Shared Services
What Works in the Order-to-Cash Cycle

20 March 2018

Credit Research Foundation
Spring Forum
San Antonio, Texas
A Framework for Member Conversations

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- 86% of the Global 500
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Areas of Impact
For Executives Who Want to Be Fast and Right

- Shared Services Leadership Council
- Shared Services Strategy
- Shared Services Customers
- Shared Services Talent
- Shared Services Fundamentals
- Performance Measurement & Improvement
- Robotics & Data Analytics
ROADMAP FOR THE PRESENTATION

Introduction

Applicability for Order-to-Cash

End-to-End Process Design

Service Management
WHAT IS SHARED SERVICES?

“Shared Services is an organizational model focused on providing reliable services and delivering value to internal business units or other stakeholders.”

CEB

“Shared Services is the consolidation of business operations that are used by multiple parts of the same organization.”

SearchCIO

“Shared Services is a term defining an operational philosophy that involves centralizing those administrative functions of a company that were once performed in separate divisions or locations.”

Inc.com

“Shared Services is a way of organizing administrative functions to optimize the delivery of cost-effective, flexible, reliable services to all “customers.”

University of Michigan
# SHARED SERVICES IS NOT SIMPLY CENTRALIZATION

The Fundamental Design Principle for Shared Services Is “Run It Like a Business”

<table>
<thead>
<tr>
<th>Customer Focus</th>
<th>Service-Level Agreements (SLA)</th>
<th>Pricing of Services</th>
<th>Performance Measurement</th>
<th>Continuous Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Services proactively manages the customer relationship and focuses on efficiently delivering services that meet customer needs.</td>
<td>Formal SLAs define the roles and responsibilities of both Shared Services and the customer in the delivery of service.</td>
<td>The cost of providing services is “charged out” to customers, and Shared Services is held accountable for delivering competitively priced services.</td>
<td>Shared Services measures its performance continuously (e.g., cost, quality, timeliness, customer value) to ensure it is delivering value to its customers and the company.</td>
<td>Shared Services drives a culture of continuous improvement to stay on top of best practices and further reduce costs, among many other benefits.</td>
</tr>
</tbody>
</table>

Source: CEB analysis.
WHY SHARED SERVICES?

Pros and Cons of Decentralized, Centralized, and Shared Services Models

<table>
<thead>
<tr>
<th></th>
<th>Decentralized</th>
<th>Shared Services</th>
<th>Centralized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Expensive</td>
<td></td>
<td></td>
<td>Low Cost</td>
</tr>
<tr>
<td>Customer Focus</td>
<td></td>
<td></td>
<td>Unresponsive</td>
</tr>
<tr>
<td>Nonstandard</td>
<td></td>
<td></td>
<td>Economies of Scale</td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
<td></td>
<td>Inflexible</td>
</tr>
<tr>
<td>Internal Control</td>
<td></td>
<td></td>
<td>Specialization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cost Allocations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Level Agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Measurement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CEB analysis.
The role of a GBS leader has evolved into a General Management position. Being the best accountant, or HR or IT professional, is no longer enough, or even a requirement for the job.
PROOF OF BENEFITS

Areas Where SSOs Have the Greatest Impact

Percentage of Respondents

<table>
<thead>
<tr>
<th>Area</th>
<th>Significant Positive Impact</th>
<th>Positive Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td>29%</td>
<td>62%</td>
</tr>
<tr>
<td>Process Efficiency</td>
<td>22%</td>
<td>65%</td>
</tr>
<tr>
<td>Scalability</td>
<td>20%</td>
<td>63%</td>
</tr>
<tr>
<td>Data Visibility</td>
<td>20%</td>
<td>63%</td>
</tr>
<tr>
<td>Control Compliance Requirements</td>
<td>19%</td>
<td>57%</td>
</tr>
<tr>
<td>Process Quality</td>
<td>18%</td>
<td>63%</td>
</tr>
<tr>
<td>Improved Service Levels</td>
<td>15%</td>
<td>63%</td>
</tr>
<tr>
<td>Removal of Distractions from Core Business</td>
<td>15%</td>
<td>51%</td>
</tr>
<tr>
<td>Cross-Organization Comparability</td>
<td>12%</td>
<td>62%</td>
</tr>
<tr>
<td>Working Capital</td>
<td>9%</td>
<td>43%</td>
</tr>
</tbody>
</table>

$n = 270$ shared services executives.

