



**Chazey
Partners**

A Winning Strategy for TRW's Global Shared Services

Shifting Shared Services from a commodity to a strategic value driver



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Richard Rowan,
Director of Global Shared Services
TRW Automotive



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Chazey Partners has collaborated regularly with TRW Automotive over the past eight years to provide strategic advice, counsel and support to Richard Rowan, Director – Global Shared Services, his leadership team, and senior management at TRW, as the company has grown and developed its global Shared Services operations. Much of the work has centered on strategic transformation, global ERP and technology, and the expansion of the Shared Services model into new geographies – Europe (Czestochowa, Poland, 2007), Mexico (Reynosa, Mexico, 2008) and the Asia Pacific region (Anting, China, 2012).

TRW Automotive, a global leader in active and passive safety systems, has operations around the world, and runs a global shared services model with regional centers in the US, Europe, Asia, and Mexico. Having started in 1997 with one center servicing only North America, the company has been taking an increasingly global approach to services delivery. For now, the services are focused predominantly on Finance and Accounting, with Payroll in scope in some of the regions.

The original Financial Shared Services Center was launched in and for North America in November 1997. Richard Rowan, Director of Global Shared

Services at the company's Cleveland-based North American center, joined the TRW Shared Services operation (SSO) as its head in May 2013, and was responsible for leading the SSO through a series of expansions culminating in the opening of a second center in Czestochowa, Poland in 2007, a third center in Reynosa, Mexico in 2008 and a fourth center in Anting, China in 2012.

Over the past decade plus, Rowan has overseen what started as a functionally and process-specific operation develop into an increasingly sophisticated model that has expanded globally. This growth was part of a “Circle of Influence” strategy – meaning that as the global Shared Services operation delivers excellent services and value performance, it increases its “Circle of Influence” and scope.

Building Strong Foundations

While the early days of service delivery focused on cost and standardization, what drove Rowan and his team was the desire to build a strong reputation based on the excellence and value of their work. Much of the focus in the early days, therefore, was based on developing a robust foundation for future transformation. While cost always was and always will be a driver – enhanced control, visibility and compliance, legal issues, ethical concerns and the increased agility derived from a shared services model were also very important in driving the implementations.



The key moment for TRW's Shared Services global growth came in 2006, says Richard, when an IS-SAP initiative led to realignment around a single platform, enabling interfaces with local operations. The initiative was costly, however, and to finance it, the CIO was determined to leverage the labor arbitrage benefits of Shared Services across the European operations.

This effectively marked the first step towards a globalization of the regional shared services model. The European project consisted of two tracks: a "lift and shift" of services for one division to the new European center in Poland; and a second track, implementing Shared Services in conjunction with implementation of a global SAP FICO instance. The IS and SSO leadership relied on a third-party sponsored business case to justify the move.

Rowan engaged Chazey Partners to provide additional resource and experienced counsel to ensure the shared services portions of the project maximized value for TRW and avoided missteps often seen in implementations of shared services by other companies.

"Where we benefitted from bringing in a third party like Chazey was in some of the strategic

decision-making," explains Rowan. "We had little to no experience in Europe and Phil Searle, Chazey's founder, whom I'd met at a conference years earlier, had extensive experience across those markets. He was invaluable as a sounding board and in providing the credibility of a third party when negotiating with internal decision makers – both for the European expansion as well as later, when we were driving to expand the shared services model to Mexico and the Asia Pacific region."

"It was good to be able to bring in someone who'd already been through what we were going through, and who could help break down some of the resistance we faced in the early days. Even where it was a matter of reinforcing what the SSO team already knew, the fact that an outside advisor was there and able to provide a different perspective and reasoning was worth the cost."

From Push to Pull: Success Breeds Success

The real breakthrough in operations came when executive management and the business units started to proactively seek out the SSO's services, says Rowan. "What started as a push-type approach – i.e. we were knocking on doors, effectively forcing our service onto the business – gradually evolved





into a situation where the businesses and executive management are now pulling us in to help them.”

That was the impetus, in fact, for the new China-based Asia Pacific SSC. The CFO recognized the value of the Shared Services model, and was keen to leverage its control and process capabilities and the flexibility it offered for the expansion of the TRW Automotive Asia Pacific operations. Utilizing the Shared Services model gave the business the confidence that “things would be done correctly the first time” as operations expanded. This is the result of leveraging the, “Circle of Influence” strategy that the SSO had followed, explains Rowan. Today, Shared Services is recognized as an expert business partner and is increasingly being brought in to strategic decisions. As an example, Rowan cites a current Six Sigma project that the shared services team recently won approval for from the senior management team. The project documents current cash forecasting processes, evaluates “customer” needs and develops and implements improvements to global cash forecasting. The impact of such a project on the company’s operations will be substantial.

