GLOBAL BUSINESS SERVICES: TRANSFORMATION DRIVER & DIGITAL ENABLER

What’s the fuss about Global Business Services? This report identifies why different organizations have chosen a Global Business Services strategy, how it’s structured, the advantages it yields, and how its supporting transformation.

PLUS: 10 GBS leaders answer questions on structure, implementation, talent management, transformation and careers!
Global Business Services (GBS) is commonly and consistently held up as the “Holy Grail”, to which all Shared Services organizations should strive. And yet the actual definition and characteristics of GBS vary greatly – and few have actually achieved what might be regarded as “textbook GBS”. But that’s OK! The aim should be to move directionally along the road towards GBS, even if you never quite get there, for whatever reason.

Furthermore, the actual definition of GBS does vary, although there tend to be common elements. Some centers have a GBS sign above the door and define themselves as operating globally, across regions and operating units. Others focus more on a mix of internal and external sourcing solutions. Some, perhaps, share a technology platform and determine this to be the defining characteristic. Many point to global process ownership and end-to-end processes as key. So, definitions vary, and even consultants usually don’t always agree.

What seems to be a fact is that Global Business Services is a more evolved version of the Shared Services model, which first emerged as an effective business support resource a little over three decades ago. While Shared Services can be in-country or regionally based – often reporting to regional leadership – one defining characteristic of GBS (although this, too, as we will see, varies) is a single “global” leader (this global leadership could actually be limited to a single or smaller number of “functions”).

SSON Analytics’ data identifies approximately 3,500 Shared Services organizations around the world, of which only 5% describe themselves as Global Business Services. What this tells us is that, despite the potentially significant advantages of a globalized sourcing solution, the hurdles that have to be passed can be significant. Given that GBS’s reach extends across country and regional demographics, and often also across internal functions and administrative holdings, the model commonly faces significant political resistance from the start. Indeed, challenges include the difficulty in establishing global process ownership, managing competing stakeholder claims or turf wars, and standardizing delivery across disparate regions and operating units.

SSON has surveyed some of the 184 GBS organizations (most GBS organizations have between three and six centers) in our database to identify their modus operandi, reporting structure, governance framework, talent management strategy, leadership, and, of course, value add. What emerges is perhaps the most detailed picture yet of modern-day Global Business Services, based on direct feedback from GBS leaders.

In this report we have included candid interviews with 10 modern-day GBS leaders as well as tapped into the experience and knowledge of one of our long-time associates, Chazey Partners, to show you what can be achieved.

Whether you are ready for a global model, or whether it’s even appropriate for you right now – this report will help you understand the why’s, the why not’s, and the what if’s.

According to SSON Analytics’ data, 95% of organizations that are committed to Shared Services have opted not to take the step towards GBS. Many of these are still at the stage of trying to gain control over their SSO and are not even considering what’s next. But there is a large segment that has simply not had GBS on their radar. With this report, we hope to encourage those still on the fence to reconsider whether, after all, some of the the benefits might outweigh the perceived risks.

Barbara Hodge
Global Editor
The Shared Services and Outsourcing Network (SSON)
barbara.hodge@ssonetwork.com
A Global Business Services model can certainly deliver strategic and tactical benefits far beyond what typical Shared Services is capable of delivering. Aligning leadership, approach, systems and processes globally can create extraordinary value for and across the enterprise, producing otherwise unmatched levels of business partnering, customer service, visibility and control, collection and analysis of data, and operational efficiency.

In our experience, GBS can evolve and flourish more in an environment in which trust, accountability and decision-making are placed in the hands of confident leaders with a global remit, who have what it takes to step up as global leaders and partners. A real understanding of the business is also vital, as is remembering that GBS, while a significant enabler, is still there to support the core business.

As Barbara says, however, this is often easier said than done. Such alignment doesn’t always exist. Numerous challenges such as internal politics, functional silos, multiple technology platforms, bureaucratic decision-making, resource limitations, and opposition to cross-location and cross-business unit process ownership, can all stymie GBS’s ability to reach full potential or, indeed, gain traction. These challenges can emerge at any stage of transformation, making it more difficult to propose, represent, and implement GBS operations. This all goes a long way towards explaining why such a small percentage of SSOs currently identify themselves as GBS organizations.

However, the thing to note is that even if a “fully implemented” GBS model is not achievable or even suitable for your organization, many of the benefits of moving towards a GBS model can still be realized; for example, through the development of common processes, policies and procedures, standardized documentation, use of core technology (including ERP), aligned objectives and leveraging of enterprise-wide relevant best practices across all centers.

By striving for a level of “globalization”, you can improve services and business engagement in a way that is practical, relevant, appropriate and achievable.

I encourage you to keep this in mind as you review the valuable insights of this report and the value a GBS model and/or its concepts can bring to your organization, whatever stage you are at in your own development and evolution.
A key advantage of GBS is that it supports organizational agility. If today’s enterprise wants to stay at the front of its industry, it needs to react quickly to opportunities, threats, or economic considerations. This often means changing direction, plunging into new products or markets, acquiring or being acquired, leveraging up or scaling down… the options are plentiful, but the ability to shift gears depends to a large extent on the ability of the ‘back office’ to provide the requisite HR services, process invoices, collect payments, and manage cash. Simplistic? Yes, but you get the point.

A flexible business services structure can respond quickly and, via a GBS framework, do so anywhere in the world by leveraging global operations, global talent and global technology (or put differently: by leveraging operations, talent and technology – globally).

While digitization has been bandied about for nearly a decade, its true meaning still eludes most organizations. However, driven by the promise of Intelligent Automation (often still referred to via the more limited nomenclature of ‘RPA’) digitization is suddenly coming into vogue again. Its success hinges on ‘globalized’ processes though. In other words: digitization and Global Business Services go hand in hand.

Although it is still early days – the number of organizations that are well and truly driving these kinds of strategies are probably still in the single digits – this approach marks the way of the future. Indeed, a recent survey by McKinsey & Company found that,

“Rapid changes in competition, demand, technology, and regulations have made it more important than ever for organizations to be able to respond and adapt quickly [but] the ability to quickly reconsider strategy, structure, processes, people, and technology toward value-creating and value-protecting opportunities is elusive for most.”

In addition, many companies have not yet adopted agile ways of working, even though the advantages are clear (agile organizations are one and a half times more likely to report better financial performance relative to their peers, according to McKinsey).

“Respondents in agile units report better performance than all others do, and companies in more volatile or uncertain environments are more likely than others to be pursuing agile transformations.”

1. How to Create an Agile Organization
SSON's research team examined Global Business Services (GBS) organizations to determine key characteristics around enterprise type, growth, and functions. One of the most notable findings was that less than half of these GBS are fully implemented – six out of 10 are still in the “partial implementation” phase. The other key finding is that most GBS are run by enterprises with North American Headquarters, and the kinds of organizations that have the appetite and the commitment to take on global strategies like this are generally large (in excess of $10 billion revenue).

So, it would seem that size, or at least scale, matters.

However, while overall implementations may be relatively few, GBS adoptions have also doubled since 2013.

This growth is explained by the multiple advantages of the GBS model, namely, that it supports standardization of services globally, one individual as the process owner for all service delivery, and streamlined technology implementations in support of more effective services support. The benefits, apart from like-for-like support across global operations, include the ability to leverage best practices; analyze global transactional data for optimal resource allocation; and improve decision-making.

And yet, for many businesses, GBS is not the right solution. Even though enterprises may want to target “the best”, the truth is that “just short of the best” may be absolutely good enough.

GBS continues to dominate Shared Services’ headlines, with many organizations trying to understand how to overcome implementation hurdles and how to quantify actual returns. In truth, you don’t have to implement ‘true’ Global Business Services to benefit from some of the advantages of this model. Many organizations have evolved to a kind of halfway house of leveraging some of the characteristics (and therefore harvesting some of the wins) while avoiding the more sensitive issues associated with GBS implementation. (And that is ignoring those centers that hang a GBS sign above their desks, professing a maturity and sophistication based on nothing more than running a number of SSCs across a global landscape.)
Global Business Services (GBS) shares its core definition with Shared Services, in that it provides high-quality, non-core, but mission critical services at a lower cost and more efficiently to the business, employing a specialist team, geographically unconstrained, and focusing on the requirements of the customer. However, beyond that there are some key differences between a more "traditional" Shared Services model and that associated with GBS.