Source: Deloitte 2011 Global Shared Services Survey; CEB analysis.
A FRAMEWORK FOR DEFINING VALUE

CEB’s Model of Shared Services’ Value

Value Proposition

Value Creation

Value Goals

I. Insight
Enhanced financial performance

Value added by analyzing data to increase revenue and decrease cost

II. Simplification
Efficiency
Scope/scale expansion
Customer effort

Value added by assuring positive customer experience

III. Reliability
Effectiveness
Cost reduction
Quality and compliance

Value added by meeting customer needs at a competitive cost—minimizing risks and losses

Source: CEB analysis.
ROADMAP FOR THE PRESENTATION

Introduction ➔ 

Applicability for Order-to-Cash ➔ 

End-to-End Process Design ➔ 

Service Management

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APPLICABILITY FOR ORDER-TO-CASH

Level of Importance of End-to-End Order-to-Cash Design

Percentage of Respondents

- Critical \((n=27)\) \(57.4\%\)
- Very Important \((n=12)\) \(25.5\%\)
- Important \((n=6)\) \(12.8\%\)
- Little or No Importance \((n=1)\) \(2.1\%\)
- Not a Vision Component \((n=1)\) \(2.1\%\)

Source: CEB 2015 Benchmarking Survey.
Note: Total does not equal 100% due to rounding.

Current Level of Integration in End-to-End Process Design in Terms of Strategy

Percentage of Respondents

- Limited Integration with Numerous Exceptions \(19\%\)
- Moderately Integrated with Frequent Exceptions \(47\%\)
- Completely Integrated and Seamless \(9\%\)
- Highly Integrated with Limited Exceptions \(25\%\)

\(n=32\). Source: CEB analysis.

Despite the company-level benefits SSOs foresee, only 9% of companies report that their end-to-end process strategy is completely integrated.
WHAT IS AT STAKE?

Key Implications of Not Having an Order-to-Cash Process

<table>
<thead>
<tr>
<th>High Process Costs</th>
<th>Inadequate Cashflow Management</th>
<th>Impaired Customer Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ High cost of exception resolution (bad debts, write-offs, etc.)</td>
<td>▪ Payment and contract pricing errors that can cost an organization 10% or more of total receivables from customers</td>
<td>▪ Inability to process customer payments quickly, resulting in revenue accounting delays</td>
</tr>
<tr>
<td>▪ Long collection cycle times, leading to high costs per transaction</td>
<td>▪ Lack of visibility on the process, preventing Sales from leveraging receivables and taking advantage of early customer payments</td>
<td>▪ Lack of trust from sales staff who may choose to perform tasks themselves</td>
</tr>
<tr>
<td>▪ High levels of process exceptions, causing strategic employees to spend too much time on non-value-added activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CEB analysis.

Prevent Issues and Realize Gains

<table>
<thead>
<tr>
<th>Potential Issues for Companies with No Order-to-Cash Model</th>
<th>Benefits of Implementing an Order-to-Cash Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procedure</strong></td>
<td>Concrete knowledge transfer procedures eliminate blind spots, which cause errors and delays.</td>
</tr>
<tr>
<td>The lack of structured hand-off guidelines increases error rate and processing time.</td>
<td></td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Real time updates on goods or services sold and payments received enables efficient planning and forecasting.</td>
</tr>
<tr>
<td>Lack of visibility on total revenue and cashflow adds to inefficiencies in sales process.</td>
<td></td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>A paperless and automated workflow process leads to streamlined cash operations.</td>
</tr>
<tr>
<td>Lack of formalized cash management procedures causes issues with allocations and disbursements.</td>
<td></td>
</tr>
</tbody>
</table>

Source: CEB analysis.
NEED FURTHER PROOF?

