Gartner for Finance Leaders

What the Best Shared Services Organizations Do: Three Focus Areas That Drive Maturity

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Executive Summary

Shared services organizations should focus on three areas to deliver value and accelerate maturity.

First, ensure the processes and services that shared services performs actually add value to customers and the enterprise communicate this value to stakeholders.

Second, continuously improve how work is done: Develop problem solving skills, use leaders to visibly support improvement efforts across locations, and execute a strong service management system.

Last, be agile by regularly evaluating the external business landscape and be willing to change the outsourcing-captive service delivery mix, delivery location or scope of work as new opportunities or threats arise.

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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.

Some companies have turned to ideas such as global business services (GBS) to help guide them toward maturity. However, many organizations that call themselves "Global Business Services," aren't structured any differently than those that do not. As a result, the term doesn't indicate anything more specific than an aspiration to grow and become a mature shared services organization.

There are three focus areas that will help all shared services organizations deliver value and accelerate their maturity:

1. Do Only What Drives Value

Ensure processes and services done by shared services actually add value to internal customers and the enterprise and communicate this value to stakeholders.

2. Do It Well

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.

These focus areas allow shared services organizations to advance their maturity by centering on the customer and what is important to them. This continuous focus on driving value for the customer will evolve shared services' maturity within the enterprise. In addition, periodic reviews of the external business landscape and a willingness to change will allow it to stay ahead of disruptions and adapt when necessary.

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1.

Do Only What Drives Value

Ensure processes and services done by shared services actually add value to internal customers and the enterprise and communicate this value to stakeholders.

When shared services organizations start out, they tend to focus on basic service delivery for transactional services. In this early phase, the principle objective is to focus on customers and demonstrate their ability to complete the work. Additionally, it seeks to prove that the move to shared services provides a cost reduction benefit to the enterprise. As shared services organizations mature, they focus on continuous improvement and driving efficiencies in operations. At this point, they've earned the trust of their customers and proved their worth.

However, the intense focus on driving process efficiencies may lead shared services to lose sight of what really matters to customers (and what matters to customers can change). Therefore, organizations must reacquaint themselves with customers by understanding their priorities and delivering what they want.

To do only what drives value for customers and the enterprise, organizations must:

- Differentiate customers to understand what they care about

- Deliver what's important to customers

- Continuously communicate value to customers

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2.

Do It Well

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.

As shared services organizations expand their work across multiple functions, regions and locations as well as provide more services to customers, the ability to work efficiently and effectively becomes challenging. For example, one regional center lead may complete a process differently than another regional center lead.

Therefore, to meet the needs of customers across many locations and functions, as well as ensure process efficiency and service quality, shared services must continuously improve.

To do this, shared services organizations must have:

- Talent with problem-solving skills and the desire to improve work processes
- Leaders, including global process owners, who visibly support improvement and are focused on process efficiency and quality across all of the locations where work is done
- A strong service management system that connects performance management, customer relationship management and process improvement

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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.

In the era of digitization, companies are continuously exposed to market changes as a result of industry-changing technologies, the emergence of new competitors and economic turns. Sudden shifts in the business landscape require companies to be agile so that they are able to embrace and adapt to market and operational disruption. Agility is the ability of an organization to sense the demand or need to change, and adapt its structure and capability rapidly and sustainably in a turbulent environment. Failure to sense and adapt to changes in the market may lead to severe consequences.

While shared services may not be a function known for agility, its leaders must ensure their organization is ready to evolve quickly in a changing business environment alongside the enterprise. Agility for shared services organizations means being ready to support new business models, revenue models and regulatory changes quickly.

Specifically, shared services organizations must support the enterprise's need to be agile in three ways:

- Know what opportunities and threats to look for
- Employ tactics to stay abreast of opportunities and threats
- Analyze and act on opportunities and threats

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Conclusion

While all shared services organizations strive to mature, many struggle with knowing exactly how to do it.

There are three areas that shared services organizations should focus on to deliver value and accelerate maturity:

- First, ensure processes and services done by shared services actually add value to internal customers and the enterprise and communicate this value to stakeholders.

- Second, 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.

- Last, 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.

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