One of the most significant advantages of the GBS model is the ability to manage global processes and leverage technology in the same way, around the world. "More specifically," explains Phil Searle, Founder and CEO of Chazey Partners, "this means globally standardized system solutions; global service management standards; global policies aligned to enterprise needs; global enterprise-wide, relevant best practices; global governance; and global measures and metrics. This all then links with and supports global teams and globally consistent talent management and development."

As management thinking has evolved along with a wider appreciation of the value of data analytics, there is now, more than ever, a more pronounced need and demand for better quality data insights, increasingly globalized and consistent support structures, lower cost delivery, and more holistic, enterprise-wide decision-support. Indeed, it is the ability of GBS to integrate and globally deploy additional value adding capabilities that really characterize the power of the GBS model, Phil points out. "Through its global, integrated operating model, GBS is able to drive transformational initiatives and own enterprise-wide strategic projects," he says. "Effectively the operating model is what puts the 'G' in GBS. Given the infrastructure, deep process understanding, quality of talent, cross-business relationships, and project management and continuous process improvement expertise that characterize GBS, it is also a powerful enabler and driver of change."

**So, how does GBS differ from traditional Shared Services?**

Like Shared Services, GBS has traditionally been set up to manage, operate and deliver “back office” support services like Finance and Accounting, Human Resources, IT, Procurement, Facilities Management, Customer Support, etc., but many centers are increasingly taking on more “front office” activities like Sales, Marketing, Analytics and Reporting. And one new and rapidly emerging trend, Phil adds, is in the area and facilitation of Intelligent Automation and Robotics – “often acting as a ‘center of excellence,’ providing assessment and development support across the entire enterprise.”

As mentioned above, to some extent the approach and strategy of both models is similar as each offers an effective route to achieving the triple benefit of lower costs, improved service levels, and a tighter, more efficient control environment. This is usually achieved by leveraging a range of enablers including a robust customer interaction framework, economies of scale, automation, organizational realignment, labor arbitrage (now augmented and even replaced by what we call “robotic arbitrage”), implementation of best practices and true “end-to-end” process optimization. “The difference here,” says Phil, “between traditional Shared Services and GBS models, is that the latter does this more comprehensively and ‘globally,’ driving more significant benefits across the enterprise.”

Taking a fairly simplistic look at the Shared Services evolution, implementations often start with single or even perhaps multi-functional scope, usually beginning with more transactional and administrative activities, generally with an in-country or regional focus, and sometimes focusing on particular business units. At this level, services are leveraging some scale and benefit, but not as much as could be achieved through expanded scope and reach.
In the next stage of development, services can evolve beyond transactional and administrative, by moving up the value chain and providing higher value, sometimes called more "professional and technical," services to the business. A multi-dimensional service delivery approach is implemented, typically leveraging more advanced operating models, tools and technology. End-to-end processes are developed in collaboration, cross-functionally, with the Shared Service Organization becoming more recognized as high-quality, specialist business service providers. As part of this, there is an even greater focus on end-to-end customer service provision and quality.

“Shared Services organizations must continue to evolve and develop, otherwise they can become stale and performance can wane,” warns Phil. “They need to be responsive to business and macro changes, stay up to date with enabling technologies, and continuously look to improve quality, efficiency and control. As part of this evolution, many Shared Services evolve along the road to GBS without ever necessarily becoming GBS, or at least openly defining themselves as such.”

Achieving world class GBS effectively marks – at least currently – the final destination in the Shared Services journey. GBS is identified with best practice processes, location selection and leverage, service delivery, use of technology and sourcing options, and prioritizing global governance to ensure standardization, consistency and control. GBS, at this level, is also often established as a separate business unit and/or legal structure, on the same footing as operational Business Units. Top quartile and leading practice Shared Services organizations are often either already characterized as being GBS, or are at least some way to achieving it. Note the phrase “current final destination,” because, as with all best practices and trends, these change over time and target destinations move accordingly.

A mature GBS model provides consistent global delivery, leveraging internal and external capacity and expertise, with highly trained, motivated and developed teams. These teams employ or engage with global process owners, utilize enabling technology, and provide data and analytics back to the business. A single and unique GBS “leader” usually acts as the conduit between the service unit and the business, and liaises directly with the C-suite. “While the actual particulars of the organization may take many forms, it is this form of leadership,” says Phil, “that, most likely, ultimately identifies and defines a true GBS.”

While it is sometimes assumed that GBS covers multiple support services, this is not necessarily the case. In practice, many organizations find it beneficial (and easier) to – at least initially – stand up a single function GBS, which avoids the complex decisions around ownership faced when trying to move to a multifunctional model early on.

Global Business Services is a long-term commitment to transformation, and typically requires a multi-year effort to reach the highest levels of potential return. Remember, with GBS, as in so many other areas of “global best practice”, there is always a “new frontier” of further opportunity around the corner!
"We need to transform [the traditional pyramid] into a diamond standing on its end.”

According to SSON analytics data, only 5% of all Shared Services Organizations have adopted the GBS model. Why do you think this percentage is so low?

I’m not surprised by that percentage. To some extent GBS is a fairly aspirational idea, and what is versus what is not GBS is not always clear. For me, GBS is about being truly end-to-end across your business processes – taking the functional work out of the Supply Chain, HR, Finance, etc. and reconstituting those functional activities within your GBS. In our case, although I am responsible for our South African, Brazilian, and Australian Shared Services Centers (we call it Global Shared Services) the functions are neither truly integrated, nor do we own the end-to-end processes (R2P, R2R, H2R, O2C). In that sense, I don’t consider our operation “GBS”.

Can you describe your reporting structure?

I am the Head of Global Shared Services at Anglo American and report to the Global Head of Finance, who in turn reports to the group CFO. So although we include HR Services as well, we are aligned to Finance.

I have six direct reports, both here in South Africa, which is our biggest center, as well as in Brazil and Australia. Within South Africa, senior managers head up all HR operations, transactional Finance, and Statutory Reporting and General Accounting. The change and transition portfolio is also based in SA and reports directly to myself along with a range of Business Support functions.

You are the single ‘Global’ head of Shared Services for Anglo American, yet you don’t describe your operations as GBS. Where do you draw the line?

I think what defines true GBS is standardized, end-to-end services. Take Procure-to-Pay, for example. We don’t own the entire end-to-end process. While we do manage the payments, invoicing, and vendor data management part, Procurement is owned by Supply Chain and sits outside our Global Shared Services. For a true GBS, we would have to be able to tie together many of the activities that still sit in the business units or in the other functions. To leverage a true GBS model you need to operate in a post-functional stage of service delivery, with cross-functional integration to optimize service by combining different functional teams together. So, in that sense we are yet to transition to a ‘post-functional’ model.

The real challenge is that while service is still defined by disparate, separate teams managing parts of the process, you delimit the opportunity and scope for optimization. Ideally, you’d construct a functionally agnostic service that is purely outcome oriented, but there are a range of governance issues and day-to-day realities within the business that prevent that. Sure it would be great, but is it realistic? Probably not – at least not right now.

What would help align stakeholders towards GBS?

Clarifying the "size of the prize" is important if you want to get support behind your transformation. For something as significant as GBS you are effectively asking the C-suite to put their faith in you. You’re asking them to buy into the fact that the entire management system might need to be rethought. That’s a big ask. Then they have to consider that, sure, you might be able to save many millions of dollars through a wide-scale transformation, but the CEO can probably choose from a number of projects that would deliver the same financial benefit, without the internal upheaval. As such, there has to be a wider, integrated and more strategic driver for the GBS change beyond a straightforward value case. Without that, what option are they going to choose?

On the other hand, our current model has already delivered in excess of $100 million in net present value since inception – far exceeding the original business case. Proving that much can be achieved even without a true ‘GBS’ model.

Another thing is that GBS, on balance, probably assumes a monolithic ERP platform. That could be one of the reasons that true GBS numbers are still low. That’s a tough hurdle to get over. Wall-to-wall SAP is probably not the objective of most corporations, these days, with better and more seamless integration capabilities. In addition, IT strategies are evolving in a direction where they are actually becoming more flexible, which in some ways works in the opposite direction.