Savings from Order-to-Cash Redesign

<table>
<thead>
<tr>
<th>Revenue Cycle</th>
<th>Year 0</th>
<th>Year 2</th>
<th>Year 4</th>
<th>Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (in USD Million)</td>
<td>$1,238</td>
<td>$1,834</td>
<td>$2,466</td>
<td>$3,466</td>
</tr>
<tr>
<td>DSO</td>
<td>N/A</td>
<td>68</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Customer Support Calls</td>
<td>61,000</td>
<td>46,347</td>
<td>44,916</td>
<td>17,693</td>
</tr>
<tr>
<td>Deduction Researched</td>
<td>58,000</td>
<td>81,000</td>
<td>98,594</td>
<td>39,091</td>
</tr>
<tr>
<td>Revenue Services Head Count</td>
<td>47</td>
<td>45</td>
<td>46</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Boltzman Company; CEB analysis.

Critical Success Factors for Boltzman

Continually Drive Toward the Following:
- Automation of all transactions
- Full utilization of all EDI transactions—inbound and outbound
- Desktop faxing capabilities
- Automated lockbox feeds
- No paper—e-workflow process, virtual folders, paperless archiving
- Customer self-service via B2B portal

Source: Boltzman Company; CEB analysis.

1 Pseudonym.
# WHAT PROCESSES SHOULD BE IN SHARED SERVICES

Choosing What Goes Into Shared Services  
*Decision Matrix for Identifying Process Fit for Migrating to Shared Services*

<table>
<thead>
<tr>
<th>Business Unit Requirements</th>
<th>Generic Requirements, Low Complexity</th>
<th>Specialized Requirements, Low Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Best Candidate for Shared Services</strong></td>
<td>Process is not very complex and does not vary much across business units.</td>
<td>Process is not very complex but varies across business units.</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td>Default delivery model for these processes should be a shared services center.</td>
<td>Processes should be analyzed to determine if business unit needs are truly required or are simply nice to have.</td>
</tr>
<tr>
<td><strong>Action:</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Generic Requirements, High Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential Candidate for Shared Services</strong></td>
<td>Process is more complex but does not vary much across business units.</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td>Process should be analyzed to determine if reengineering the process would remove unnecessary complexity.</td>
</tr>
<tr>
<td><strong>Action:</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Specialized Requirements, High Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Not Suitable for Shared Services</strong></td>
<td>Complex processes that require specialized business knowledge are best delivered from within the business unit.</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td>Develop expertise and retain in the business unit. These are the last services to come into Shared Services, if ever.</td>
</tr>
<tr>
<td><strong>Action:</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process Complexity</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
</table>

Source: CEB analysis.
### Business Unit Requirements

<table>
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<tr>
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<tr>
<td><strong>Potential Candidate for Shared Services</strong></td>
<td><strong>Not Suitable for Shared Services</strong></td>
</tr>
<tr>
<td><strong>Description:</strong> Process is not very complex but varies across business units.</td>
<td><strong>Description:</strong> Complex processes that require specialized business knowledge are best delivered from within the business unit.</td>
</tr>
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<td><strong>Action:</strong> Processes should be analyzed to determine if business unit needs are truly required or are simply nice to have.</td>
<td><strong>Action:</strong> Develop expertise and retain in the business unit. These are the last services to come into Shared Services, if ever.</td>
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<tr>
<td><strong>Best Candidate for Shared Services</strong></td>
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<td><strong>Description:</strong> Process is not very complex and does not vary much across business units.</td>
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</tr>
<tr>
<td><strong>Action:</strong> Default delivery model for these processes should be a shared services center.</td>
<td><strong>Action:</strong> Process should be analyzed to determine if reengineering the process would remove unnecessary complexity.</td>
</tr>
</tbody>
</table>

### Process Complexity

- **Low**
- **High**

Source: CEB analysis.
## TYPICAL CANDIDATES FOR SHARED SERVICES

### Finance
- Accounts Payable
- Billing
- Cost Accounting
- Credit and Collections
- Customer Payment Processing
- Financial Planning and Analysis
- Financial Reporting
- Fixed Assets
- General Ledger/Closing the Books
- Intercompany Accounting
- Internal Audit
- Management Reporting
- Purchasing Card Administration
- Sales and Use Tax
- Tax—Corporate and Others
- Travel Expense
- Travel Management
- Treasury
- Value Added Tax (VAT)
- Vendor Master Data Management
- Vendor Relations

