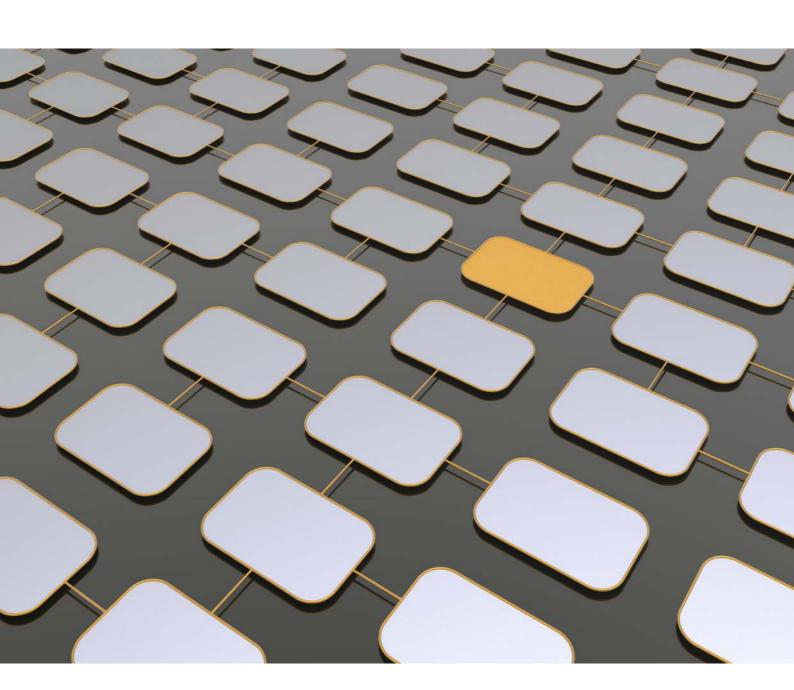# Chazey Partners

More Power Through "End-to-End" Process Ownership
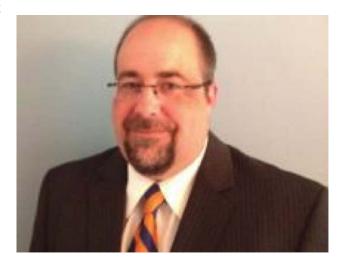
Chazey's Viewpoint

"Global Process Ownership is a leading practice in which one owner is assigned oversight for each of the in scope end-to-end processes, covering end-to-end processes such as Order-to-Cash (O2C), Procure-to-Pay (P2P), Record-to-Report (R2R) and Hire to Retire (H2R). It is critical to note that these roles usually do not include responsibility for the day-to-day operational management of the process. These roles are instead key value-adding roles to take processes to a higher level on a global basis.

Global Process Ownership is a key to improving the effectiveness and efficiency of the processes, across the enterprise's global operations, in a consistent and as standardized way as possible, while still recognizing that there will be some necessary exceptions. This is achieved by creating a vision and end-to-end framework and through implementing and utilizing global measurements and metrics. Global Process Ownership also helps achieve more consistent processes and policies, which are actually enforceable and are complied with across the entire business.

The achievement of truly "end-to-end" global processes is faced by a number of challenges as operational responsibility for sub-processes is traditionally widely dispersed, both in location and by organizational responsibility. It is therefore important, whilst also somewhat challenging, to take a strategic approach to Global Ownership. This includes recognizing and taking into account that ownership of the actual management and operation of an end-to-end process usually crosses functional and operating unit boundaries.

So this requires collaborative working and engagement with many interested parties working along the end-to-end process. Only by moving towards Global Process Ownership in reality rather than just in theory, can the enterprise reap significant benefits which also lead to significant value add and improved synergies.

I have seen organizations gain tremendous benefit as a result of Global Process Ownership. It is of key importance for the Global Process Owner to maintain the balance between strategic and operational initiatives. This report highlights the key distinction between Global Process Ownership and Operational Management and provides some insights into what an end-to-end model should really look like."