At Anglo American, we have more than 20 ERP systems within Finance and Accounting alone, and two in HR, so we are some way from the kind of consolidated systems that are required for aggressive process standardization. In other words, a
key barrier to standardization is the underlying systems environment.

One solution might be to overlay the system with business process management, which means you could leave the underlying system intact while defining a common way to interact. It’s part of the move towards digitization that is driving a lot of us to rethink what we are doing and how we are doing it.

**How do your global centers provide service delivery to Anglo American’s business units?**

The center in Brazil supports predominantly Brazil and Chile, mainly for language reasons. North America and Canada are not supported from Latin America because it’s relatively difficult to find good English language skills in Brazil, so North America and Canada are supported from South Africa, which works quite well. The South African center also supports the UK and Singapore.

Fifteen months ago we were considering selling our Australian business and so had already prepared by shifting work from the Brisbane Center to South Africa. Even though we subsequently changed direction regarding the sale, servicing Australia from South Africa allows us to tap into the labour arbitrage of our South Africa center.

Our biggest center is in South Africa, reflecting the significance of the South African market to the mining industry and the fact that we were founded in South Africa, but also that we have made a commitment to local regulators to maximize our service footprint in this region, in support of efforts to build up a services market here.

**Do you operate through Global Process Owners?**

We are definitely trying to get a handle on process ownership but are coming up against some challenges. Considering the history of our organization (it was founded in 1917) the business units are very strong. Additionally, I see process ownership as a function of system consolidation, in other words a robust functional infrastructure would be key, and that is something that currently doesn’t exist within our organization.

We have, of course, standardized in some areas but there’s some way to go before we would be approaching what I would define as a GPO-ready stage. We don’t have absolute authority over the process right now; I would consider us influencers in the business. We are certainly seeing some change in this area, but while we still have functional leadership driving a functional agenda our GBS capabilities are limited.

**Do you standardize processes first or do you lift and shift?**

We lift and shift, because if we would try to standardize first we would never get the transition off the ground. Our approach is about taking ownership and control first, and then renovating the process.

**Considering the increased automation across transactional processing, do you think offshoring or outsourcing still have a significant role to play?**

We considered outsourcing a few years ago, and decided against it. It’s not that I don’t believe in outsourcing, in fact, I used to work in the outsourcing industry – but it’s about understanding the changing value proposition. The emergence of digitalization is what really changed the equation for us, as I could see that what service providers are doing with RPA and automation to a certain extent mirrors what happened 15 years ago, with offshoring. The challenge is that if you consider how outsourcing models are set up, to what extent is the service provider passing on the benefits from efficiencies to the client? We decided that we were probably better off doing that automation work ourselves and reducing the cost of change but retaining the full value of automation.

South Africa certainly offers the labor arbitrage that drives Shared Services, so the model still works for us, but if I were in the US or the UK, I think I would certainly be reconsidering offshoring’s significance. It’s not the end of outsourcing by any means, but the business model will need to evolve to drive more benefits to the end-user.

**How do you know that you’re actually delivering what your customers truly need?**

That’s a good question. It’s easy to be become misaligned on this important topic. We’re all familiar with the watermelon syndrome – all the indicators are green on the outside but inside its flashing red. I think it’s down to the quality of the service management system, the quality of our communications, honest interactions with key stakeholders and service governance. And then, of course, you need to be asking your customers for regular feedback. That’s certainly what we do.

**What are your concerns in terms of sustaining a global services model?**

I think there are two really significant factors here. The first is talent. Most enterprises are finding themselves in a digital transformation phase as the effects of robotic process automation and other disruptive technologies play out in the GSS/GBS world. On top of that, organizations are also benefiting from smarter front end digitalization tools, or at least better versions of the old solutions. What this is doing is it’s creating space and financial capacity within the organization, which needs to be filled. We can either give the money back to the business via reduced headcount, or we can evolve what we do and deliver higher end more analytical services that demand a different skill set. Our immediate challenge is that we ‘decked out the factory’ with one skill set, but increasingly we find we are in need of a radically different set of skills. In South Africa, we have plenty of talent to recruit from, but the skills that are now in demand are not so plentiful. So this talent issue is a big challenge.

The second factor is the culture of the Shared Services, as well as of the enterprise. Can it shift from transactional processing towards new opportunities like data analytics? And how quickly can you get there? If you consider the traditional triangular pyramid standing on its base, with leaders at the top, thinkers in the middle, and a broad base of do’ers at the bottom – we now need to transform this into a diamond standing on its end. In other words, the thinkers need to be expanded in both scale and scope by shifting roles traditionally associated with do’ers into higher order thinking capability. That’s certainly the way the market is moving but it’s a tough change to make. And, if you don’t promote the right culture in the organisation, it will be a stretch to get there.
Chris, you recently joined Veon, to head up Finance Operations within its brand new Global Business Services. Tell us a bit about this company.

Yes, very excited about joining VEON. Actually, VEON is a global leader in the Connectivity and Internet Services industry. The company is headquartered in Amsterdam and is currently serving over 235 million customers worldwide. VEON aims to lead the personal Internet revolution for its existing, as well as new, customers in the years to come. We really operating at the leading edge of digital transformation from Telco to Tech. Although many of our operating companies have been around for a while, our head office in Amsterdam is still fairly new, as is my role here.

How do you define Global Business Services?

The emphasis is very much on being a global enabler of performance for our far-flung operating companies in order for them to focus on their core business, and remain locally relevant. In other words, we take on the running of business services for them. The key thing for us is to move away from siloed thinking, which still characterizes many traditional Shared Services. In GBS (which we call Veon Global Shared Services – but we are truly GBS!), we are looking at cross-functional, end-to-end process management. The advantage of GBS is very much in its ability to look and act and manage end-to-end. It makes a lot more sense, for example, to manage source-to-pay rather than procure-to-pay, both from a design as well as potentially a delivery perspective. That’s the power that GBS contributes.

What led Veon to GBS?

We had been operating in a very decentralized, even fragmented, fashion without standardization across our business operations. The business wanted to drive widespread digital transformation and we needed support from a flexible but standardized services model. GBS drives the transparency, compliance, and controls we are seeking.

In our case we went from zero to GBS immediately. When I joined the organization a year ago, we were at the point of launching Global Business Services, without having actually run Shared Services previously. The driver was a new CFO, who had previously been familiar with GBS operations. He wanted to target world-class performance through a world-class operating model, which had to be global in scope. A key enabler for us has been working towards a single global ERP system. In fact, that is still where much of the focus of the current work is being targeted.

Who does the GBS report to?

I, along with my peers or functional counterparts – for example in Procurement, HR and Legal Operations – report to the Global Shared Services Group Director, who in turn reports to the company’s CFO.

Do you have Global Process Owners?

Of course! I am a huge believer in the GPO concept! We are still a very young organization and are, right now, building up our GPOs. For now, their primary focus is very much on the global design of our new ERP system, which will be cloud-based Oracle. However, once that is implemented, the team that is currently focused on that design will naturally bring a lot of value to our end-to-end strategies.

How does the GBS develop and leverage talent?

True, world-class GBS success depends on the quality of the team, so talent development is core for us, and goes straight to the heart of what we do. In fact, our Purpose and Vision mission statement reinforces this:

**Purpose:** why we exist
- Radically transform the quality and cost efficiency of the service offer to enable our partners to focus on their customers
- Ensure business sustainability by implementing globally transparent, compliant and controlled processes
- Pioneer a consistent, global way of running operations which is locally relevant and models collaboration, trust and service innovation

**Vision:** what do we want to become?
- Global business partner passionate about strategic, value added services and business analytics, ready for IPO
- One international team with a reputation for transforming people’s careers and making a difference in the societies in which we operate

What is interesting in our case, is that we have built our brand new centers and operations in places like Pakistan [Islamabad] and Western Ukraine [Lviv] – both locations that have not, to
date, experienced Shared Services, let alone GBS activity. We have plenty of functional capability and experience in these locations but no knowledge of Shared Services specifically, as you might find in Poland or India. Our priority, right now, is to ramp up service delivery methodology-type skills. We are collaborating with CIMA/the Hackett group, to tap into their GBS program for our workforce. Effectively, we are rolling the history of the last 20 years’ progress into a three-month training seminar.