### Human Resources
- Benefits Administration
- Compensation Administration
- Global Mobility
- HR Admin
- Learning and Development
- Payroll
- Recruiting and Staffing

### Procurement
- Procurement—Strategic Sourcing
- Direct Purchasing
- Indirect Purchasing

### Information Technology
- Intranet Portal/Internal Company Website Administration
- IT Application Development
- IT Help Desk
- IT Infrastructure Operations

### Real Estate/Facilities
- Management
- Facilities Management
- Office Services
- Meetings Management
- Real Estate Management
- Security

### Sales and Marketing
- Customer Contact Center - External
- Customer Master Data Management
- Marketing
- Order Management
- Sales Administration/Support

### Other
- Continuous Improvement as a service
- Corporate Communications
- Engineering
- Legal
- Program/Project Management
- Analytics as a service
- Robotics as a service
PROCESSES OWNED BY SHARED SERVICES

Processes Supported by Shared Services

Percentage of SSOs

<table>
<thead>
<tr>
<th>Process</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>100%</td>
</tr>
<tr>
<td>GL/Closing the Books</td>
<td>91%</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>89%</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>88%</td>
</tr>
<tr>
<td>Intercompany Accounting</td>
<td>86%</td>
</tr>
<tr>
<td>Customer Payment Processing</td>
<td>85%</td>
</tr>
<tr>
<td>Billing</td>
<td>75%</td>
</tr>
<tr>
<td>Credit and Collections</td>
<td>75%</td>
</tr>
<tr>
<td>Purchasing Card Administration</td>
<td>66%</td>
</tr>
<tr>
<td>Payroll</td>
<td>55%</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>54%</td>
</tr>
<tr>
<td>Cost Accounting</td>
<td>53%</td>
</tr>
<tr>
<td>Value Added Tax (VAT)</td>
<td>49%</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>48%</td>
</tr>
<tr>
<td>Travel Management</td>
<td>44%</td>
</tr>
<tr>
<td>Treasury</td>
<td>40%</td>
</tr>
<tr>
<td>Financial Planning and Analysis</td>
<td>36%</td>
</tr>
<tr>
<td>IT Application Development</td>
<td>33%</td>
</tr>
<tr>
<td>Benefits Administration</td>
<td>31%</td>
</tr>
<tr>
<td>IT Infrastructure Operations</td>
<td>31%</td>
</tr>
</tbody>
</table>

n = 41 organizations.
Source: CEB analysis.
Processes Supported by Shared Services

*Percentage of SSOs*

- Recruiting and Staffing: 27%
- IT Help Desk: 27%
- Vendor Relations: 26%
- Order Management: 25%
- Continuous Improvement: 25%
- Program/Project Management: 23%
- Ext. Cust. Cont. Center: 21%
- Compensation Administration: 21%
- Sales Administration/Support: 21%
- Company Website Admin: 18%
- Facilities Management: 17%
- Learning and Development: 17%
- Office Services: 16%
- Global Mobility: 16%
- Real Estate Management: 10%
- Security: 10%
- Marketing: 9%
- Meetings Management: 8%
- Legal: 8%
- IT Infrastructure Operations: 3%

\( n = 41 \) organizations.

Source: CEB analysis.
ROADMAP FOR THE PRESENTATION

Introduction → Applicability for Order-to-Cash → End-to-End Process Design → Service Management
DEFINING THE END-TO-END PROCESS

A Framework of How to Articulate the Order-to-Cash Process
From Sales Cycle to Cash Receipt

Identifying the stakeholders involved in the process at the time of scope definition and developing a robust communication plan are key to the initiative’s success.

Source: CEB analysis.
APPROACHES TO END-TO-END DESIGN

1. **Functional Separation**
   - Organizations with independent objectives and no shared measures; reactive improvement and training efforts, focused on tactical and target-based measures; dependence on manual processes and low levels of leveraged technology.

