating and standardizing larger numbers of business-specific support processes. Additionally, it can help reduce risk by using a single set of work processes, centralizing decision-making, and applying central governance and controls. For companies moving toward a more integrated operating model in their larger business, it's a natural step to also pursue greater integration in their shared services operating model.

Corporate leaders are clearly eager to take advantage of the benefits that extending their SSOs' service scope and customer base can offer. Eighty-nine percent of our survey respondents reported that they were planning to add more processes, functions, businesses, or geographies to their SSOs. Adding more transactional processes to the SSOs was the most popular primary method of expansion, closely followed by adding additional functions to the SSO (Figure 1).

Figure 1. If you plan to expand your shared services organization, where will most of the growth come from?

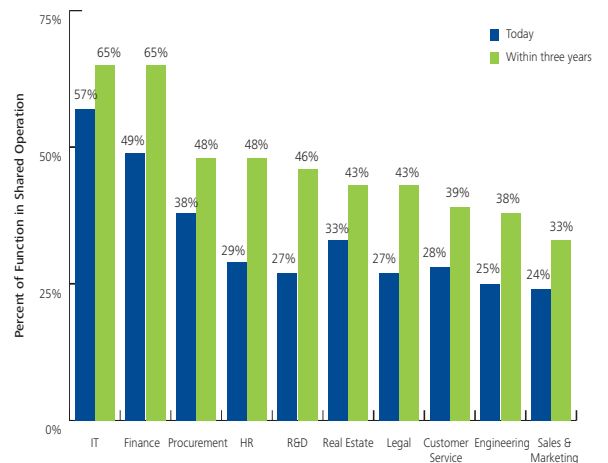


Of the traditional “big three” shared services functions – IT, finance, and HR – IT and finance are expected to reach nearly two-thirds shared, with finance and HR growing by between 15 to 20 percentage points (Figure 2). In executing such expansion, the shared services leader of a global technology company indicated that it was highly valuable to incrementally increase the scope of its SSO’s activities to processes closely related to those already in the SSO, building on the skills that the SSO already has and moving steadily “up the value chain” in each functional area.

Nearly a fifth of our respondents also plan to expand their use of shared services for processes in more complex and knowledge-oriented areas that have traditionally been

closer to the businesses. These include research and development, engineering, and sales and marketing, as well as more pioneering applications of shared services to business research, investment research, data analytics, product planning, logistics, and transportation management.

Figure 2. What percentage, on average, does your organization have in shared services for the following areas?



Of special note is that, as a group, our survey respondents anticipated significantly moving away from SSO functional segregation and increasing cross-functionality of their shared services operations (Figure 3). We believe that this trend will continue, as cross-functional SSO management offers many benefits over a functionally siloed management approach:

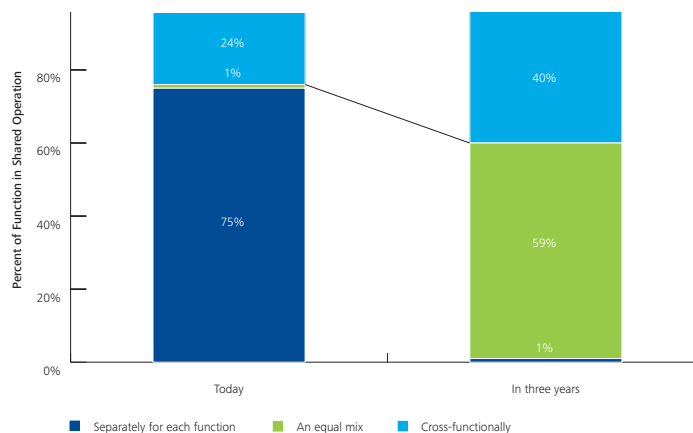
- **Improved efficiency and accuracy.** Support functions often need to interact with each other to deliver an end-to-end process. Placing those functions under single management in a multi-functional SSO can enhance seamless process design and execution. Instead of bringing together siloed processes from tasks owned by local business units and other functions with different operating procedures and priorities, a cross-functional SSO can design a single process spanning all relevant functions to decrease the number of handoffs, speed execution, and reduce the risk of errors.
- **Improved data integrity.** Putting multiple functions in the same SSO can make it easier for a company to integrate multiple technology platforms, allowing data to more seamlessly flow through a multi-functional process without having to be converted for compatibility with different systems. It can also allow a company to work with a single master data set across all the SSO’s functions to reduce the risk of inconsistencies among redundant “active” databases in use by different functions.