Do you standardize processes prior to bringing them into the GBS? Or lift and shift?

Our approach, at least in Finance right now, is to lift and shift. As I mentioned, our main focus is on trying to roll out the ERP design so it made more sense for us to charge on with bringing processes into scope within the existing system. Then we apply Continuous Improvement, Lean, etc. methodologies on top, to improve performance. We wanted to leverage a bigger scale urgently, so lifting and shifting was the best solution for us.

My peers in HR took a slightly different approach, waiting for new structures and policies to be in place with the ERP implementation, and moving processes afterwards.

What are some of the new functions you might bring into GBS?

There is a lot around Analytics, Corporate Tax, and Treasury that would make sense to service from within a GBS. In fact, we have already moved up the value chain and are currently providing these services out of our Pakistan Centre! At this stage we still haven’t ramped up services for all countries so we aren’t looking too far ahead, but it certainly makes sense to consider some of the retained services like Statutory Accounting and additional Tax reporting further down the line, as well as looking for examples to build capabilities for Centers of Expertise for Robotics, RPA and Analytics.

Do you think offshore still has a significant role to play in the age of robotic processing?

Definitely yes. I think there will always be a place for cost effective services provision alongside, in some cases, core business. For us that means supporting operations in Pakistan as well as Ukraine. There will always be a residual manual element to work processing, and if you consider that the rate of adoption of robotics is still quite slow, you’ll realize that no one is going to be disregarding offshoring just yet.

I also believe that it makes sense to optimize processing in a lower-cost environment before applying robotic automation.

How are you designing the GBS reward structure?

It’s still early days, but we will certainly be tying this back to customer satisfaction, migration experience, improvements, efficiency, etc. Much of the motivation is closely tied into digital transformation but a significant attraction for our staff is also the opportunity for an international career. For young people in particular, the ability to travel to Pakistan, Ukraine, the Netherlands … is a huge motivation. And this “wanderlust” is not just for Millennials. I’ve just come back from visiting our operations in Algeria, and I’m off to Russia next week for the first time. That still adds a wow factor in my job.

How do you see career options for GBS leaders playing out?

In my career to date I’ve been lucky enough to have challenging opportunities appear at just the right time to keep me focused and excited on what I do. GBS gives us such a broad scope in terms of leadership, global activity, technology, international experience, customer service, data analytics and now robotics … that the relevancy of that experience will never expire.

Right now the priority for many of us leaders is refocusing staff to remain relevant in a highly automated and digitized work environment. That opens up a whole new playing field. We now see digital transformation also moving into core areas of business. What that means is once we build up relevant experience in support services, there’s no reason we could not apply this to front office functions like Marketing or Sales. It gives us the confidence to play on the global stage.

Global Business Services is a passion that has a long way to go within modern business.
GLOBAL FOOTPRINT

"GBS leadership has a strong card to play in tapping into global resources and capabilities to deliver optimal, enterprise-wide service. It is, however, a not inconsiderable challenge in the face of politics, culture, and external economics to identify and establish these global centers", says Esteban Carril, Managing Director, LATAM, Chazey Partners. Organizations that opt for GBS at launch may benefit from a clean slate, within the limitations of the enterprise, compared to Shared Services that have evolved on a country or regional basis, and that face having to unwind previous decisions to shift to an optimal global footprint, he explains.

And it’s not just internal resourcing but external resourcing that comes into play, too. To what extent are services outsourced? To which countries? Does it matter? What’s the rationale behind near- or onshore services? Which customers will demand local service? And which services are sensitive enough to be provided on a customer-centric basis?

“These questions are not necessarily more easily answered within a GBS context,” explains Esteban, “but the global strategic oversight that the model affords makes it easier to push through standardization where possible, referencing other customers to pressurize the majority into falling in line.”

REPORTING STRUCTURE & GOVERNANCE

The reporting structure can make the difference between a successful transition or a bumpy failure to launch. What’s notable is that while at the senior level there is frequently accord, it’s in the nuts and bolts of implementation that real hurdles appear. Many GBS organizations set up Global Governance Boards that include the CEO, CFO, CIO, and HRO, etc., to connect those who have global functional responsibility. At the senior level this tends to work well as the strategies are more often than not mutually supported. Where organizations do experience pushback is at the lower levels, where ‘area chieftains’ can put on the brakes.

Area presidents are more disposed to resisting the influence of GBS and can certainly, if not derail, then significantly hold up progress. Investing in these relationships is worth it – for example, by bringing area presidents into the global leadership body. Although this counters the trend of leaner bodies getting things done faster (by adding people, and therefore complexity), there is often little alternative if the objective is to align all stakeholders.

“Things become stickier two levels down from the global team. That’s where the battles generally take place – never really at the global level.”

Esteban Carril, Managing Director, LATAM, Chazey Partners

GLOBAL PROCESS OWNERSHIP

Expert practitioners will often point to the desirability of deploying Global Process Owners (GPOs) across GBS to optimize service. And, where GPOs are possible, the benefit in terms of continuous improvement and process (re)design are clear. Whether GPOs sit within the GBS or not, their ownership of the end-to-end process, even that which might sit outside the remit or scope of GBS (for example, sales orders), puts them in a potentially highly strategic position.

If the role is aligned correctly, the GPO’s ability to collaborate with those who own the end process, and who may sit in the business (for example, a SVP of supply chain), means they can impact the front end of a process to identify, communicate, and enable performance improvements across the entire Sales or Supply chain. “The key is to build the competencies of GPO’s such that they develop the skills to initiate the kind of strategic conversations with the rest of the process that drive real benefit for the enterprise,” adds Robert Towle, Chief Operating Officer, Chazey Partners. “The challenge lies in reaching across the entire process.”

Indeed, some practitioners claim it is simply not possible, particularly where the scope of GBS does not extend end-to-end, to ‘own’ or control the whole process.
How do you define Global Business Services? What distinguishes GBS from Shared Services Organizations?

We don’t operate what you may refer to as a ‘traditional GBS structure’ in Shell. We operate a functional Shared Services model, where each function in the Centers reports directly through their functional line. So, for Finance (the area I work within) this reports to the CFO, IT to CIO, Customer Services to Commercial Operations and so on. The locations are named: Shell Business Operations (SBO) and the team that operate these act as a ‘landlord’ – providing common infrastructure support such as offices, facilities, IT infrastructure, health and safety, HR and communications.

In the model that Shell operates, the SBO organisation do not have responsibility for operational performance. The direct reporting line for process performance is through the ‘tenants’ – the functional lines. Where functions need to collaborate (e.g. Finance and Procurement) for the Requisition-to-Pay process, this is achieved through the meeting of Process Councils.

I believe that the functional Shared Services model supported by a ‘tenant/landlord’ arrangement provides Finance, and all functional areas, with the best support and liberates the tenants to focus on process performance.

How would you describe the overall value of your GBS to the enterprise?

The functional Shared Services model supported by a ‘tenant/landlord’ arrangement Shell operates is fundamental to our delivering world class, end-to-end process performance and enables collaborative working with our business partners.

According to SSON Analytics data only 5% of all SSOs have adopted the GBS model. Why do you think this number is so low?

I believe people want to work in their functional teams and arguably there are limited synergies between many of the functions. Where there are intersects, then this connection and interface can be achieved via such governance as process councils.

Do you have Global Process Owners? What are they responsible for?

Yes, in Finance & Data Operations (FO) we do have Global Process Owners. These roles hold holistic responsibility for process design, operation and continuous improvement. We are increasingly seeing more Process Owner responsibility in the Center locations, as process and controls penetration responsibility increases.

How does your model develop and leverage talent? Are leaders generally recruited internally?

Within FO we have in place a structure to recruit and nurture the best talent in the industry. Across all the SBO locations in which we operate, FO develops people and creates opportunities to enable us to recruit line manager/senior manager positions from within. When required we would also recruit from the external market to supplement our internal pipeline.

What are some of the newer functions that are being brought into the model? Which functions might you consider in future?

Talking from a Finance point of view, these could be data analytics, data mining, high end finance processes and business operations; some of our more recent non-Finance areas include: Real Estate Services, Communications, and Legal Services.

Do you standardize processes first? Or lift & shift?

