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**Key Trends and
Best Practices
Impacting Shared
Services Strategy
and Structure**



Overview

Today's rapidly changing work environment and the focus on adopting digital technology alternatives continue to pressurize shared services organizations to do more. To meet this demand and deliver greater business impact, shared services leaders need to rethink their organizational strategies and structures. This resource describes five key trends and best practices impacting shared services strategy and structure:

1. Run shared services like a business.
2. Expand support and geographic coverage.
3. Increase the services scope.
4. Enable value delivery via effective governance.
5. Embed growth-focused principles in operations.

Assessing the applicability of these trends and best practices can help shared services leaders determine how to advance their organizations' maturity and succeed in a constantly changing operating environment.

Key findings

New threats and opportunities are forcing shared services leaders to rethink and realign the organizational strategy and structure.

There are five key trends and best practices impacting shared services strategy and structure that relate to how shared services operates, delivers services and support to customers, and advances its organizational maturity.

Strong governance, collaboration and decision making are more important than ever for shared services in meeting the ever-increasing demands placed upon it to deliver value.

Shared services leaders must determine how to evolve their organizational maturity and succeed in a constantly changing operating environment.

Recommendations

There are two recommendations that shared services leaders looking to advance organizational maturity should undertake:

1. Identify the trends and best practices that matter most to their organization by examining the current strategy and structure to determine where it fails to meet demands.
2. Create an action plan to address those trends and best practices by working with relevant stakeholders and key shared services leaders and incorporating their diverse perspectives.

The constantly changing operating environment

No organization is immune to the changes in today's work environment. Agile competitors with new business models, advanced technologies and automation are radically changing work as well as customer and employee expectations. These shifts are creating new urgency for shared services to grow in its scope of services and get ahead of new customer demands.

To match the pace of change, shared services leaders must build flexible organizational structures and staffing models that can take advantage of new digital technologies and stay abreast of customer needs and new opportunities to source and locate work differently than is done today. The following sections highlight five key trends and best practices that impact the strategy and structure of shared services organizations in 2019 and beyond.

1. Run shared services like a business

Shared services leaders run their organizations like a business because they strive to provide relevant and competitively priced services to their internal "customers." They seek to maintain a productive and engaged workforce and excellent customer service — the same things the external business seeks to do.

As shared services organizations respond to the demand for growth, they also need to deal with the complexity that comes with growth and manage across a greater number of teams, cross-functional silos and geographic locations. However, shared services' current operating model (see Figure 1) isn't changing fast enough to capitalize on new digital technologies and respond to new threats and opportunities created by digitalization outside of shared services.

A holistic approach to operating shared services

To cope with the changing demands and continue to drive enterprise value, shared services leaders must set the strategy and structure of the organization as well as ensure that talent, customer and performance objectives are met — just as a business would seek to do.

Figure 1: Shared Services Operating Model — From Strategy to Execution

Illustrative

 Shared Services' Contribution to Enterprise Value



Source: Gartner

2. Expand support and geographic coverage

Shared services organizations aim to continuously deliver cheaper, faster and better services to customers. With the ever-increasing demands placed upon shared services to deliver value and the opportunities presented by emerging technology solutions, organizations need to revisit how many customers they serve, the number of geographies they support relative to those where the company does business and how they deliver those services.

Data from Gartner's Scope and Geographic Support Assessment indicates that top-quartile organizations provide 100% support coverage in all regions where the company does business. Thirty-two percent of companies have a single, global shared services center, and another 28% have two regional centers to serve all customers across geographies. In addition, 50% of organizations have captive (in-house) centers, and 30% have a hybrid service delivery model with a mix of captive and outsourced services.

Expanding the support of customers and the geographic coverage will enable shared services to increase economies of scale and centralize work as much as possible to serve as many customers as possible across the geographies. In addition, a regular review of the shared services organizations' outsourcing partners as well as center locations will ensure the delivery of competitively priced services.

