

Delivering a Modern HR Shared Service Centre



Executive Overview

The HR department of today is under massive pressure to keep costs low and improve the delivery of key services, while meeting the demands of a new generation of employees and delivering greater strategic value to the organisation.

For many large organisations, shared service centres have proven to be a popular way of taking control of all these demands, and freeing up time to focus on tackling new challenges by perfecting the delivery of the HR basics.

Shared service centres are nothing new, but what *is* new is the technology being used within them, and the cultures being built around them. With the help of a sophisticated, modern self-service centre, HR can start not just delivering core services more efficiently, but delivering them in the convenient, connected and highly flexible ways that today's workers have come to expect from every service they interact with.

This paper explores the trends driving these technological and cultural changes to the shared services model, examines how the model is evolving and maturing alongside them, and provides a vision of exactly what an HR shared service centre needs to look like to meet the changing demands of both employees, and the business as a whole today.

The Rise of HR Shared Services

Over the past decade, HR shared service centres have become immensely popular mechanisms for streamlining and standardising the delivery of HR administrative functions. Aberdeen Group found in 2012 that 73 per cent of the organisations it surveyed had a full or partial HR shared service centre in place, and very little controversy remains over the viability of the shared service model. This is particularly the case for larger organisations with operations in multiple geographic locations.

That said, shared service centres as we know them have evolved a great deal in recent years. Today, there is a significant gulf between the best HR shared service centres and the rest. While some can benefit from basic advantages such as more efficient service delivery, others are using new technology to completely transform the way service is delivered, learn more about their workforce, and dramatically increase the strategic value and insight delivered by HR.

“Historically, technological solutions have been seen as an alternative channel to human interaction. The challenge and opportunity for shared services going forward is to create a delivery model that integrates technology and human beings in a completely seamless manner.”

Jim Scully, President at Shared Services Institute, LLC

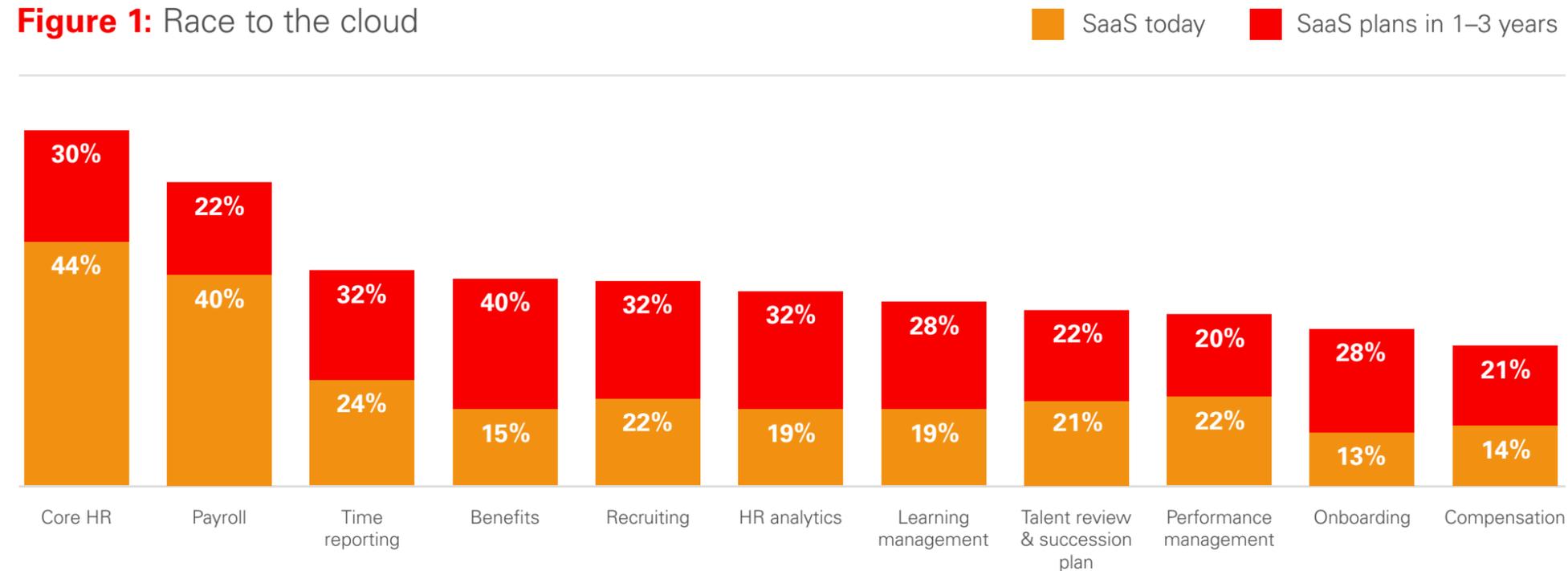
Why Introduce a Shared Service Centre?

