

Kurt Salmon

RE-ENGINEERING YOUR
FINANCE OPERATIONS

**Realising the full potential
of your Finance Shared
Service Centre**



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The use of shared services, together with offshoring and outsourcing, is accepted as part of the normal operating model by most major organisations today. However, our experience and research indicates that many businesses are failing to maximise the benefits that can be delivered.

Organisations which have successfully implemented Finance shared service centres have achieved significant benefits in terms of standardising and simplifying processes, improving efficiencies, reducing costs, and improving the quality of service.

However, all too frequently, organisations are reaping the initial benefits but then failing to drive further performance improvements.

Shared service centres are often viewed purely as a hub for centralised transaction processing activities, and there is a reluctance to broaden the scope of services provided.

This in turn has a knock on effect on the rest of Finance, with “Business Partners” spending a significant amount of time on elements of accounting and reporting, which could have been passed over to shared services. As a consequence, Finance fails to provide the challenge, support and insight that the business deserves.

We also see many shared service centres where there is a lack of even the most basic management information required to monitor performance and drive improvements.

50%+

The performance gap between average and best performing shared service centres

40%

of current Business Partner activities can frequently be supported and performed by shared service centres

The Opportunity:

We believe there are three fundamental changes that can be made to drive improvements and benefits from an existing Finance shared service centre:

1. **Maximise the services offered**
There are many examples where reporting, financial modelling and analysis, and elements of business planning and budgeting are being successfully performed in shared service centres. This can often free up around 40% of Finance Business Partners’ time.
2. **Measure performance continuously**
An appropriate set of measures and a robust measurement process will enable activity to be monitored and will influence staff behaviours and help to drive improvements.
3. **Keep raising the bar**
Targets should be set for performance and a range of initiatives identified and monitored to track progress towards achievement of those targets. Initiatives will range from relatively minor “business as usual” changes, to more significant projects requiring dedicated resources and continual tracking. Once the targets have been achieved, the bar should be raised and plans agreed for performing at an even higher level.

Case Study:

Kurt Salmon supported a major services organisation with an initiative to drive towards best-in-class levels of finance process and performance. This involved an in-depth review of the transactional processes being performed within the Finance shared service centre and analysis of commercial finance activities.

The initial review identified a significant number of “quick wins” and a longer list of improvement opportunities covering process, data and systems, and behavioural/organisation changes. The solution also involved the creation of a performance measurement process to track performance on an ongoing basis.

Having implemented these improvements, the organisation has subsequently turned its attention to migrating further activities into the shared service centre and driving increased value from its Business Partner teams.

Where is your organisation today?

SERVICES OFFERED	YES	NO
Transactional activities: Procure to Pay, Travel and Expenses, Order to Cash, Record to Report, Payroll	<input type="checkbox"/>	<input type="checkbox"/>
Exception handling is not retained in local markets	<input type="checkbox"/>	<input type="checkbox"/>
Non-transactional activities: performance reporting, proactive business analysis, reactive analysis and support, planning and budgeting	<input type="checkbox"/>	<input type="checkbox"/>
Business Partners focus 85% of their time on direct support to the business	<input type="checkbox"/>	<input type="checkbox"/>
A “gap” in the service offering is currently recognised, and there are plans in place to close it	<input type="checkbox"/>	<input type="checkbox"/>
PERFORMANCE MEASUREMENT	YES	NO
Performance measures with appropriate targets have been established to measure daily, weekly and monthly performance	<input type="checkbox"/>	<input type="checkbox"/>
Measures cover controls, volumes, efficiency, effectiveness and service	<input type="checkbox"/>	<input type="checkbox"/>
Process design “health” is reviewed periodically and improvement plans developed	<input type="checkbox"/>	<input type="checkbox"/>
Shared services staff understand what measures and targets apply to them and why	<input type="checkbox"/>	<input type="checkbox"/>
Measurement and monitoring of initiatives and actions exists to improve performance	<input type="checkbox"/>	<input type="checkbox"/>
A service management framework is in place with a strong customer orientation to encourage “end to end” process measurement	<input type="checkbox"/>	<input type="checkbox"/>
Process owners are established and their role is recognised by the business	<input type="checkbox"/>	<input type="checkbox"/>
RAISING THE BAR	YES	NO
The performance and “maturity” of processes is fully understood	<input type="checkbox"/>	<input type="checkbox"/>
Clear plans are in place to meet stretching performance targets	<input type="checkbox"/>	<input type="checkbox"/>
Resources are assigned as appropriate to improvement initiatives	<input type="checkbox"/>	<input type="checkbox"/>
All staff are committed to continuous improvement	<input type="checkbox"/>	<input type="checkbox"/>
A process is established to encourage staff to identify improvement opportunities / solutions and to implement them	<input type="checkbox"/>	<input type="checkbox"/>

Delivering results:

Kurt Salmon has a proven and pragmatic approach for reviewing and optimising Finance Shared Service Centres and delivering a solid return on investment

Phase	Key Activities	Output
1	<ul style="list-style-type: none"> Develop the model for the future Review current Finance activities and performance within the shared services and business partnering organisations – identify improvements to be made Establish objectives for the shared services organisation and develop and agree the strategy for their achievement Define and agree performance measures and targets and their alignment to the organisation 	Target Operating Model defined
2	<ul style="list-style-type: none"> Prioritise, implement & stabilise Rank and prioritise improvement initiatives Build detailed end-to-end implementation plan and identify “quick wins” Organise to implement – project versus “business as usual” Action improvement plans 	Improvement actions implemented
3	<ul style="list-style-type: none"> Continuously improve Implement performance reporting Educate staff about targets and how they can influence results Roll out continuous improvement process 	Increased performance levels

An Overview of Kurt Salmon's CFO Advisory Services Team

- Kurt Salmon is one of the world's leading strategy and transformation business advisory firms, with over 1,400 experienced professionals worldwide
- We have been recognised as a Leader in Gartner's "Magic Quadrant for Business Operations Consulting Services, Worldwide", October 2012
- Our CFO Advisory Services team focuses on the CFO change and improvement agenda through a combination of finance expertise and deep industry knowledge
- We have worked with over 30% of the Fortune 500, 30% of the FTSE 100, and 75% of the CAC 40
- Our consultants are specialists with significant experience in finance line management and consulting
- We know what works, how best to make it work and the pitfalls to avoid, and ensure these lessons are shared throughout each client engagement
- We are recognised for our practical approach - 'rolling up our sleeves to make change happen'
- We are independent and have no exclusive ties to any systems or software vendor, or outsourcing service providers

"With Kurt Salmon you get experienced professionals. They were extremely practical in terms of approach and thinking. They facilitate getting a client to the solution quickly and help extract maximum value from the internal team."

CHIEF FINANCIAL OFFICER

Contact

For more information about Kurt Salmon, or to find out how our CFO Advisory Services team can help you, contact:

ANDREW DAVIDSON

Partner, CFO Advisory Services
andrew.davidson@kurtsalmon.com
T. +44 7919 924 490

SIMON BENNETT

Director, CFO Advisory Services
simon.bennett@kurtsalmon.com
T. +44 7779 006 089

ANKUSH MATTU

Director, CFO Advisory Services
ankush.mattu@kurtsalmon.com
T. +44 7919 216709

Kurt Salmon UK Office:

Kurt Salmon
10 Fleet Place
2nd Floor
London
EC4M 7RB
T: +44 (0) 20 7710 5200

www.kurtsalmon.com

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