Robert Towle
Managing Director, North America (East)
Chazey Partners

Introduction

It is critical to understand that the Global Process Owner role is a distinct role from those held by individuals with operational roles. The Global Process Owner role looks beyond day-to-day operations and has oversight over the entire process, whether managed by shared services, or upstream or downstream. The Global Process Owner role is responsible for developing, establishing and implementing a standard framework for global processes for company. Responsibilities include acting as a central, global, coordinating process owner, addressing cross-functional issues. The efforts of this position will drive process optimization to yield improvements from better processes and improved communication regarding issues throughout the company. This position works globally with all levels of management across the various divisions and functions - regardless of whether they are currently serviced by a Shared Services Center. Work will include improving the ability of the company to work across organizational boundaries for end-to-end processes and to establish contacts and procedures to coordinate activities between Operations, Legal, Finance (AR, AP, GL, Tax, Treasury), Sales, Purchasing and others as required. Additionally, this position helps identify, establish and share best in class practices and move the various company processes to a best in class, common, global standards that meet Sarbanes-Oxley or other regulatory requirements. The Operational Managers typically report into this Global Process Owner role on a dotted line basis, in addition to their normal operational reporting.

Another key aspect of Global Process Ownership is the creation of an effective Operating model. This model will actively utilize the following elements: Vision, Organization, Governance, Service Delivery Framework, Global Standard Process, Technology Strategy and Performance Framework. This model, or framework, cuts across organizational boundaries and is a critical element of the success of Global Process Ownership.

Vision

Developing a clear vision allows the Global Process Owner to define how the process supports company business strategy. It is important to note that this is a long-term vision, not something that is modified on a frequent basis. Just as the company business strategy is long-term, so must be the vision of the Global Process Organization. This vision is not limited to only a Shared Services view. Frequently, the Global Process Owner, although a part of the Shared Services

Organization, becomes the "eyes and ears" of the entire organization. They are frequently viewed as the person with the best end-to-end view to help drive change or overcome challenges.

Organization

A global structure provides clear roles, accountability and lines of reporting for the organization. This global organization rectifies the typically wide-dispersed roles with in numerous reporting structures. This sets the stage to allow better relationships with stakeholders, as well as providing consistent service delivery and measurement of services. It is important to note that operational management remains intact. Operational managers still manage their teams on a day to day basis and have accountability for their work. The global structure creates a matrixed environment, allowing the end-to-end view of the entire work stream.

Governance

Governance is critical to structure relationships and align strategy between the process and key business stakeholders. Once this governance is in place, it allows for the Global Process Owner and their team to conduct individual interviews with stakeholders. These interviews are typically conducted on a one-to-one basis using a standard approach and template. These interviews are typically conducted on a one-to-one basis using a standard approach and template. The questions are developed to be specific to the company's needs and circumstances. This will allow the Global Process team to gain an understanding of the stakeholder's views, concerns and level of influence. This is important, as the answers are critical to understanding the needs of the internal customers and to gaining buy-in. Examples of information received by our clients include the following comments:

- Technology does not support the process
- Issues are not with the SSC staff but the underlying processes / technologies
- Communications are poor and the process website is out of date
- Process Solutions are developed at a management level and not cascaded down
- Lack of training prevalent; there was no process training
- Process Roles and Responsibilities are unclear
- Process SLAs are out of date and were not communicated
- The Chargeback Mechanism is unclear and unfair; there is no visibility
- Process Customer Service is Poor

Given the clarity of these example comments, this type of stakeholder feedback proves beneficial to both understanding the current viewpoint of stakeholders and gives insight into the areas of opportunity. See an example in Figure 1 for a Global P2P Process.
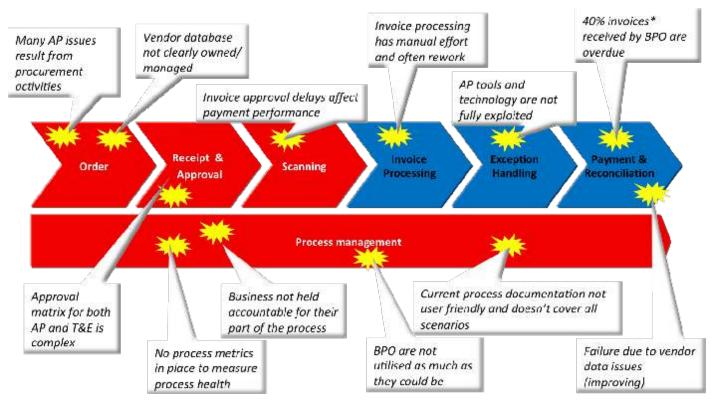

Figure 1: Example of Stakeholder Feedback in P2P Global Process

Service Delivery Framework

The Service Delivery Framework provides clear rules and common understanding about the Global Process Organization's services. This framework has three levels: Strategic, Management and Operational. The Strategic level is comprised of the Operating Model, Service Vision and direction. Also in this level are the Global Policy and Process setting, governance and performance management and reporting. The Management level is focused on Regional Service Delivery, including compliance monitoring and escalation, outsourcer management and business segment engagement. The Operational level is comprised of the day-to-day operations, including transaction processing, help desk, master data management, reporting and quality improvement. As noted, the operational level is in place during the foundation of a shared service center, or centers. The assurance that a Management level is in place and the addition of the Strategic level creates the ability for the organization to solve broader issues for the company.