- **Economies of scale.** If all the functions in a multi-functional SSO are physically located in a single site, a company can realize synergies and economies of scale on core shared functions and supporting facilities, site support and IT infrastructure requirements, and costs. We have witnessed scale economy benefits typically in the 5% to 10% range.
- **Easier cross-functional improvement.** If done right, the functional diversity and change culture of multi-functional shared services can serve as a laboratory for innovation, readily facilitating the sharing and implementation of effective practices across functions. It can also be easier to gain buy-in to change, as single management should eliminate the need to convince multiple stakeholders in different organizations to change their procedures.
- **Better talent management.** One of the biggest challenges SSOs face is providing career paths and development opportunities that will make it an attractive place to work. A multi-functional SSO can give its employees a greater variety of work opportunities by allowing them to cross-train and rotate jobs among different functions. Cross-staffing can also give the SSO more flexibility to scale up and down in a particular function by allowing people to be redeployed to different functions if needed.

Multifunctional shared services as part of business model change

As organizations transform their business models to be more “integrated,” their business units are super-specializing and focusing on their core responsibilities to better pursue growth amid increasing competitive and cost pressures. According to the shared services leader of one Fortune 50 multinational company, this change is driving the need for a shift towards a multifunctional back-office strategy in which the SSO will not only include several functions, but also be administered and governed on a relatively independent cross-functional basis. As part of greater business integration, this model is expected to not only shrink the company’s cost base, but also make it easier for the functions to focus on delivering specialized services to the business units where necessary without the distractions of overseeing the SSO’s day-to-day transactional processes.

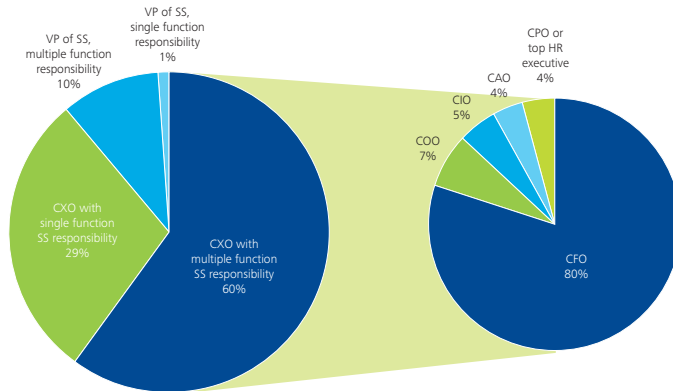
Figure 3. Are your shared services predominantly operated separately for each function, cross-functionally, or an equal mix?



Expanding the portfolio of shared services functions, processes, and business-unit customers can pose a number of challenges:

- **Resistance from business units:** It is not uncommon to encounter considerable business-unit resistance when trying to expand the scope of the SSO and add more customers. One way to overcome this is to set up an organization specifically focused on “selling” the SSO to the company’s business units and/or locations. Helping the SSO’s prospective customers understand the advantages of using the SSO is key to bringing prospective internal customers on board. At one technology company, for example, the leader of the SSO’s internal business development group meets personally with business-unit leaders to discuss ways to expand the benefit of shared services to the business by increasing the number of in-scope processes or geographic regions. The SSO will also prepare competitive bids against outside providers if requested – a procedure in keeping with the company’s policy of strongly encouraging, though not mandating, use of the SSO over external vendors.
- **Shared governance and accountability:** Adding functions to an SSO’s portfolio of services can complicate shared services management. It is not always clear to whom a multi-functional SSO should report or who should have overall responsibility for its performance. The predominant model is to place the multi-functional SSOs under the CFO. We also see a growing trend of creating a VP of Shared Services role (Figure 4).