The Chartered Institute of Personnel and Development (CIPD)¹ identifies six key reasons why a business may want to introduce an HR shared service centre today:

- **Reduced costs:** Setting up a dedicated centre that provides everyone with shared HR services enables you to benefit from using economies of scale and eliminating duplicate efforts. It streamlines and simplifies service delivery, and gives you common buying power.
- **Improving quality of service to customers:** More efficient processes for you equal greater consistency, and more timely and accurate information and advice for your service's "customers" (such as individual employees or line managers). Those improved processes also improve your visibility and control over human capital data – two things that are growing in importance alongside new regulations and requirements.
- **Greater HR focus on strategy:**
With more efficient delivery of day-to-day HR services comes more time to focus on repositioning the contribution of HR as a business-driven function, focused on its strategic role in facilitating and supporting organisational change.
- **Shared knowledge:** A shared service centre also acts as a centre for shared knowledge. All of the things that HR needs to know about come through the same people and the same place, enabling everyone to know more about customers, markets, trends and best practices.
- **A precursor to outsourcing:** Demonstrating the maximum efficiencies and value delivered by shared service centres makes it easier to build a compelling case for outsourcing across the business.
- **A potential profit centre:** If you have a really strong shared service centre with the capacity to serve more customers, you can become a shared service provider for other businesses too – turning your cost centre into a new profit centre.

¹ CIPD, Shared Services Fact Sheet, 2015.

Figure 1: Race to the cloud



Source: PWC's Annual HR Technology Survey 2015.

Those benefits alone have proven a strong enough pull to cause a huge resurgence of interest in HR shared service centres. But, for any businesses, the decision to develop an HR shared service centre of their own has been a response to three major trends that the world of HR and talent management has had to adapt to in recent years:

- 1 A new generation of employees have brought with them new demands of HR; they want access to consumer-grade applications at work that are best delivered from a single centre dedicated to delivering connected HR experiences.
- 2 The cloud has made previously unimaginable HR functionality readily available to businesses of all sizes. The figure above shows just how ready many businesses are to change their core HRMS plans to facilitate the delivery of great new HR experiences powered by flexible cloud platforms and apps.
- 3 Employees are now constantly equipped with the technology they need to access intuitive and convenient HR services. Now that smartphones and other mobile devices are so widely used by the workforce, all of the pieces are in place to create and deliver exceptional HR user experiences, backed up by the power, knowledge and efficiency of a shared service centre.

What Does a World-Class HR Shared Service Centre Look Like?