3. Increase the services scope

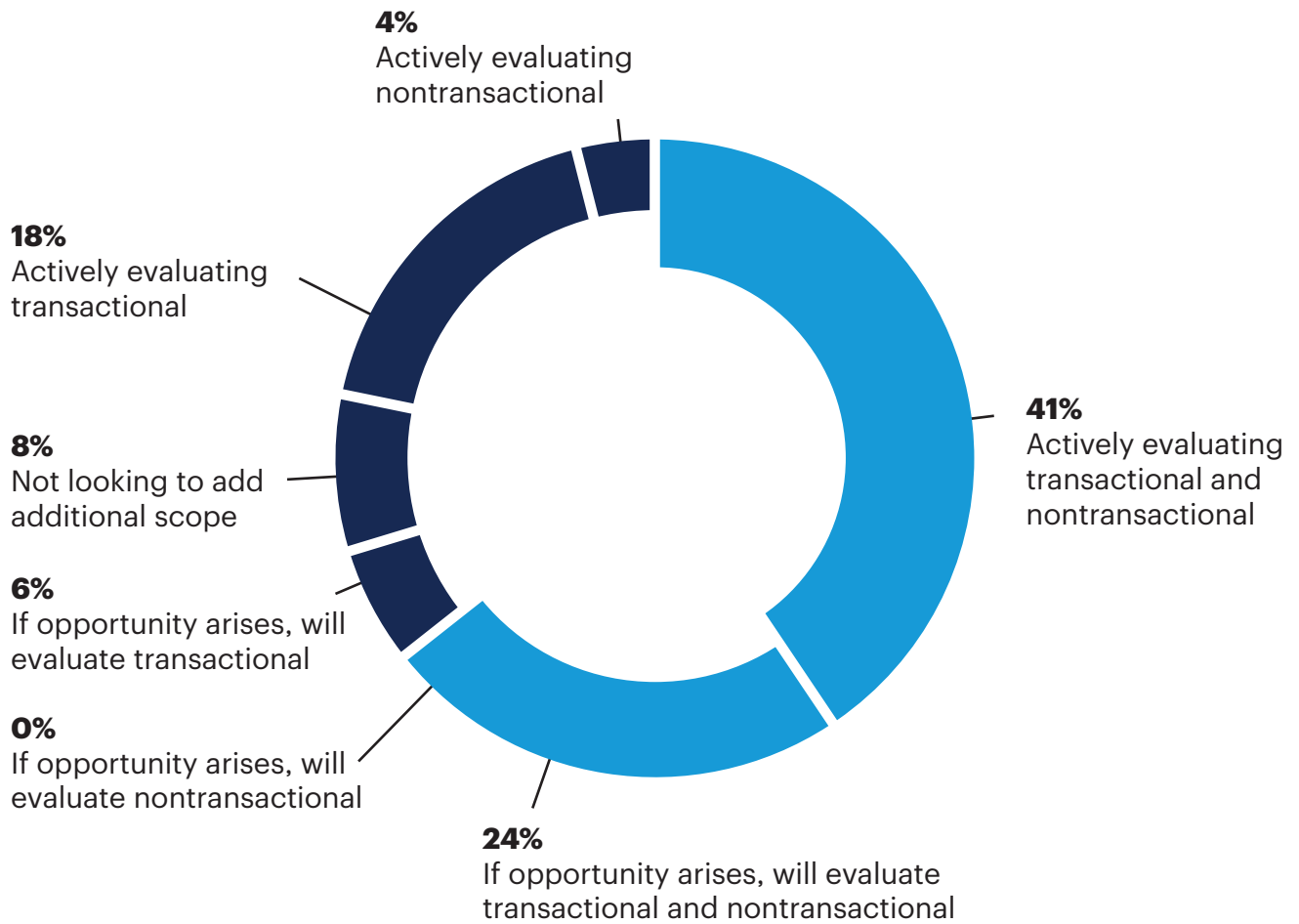
Shared services leaders are constantly looking for opportunities to expand their scope to include the full breadth of transaction processes within a single function or across multiple functions. Many also seek to move beyond transaction processing into higher-value-adding activities, which might include analytics or robotic process automation (RPA) as a service.

