

# HR Shared Services Evolution

Shared service centre migrations have been at the forefront of cost lowering and quality driving initiatives for a number of years. As technology and cultures evolve, there are opportunities to maximise this investment through evolution to next generation service centres. Enterprise wide value can be increased through effective implementation of technology and business change, however there are a number of challenges that are likely to be faced.

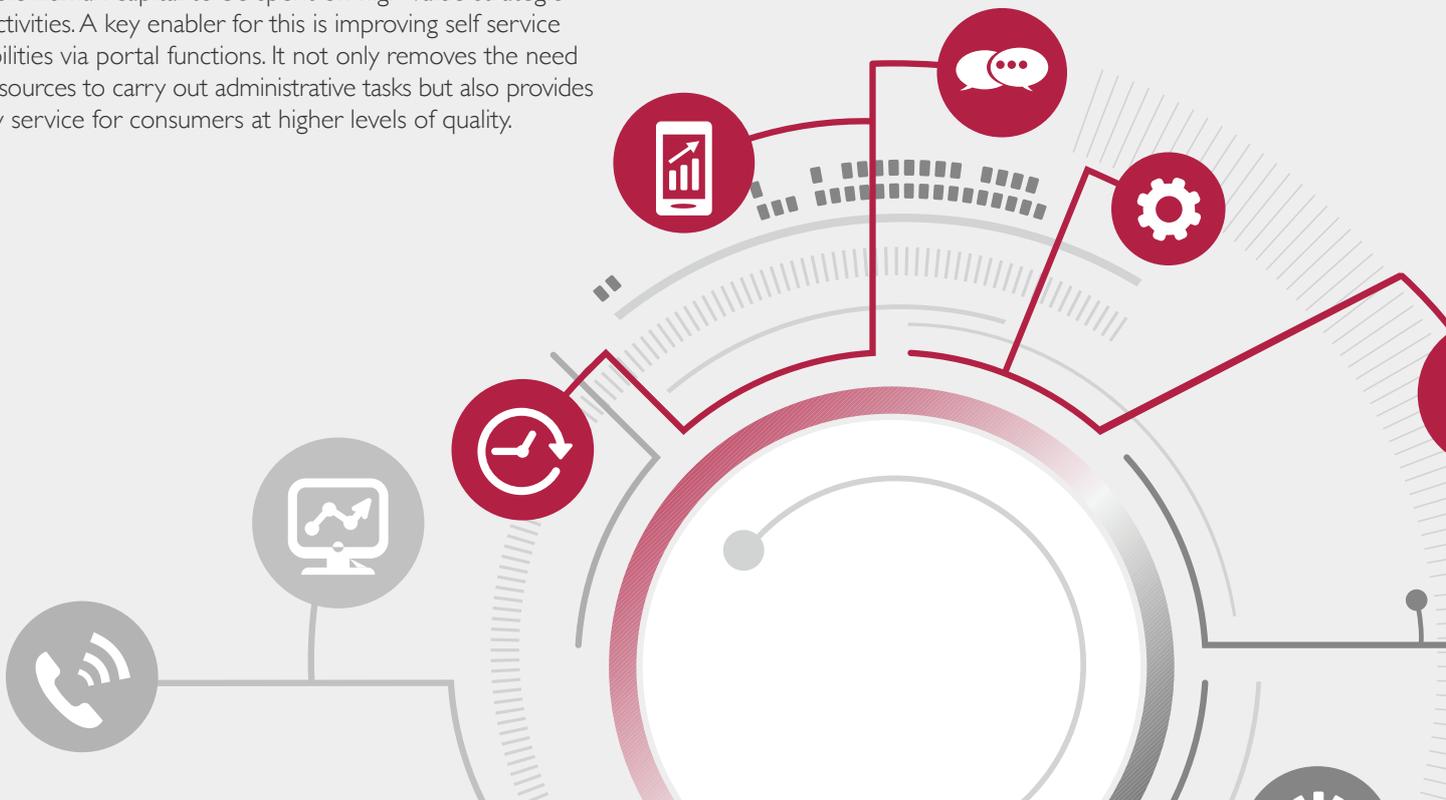
## Opportunities

Assuming a stable running service centre, the next step is continuous improvement. Better quality MI driving better decisions will continue to drive efficiency and quality of output. Technology enablers such as data warehousing and integration of disparate data sources will provide the information needed to help drive these decisions. The rise of 'Big Data' and analytics will enable organisations to gain insight to improve processes and offer more valuable HR services. Mirroring more dynamic and societal purpose-driven engagement with end consumers, organisations may encourage 'value exchange' with HR services or utilise more engaging interfaces e.g. Video Chat and gamification.