2. **Functional Coordination**
   - Organizations with frequent communication but with separate process measures and goals; increased focus on leveraging technology and reduction of manual processes.

3. **Functional Alignment**
   - Organizations with common objectives and end-to-end process measures; targeted improvement efforts, focused on providing transparency and clarity; reduced dependence on manual processes.

4. **Integrated Functional Design**
   - Single organization with strong alignment, common objectives, measures, and combined training; provides visibility and accountability around revenue drivers.

*Source: CEB analysis.*

1 Pseudonym.
**ALIGNMENT IS KEY TO COLLABORATION**

Misaligned Incentives Between Sales and Collections

*Common Incentives, Illustrative*

<table>
<thead>
<tr>
<th>Sales Incentive</th>
<th>Collections Incentive</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Sales ≠ DSO</td>
<td>Sales offers customers overly generous payment terms to close sales.</td>
<td></td>
</tr>
<tr>
<td>Long-Term Sales ≠ Total Revenue Collected</td>
<td>Sales refuses to join collections calls for fear of damaging long-term relationships.</td>
<td></td>
</tr>
<tr>
<td>Growth in Sales from Existing Customers ≠ Reduction in Bad Debt Expense</td>
<td>Sales ignores credit limits when selling to existing customers.</td>
<td></td>
</tr>
</tbody>
</table>

Sales views Collections as a threat to revenue generation and often ignores AR policies, refusing to help with collections efforts.

- Despite some degree of cross training, it is easy to lose sight of how the overall process is impacted.
- Naturally and instinctively, people tend to focus on their own responsibilities and overlook the other process areas.
- Executive buy-in, as well as common goals and objectives, help combat these narrow-focused tendencies and prioritize the big picture.

**Effectiveness at Defining Common Outcomes-Based Metrics Across Functions**

*Percentage of SSO Executives*

- **63%** Not Effective
- **37%** Effective

Root Causes of Low Effectiveness

- Different functional perceptions of processes makes it hard to identify common measurable activities.
- It may be difficult to get traction in all functions for common metrics.

Solution: Collaboration-Focused Service Redesign

- Clarify the role of individual staff in the end-to-end service and select metrics that are actionable, yet aspirational, enough to induce staff to collaborate with peers in other functions.

Source: CEB analysis.
END-TO-END PROCESS OWNERSHIP

Prevalence of Global Process Owners
Percentage of Respondents

- First-Quartile Companies
- Second-, Third-, and Fourth-Quartile Companies

<table>
<thead>
<tr>
<th></th>
<th>C&amp;C</th>
<th>O2C</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Quartile</td>
<td>86%</td>
<td>44%</td>
</tr>
<tr>
<td>Second-, Third-, and Fourth-Quartile</td>
<td>67%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: CEB analysis.

Correlated Cost Reduction with Global Process Owner
Percentage Cost Reduction

- Global Process Owner
- Global End-to-End Owner

<table>
<thead>
<tr>
<th></th>
<th>C&amp;C</th>
<th>O2C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Process Owner</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Global End-to-End Owner</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Source: CEB analysis.
Benefits of Order-to-Cash Process Ownership

- One person who is accountable for the process
- Increased ability to standardize the process, systems, data standards, controls, and reporting
- Streamlined decision making
- Better ability to prioritize initiative
- Centralized management of customer relationships

Source: CEB analysis.
ROADMAP FOR THE PRESENTATION

Introduction  Applicability for Order-to-Cash  End-to-End Process Design  Service Management
LOSING CUSTOMER FOCUS

As shared services moves from Basic Service Provider to Cost Reducer, communication channels can break down when shared services drives to reduce costs and increase efficiency, and business unit customers focus on their own objectives. This evolutionary misalignment can result in a lower perceived value of shared services.

