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Is our approach to GBS enough?

How today's leaders in global business services are delivering on its promise

Remember when global business services (GBS) was the hot new thing? From its beginning, it was defined as "the future of all operating models"—an integrated, seamless network of back- and middle-office functions that delivers critical business services centrally. It would forever change the role and value of enabling functions.

That was only a few years ago. But given the significant number of early GBS adopters, there is already a wealth of experiences on which others can draw.

Early leaders in GBS are far enough along to make a clear-eyed assessment of what they've achieved with GBS, where they may be at risk of falling short, and why—and you can learn from their experiences.

Broadly speaking, these organizations fit into these categories:

- *"We only got as far as shared services!"* These companies made significant progress by establishing shared services capabilities, but stopped short of pursuing GBS.

- *"We tried—but we fell short."* These companies had lofty ambitions for GBS, but were hamstrung by a number of obstacles, ultimately abandoning their bids for GBS.

- *"We've found a different model that works for us."* Companies in this category preserved many of the aspects of GBS most relevant to their business, but don't adhere to any hard-and-fast GBS rules.

What about all the companies that signed on for GBS and have achieved their goals? In reality, there are precious few companies that belong in this category. Even among leaders, most are still not operating in a true GBS environment. They have many of the hallmarks of the original GBS vision in place —but not enough to claim outright victory in their quest for GBS success. In this article, we'll take a closer look at exactly which practices they are adopting to achieve the true vision of GBS—so that you may more clearly map out your own organization's path to GBS value.

10 winning practices that set GBS leaders apart from the pack

Just as there are clear warning signs for GBS initiatives that may be in trouble, we have identified several practices—ten, to be precise—that have delivered incremental, sustainable value from GBS for our clients. These practices fall into three broad categories:

- **Setting the tone**: Strong leadership with clear objectives and alignment with broader organizational goals.

- **Laying the foundation**: The governance, structure, and process design required to support a flexible, influential GBS organization.

- **Unlocking value**: Radical transformation that unlocks real, measurable business value.

How do you bring these imperatives to life in your organization? You can do it by implementing the following practices.

"What happened?"

There's a long list of reasons that many companies have seen their biggest (and even their most modest) GBS goals thwarted. Some are unique to their companies or industries. Some, in retrospect, may seem unavoidable. But among those that fall short, these are the regrets we hear voiced most frequently.

- "It all fell apart when [insert name of key executive] left the company"

- "We forgot to focus on our internal customers"

- "Our CEO never went all in on GBS"

- "We generated too much bureaucracy"

- "We realized we had the wrong mix of talent too late"

- "We couldn't overcome organizational silos"

- "We tried to do too much too fast"

- "We should have engaged IT earlier"
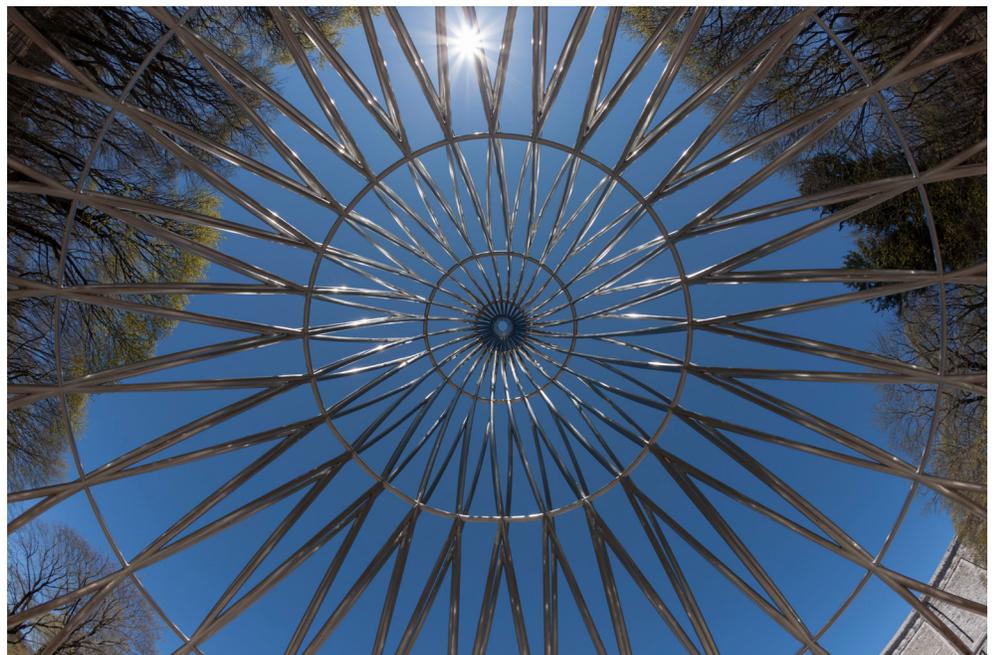
Setting the tone