Figure 4. Who has overall shared services responsibility?¹



A multi-functional SSO can also face challenges in balancing the demands of multiple functional stakeholders, and the delivery of end-to-end processes with multi-functional involvement can complicate the SSO’s service chargeback model. For all these reasons, effective governance, control, and service delivery and chargeback management are a must for a multi-functional SSO to yield the desired benefits.

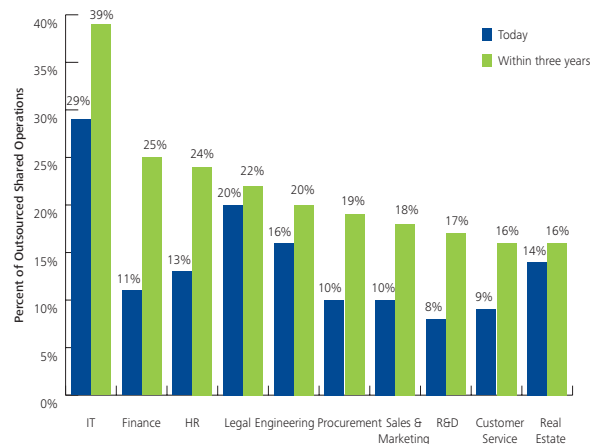
The “how”: Combining outsourcing with in-house service delivery

Our survey confirms the emergence of a portfolio approach with respect to service delivery, with many of our respondents using a mix of outsourced service providers and internal service centers to serve their customers. The continuing emphasis on efficiency and cost reduction, as well as the growing maturity of the outsourced service provider market, appears to have made process “ownership” a secondary concern. For many companies in our survey, the important issue today is not who does the work but its cost, quality, and associated risks.

Our respondents outsource a fair percentage of their shared processes today, and they plan to outsource even more processes and functions in the future (Figure 5). The greatest growth in outsourcing is expected in finance, HR, IT, procurement, sales and marketing, and R&D. This projected increase in outsourcing is consistent with the results from our 2007 survey of global shared services leaders, in which 41% of respondents indicated that they were increasing the number of processes outsourced.²

Our experience finds that a careful mix of in-house and outsourced delivery of processes within an SSO’s scope can greatly improve shared services value. However, it is important to centrally coordinate the service delivery strategy to leverage strategic sourcing cost savings, drive effective processes and service delivery, and to achieve effective governance of both external and retained services. In practical terms, this involves having the SSO, in close collaboration with functional leaders, manage both the strategy and the day-to-day vendor relationship management for outsourced shared processes. Strong governance, of course, is essential in order to give all stakeholders – business units, functional leaders, and the SSO itself – an appropriate say in major outsourcing decisions such as which processes to outsource or which provider(s) to choose.

Figure 5. Please indicate the percentage of your outsourced shared operations for the following functions.



Under a coordinated approach, the advantages of combining in-house with outsourced service delivery include:

- **Lower start-up costs.** Outsourcing can reduce the initial cost of moving services out of local offices, including significant IT and facilities infrastructure costs and one-time human resources costs.
- **Better geographical coverage.** With outsourcing providers’ diverse global footprints, especially in lower-cost locations, outsourcing can allow companies to place services in a preferred geography without the effort and investment needed to create an in-house presence in a new location.

¹ “Shared services comes of age: Pursuing broader business value on a global scale,” Deloitte Development LLC, 2007.

² Ibid.

- **Improved scalability.** The external provider model is designed for flexibility, adding and contracting work within and across centers. Outsourcing can be part of an SSO’s strategy to add resources quickly to handle peak periods and scale back during the times in between.
- **Access to effective practices and specialized skills.** Outsourcing can give a company fast access to effective industry practices in use at vendor organizations that may be difficult to quickly duplicate in-house. For services that need highly specialized capabilities, outsourcers also offer companies the ability to quickly obtain those capabilities.
- **Improved business continuity.** The use of several service providers, external as well as internal, can allow companies to more easily turn to another service provider as back-up if a primary provider falls through.
- **Enhanced career planning.** Using outsourcers to complement an internal SSO can allow the company to focus the SSO on higher-value activities and thereby provide more attractive career paths for SSO employees.