Driving Expansion

The North American center paved the way for the subsequent expansion of services into TRW’s world markets. When the discussion turned to how to support the growing Mexican and Asia Pacific operations, the control and process benefits of Shared Services were soon identified as a preferred solution. Again, Chazey Partners provided some of the much-needed experience in developing the business case and in preparing the groundwork.

“Often I refer to Chazey’s advice on how to set up the operations in the European, Mexican and the Asia Pacific regions, and to provide some baseline documentation,” explains Rowan. “Chazey was able to draw on the real experience of its partners in managing and setting up SSOs around the world and providing invaluable support as a sounding board. There were questions around what would be the best structure, what personnel we needed, job descriptions, etc., where the advantage of working with experienced professionals from a smaller consultancy far outweighed the brand name of larger companies, which give impressive pitches”, says Rowan, “but then often send in a team of recent graduates with no real world implementation experience”.

“We have worked with some of those larger consultants, too,” explained Rowan, “but the benefit of having Chazey’s senior management team working directly on our projects is a significant advantage.”

Developing “Global” as a Way of Doing Business

One of the areas in which Chazey provided support was in evaluating a global service delivery framework. Although, to date, the centers still operate mainly for regional markets, they are supported by global process owners and increasingly standardized systems, which have led to a more unified approach to global business support. With costs in the US, for example, higher than Mexico or China, some of the decisions to be made are around how to best leverage offshoring or outsourcing to get the best cost: service ratio. Having a more global footprint means that the future offers more opportunities to shift work around.

Surviving the Markets

To see proof of Shared Services’ success, Rowan needs to look no further than the financial crisis of 2008. “The 2008-2009 downturn allowed the regional shared services structure we had set up to return value to the company through agility. What would have taken calls to numerous plants before shared services was reduced to three calls to our regional shared service centers in the U.S., Mexico and Europe. Those centers both quickly provided information for the sites that they served and got system access to sites yet to be migrated to shared services and provided support for those sites as well. We truly highlighted the agility delivered from our shared services model, enabling executive management to more quickly view their global landscape and more quickly make data based decisions.

The greatest success to date, however, is not measured in dollars or Euros, says Rowan. Rather, it’s in having shifted Shared Services from a commodity to a strategic value driver.



TRW AUTOMOTIVE GLOBAL SHARED SERVICES' 10-YEAR JOURNEY - FROM CLEVELAND TO CHINA

North American Shared Services Center (NASSC)

- Established November 1997 in Cleveland, Ohio
- 45 staff
- Finance & Accounting, Payroll, Master Data
- Planning scope expansion into another two dozen plus roles
- Offshore staff & BPO element
- Currently serving TRW businesses in the United States and Canada



Global Process Owner (GPO) Organization

- Created in 1997
- Charged with establishing and continually improving common global processes
- Global Process Owners:
 - Master Data
 - Record-to-Report, Acquire-to-Retire and SOX & Audit Coordination
 - Procure-to-Pay, Travel & Entertainment and Purchasing Card
 - Order-to-Cash
 - Hire-to-Retire



Mexican Shared Services center (MSSC)

- Established July 2008 in Reynosa, Mexico
- 45 staff
- Finance & Accounting, Payroll, some other areas
- Currently serving all TRW locations in Mexico



Asia Pacific Shared Services Center (APSSC)

- Established August 2012 in Anting, China
- 27 staff currently
- Rolling out across the Asia Pacific region
- Finance & Accounting Currently serving China, Singapore and Japan

European Shared Services center (ESSC)

- Established March 2007 in Czestochowa, Poland
- Started with ~40 staff, now nearly 200
- Covering multiple countries across Europe
- Finance & Accounting, Master Data and some Payroll
- Currently Serving The Czech Republic, France, Germany, Italy, Poland, Portugal, Slovakia, Spain, Sweden and The United Kingdom
- Rolling out across various divisions/countries in Europe



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About Chazey Partners

Chazey Partners is a professional management advisory business that is committed to adding significant value to our clients through a partnership approach. We bring together a unique wealth of expertise and real life experience in Business Transformation, Shared Services & Outsourcing, and Technology Enablement. We pride ourselves in having built, operated and turned around some of the world's most highly commended and ground-breaking Shared Services Organizations, and for implementing many highly successful multi-sourced (shared services and outsourced) delivery solutions. Over the last 20 years, we have delivered numerous programmes globally, in the US, Canada, UK, Continental Europe, Ireland, India, Eastern Europe, South America, Singapore, Australia, China, Middle-East and Africa. Our experience covers both Private and Public Sectors, providing expertise in a wide spectrum of business functions, including Finance, HR, IT, and Procurement.

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