To find disruptive leaders, look beyond the expected

What type of person is the right fit for an aggressive GBS organization? For answers, look beyond the expected. The most successful GBS leaders tend to be those with vision, grit, and a business background (often sales and marketing) that may not be an obvious match at first. In one company, for example, the GBS leader is a former salesperson for the organization who understands the underlying politics at work, and is a powerful, vocal advocate for the GBS mandate and how to sell it. Recruit a leader that knows what it's like to have a seat at the table, then provide that person with incentives to push the envelope (by way of accelerated timelines and increased savings realization, for example) and fight for turf (such as new scope and heightened capabilities development).

Indoctrinate the brand and culture

Whether the GBS organization has a brand is not really a question: It does. The real question is whether it's a brand that you've cultivated, or one that just bubbled up from the wide-ranging perceptions of people in the organization. If it's the latter, you're taking a risk. The GBS brand should aim to drive change and inspire loyalty among its internal consumers. Lead with the customer experience—and track perceptions and feedback regularly along the way so your brand promise remains strong and compelling.

In-practice: Brand and culture

An $8B American consumer food products company, with operations in 120 countries, took a new approach to brand management.

They branded their organization with a name, mission, and vision that appealed to their business counterparts. They focused on "changing the language" used to describe GBS by eliminating terms such as "back office" and "transactional," replacing them with "knowledge based" and "live the brand."

Impact: Benefits were realized within nine months of GBS launch and full business case execution in two years.

Build a peer—not a cost center

A strong GBS function should operate as the peer of the organizational units it serves—not a subservient cost center. Make sure its organizational structure complements those of the business units, with titles and roles that make sense outside of the GBS organization. Using such an approach, many leading GBS organizations have grown to be perceived as a destination for talent.

Laying the foundation

Run it like a business

In some organizations, GBS is viewed as a cost center—and it's often run like one, too. But what if GBS were run more like a business, with metrics guiding accountability, governance structures in place to guide decision making in line with broader business strategies, and clear objectives that match those strategies? That's the model GBS leaders are putting in place today. At first, secure a CEO mandate declaring GBS's strategic importance to the business. Then track GBS performance like a business unit, with business-relevant metrics such as increased cash flow, higher overall customer satisfaction, decreased timelines, and operating expense improvements. Traditional SLA metrics will always be important, but these serve a very different purpose than this GBS value imperative.

Implement cross-functional structures

The people in your organization will expect seamless processes, frictionless handoffs, and business insights that span a range of functions. How will you deliver? Certainly not with processes, tools, and capabilities that are bound by the traditional borders of business units. Shared platforms, structures, and even workspaces are critical aspects for advancing the GBS vision of cross-functional value. Incentivize sharing, even consider managing a portfolio of cross-functional projects to jump start sharing, then look to build end-to-end processes and common governance tools.

Cultivate tomorrow's talent

Think about the talent you'll need to have in place over the next few years in order to achieve your goals for GBS. Now look at your current roster of talent. Leaders will often admit that their current talent profile doesn't match bold goals for the future. But it's possible to get there. Start with hiring and development that is capability-focused, talent models that integrate process technicians and data miners with functional subject matter experts, and structures that support millennial talent (e.g., rotational programs into and out of GBS).