Global Standard Process

A key outcome of having Global Process Ownership is the creation of end-to-end global standard processes with variations only determined by tax and legal requirements. This is very difficult, if not impossible, for individuals performing day-to-day duties in different locations and organizations to achieve. This standardization provides the immediate benefit of consistency of service across different locations. Another key benefit is that once processes are documented and standardized, it is possible to then implement a continuous improvement program on a Global scale. This program, and the improvements that result, provide enhanced effectiveness and cost-savings on an on-going basis. Another benefit is assurance is raised that Shared Service Centers can then serve as immediate back-ups for each other in the event of a service interruption in one region of the world.
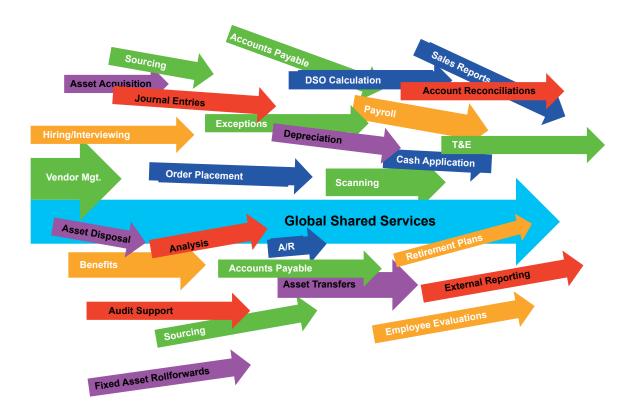
Figure 2: Before Consolidation under Global Process Ownership

Figure 3: After Global Process Ownership

Technology Strategy

Building off of the implementation of global standard processes, it becomes possible to use tools to drive efficiency. It is important that tools not take precedence over remaining aligned to business needs. Additionally, it is also important to stay in line with corporate IT strategy. Global Process Owners can drive this activity because they (1) have the view across the organization – and the upstream/downstream elements and (2) are not tied into the day-to-day production responsibilities within the Shared Service Centers.

Performance Framework

The Performance Framework is used to define key metrics that are used to monitor, manage and improve the Organization. It is critical that KPIs include both operational and output measurements. Operational metrics are key elements that provide insight and understanding the detailed work being performed at each of the key steps in the process. Likewise, Output KPIs provide feedback to the Global Process Owners and the customers of the process on the performance of the work stream. Two additional types of metrics greatly enhance the governance of this process. Input KPIs, sometimes referred to as Reverse KPIs, provide feedback on upstream inputs to the work stream. Remember that these are part of the Global Process Owner responsibility, even if not in the Shared Service Center. Additionally, the creation of Individual KPIs below the Operational level can allow the Global Process Owner to more quickly understand the root cause of any Operational issues and help the operational teams resolve these. These provide the foundation for employee development evaluation and improvement strategies. Additionally, benchmarking regularly is a best practice.

Global Process Owners, with a strong focus on the entire work stream, can provide regular insights and information on areas of the process. This allows the organization to focus on its own performance, as well as external performance and opportunities for improvement. Benchmarks should evaluate major sub-processes or areas, including staff productivity, cost effectiveness, process efficiency and cycle time. Detail measurements can include any number of transactional functions. Significant areas of focus are to identify best practices in the functional areas, provide cost metrics on the provision of services in the functional areas based on an analysis of like providers. This allows the organization to confirm the existing financial landscape, determine the degree of efficiency and determine the degree of effectiveness and control that exists in the current environment.

Final Thoughts

Some organizations equate Shared Services with simple process optimization, or centralization. However, the crucial piece of the puzzle is incorporating the end-to-end aspects, as well as a global reach. Failure to do so can mean failing to achieve the full potential of Shared Services. Taking the step to develop Global Process Ownership and the components described to develop and optimize your Shared Services is a key element to delivering improved, more effective and more efficient services to clients and stakeholders.

Global Process Ownership will drive a compelling value proposition that is fair and sustainable well into the future.

Chazey Partners

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