Generally, in FO, we lift and shift – using the scale of the Centers to improve processes. These improvements can be simple changes to parts of the process, or more structural changes in the end-to-end process using our continuous improvement capability supported by proven techniques and protocols.

Considering the increased automation in transactional processing, do you think offshore still has a significant role to play in overall service delivery? And where do you stand on outsourcing?

I believe that offshore absolutely needs to be a collaborative business partner as there are business proximate activities that won’t be ‘offshored’. In the FO, we continue to operate a fully integrated captive model and have no intention at this time to outsource.

How do you know that you are delivering what your customers truly need? Are you aligned with their requirements?

Within FO, we talk about our ‘customers’ as internal business partners and have shared objectives measured by KPI metrics where relevant. In saying that, it’s also important we have our own responsibilities and deliverables delineated and that we should avoid ‘grey’ areas of shared/duplicated or no responsibility!
Global Business Services (GBS) derive their basic value proposition from labor arbitrage, just as Shared Services do, but beyond this is where the GBS model flexes its muscle to deliver exponential value.

What GBS offers, in contrast to basic Shared Services, is the ability to target bigger prizes supported by global governance and a global framework whereby the value derives from delivering on the commercial side, rather than fixing a process. There are a number of enablers that drive this.

First, GBS deploys and leverages the power of process experts who can add real value across key data points. Cash is a key metric, as it most obviously impacts shareholder value. The significance, therefore, of a GBS process expert being able to drive down Days Sales Outstanding (DSO) by even just a few days has a tremendous impact on cash flow.

The emergence of what one GBS leader describes as “a process animal who gets it”, combined with Lean or Six Sigma thinking, leads to a step-change in value derived from processing. For example, in the Source-to-Pay process, a GPO’s ability to look beyond Procurement’s focus on improving supplier deals, and instead look at how contracting could be improved, or how pushing out terms could drive positive cash flow, is the differentiator. Ultimately, cash drives share price and any impact a GBS has on cash will be a success, one practitioner reminds us.

The other value driver is discipline. Basic Shared Services models don’t filter up to operations as readily as GBS can – you need the true process expertise and discipline of GBS to uncover many of the opportunities that would simply not stand out without its broader framework. GBS also enforces disciplines across global operations, preventing individual regions from pushing ahead with duplicate processing activities. (The mere threat of exposure is generally enough to bring them into line.)

Another factor is talent management. GBS requires highly skilled talent to deliver to its potential – in other words, it depends on a certain kind of person to take a lead on processes, someone who knows the nuts and bolts of the system as well as of the process. This kind of talent generally needs to be developed, because its strength lies in its relationships, the understanding of process and systems, and an innovative mindset to consider alternative ways of getting things done. It’s not simply a matter of hiring talent externally, as the embedded value of relationships and inherent systems knowledge needs to be acquired over years.

“...In the first few years, you have to expect major pushback from customers in the business – but at the same time your teams are developing their roles so that they can get to those tough leadership conversations that accompany true partnerships,” explains Robert Towle, Chief Operating Officer, Chazey Partners. “It takes the conversation to another level entirely.”

Indeed, leaders seeking to expand the scope of their GBS must first develop their team’s skills in order to support and deliver these services. This means training and career development programs focused on the evolving and emerging skill sets, knowledge, and experience needed to take on increasingly sophisticated roles within a value added framework.

GBS succeeds when it moves beyond the traditional Shared Services cost-reduction formula, and bases its design on the needs and priorities of the enterprise as a whole, beyond saving money.
"Strong process ownership becomes much more important in a world where Intelligent Automation trumps moving transactions to a low cost location.”

How do you define Global Business Services? What distinguishes GBS from Shared Services?

GBS is multifunctional, so several of the business services are led centrally and they are organized within the same operating model. A GBS is global in scope, it is organized under a single management, it follows the same location principles and a single approach to service- and system-management is followed.

To put it differently: an accounting Shared Services Center is NOT a GBS.

What drove your organization to GBS? How would you describe the overall value of GBS to Eltel?

There are different drivers that lead an enterprise towards GBS. I have had the opportunity to develop Global Shared Services in three different organizations and in each case the drivers have been different. In the case of the most mature Shared Services Organization, the driver was the benefit of expanding along the end-to-end business processes. In the lowest maturity case, the organization came from a fully decentralized, country-by-country set-up of corporate services/business processes. Due to business growth there was a need to take the operating model to the next level. At the same time, the size of the organization played an important role: there was simply no critical mass to organize rule-based corporate services and IT separately, function-by-function.

According to SSON Analytics data, only 5% of all SSOs have adopted the GBS model. Why do you think this number is so low?

I have not seen an SSC organization that is not expanding in either scope or geography (or both). Nevertheless, in terms of number of organizations … most have been on an SSC journey for a few years only. Growth takes time. Another reason for this is that GBS presents a huge leadership challenge. If the C-suite does not demand GBS, it is very very difficult to get it done bottom-up.

Do you have Global Process Owners? Does the GBS manage the end-to-end process in its entirety?

Yes, we do. The Global Process Owners are responsible for process design and deciding if process deviations are acceptable or not. The GPOs ensure the ERP and IT enablers development happens – and that it is developed hand-in-hand with the process design.

In general, I have seen that new organizations tend to have their GPOs in a separate group governance function, but when the transition phase ends and continuous improvement starts, the GPOs move inside the GBS. There is no one size fits all, of course.

How does the GBS develop and leverage talent? Are GBS leaders generally recruited internally?

Some GBS organizations are very successful in their mission of developing talent for the corporation overall. It does not happen automatically though. Ensuring junior talent is moving into responsible roles in other areas of the company requires talent development to be high on management’s agenda. After a couple of successful moves, the business starts to ask for and request talent. In the best case, GBS is a good talent pipeline.

How does the GBS encourage and support innovation?

In order to foster innovation, senior management needs to take a very close look at the incentives of the GBS organization. If the focus is only on cost cutting, it will never lead to an optimal outcome. Often, the set-up of an SSC/GBS brings significant improvement opportunities to light for the first time. That also means that there are better business cases for system implementations, best practices within the organization become more visible, the development conversation with business management takes place at the same level, etc., etc. The GBS needs to be “squeezed” for cost AND for innovation.

What are some of the newer functions that are being brought into the GBS? Which functions might you consider in future?

Centralized data management is a big opportunity here. A GBS organization is a major user of process data for the purpose of professionally managing its operations.
Do you standardize processes first? Or lift & shift?

In all the Shared Services initiatives I have been involved in the approach has been to centralize activities first and then start an accelerated improvement program as a second step. It is very difficult to make improvements and change happen if the activity is completely decentralized, especially if the same people are still performing the activity and the systems remain the same. Often, an initial SSC implementation creates a “burning platform” for improvements. That is hard, as well, but to change decentralized units is even harder. ;)

What is your GBS global footprint? What’s the advantage of each location? If you were starting again, which locations might you consider today?

We have a global transactional Hub in Poland and each country has a retained country office (given our broad functional scope, the country units are very relevant, not just the global Hub). There are approximately 10 Country Offices. For us, availability of Scandinavian language skills was very important, on top of a moderate cost level. Gdansk, in northern Poland, was (and is) a good choice due to that reason.

Considering the increased automation in transactional processing, do you think offshore still has a significant role to play in overall GBS service delivery?

There is, gradually, more focus on process automation and less focus on offshoring and outsourcing. But these are big changes that do not happen overnight. It is very clear that strong process ownership becomes much more important in a world where Intelligent Automation trumps moving transactions to a low cost location.

How do you know that you are delivering what your customers truly need? What are core success measures?

Customer satisfaction surveys, Steering Committees with senior management from the business, Service Level Agreements, KPI dashboards, Business Case tracking etc. … all of these are instruments to lead the GBS but also to manage the customer relationships. All of these instruments are necessary and helpful. But at the end of the day, success in customer relationships boils down to a fluent and open teamwork with the business units.

How is the GBS reward structure designed? To what extent is it performance based vs. based on GBS metrics?

The objectives vary by role of course but in most cases it is 50:50 between cost and individual job objectives.

What are the career options for a GBS leader? What skills or background are ideal?