Design for operational agility

GBS leaders know that the businesses they support are changing all the time. Can the GBS organization change quickly enough to keep pace? Doing so requires services and processes that are designed for flexibility. Many leaders find that specialized "SWAT" teams can be instrumental in accelerating transformations and ensuring excellence. For each new process design, include a "flexibility" rating that limits rigidity. At the same time, cultivate "SWAT" capabilities in a central team that you can deploy as needed to spearhead and accelerate the most difficult complex transformations (such as M&A or technology-driven transformations).

In-practice: Run it like a business (peer)…not a cost center

A global oil and gas company, with operations spanning 80 markets, prioritized GBS from the top down

The CFO made a bold move, supporting all employees to rotate through GBS before becoming a market CFO. To ease the transition, role titles were harmonized across GBS and BUs. Furthermore, each GBS team leader was given clear operational and cost saving goals.

Impact: The GBS model, coupled with metric tracking, led to a 10% productivity gain in BU Finance activity within the first six months.

In-practice: Operational agility

A $50B multinational consumer goods company, with operations in 150 markets, built a "SWAT" team to solve their most complex problems.

This organization cultivated and designed a high octane M&A integration team ("SWAT"). This team brought unique process knowledge across Finance, HR and IT. They soon become integral to not only accelerating integration targets but also validating M&A synergy assumptions during due diligence.

Impact: The GBS-led M&A "SWAT" team shortened M&A integration timelines by 50%. Each day that was eliminated from the integration timeline netted $4M (i.e., savings of $4M per day).

Unlocking value

Measure what matters

GBS attempts to accomplish things that were outside the purview of more traditional shared services organizations—things like improved customer satisfaction. But if you're not measuring outcomes in such areas, the GBS organization is flying blind. Work to improve scorecards, measure beyond mere cost savings, and embed these measurements into performance reviews. Start small, identifying one or two key metrics that quantitatively measure value delivered to the business beyond cost savings (such as reduced cycle times, increased cash flow, higher business adoption rates) and be prepared to pivot on these measures as business priorities change.

Lead the digital revolution

The entire business is looking for ways to go digital. Why shouldn't the GBS organization lead the way? In many ways, it's perfectly matched to digital capabilities. Focus on centralizing to enable future automation using digital capabilities such as robotic process automation and cognitive computing, on the way to lights-off processes. Become an incubator for testing new technologies—but don't lose sight of your responsibility to "run it like a business." In other words, understand the quantifiable costs and benefits of the technology and build a business case whenever possible.

In-practice: Digital revolution

A $100B multinational conglomerate put the digital revolution front and center

Teams are encouraged, through employee recognition, to automate their roles and processes. They are expected to eliminate clicks, reduce hands, and cut down process steps with the help of digital investments. To build the business case, they leverage advanced data mining, and six-sigma and lean principles in a cross-functional team setting.

Impact: (1) 70 million clicks were eliminated from HR function; (2) The team achieved an 80% reduction in the customer onboarding process (KYC); (3) facilities' spend was reduced by 15% in numerous markets; (4) overhead was reduced by 20% year-over-year.

Push for data-driven capabilities

Data doesn't recognize business boundaries. So focus on building capabilities and services that are function-agnostic, consulting and advising with the business to develop enterprise assets—like analytics—in any part of the business that needs them. Set a vision that makes use of your organization's greatest resources, which likely include data aggregation and process expertise. Leverage these capabilities to draw data-driven insights that could unlock future opportunities for the business.

In our experience, all ten of these practices should be in place at some level for an organization to realize the full potential of GBS. At the same time, however, every company's goals are different. Some are just getting on the path to GBS—and therefore may need to focus more on activities such as securing the CEO's support, getting a strong leadership team in place, and developing the business case. For others further along in their journey, implementing strong measurement capabilities and focusing on the next generation of talent may be more pressing activities. So view these ten practices through the lens of your organization's specific goals, dialing some up and some down on your way to achieving outcomes in line with broader organizational strategies.

If that sounds daunting, it shouldn't be. These practices are entirely within reach for companies that are on the path to GBS —and they're worth the effort. It just requires focus, vision, and often a little help from those who have been there before.

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