Highly-aligned and focused on demonstrating Shared Services’ ability to do the job

Proving Capability and Effectiveness
Reporting focused on:
- Business Case Validation
- Productivity
- Cost-Efficiency
- Volumes

Aggressive focus on cost reduction and process efficiencies as centers drive to “Best in Class”

Refining Process Efficiency and Reducing Cost
Reporting focused on:
- Process Improvement Initiatives
- Year-Over-Year Improvement
- Segmented reporting for different stakeholders

Customer Alignment

Perceived Value of Shared Services

Area of Ambivalence

Basic Service Provider
Stage One

Cost Reducer
Stage Two

Value/Alignment

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DELIVERING ON WHAT’S IMPORTANT TO THE INTERNAL CUSTOMER

While understanding customer needs is always a priority of shared services, shared services staff typically believes that their improvement focus on capabilities and cost is what it takes to improve customer service as well. Shared Services is often effective at measuring cost effectiveness and capability, but may not be close enough to the customer to understand their priorities or what is valuable to them.

HIGHLY-ALIGNED AND FOCUSED ON DEMONSTRATING SHARED SERVICES’ ABILITY TO DO THE JOB

Aggressive focus on cost reduction and process efficiencies as centers drive to “Best in Class”

RE-ALIGNING AND REPORTING ON CUSTOMER PRIORITIES

Driving Value to the Customer
- Key customer partnering
- Collaborative forums to align perceptions of performance
- Reporting based on business unit identified initiatives and not initiatives that just SS believes as important.

Customer Alignment

Perceived Value of Shared Services

Area of Ambivalence

Perceived Value of Shared Services

Basic Service Provider
Stage One

Cost Reducer
Stage Two

Valuable Partner
Stage Three

Center Maturity

Proving Capability and Effectiveness
Reporting focused on:
- Business Case Validation
- Productivity
- Cost-Efficiency
- Volumes

Refining Process Efficiency and Reducing Cost
Reporting focused on:
- Process Improvement Initiatives
- Year-Over-Year Improvement
- Segmented reporting for different stakeholders

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Service management is a system of people, processes, and tools that supports service delivery to customers. A customer-centric service management system provides high-quality services to customers by:

- Streamlining stakeholder interactions,
- Measuring Shared Services’ impact on the business, and
- Enabling staff to implement targeted improvements.

### Components of Customer-Centric Service Management System

- **Relationship Management Process** focuses on improving and streamlining stakeholder interactions.
- **Performance Management Process** involves assessing Shared Services’ performance and determining the right format and frequency of reporting.
- **Improvement Management Process** refers to enabling staff by identifying and implementing improvements in areas that are most critical for the customer.

Source: CEB analysis.
BENEFITS OF SERVICE MANAGEMENT

Benefits of Service Management System

**Relationship Management**
- Identifies Key Customers and Their Needs
- Guides Employees to Effectively Communicate with Stakeholders

**Performance Management**
- Establishes Processes to Manage Customer Requests and Escalations
- Clarifies Service Delivery Expectations
- Defines Responsibility of Shared Services and Stakeholders
- Assigns Accountability for Performance Tracking

**Improvement Management**
- Equips Staff to Identify Improvements
- Establishes a Process to Track Improvement Projects

Source: CEB analysis.
KEY STEPS—RELATIONSHIP MANAGEMENT PROCESS

Relation Management Process Map

1. Identify Your Key Stakeholders
2. Develop a Communication Plan
3. Design a Customer Contact Strategy
4. Determine Request Resolution Paths for Customers
5. Design a Process for Handling Incoming Service Requests
6. Build an Issue Escalation Process
7. Assess Customization Requests
8. Assign Relationship Management Responsibility to the Team
9. Align Performance Criteria to Relationship Management Goals
10. Screen for Talent That Excels in Relationship Management
11. Establish Customer Feedback Channels
12. Assign Metrics for Measuring Feedback
13. Deploy a Customer Feedback Survey