Data from Gartner's Scope and Geographic Support Assessment indicates that 41% of organizations are actively evaluating an increase in the number of transactional and nontransactional services they provide to customers. Another 24% will evaluate as and when an opportunity arises (see Figure 2). Further, 66% of shared services organizations are multifunctional (with three or more functions within their service scope).

To ensure they improve the value provided to customers, organizations should leverage shared services infrastructure to support a large number of processes and services across functions within their company and achieve greater economies of scale.

Figure 2: Status of Evaluating New Services

Percentage of organizations



n = 53

Source: Gartner 2018 Scope and Geographic Support Assessment

Note: Total does not equal 100% due to rounding.

The percentage of organizations evaluating an increase in the number of transactional and nontransactional services they provide to customers.

4. Enable value delivery via effective governance

Shared services leaders put a significant amount of effort in implementing a strong governance model to ensure that decision making and day-to-day operations in their organizations continually align with business objectives. A strong governance model provides the oversight, controls and mechanisms necessary to ensure individuals and teams act in accordance with business objectives.

However, as service delivery becomes more complex and takes place across multiple locations, shared services leaders need to determine whether current governance mechanisms effectively close the gap between strategy and execution. They must ensure that the following three components of effective governance are in place:

- 1. The right people to make decisions:** Ensure decision-making responsibilities and accountabilities are allocated to relevant stakeholders in the organization.
- 2. Processes to ensure successful decision making and implementation:** Support stakeholders with processes that enable them to make effective decisions and execute those decisions at speed.
- 3. Continuous performance monitoring:** Set up continuous monitoring mechanisms to ensure ongoing alignment of organizational performance with business objectives.

Implementing a governance model with the three key components will ensure business-aligned decision making and operational performance. It will also enable shared services to manage across interdependencies, risks and multiple opportunities while effectively collaborating with different stakeholders.

5. Embed growth-focused principles in operations

All shared services organizations seek to evolve their maturity and value to the enterprise by providing reliable services, simplifying processes and the customer experience, and enhancing financial performance. Yet many struggle with the question of how to mature and ensure they are delivering value to their customers and the enterprise.

Shared services organizations should focus on three principles to ensure that their work and the way it is performed stays centered on customers and what is important to them. Focusing on these three areas will help shared services organizations advance their maturity:

- 1. Be value-oriented:** Ensure processes and services done by shared services actually add value to internal customers and the enterprise, and communicate this value to stakeholders.
- 2. Be innovative:** Continuously improve the way shared services works by developing problem-solving skills, using leaders to visibly support improvements across locations and executing a strong service management system.
- 3. Be agile:** Evaluate the external business landscape, and be willing to change the outsourcing-captive mix, delivery location or scope of work as new opportunities or threats arise.

Increasing shared services' maturity in these ways will drive value, enhance the organization's position as a trusted business partner and help the enterprise stay ahead of disruption and competition.

Conclusion

New threats and opportunities are forcing shared services leaders to rethink and realign their operating models to be able to continuously drive (more) value to customers. In this environment of constant change, shared services leaders should work with peers and stakeholders across the C-suite to identify and get ahead of the trends and practices most urgent to their organizations. Use this resource to start a conversation with your CEO, CFO and executive peers about the trends most likely to impact your organization's strategy and structure.

About this research

This resource was created with quantitative data from Gartner's Scope and Geographic Support Assessment, which included more than 50 shared services leaders and qualitative insights based on our experience of advising and working with progressive leaders looking to advance the organizational maturity in 2019 and beyond.

About Gartner

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