Let’s see … looking at my network, most leaders actually keep on climbing the GBS ranks, either inside the same corporation or often also at another company. There is high demand for GBS leaders as there is a clear growth trend in the industry. Another reason for this demand is that there are SSC specific methodologies that are important for GBS success but these are otherwise difficult to find on the market. Companies want to “buy” lessons learned. In most companies the existing SSCs keep on expanding and this also provides attractive leadership opportunities.

Thinking about internal moves to another role, some interesting developments for GBS leaders have been Procurement development roles, internal business consulting roles, leading post merger integration, regional CFO roles, etc.

The most important quality for a GBS leader is to be able to translate the needs of the organization (senior management and the end users) and to lead the development and delivery of business services that fulfill these needs.

What are some of the concerns in terms of sustaining GBS?

The hardest part is to engage business to be part of the change. A GBS is successful only if there is a good end-to-end cooperation with the business. Just optimizing the “Shared Services piece” is not enough for success.
While Intelligent Automation (IA), and specifically Robotic Process Automation (RPA), are still in the early stages of development, roll-out and acceptance, things are moving rapidly! Indeed, this new frontier of automation is primed to change the landscape of process and service delivery across all functions (in both the back office and front office). Ultimately, every business unit, department, function, location, employee, supplier and customer will be impacted in some way (either directly or indirectly) by the implementation and operation of ‘bots’.

As Craig Ackerman, Global Head of RPA, Chazey Partners, explains, “The entire Shared Services and outsourcing space is being disrupted by what we at Chazey are calling the robotic arbitrage opportunity. Those with GBS-like structures and operating models are very well placed to benefit from this.” Furthermore, for GBS to stay at the forefront of service delivery development and remain competitive, GBS leaders must leverage and scale these new technologies. “Companies are going to quickly find that they are falling behind if they are not able to rapidly, effectively and efficiently deploy and grow their IA and RPA programs,” adds Craig.

Craig also warns that “Early adopters have already learned that the introduction of robotics is not a quick fix and works best as part of a broader optimization and automation strategy, rather than necessarily as point-in-time standalone solutions.” With this in mind, GBS organizations should already be well placed to provide an excellent framework and structure within and from which to deploy robotics. GBS’s global reach and governance, standardized processes, extended business process ownership, and use of consistent operating models and technologies, make them ideal candidates for implementing and delivering the aforementioned robotic arbitrage benefits for their own operations.

Additionally, many organizations are recognizing and beginning to plan for the potential enterprise-wide impact and benefits of robotics, by building IA and RPA Centers of Expertise (CoEs) as separate service lines within their GBS units. This CoE can provide the organizational structure, methodology, skills, tools and governance framework for handling the future RPA needs of the whole enterprise and not just the GBS unit itself; including for areas that directly impact front office and core operations as well, such as sales and marketing, and research and development. Craig explains that, “In our experience, once different areas of the organization are introduced to, and understand the capabilities of, RPA, the demand can become off the charts, with everyone lining up to get their processes supplemented by ‘bots’. An appropriate, adaptable and scalable model is key to meeting these needs, and a CoE within a GBS structure is a great way of offering this capability.”
SERVICE MANAGEMENT

Expectations around Shared Services run high and, in the early years, often cause challenges. This is no easier within a GBS environment, where the challenge becomes one of reporting globally via dashboards, with enough relevancy for regions without going into the kind of detail that quickly chokes up reporting capabilities. The question to ask yourself is: what does the business need to see in order to be comfortable that the GBS is operating well? A common critique is that the metrics look good but they don’t feel good. This addresses the point that service is about more than mere numbers. Reporting on metrics is key, but generally not enough. Customers want to have input on the KPIs that count for them. A frequent complaint is that the GBS decides on the metrics it considers important without sufficiently discussing this with customers. “Green metrics mean nothing if the business is not happy with the service,” says Robert Towle. “Governance boards that provide a forum of exchange are vital, therefore.”

In addition, as the business becomes more comfortable with GBS, and expects ‘more’, it’s important to ensure the right metrics are being tracked and to build in KPI flexibility that ensures business priorities are being reflected.

CAREER PROGRESSION

Many of the most admired practitioners in Shared Services hold GBS titles. And yet, the role of GBS head is near the top of the corporate pyramid. The question therefore arises: what are the career options beyond GBS?

For many practitioners the most lucrative solution remains building up GBS, running it for a few years, and then moving on to a new organization to leverage their expertise all over again. Although opinion varies, to date there have been few examples of GBS leaders moving on to significant C-suite roles, or heading back into the business to take on senior leadership positions. Filippo Passerini was corporate CIO as well as President of GBS at P&G prior to his retirement, but those kinds of examples are still quite rare. Generally, you see these kinds of moves at the more junior level – someone moving from GBS to become a local area CFO, for example. And although Shared Services and GBS are often touted as talent incubators, indeed are recognized as such, the opportunities at the top of the pyramid are certainly more limited. One GBS head told us that, up to senior or director level, it’s fairly easy to move back to the retained organization in an added value role; but at the top level it becomes more difficult.

On the other hand, a successfully run GBS is no different to a successfully run business unit, in terms of responsibilities and objectives. To that extent it is certainly a hope reflected by many GBS leaders, that moving into the business in an MD role is an option. Indeed, some organizations have set up people development committees at various levels of seniority specifically to retain GBS leadership, staff and knowledge for the enterprise.

The GBS model differentiates itself from its Shared Services cousin by the “G”. This single denominator is all important; and complex, as it turns out.
How do you define Global Business Services? What distinguishes GBS from Shared Services Organizations?

For me, personally, the definition of GBS is very simple: a multi-tower Shared Services organization serving not only one Function; but the whole Business (that is the ‘B’) – with a global delivery footprint (that is the ‘G’). The multi-functional setup allows infrastructure synergies, presents a platform for innovation and service culture, as well as for sharing technologies, and supports e2e process improvements.

How would you describe, in one sentence, the overall value of your GBS to the enterprise?

One sentence: We drive process innovation and digitalization, in Shared Services and beyond.

Long version: Labor arbitrage is our traditional foundation, but the value we provide goes much beyond. We improve and simplify processes, we develop innovative solutions and we drive digitalization – within Shared Services and beyond. I see Shared Services in a triangle relationship: with our profound process management knowledge (and, at least equally important, our strong innovation culture) we are the link between corporate IT and our customers, which can be functional or business organizations.

How does the GBS encourage and support innovation?

Innovation is at our very heart and one of our core competencies. We very much encourage innovation, the biggest lever to improve quality and performance further. But Shared Services typically not only SUPPORTS innovation, it has to DRIVE innovation. International networks, process management expertise, dynamic organizations, and the innovation and cooperation spirit you typically find in Shared Services structures – these combine to form a solid foundation to foster innovation.

Do you standardize processes first? Or lift & shift?

In most cases the traditional approach is Lift-Drop-Change. This allows labor arbitrage savings, better transparency of the bundled processes and – most importantly – an economically feasible and also culturally well supported basis for the subsequent improvements and digitalization of the bundled processes. In my eyes this logic remains principally valid, but increasing digitalization possibilities now allow for a more individual approach. In some cases, Shared Services expertise can support improvement and digitalization of processes on the customer’s side first, before possible further bundling activities.

Considering the increased automation in transactional processing, do you think offshore still had a significant role to play in overall service delivery?

Yes, offshoring will continue to play a role. Very simply, as long as many activities are performed manually, offshoring will remain important. Not only from a location cost perspective, but also with regard to bundling effects, transparency, and – in my eyes the most important factor – because Shared Services typically have invested many years in a culture of change and innovation. This is a great basis for further improvements. And fragmented automation is much costlier than automation of bundled, standardized activities. But having said that, in my eyes the key for Shared Service’s future successes lies less in the area of further bundling, but in the area of consequently utilizing the gained expertise in process management and in consequently driving digitalization.

How do you know that you are delivering what your customers truly need?

I believe full transparency is the absolute foundation for customer alignment and customer trust. In Siemens we have implemented a detailed, automated Quality Cockpit where our internal customers also have direct access. We measure process and service quality, cycle times, input and output KPIs. And we constantly measure customer satisfaction. This is the foundation, but key is to frequently align with internal customers and to listen carefully to what is really important to them. Meet and speak. In many cases their main topics are not about cost only, but about quality, simplicity, speed and/or flexibility.