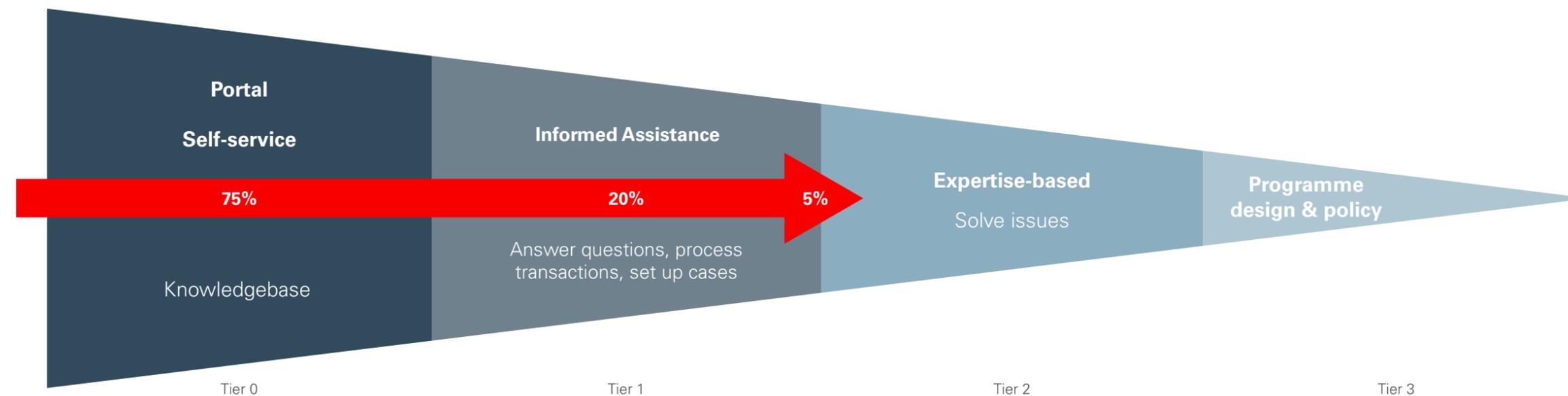
Aberdeen Group defines a “fully rolled out” HR shared service centre as simply “a centralised HR function with defined, tiered enquiry/escalation processes – regardless of the maturity of the technology adoption – that delivers services to the entire organisation”.

While this is an extremely broad definition, two elements stand out. The first is that the shared service centre offers a centralised service to the business. Even though the service may be delivered by regional hubs, perhaps through an offshore model, it will be based upon a common set of processes and underlying technology platform. The second is that it offers services through a tiered enquiry and delivery model.

At its most basic level, a typical HR shared service centre will usually comprise five key elements:

1. A multi-tiered structure for efficient resolution of enquiries
2. An employee portal with self-service functionality for administrative processes
3. A central knowledgebase serving agents and employees alike
4. A multi-channel contact-centre-style helpdesk to handle phone and email enquiries
5. A case-management approach to enquiries that can't be resolved through self-service



Figure 2: Multi-tiered HR service delivery approach

While most shared service centres have this same basic model, their sophistication and maturity vary hugely from organisation to organisation. The least advanced remain confined to automating basic processes like payroll and benefits administration. Anything outside this remit is still handled in a manual, ad-hoc fashion by the organisation's HR team.