Going beyond continuous improvement, evolution of the operating model itself could yield further benefits. Moving activities down the chain to service centres frees up time for valuable human capital to be spent on high value strategic HR activities. A key enabler for this is improving self service capabilities via portal functions. It not only removes the need for resources to carry out administrative tasks but also provides timely service for consumers at higher levels of quality.

Technology underpins this, through wider data integration with additional systems processing more data, to improvements in smart phone and tablet technology for data consumption. Consumers themselves play a key part in the story, with newer generations being more prepared to self-service via portals in a way which the older generation may not.

High value HR activities such as recruitment, talent development and succession planning are where companies can create differentiation and where they should be focussing resource. The more that the service centre can deliver an integrated, autonomously operating service through increased connectivity and automation, the more it will optimize its own operations at the same time as increasing enterprise wide value. This paints a picture of a future shared service centre whereby it is seen as a technological hub of information rather than a number of individuals carrying out repetitive tasks.



## Challenges

While the benefits of evolution might be clear to see, there are a number of challenges that will likely be faced on the journey.

**Culture:** Despite the shift in the demographic of employees being more open to self-service portals, a significant number of employees will still be resistant to change. Implementing self-service functionality will require a cultural change at the company level to drive greater employee autonomy and ownership at the same time as not disenfranchising employees. Recruitment and Retention: As organisations move towards a strategic HR model supported by technology, companies need to consider how to recruit and retain HR specialists and business partners as well as champion their expertise within the business.

**Training:** Evolution of technology requires HR professionals to become much more tech savvy than has been traditionally required. In addition, a shift towards using technology in the centres will mean headcount reduction or the need to up-skill employees into business partner roles.

**Local vs. Global:** Successfully standardising policies and processes while staying relevant to local markets and keeping a 'personal touch' for employees, is something that companies will have faced in first round migrations, but which are likely to be exacerbated in following phases. A balance must be found between consolidation and cost effectiveness with retaining a personal touch and employee engagement.

**Legal and Regulatory:** Local legislative and regulatory challenges are likely to be faced. Although global policies can be used as templates for local changes, keeping these updated will be a challenge. More challenging will be ensuring that policy related employee training can be delivered within the requirements of local law via a more centralised and autonomous system.





**Data:** Managing data across multiple countries brings with it additional requirements (e.g. export compliancy.) Although data will need to be integrated and centralised to drive further automation and efficiencies, managing that data could be challenging. Companies midway through significant migrations may have challenges integrating in-flight legacy data or processes with the strategic model (e.g. integrating reporting across functions). Many companies are tackling the data challenge by syphoning it off into specialist functions such as HR analytics, in which case the role of the shared service centre in data management becomes obsolete, however the challenge of managing the data remains.

**Technology platforms:** As more organisations move to a smaller number of strategic technology platforms and 'as a service' solutions, people will need to be educated on the benefits of these approaches. Organisations used to significant local customisations and local solutions will find this hardest.

**Deployment:** Managing successful deployments into local geographies by a central team will require strong, local, dedicated resource to implement the change. Local change champions acting on the side-lines will not be able to drive through the institutional change being discussed. Dedicated local business change managers working hand in hand with the central team will be critical to ensuring programme deployment is a success.

**Integration with other shared services:** With drivers for high service quality, user experience and common processes, organisations are providing 'one stop shops' with common interfaces and access points for shared services. This requires agreement between HR and other shared service functions on a common strategy and architecture.

Finally, the future of HR may trend towards Global People Partners that can advise the business on the best practice in-country, largely ignoring the homogeneity of the "organisation" as a global entity. This would mean a reduction of global best practice, instead, using online portals to share knowledge on company values and guidelines on ways of working.

The service centre then becomes a repository of knowledge and no longer a physical entity as all information is available online. Global business partners convene to discuss strategic business goals and then disseminate information to HR Business Partners who work with the line to manage staff. Taken to its logical conclusion, this would mean a radical restricting of the shared service dissolving back into a highly optimised local model of HR management with a technology driven globally integrated knowledge sharing platform.

## Conclusion

For businesses which have already undertaken significant migrations, to fully unlock the enterprise wide value in their investments, embracing technology and migrating more tasks to self-service portal capabilities will be vital. It should provide a faster, better connected service with higher quality output to employees, while freeing up resource to focus on high value strategic HR activities. It will however bring with it significant challenges. Managing the company culture change from the top and the grass roots will be key to retaining an engaged and productive workforce. Overcoming technology issues with data and integration, as well as managing local legislative and regulatory requirements will be important. Finally, being able to deploy the change successfully using an effective combination of central and local teams will be a critical factor in achieving the overall benefits, while acknowledging that further devolution of global management and policy to local ownership may be on the horizon.