What are the career options for a GBS leader? What capabilities are emerging and which no longer matter so much?

Shared Services experience is a very good foundation for further career. You learn a lot about international structures and teamwork, people management, process improvements and about process digitalization. It’s a great basis for further roles in other functional or business areas. In former times the exchange did not always go so well because Shared Services structures were regarded as remote and transactional, but the role and reputation of Shared Services have, in my eyes, changed significantly over the last years. We have delivered, we have earned the trust of our customers, and we have been the driver for many successful innovations. Shared Services has become a respected member of the community.

A GBS leader has, in my eyes, to be, firstly, very people oriented, international and communicative. He/ she has typically the responsibility for a high number of employees in many locations and has many interfaces to internal and external stakeholders. Secondly he/she also needs to be curious about changes and actively embrace and drive change – in processes, in structures, in technology and by digitalization.
How do you define Global Business Services? What distinguishes GBS from Shared Services Organizations generally?

GBS is the enablement arm of our organization, providing services in support of the strategy of the organization and its operations. It operates end-to-end processes (e.g. Source-to-Pay or Acquire-to-Retire) on a global scale. Process teams are led by Global Process Owners and work for the global enterprise is supported via a GBS Global Delivery network.

What is different compared to more traditional Shared Services Organizations is that we are organized by processes, which cross traditional functional lines, we deliver from a global network to a global set of clients, we have common support teams (“shared within shared”), and we leverage technology to provide a professional client experience.

How would you describe the overall value of GBS to your enterprise?

We have established a horizontally integrated GBS organization to drive quality, speed-to-outcome, flexibility, responsiveness and a consistent and enhanced client experience.

According to SSON Analytics data, only 5% of all SSOs have adopted the GBS model. Why do you think this number is so low?

Many companies lack the vision and willingness to manage this degree of change. Without executive support, it will not happen.

How does your model work? What is the GBS reporting structure?

GBS reports directly to the COO. We have three levels of governance: The highest governance structure includes the CEO and his direct reports (I present to them quarterly). Each process has a Process Advisory Board with cross-functional representation, which acts as a Steering Committee for the process. Lowest levels of governance include users of the process who work with GBS representatives on continuous improvement. Given the breadth of our scope in GBS, almost every part of the organization is represented on one/all of these.

Do you have Global Process Owners? Does the GBS manage the end-to-end process in its entirety?

We do have Global Process Owners. They are responsible for end-to-end processes, albeit they, and their teams, don’t perform the entire process.

How does the GBS develop and leverage talent?

We have an internal learning program for all GBS employees that includes a series of training modules. In addition, we have a career framework, which allows people to grow on managerial or technical paths with clear rules for moving around the various process teams.

What are some of the newer functions that are being brought into the GBS? Which functions might you consider in future?

More recently, a portion of the IT organization transitioned to GBS. This is in addition to work that has transitioned to GBS from the Finance, Human Resources, Supply Chain, front end and Operations organizations.

What is the GBS’s global location strategy? What’s the advantage of each location?

There are two types of locations within our GBS network: 1. Satellites: where we have people at each site in our network performing work for the particular site at which they reside (e.g. desktop support); 2. Hubs: The vast majority of our people reside in hubs! These hubs provide support for the region in which they reside or for the entire company. We have 11 of these sites: 1 in North America, 1 in Europe and the rest in Asia. Each site is set up differently: some perform aspects of all processes, while others have unique skillsets. All but two of our locations are cohabited with our manufacturing operations.

Considering the increased automation in transactional processing, do you think offshore still has a significant role to play in GBS service delivery?

We will always need some people supporting the processes, and others will require exception management and problem solving. We do not consider offshoring a ‘strategy’. Celestica is a global organization with a global footprint and GBS needs to mirror this. That said, offshoring still remains a viable option for most organizations.

How do you know that you are delivering what your customers truly need and that you are aligned with their requirements?

We have a ‘voice of the client’ process. After each transaction, we give the client an opportunity to provide feedback through a series of questions. Our third tier of governance provides us a forum to speak with clients about how we are doing and what we can do better. And each year, as part of our planning process, we conduct functional focus groups to hear from our clients. We are well aligned with them, albeit there is always room for improvement.

What are the career options for a GBS leader?

GBS leaders have broad skill sets that position them well for future career opportunities. Given the size and magnitude of our GBS organization, leaders have the opportunity to grow within the organization. In addition, deep process, functional, analytic and continuous improvement skills make GBS leaders great candidates for positions within the functions that we provide services to.

The ideal profile for a GBS leader includes a mix of functional knowhow, process discipline, an ability to empower, tech savviness and a spirit of entrepreneurship. The experiences gained make GBS leaders extremely valuable assets to many parts of the organization.
How do you define Global Business Services?

In defining GBS we followed a best practice guide in identifying five “Multis” and seven “Commons”. The Multis referred to: multi-functional in scope, multi-business support, multi-localational setup, multi-regional support, and multi-sourced. In other words, emphasizing the cross regional and enterprise wide capabilities while allowing for optimal sourcing.

The seven Commons we leveraged are: Common governance, common leadership, common service management, common location/technology/infrastructure, common talent development model, common approach to continuous improvement and common end-to-end process. This ensures that we have one consistent approach for global service delivery.

This framework effectively guided our design and definition of GBS. I report directly into a member of the executive board who is responsible for all services across the enterprise, so at a high C-level position.

What drove your organization to GBS? How would you describe the overall value of GBS to the enterprise?

We have just changed our operating model towards a GBS. We decided to go straight for GBS, not the traditional regional/functional Shared Services route, first. We believed that GBS would give us the biggest benefit for the future. We had started with a multifunctional decentralized organization already, although not having Shared Services centers, GBS provided the commonality to drive us forward successfully.

We could have moved to a functional Shared Services model first, but that would have been a setback for us, as services were already reporting to one leadership. GBS optimizes the end-to-end process model for us, and the hub-and-spoke model we decided on also prevents autonomous regional models from evolving, which would be a backwards shift. GBS means that we can run our processes at the global level.

What is different about our GBS is that we also embed local business services into our organization, so beyond our hub-and-spoke model, the retained organization in some instances provides local business services that also report into GBS, under our governance structure. Examples of this include legal, compliance, or other specialized requirements for business proximity. We try to keep this at a minimum, however.

Do you have Global Process Owners? Do they sit in- or outside the GBS?

We are at the early stage of recruiting GPOs right now. These will sit within the GBS and report straight into me. They can sit in the hub, the spoke, or at headquarters – that is not so relevant. What is important is the skill set we are looking for. As this is a brand-new role there is no one in-house who has actually “done it” before. The profile calls for strong lateral leadership skills – probably the most important characteristic I am looking for. Of course, I expect process affinity and functional experience but what’s key is to find someone who won’t shy away from digging deeper.

One could argue that GPOs are effectively “tigers without teeth” – they are accountable for the results and continuous improvement but they are not directly responsible for delivery. This does present a challenge! At the same time, they need to represent the corporate side: the strategies, policies, and controls that corporate expects. We are positioning these GPO roles at a high level, reporting directly to me, to provide the proper context of their importance within our organization.

What are some of the newer functions that are being brought into the GBS?

We started from a multifunctional basis, which reflected the previous structure of service provision across Swarovski’s enterprise and businesses. So, from the start, we included functions like HR, Finance, Controlling, Procurement and transform to order-to-cash, procure-to-pay, record-to-report, hire to retire. We are now also considering legal, IT and even customer service, which is already transitioning from a business as we speak.

We also included master data management from the start, and are certainly thinking about analytics in terms of loss prevention in retail stores for the future.

What is the GBS global footprint? What’s the advantage of each location?

We run our main hub in Poland, which we just set up a year ago, and two spokes, one in Malaysia launching this quarter, and one in Costa Rica launching early next year, for APAC and the Americas, respectively. That presents our global footprint. Our assumption is that we can do anything out of the hub. Where we find, however, that due to language, time zone, or other proximity issues we need a more regional approach, we shift services to the spokes. So, for example, record-to-report or master data management is done at the global, hub level. On the other hand, much of order-to-cash or procure-to-pay will be done in the spokes, for Asia and the Americas. We also run more than 1400 own stores, which of course have specific language requirements. So these are serviced from the spokes or even from local retained operations.