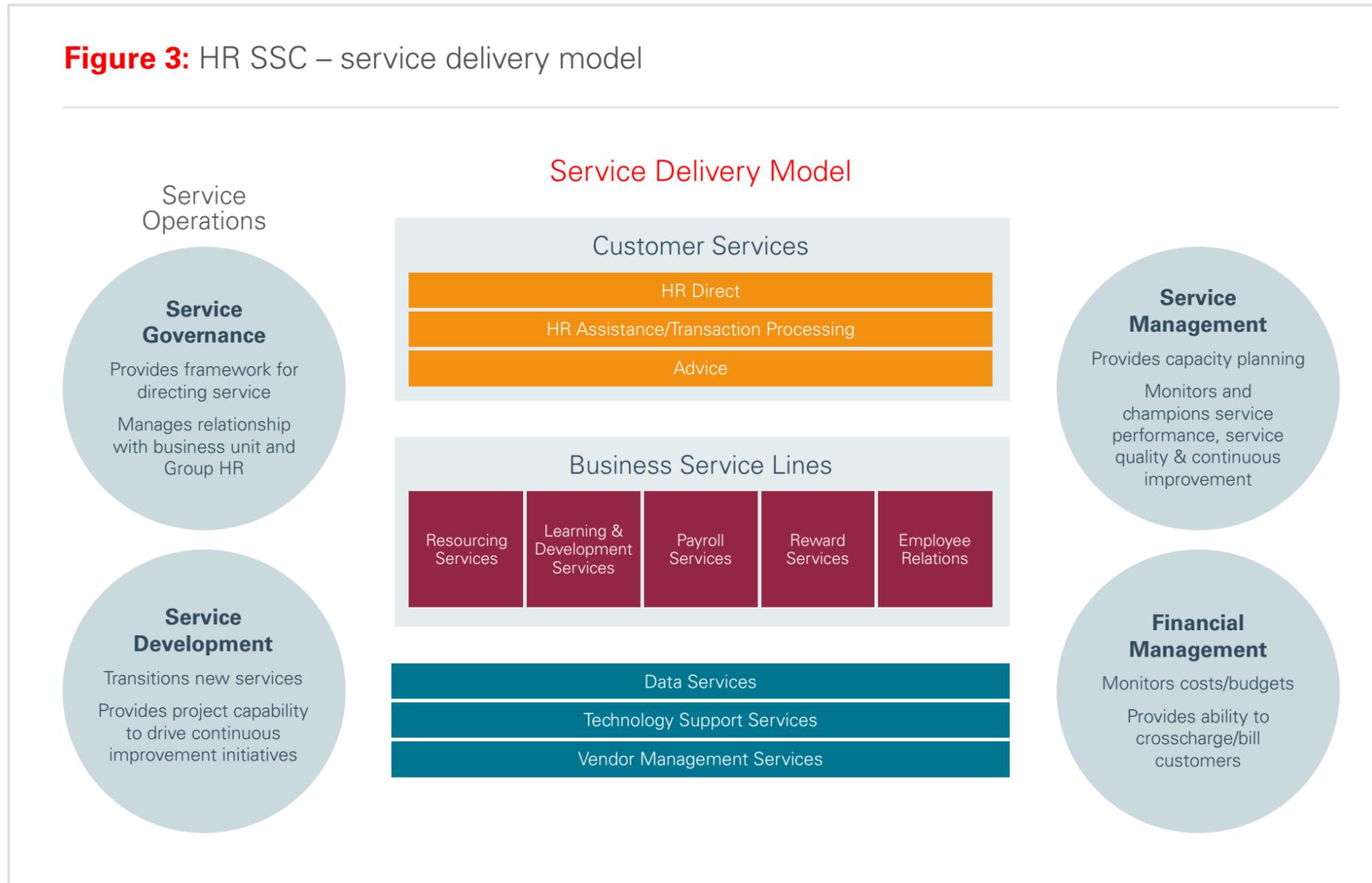
At the opposite end of the scale, there are HR shared service centres that might be considered "world-class". Here, a wide range of services are delivered, on a predominantly self-service basis, to an employee population that includes not only current employees but also recruitment candidates, former employees, contingent workers and employees' families.

In a world-class HR shared service centre, joined-up processes enable enquiries that can't be resolved in Tier 0 to be escalated seamlessly to human agents in Tiers 1 and 2, with interactive voice response (IVR) and automatic call distribution (ACD) to sort and prioritise calls, and an automated case-management tool that pulls in relevant information and propels the enquiry through to resolution.

A single knowledgebase underpins every tier, ensuring that responses to enquiries are consistent at every level. At Tier 3, HR specialists work on strategic issues, unburdened by the need to respond to incoming enquiries.

However, implementing a shared service model is not just about developing and introducing efficient and shared business processes, although these are obviously important. A mature shared service centre will include a robust service-delivery model to ensure that customers receive the service they need at an efficient price, and that the service continues to improve over time.