Outsourcing relationships should be entered into and managed with a focus on customer service, service quality, and risk management issues. Our survey respondents reported better performance in all these areas with their internal SSO operations than with their outsourced service providers (Figure 6). Consistent with these findings, more than 50 percent of executives in a 2008 Deloitte outsourcing survey identified quality of service as their greatest area of dissatisfaction with outsourced providers.³ A mixed approach, combining internal and external delivery, showed more positive results in the areas of flexibility and scalability.

Certain processes and activities lend themselves to outsourcing more easily than others. Factors to consider when deciding to outsource a process include its strategic importance to the company, the degree to which the company wants to maintain control over the process, and the skills or specialized knowledge needed to carry it out. Other important considerations include the maturity of the outsourcing marketplace, the potential impact of outsourcing on key controls, the company’s appetite for the risks associated with outsourcing, and the degree of possible resistance to outsourcing from internal customers.

A company should periodically reevaluate its SSO’s mix of in-house and outsourced service delivery for continued alignment with the company’s cost and service goals. Changes in the outsourcing marketplace and to the company’s functional support needs may warrant changes in the overall balance between outsourced and in-house service delivery, as well as adjustments to specific outsourcing contracts.

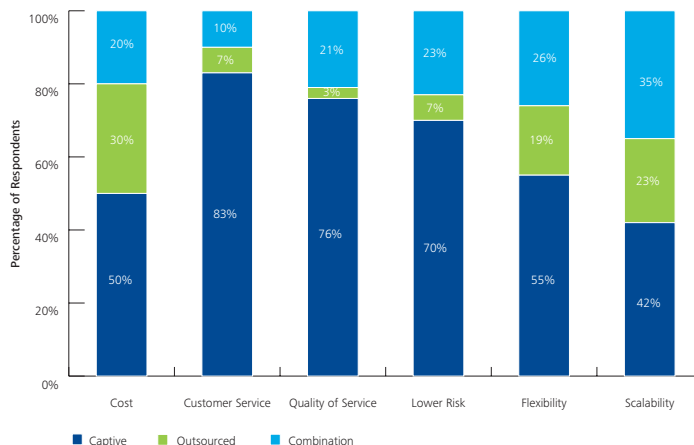
The importance of “relationship” in outsourcing

In outsourcing, a strong working relationship – with high engagement on both sides – can be the difference between outstanding value and merely adequate results. One SSO leader describes the SSO’s relationship with its outsourcer as a “partnership” characterized by a collaborative approach to operational management and open discussion on matters such as terms of service, service delivery issues, and changes in scope. As a result, the leader reports, the outsourcer’s attrition rate on the company’s account is one of its lowest – even though the work is demanding and the outsourcer is held to very high standards.

The “Where”: Location and global management model

Offshoring, or reaching beyond in-country service delivery to take advantage of the cost arbitrage and talent pools of more distant geographies, is becoming standard operating procedure for SSOs today. As they strive to balance labor availability and quality considerations against cost and risk, the question most companies struggle with is not whether to offshore, but where.

Figure 6. Where are you getting the best performance in the following areas – captive operations, outsourced operations, or a combination of both?



³ Why settle for less? Deloitte 2008 outsourcing report, Deloitte Development LLC, 2008.

Geographically, the first wave of shared services redeployment had its origins within the United States, with U.S. companies consolidating shared operations in lower-cost U.S. communities. The same phenomenon occurred in Europe, with European-based companies pushing into lower-cost in-country locations or locations elsewhere on the continent. The next wave involved pioneering companies redeploying North American and European content into lower cost “global” hub locations, primarily in Asia.

Asia, a large growth market for products and sales, has rapidly come to require increased support, with shared services following to serve the region. Asia has some of the lowest costs in the world and a substantial depth of talent, but it is still evolving. Over time, we expect to see more and more companies select Asia for regional “global centers” encompassing a wider range of functions.

Shared services activity in Latin America has picked up dramatically in the past two years, as companies seek to establish shared centers to serve operations in North America and/or Latin America.