Source: CEB analysis.
KEY STEPS—PERFORMANCE MANAGEMENT

Key Activities in Building an Effective Performance Management Process

Clarity and Document Service Expectations

1. Clarify and Document Service Expectations

2. Define How Service Consumption Will Be Billed

3. Build a Process to Adjust and Reassess Usefulness of SLAs

Select Performance Metrics

4. Identify Key Areas of Performance Measurement

5. Align Metrics to Business Goals and Stakeholder Needs

6. Select Metrics with High Impact

7. Periodically Review Relevance of Metrics in Scorecards

8. Assign Metric Accountability

9. Develop a Targeted Reporting Plan

10. Use Dashboards to Improve Information Absorption

11. Build a Process to Take Action in Areas of Underperformance

Source: CEB analysis.
KEY STEPS—IMPROVEMENT MANAGEMENT

Key Activities in Building an Effective Improvement Management Process

1. Spot Potential Areas of Improvement from Diverse Sources
2. Prioritize Areas for Focusing Improvement Efforts
3. Empower Staff with Tools to Find Solutions to Business Problems
4. Build a Process to Screen for the Best Solutions
5. Build a Process to Evaluate New Service Offerings
6. Select a Suitable Model to Structure Improvement Teams
7. Assemble a Team with the Right Competencies
8. Measure Progress on Improvement Projects
9. Tie Performance Assessment to Success in Solving Business Problems
10. Develop Staff’s Problem-Solving Skills
11. Design Rewards and Recognition Programs

Source: CEB analysis.
# PERFORMANCE REPORTING

## Four-Level Order-to-Cash Metrics Reporting

<table>
<thead>
<tr>
<th>Level</th>
<th>Management</th>
<th>Operational</th>
<th>Customer</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criticality</td>
<td>Business-critical metrics available in executive dashboards</td>
<td>Metrics critical to operational success</td>
<td>Metrics critical to customer satisfaction</td>
<td>Metrics critical to individual performance</td>
</tr>
<tr>
<td>Purpose</td>
<td>Drill-down feature allows executives and managers to:</td>
<td>Measures of efficiency and effectiveness of a process or operation are:</td>
<td>Measures are shared with internal or external customers for the purposes of:</td>
<td>Facilitate performance measurement and improvement:</td>
</tr>
<tr>
<td></td>
<td>▪ Execute more effectively and efficiently on company strategy;</td>
<td>▪ Measured with higher frequency than management metrics and</td>
<td>▪ Benchmarking, bidding—showing the success of specific processes;</td>
<td>▪ Increase operational efficiency and workforce productivity.</td>
</tr>
<tr>
<td></td>
<td>▪ Improve business processes; and</td>
<td>▪ Allow day-to-day tactical operation of business processes.</td>
<td>▪ Ensuring customer participation in process improvement; and</td>
<td>▪ Support employee development and talent management.</td>
</tr>
<tr>
<td></td>
<td>▪ Proactively manage key company metrics.</td>
<td></td>
<td>▪ Tackling issues specific to a customer and/or group.</td>
<td>▪ Help distribute compensation incentives equitably (if applicable).</td>
</tr>
</tbody>
</table>

Source: Bunge Limited; CEB analysis.
## PERFORMANCE REPORTING

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Reporting Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice Error Rate as Percentage of Total Invoices (Billing)</td>
<td>Mgt. Ops. Cus. Emp.</td>
</tr>
<tr>
<td>Invoices Issued per FTE (Billing)</td>
<td>Mgt. Ops. Cus. Emp.</td>
</tr>
<tr>
<td>Number of Resolved Disputes per FTE (Issue/Dispute)</td>
<td>Mgt. Ops. Cus. Emp.</td>
</tr>
<tr>
<td>Collections Received Within Terms (Collections)</td>
<td>Mgt. Ops. Cus. Emp.</td>
</tr>
</tbody>
</table>

Source: Bunge Limited; CEB analysis.

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Cliff Struhar, Principal Executive Advisor

- Cliff joined CEB, now Gartner in 2005 and has more than 30 years of consulting and advisory experience focused on helping companies improve the efficiency and effectiveness of their finance operations. He has extensive experience with shared services strategy, business case development, scope expansion, service management, and governance. Prior to CEB, he worked as a management consultant for KPMG, Arthur Andersen, and Gunn Partners. Cliff has managed shared services strategy and implementation projects in North America, Europe, and Australia, and is a regular speaker at conferences. Cliff earned his Master’s Degree in Business Administration from the University of Connecticut and is located in Tampa, Florida.
Thank You

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