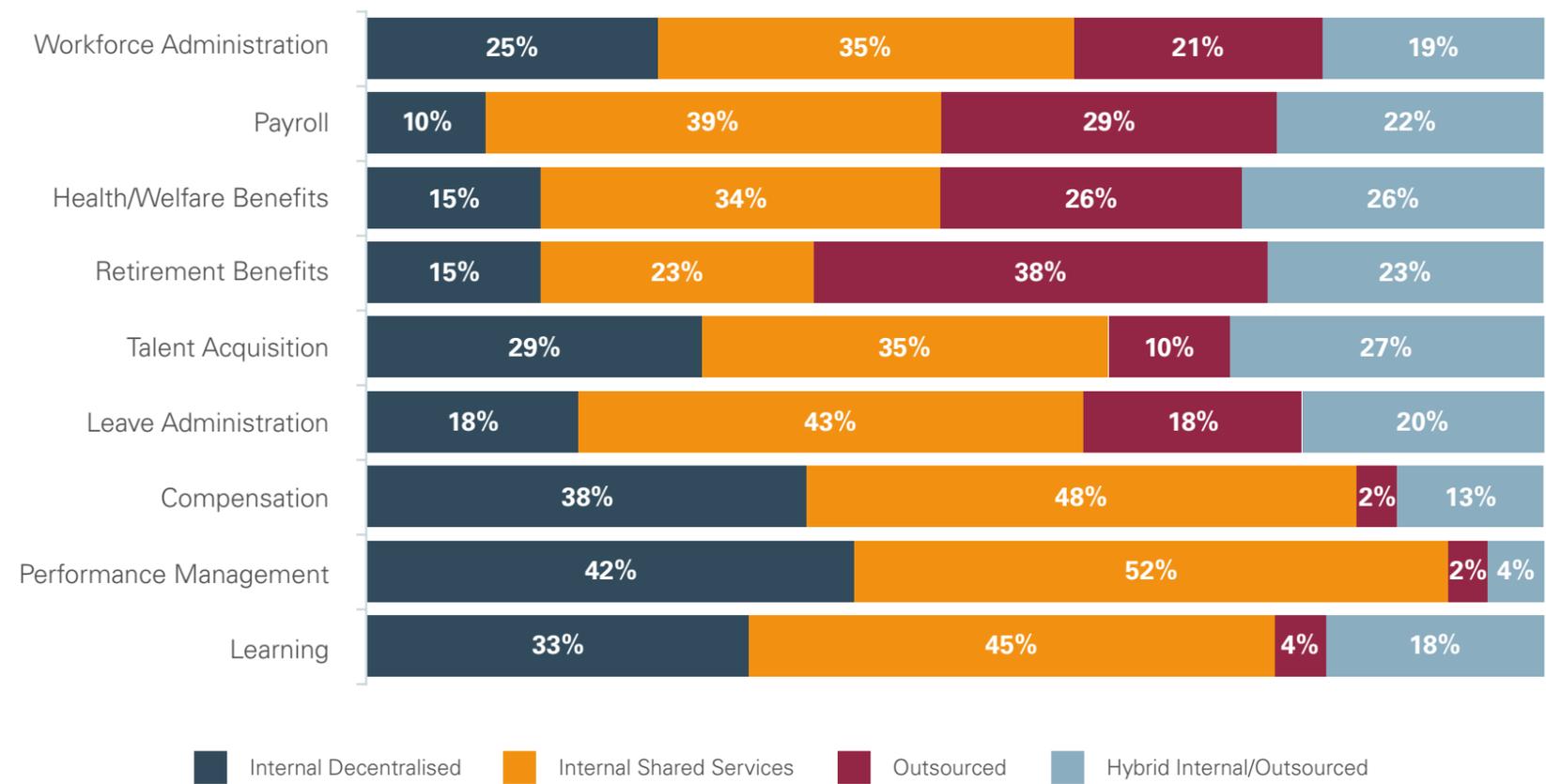
Figure 3: HR SSC – service delivery model



In this model, the access and delivery channels in the centre of the diagram represent the scope of work delivered, the range of services supported and the mechanisms by which they are deployed. These are supported by an operational framework that consists of service governance, service development, service management and financial management processes. These complete the model and ensure that not only are services maintained, but that they continue to be supported and developed.