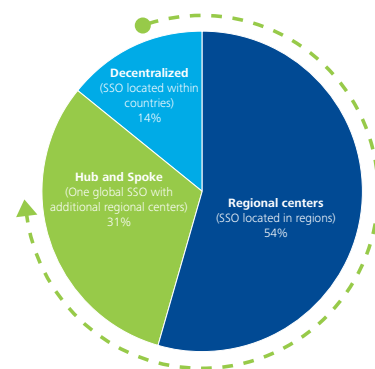
Our survey found that:

- Slightly more than 40 percent of respondents had centers in the Americas. Seventy percent of those centers were in North America (most were in the United States, dispersed across the country) and 30 percent were in Latin America (with Brazil, Argentina, and Costa Rica the most populated locations).
- Thirty-five percent had centers in Europe, the Middle East, and/or Africa, with almost 80 percent in Europe and 20 percent in the Middle East/Africa sub-region (South Africa had the largest number of centers in this sub-region). Within Europe, 72 percent were in Western Europe (the U.K., Belgium, and Germany had the most) and 28 percent were in Central/Eastern Europe (the Czech Republic, Hungary, Poland, and Slovakia had the most).
- Twenty-five percent of respondents had centers in the Asia Pacific region. India (most of whose centers were global hubs), the Philippines, and China were the most popular locations in this region.

The geographic management and delivery model for shared services is evolving from highly decentralized country operations to a “hub-and-spoke” model, which splits work between a global center for highly transactional, location-agnostic processes and regional centers for specialized or location-specific processes, knowledge, or skills. While our study shows that regional centers are the predominant model today, nearly a third

of the companies operate in a hub-and-spoke structure (Figure 7). By eliminating regional redundancy of simple, location-agnostic processes and consolidating them in a single low-cost global center, a hub-and-spoke arrangement can operate at a significantly lower cost than would be possible under a distributed model. In our experience, these savings can range from 25 percent to well over 50 percent.

Figure 7. What is the predominant operational model for your SSO?



Global operating models are incremental for most companies, starting with centralization within a country, then moving to a regional model one region at a time, as management, the functions, and business customers become comfortable with the change. Typically, once the regional model is well-established, a global center is considered. However, by moving more directly to a hub-and-spoke model – tried, tested, and effectively deployed by a number of mature SSOs – a company can leapfrog to the substantial benefits that it offers in as little as half to a third of the time that it typically takes to evolve shared services up through the regions, and without the substantial rounds of labor and operating disruptions from multiple reorganizations. Factors to carefully consider in such an initiative include:

- **Which processes to place in the “hub.”** Lower-value-added, standardized, and automated processes are the best initial candidates for global hubs. Because a global “hub” performs work for the entire enterprise, the processes placed in the hub must be standardized across participating countries and business units to most effectively move them into a hub. Processes traditionally more amenable to global standardization include intercompany transactions and other relatively routine activities, such as basic finance, HR, and IT processes. As companies become more comfortable with global processing and experience the substantial benefits it can bring, we see them moving more complex processes to global centers.

- **Which processes to place in the “spokes.”** High-value-added, customer-facing, and interaction-intensive processes are generally placed in the regional centers, closer to the home country. We find that as the functions and business units get more comfortable with shared services, they are often later moved to the global center or outsourced.
- **Labor quality and availability.** With labor comprising over three-quarters of a shared services center's operating costs, the cost of labor is a major consideration in siting shared services centers. However, with the significant rise in offshoring activity in recent years expected to continue, the competition for low-cost resources make it imperative to focus on the quality and availability of labor as well as its cost. A comprehensive and deep due diligence around these issues should be part of location strategy. Companies should be alert to the risk of wage escalation, high turnover rates, and/or unfavorable labor climates in popular offshore locations.
- **Risks associated with out-of-country operations.** Offshoring is not without potential challenges. Distant centers require greater effort to establish and greater management attention to operate than nearby ones. There are often additional business customs, governmental issues, and cultural factors to accommodate. In choosing a location, the choice between established and pioneering locations depends on a company's comfort with the trade-off between costs and risks related to labor, infrastructure, geopolitical conflicts, language, and cost escalation.