What are career options for a GBS leader?

Right now I am leading the GBS transformation as well as GBS organization, so am effectively wearing two hats. It’s still early days – the GBS organization has been official for just about a month, after 16 months’ transformation effort.

In any organization, the higher you get the fewer options there are, but I think that the experience gained in GBS across operations and execution, as well as in transformation management and leadership, are tremendous assets. I believe they serve GBS leaders well in terms of providing future options within business operations, such as sales or supply chain.

INTERVIEW
How do you define Global Business Services? What distinguishes GBS from Shared Services Organizations generally?

I believe both have common design principles in operating processes, people and technology. GBS is intended to be the refined cousin of Shared Services – originally set up with the intent of owning and operating a multi function, multi location, multi geography, multi language paradigm operation in a fully owned, captive environment. Some vary in ratio of outsourced manpower vs. fully badged inhouse employees and most have a centralized reporting line structure of hierarchy, either into the Group CTO or Group COO or Group CFO functions.

What drove your organization to GBS? How would you describe the overall value/advantage of your GBS to the enterprise?

Vodafone’s Shared Services was built on a solid foundation of a globally common platform ERP, SAP globally common Procurement (Vodafone Procurement Company, Luxembourg) and globally common processes (core business model) that paved the way for globally common people (Vodafone Shared Services) to operate these processes. This led to being defined as Hackett World class within 7 years of set up and investing over 1 billion Euros in the transformation program across HR, Supply Chain & Finance. The value generated is in the range of 300 million Euros and on track to deliver value savings in excess of 1 billion Euros by 2020 (value is a measure of productivity savings, innovation roadmaps and Intelligent Automations).

According to SSON Analytics data only 5% of all SSOs are have adopted the GBS model. Why do you think this number is so low?

It requires massive senior management commitment and continuity at executive levels to set a big vision and ruthlessly execute that vision to time, cost and quality measures. Many start with this intent, but lose focus to burning business needs. It is a vicious cycle.

Do you have Global Process Owners? Does the GBS manage the end-to-end process in its entirety?

Yes, we adopted the Global Process Ownership model three years ago and it has helped us tremendously to standardize processes across our 21 markets. The GPOs currently operate from the GBS itself as it offers the advantage of understanding any variations in the processes and fixing them at source. The GPOs own the process roadmaps and capex investment in technology that aims to deliver beyond world class productivity and safeguard the controls environment across risk management measures.

How does the GBS develop and leverage talent? Are GBS leaders generally recruited internally?

Yes, developing and retaining talent within the GBS leadership is a key focus area and a critical objective to leverage internal talent. Recruiting internally means leadership are aware of the internal ways of working and can better manage both internal and external stakeholders. Vodafone deploys an intelligent location strategy: all our 7 GBS centers are based in countries where we have a leadership position in our mainline telecoms business (eg., Hungary, Romania, Egypt and India). This helps in attracting senior leaders from the front end of the business, which supports the business understanding required to operate the GBS effectively.

How does the GBS encourage and support innovation?

An integral part of sustaining GBS is ensuring a robust idea generation process. Currently, we have a thinkbox concept, where issues are identified and the central operational excellence team looks for a permanent fix using Lean Six Sigma tools.

What are some of the newer functions that are being brought into the GBS?

The focus for any GBS should be to migrate end-to-end process cycles, which shifts the perception of a GBS as a sweat shop of transactional activities to adding value and solving business problems. There are no sacred cows and there is no function that cannot be operated from the GBS. Serviceable activities range from sourcing to marketing to data management to analytics and business intelligence – besides HR, Finance, Technology etc.

Do you standardize processes first? Or lift & shift?

I would go with a hybrid approach. Considering that GBS has the best view of the process today and a strong operational excellence team, it is best suited to lift & shift, and then transform. That way you are taking control of the ‘as is’ process and then making the necessary changes to ensure it is lean and standardized across countries. Most times, we operate with the principle that “no cost is better than low cost” which drives the thinking around Intelligent Automation over headcount transferred to Shared Services.

How is the GBS reward structure designed?

Reward structures have come a long way since Shared Services were set up. Today, GBS are expected to manage outcomes rather than just input measures, and focus more on results than on effort. Operations & technology lines have blurred and rewards are based on end-to-end results around customer experience/net promoter scores, overall data security and compliance measures, and a strong and robust set of financial statements, as well as delivering on the corporate social responsibilities of the mother ship.

What are the career options for a GBS leader?

GBS leaders that stand out are those that understand technology and operations and the infinite possibilities that can be delivered through disruptive, agile, cross functional teams solving day-to-day business problems.

Note: Bobby Abraham has left Vodafone since sitting for this interview.
How do you define Global Business Services? What distinguishes GBS from Shared Services Organizations generally?

Global Business Services is the integrated services capability of an enterprise, focused on the delivery of transactional and analytical work supporting the business units and corporate, under a single organizational structure. It allows the deployment of a common approach and the use of common infrastructure and governance to consistently deliver business support services across geographies, business units, functions and business processes.

I don’t see GBS as something separate and distinct from the traditional shared services model, but rather as a natural extension of the maturity cycle. GBS characteristics include:

1. Services delivered to a global customer base
2. Shares infrastructure, including locations and technology platforms
3. End-to-end process ownership
4. Higher-value activities beyond just transactional.

What drove your organization to GBS? How would you describe the overall value to the enterprise?

We see GBS as creating a genuine market advantage, reducing operating cost, creating more predictable outcomes, improving employee experience and improving connectivity across the customer and supplier network.

According to SSON Analytics data only 5% of all SSOs are have adopted the GBS model. Why do you think this number is so low?

I believe it’s because of low levels of understanding of what GBS is and can deliver. The perception is still very much that GBS can only deliver Finance, HR, Procurement transactional services but no one is looking at the incremental value that is inherent in a GBS model around analytics, transformation, digitization, etc. Also, it’s often seen as a low priority.

Do you have Global Process Owners? Does the GBS manage the end-to-end process in its entirety?

Yes, GPOs are not full-time roles but part of a senior functional executive’s responsibility. We have GPOs for Finance, HR, Procurement, Manufacturing etc. These are typically your Group Controller, CPO, and so on. However, the GPO designate sits in GBS (we call them Global Process Leads) and act on behalf of the GPOs. Any change is managed through GPO governance. We manage e2e processes.

How does the GBS develop and leverage talent? Are GBS leaders generally recruited internally?

We take a hybrid approach but we are actively moving talent between GBS and functions, and vice versa. All my LT members came from the functions and we have stated that future leaders of functions need to have done a stint in GBS.

How does the GBS encourage and support innovation?

We have established an innovation council in GBS that is made up of GBS, IT and other key stakeholders. We also have an analytics hub and have recently set up a global process automation and digitization lead/function.

Do you standardize processes first? Or lift & shift?

Both, based on opportunity. Predominantly standardize first, then move.

What is the GBS global footprint? What’s the advantage of each location?

Romania/Malaysia/Costa Rica……cost, talent availability and infrastructure.

Considering the increased automation in transactional processing, do you think offshore still has a significant role?

Yes, but the BPOs need to move to an outcomes-based contract instead of FTE/volume-based, which is old school. RPA is a big game changer.
With technology innovation today redefining the basic modus operandi of service delivery, it presents GBS with yet another lever to support the enterprise beyond cost-effective, 'joined up' service delivery.

Today’s GBS service providers have to be digitally enabled partners or they are threatened with becoming obsolete. While labor arbitrage will remain a value proposition for the foreseeable future, its scope is shrinking dramatically. In its place we see Intelligent Automation and Artificial Intelligence, along with Data Analytics emerging as value propositions. Fast-thinking GBS models are setting up Centers of Expertise to develop a strong and deep knowledge base on many of these emerging capabilities. This expertise is an additional ‘service’ to be extended to business units, and GBS has the advantage of already running the infrastructure that is needed – in terms of process, change management, technology, and governance – to take advantage of emerging opportunities.

Reflecting the change in work being done, GBS leaders are already recruiting new skill sets for their teams. More data engineers are being sought today to replace the functional experts of old. Collaborative skills and capabilities are much in demand, as is building a work environment around parts of work rather than around traditional hierarchies.
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