As this model has matured, so organisations are considering how they are best deployed. ISG sees an increasing number of organisations shifting how they deliver HR services and offer an increasing scope of services, with many processes being shifted to outsourced, (or hybrid) service centres.

Figure 4: Primary delivery models implemented for HR functions



Source: ISG Industry Trends in HR Technology and Service Delivery Report, 2015.

The Benefits of New Approaches to Shared Services Delivery

It's not just the increasing range of services that is driving businesses to re-evaluate how they share them; the goals that they wish to achieve are also changing. Cost efficiency used to be the prime driver for such initiatives, but research indicates that this is no longer the case.

Improving users' experiences of HR services has quickly shot to the top of many HR teams' agendas to help meet the ever-changing demands of today's millennial workforce. Through better user experiences come greater employee satisfaction and engagement – meaning that today, high-quality user experiences have become a basic need for all HR departments.

It has also become more straightforward for HR teams to build a compelling business case for shared service centre setup or transformation. The benefits of shared service centres, and outsourcing in general, are so widely understood that Deloitte recently found that 24 per cent of businesses didn't even create a business case for shared services outsourcing; the advantages of it were so overwhelmingly clear.

Figure 5: Expected benefits from changing HR service delivery models



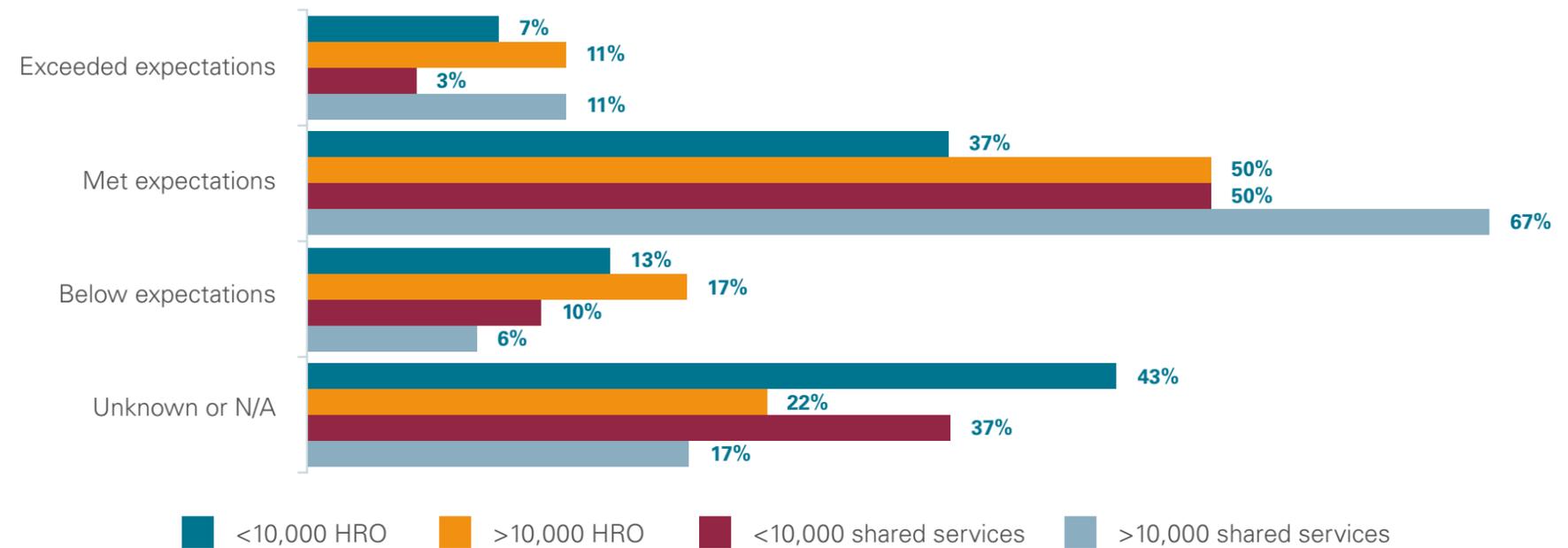
Source: ISG Industry Trends in HR Technology and Service Delivery Report, 2015.