Accelerating and multiplying the benefits – and anticipating the challenges

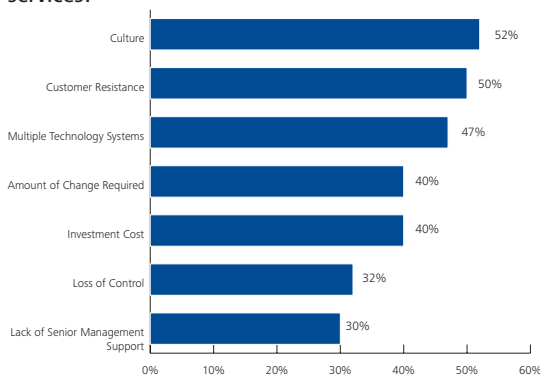
For most companies, moving to global shared services is an exploration and a journey, starting cautiously with a limited number of functions, considering only captive centers, and slowly expanding geographies. This approach, while less risky, can be riddled with stops and starts, organizational quagmires, and challenges that can slow and sabotage progress, increase costs, and dilute the return on investment for the initiative.

The body of experience and knowledge exists today to enable more rapid deployment and transformation to an advanced state. A portfolio approach to shared services can provide greater scalability, more flexibility, lower risk, and better cost performance than the evolutionary steps that typically precede it – and newer SSOs can take advantage of the lessons learned by more advanced SSOs to get to a portfolio approach more quickly. We believe that now is the time for companies to aggressively pursue a portfolio approach to shared services, whether they are

mid-way through the shared services journey or new to shared services. It is not a matter of whether a company should pursue global shared services, but how fast it can get to the end state.

Such an aggressive approach is not without its challenges. Our survey found that the greatest challenges to advancing global shared services were culture, customer resistance, and multiple technology systems (Figure 8). A second tier of challenges includes investment costs, loss of control, and lack of senior management support. Anticipating and planning for these challenges will increase the chances of success. Proactive change management, strong governance, senior management leadership, and effective collaboration with customers and external providers are the most critical “must haves.”

Figure 8. How great of a challenge do es each of the following pose for your advancement of global shared services?



Percentages indicate the percentage of respondents describing each factor as “very challenging” or “potentially insurmountable.”

Based on our experience helping companies in their efforts to improve their SSOs, we offer the following recommendations for consideration:

- **Add the more purely transactional, back-office activities into the shared services portfolio before tackling customer-facing and skill-intensive activities.** Just as when implementing shared services in the first place, it's easier to move routine, less highly visible activities, such as accounts payable/receivable or payroll, into shared services than skill-based activities such as tax planning or budgeting or market-facing activities such as an external customer call center. The customer interface and chargeback arrangements for transactional activities are simpler to develop, and business-unit customers may be more amenable to using shared services for back-office functions.

- **Aim to roll out a broad but homogeneous scope of services across business units, even if it means getting fewer business units on board at a time.** Pushing out the same broad set of services to the business units at once – as opposed to implementing one or two services at a time over a period of months or years – can simplify shared services management and governance, economize on knowledge transfer effort and costs, and drive process standardization among the business units. If the choice is between establishing a broad scope of services at fewer business units versus pushing out services piecemeal to more business units, we recommend the former, both because of the benefits of a homogeneous scope and because change management tends to be easier when dealing with fewer new customers at a time.
- **Standardize data and technology platforms.** Ideally, a company should have standardized the enabling technology within each in-scope function as part of its initial move to shared services, as doing so can minimize data conversion and maintenance issues and reduce the risk of errors and delays due to data incompatibility. The potential issues and costs related to incompatible technologies increase as the geographical scope of the SSO expands, making it even more imperative to standardize technology as more countries are brought into shared services. In a global SSO, standardized technology has the additional benefit of allowing work to be shifted from location to location more easily as the need arises.
- **Standardize processes.** As with technology standardization, enterprise-wide process consistency becomes even more critical when pursuing a portfolio approach to shared services. The greater the standardization a company can drive, the less complex the SSO's operations will likely be, and the less it will likely cost to run. Process and technology standardization also can make it easier to work with outsourcers on a global basis. For processes that are challenging to globally standardize in one fell swoop, a phased approach in which the processes are standardized in certain regions or countries as a pilot, then rolled out globally once the kinks are worked out, can help facilitate the standardization process.
- **Be sensitive to internal stakeholders' appetite for change – but press on.** It is critical to secure internal stakeholders' buy-in when planning and implementing technology, process, and organizational changes. Especially at a relatively decentralized company, pushing too hard too fast can spark resistance that can lead to exceptions in an SSO's standardized processes and