Recent Developments in HR Shared Services Models

Recent changes to the shared service model have varied greatly from business to business, but we are starting to see a number of trends developing:

- An integrated core HR platform:** Many are turning to integrated platforms to ensure that every employee has continuous self-service access to all their own data, and to all the information they need in order to complete their transaction or request.
- A greater focus on the user experience:** In the age of the customer, CX is everything. Employees are starting to expect the same kind of simple, smooth, engaging user experience from the systems they use at work as they do from those they enjoy as consumers. This means businesses must use mobile technology, enable users to utilise their device of choice, offer easy access to information and provide simple services such as FAQs to resolve employee queries.
- Taking a wider view:** Recent research by Deloitte suggest that 60 per cent of shared services organisations are multi-functional, and 71 per cent are looking to increase the number of functions in their shared service centre. There are considerable benefits to be realised by taking an integrated approach to systems, and adopting a common delivery model. In addition, combining ERP, HR and CX data together provides a much more powerful information platform for executive decision-making.

Figure 6: Impact of HR process outsourcing (HRO) and shared services delivery models on the business case



- **Moving beyond a focus on cost-savings:** Shared services used to be all about reducing costs, but that is no longer the case. Now that processes are being delivered in an efficient and effective manner, mature shared service centres are increasingly adopting a “service catalogue” model. This describes and defines the services and processes that the centre delivers. New services are then negotiated between the business and the shared service centre and added to the catalogue to expand service offerings, improve quality and leverage even greater efficiencies.
- **The importance of the helpdesk:** Process efficiency is at the heart of self-service Tier 0 delivery, but for a complete solution to be realised, businesses must deploy a robust helpdesk and case-management capabilities. Typical robust contact-centre disciplines – such as automated FAQs, structured discovery questions, case tracking and auditing, escalation routines, automated responses and ranking of response quality – can all be introduced and supported through a multi-channel delivery approach. A high-quality knowledgebase should underpin this environment to ensure that responses are both compliant and consistently applied.
- **The adoption of advanced technologies:** It is inevitable that technology will continue to advance, and innovations will need to be deployed by businesses in order for them to compete. The use of robotics will drive increased process automation, and the

introduction of “chatbots” will become more commonplace as a means to deliver improved service to employees. This may well be supported by artificial-intelligence tools that will offer guided assistance to resolve customer queries, and could even be used as predictor of employee issues and behaviours.

- **Metrics remain important:** Management information is no longer just about the volume of transactions and their associated cost. Advanced analytical capabilities ensure that the full gamut of services measures can be reported, such as wait times, call fulfilment rates, “once and done” ratios and customer-satisfaction ratings. In addition, these tools enable the organisation to recognise and address process bottlenecks; understand how effective policies are and how frequently answers are being used; and deliver service improvements. This facilitates a culture of continuous improvement in the shared service centre, and further enrichment of the service catalogue.
- **SSCs as a profit centre:** With a good understanding of the work undertaken and the costs for the service delivered, and a strong customer-service ethos, mature shared service centres are well on the way to being run as a business/profit centre in their own right. This provides the opportunity for organisations to sell their services to other businesses, to “lift and shift” models to a cheaper alternative on a cost-arbitrage basis, or even to consider efficient outsourcing models at a low cost.

Exploiting these trends will mean that shared service centres can evolve to address the needs of a changing modern business, and not just the original challenges of cost and process inefficiency that they were originally created to solve.