The importance of business-unit buy-in

Because much of the responsibility for realizing shared services' benefits lies with the business units, getting them to buy into the idea – and, more importantly, to follow through – is critical to driving the expected results. When this doesn't happen, the shared services effort may not deliver the desired value even though the SSO appears on the surface to be operating as expected. For example, if a business unit fails to rationalize its retained organization after the work is moved to an SSO, the processes in question may actually cost more than they did before the SSO's establishment, as the business unit is now supporting both its (redundant) retained organization and the services it receives from the SSO.

technologies – exceptions that the business units may not have requested if they had been fully on board with the effort. Generally speaking, the more transparent a shared services reorganization is to the internal customer, the less resistance it will encounter. Significant changes are usually best made in a way that only affects the customer once.

- **Proactively and frequently leverage senior leadership support.** Strong corporate-executive advocacy is important in the journey to develop a portfolio approach to service delivery. Adding more functions into the SSO, gaining business-unit acceptance for outsourced service provision, and moving toward a global shared services model requires active support and involvement from the top to bring functional and business-unit leaders, as well as their constituents, on board. In addition, corporate leaders should continually be on guard against the business units' tendency to rebuild local support organizations instead of using the SSO, whether through outsourcing or by creating internal "shadow organizations." Continuous, consistent senior leadership endorsement of the SSO – combined with appropriate monitoring and enforcement – is a must to counteract such behavior.
- **Engage and communicate.** Creating and managing a portfolio of options in the "what," "how," and "where" of shared services requires a great deal of change – something that few companies and people are comfortable with. Internal customers in the business units may worry that adding functions to shared services, offshoring, and/or outsourcing will compromise service quality. Shared services staff will wonder how outsourcing processes or establishing new locations will affect their jobs. To combat fears and increase buy-in, a

company needs to help everyone affected to understand how their world will change as a result. As the journey unfolds, the successes and benefits of shared services should be lauded – and the challenges acknowledged. Business-unit leaders, business-unit employees, shared services management, and shared services staff should all receive frequent communications through a variety of channels: e-mail, voice mail, road shows, and personal meetings with company leaders. With the competitive and cost challenges that companies face today, the shared services imperative is more pressing than ever. Pursuing a portfolio approach to shared services can provide substantial benefits on many fronts: greater efficiencies, substantially lower costs, increased scalability and flexibility, and reduced risk. While the challenges are not trivial, we believe the benefits of a portfolio approach more than justify the investment – and will get the company far greater results much faster. Empowered by the experience of others that have moved down this path, companies that can quickly build, manage, and expand a portfolio of shared functions, service delivery methods, and locations will be positioned to thrive in today's demanding environment.

Facilitating change

One technique we have found especially helpful is to establish a “change agent network” of selected managers or team leads within the business units and/or the SSO to communicate progress and to help identify and escalate issues to the appropriate leaders. It can also help to acknowledge that, during the first year or two of moving a function or process to shared services, the cost may actually rise due to transition and ramp-down costs. Managing the business units' expectations in this way can be very helpful in convincing them to stay on board for the long-term benefits.

Contacts

Mark Klender, Principal

Deloitte Consulting LLP

+1 415 783 4087

maklender@deloitte.com

Aprajita Rathore, Senior Manager

Deloitte Consulting LLP

+1 469 417 3518

aprathore@deloitte.com

Susan Hogan, Principal

Deloitte Consulting LLP

+1 404 631 2166

shogan@deloitte.com

Richard Sarkissian, Principal

Deloitte Consulting LLP

+1 973 602 5959

rsarkissian@deloitte.com

Simon Tarsh, Director

Deloitte Consulting LLP

+1 212 313 1983

starsh@deloitte.com

Thomas Torlone, Principal

Deloitte Consulting LLP

+1 415 783 6153

ttorlone@deloitte.com

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.