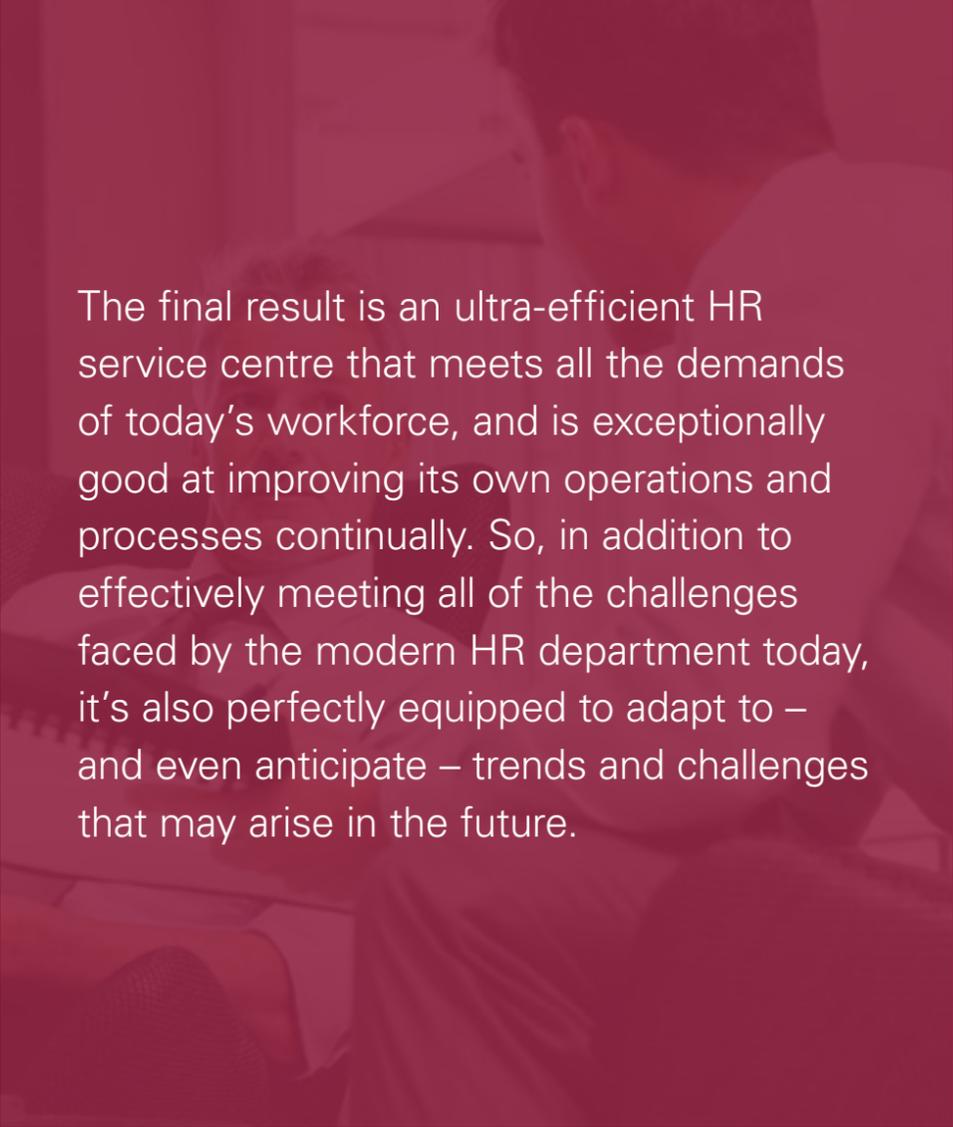
Chris Hogan, Head of Global Client Relations at CIMA notes that, enabled by developments in technology, the role of shared services continues to expand to provide end-to-end processes, transcending the boundaries of historic disciplines.

“Robotic process automation and artificial intelligence are being engaged to manage processes to higher standards ever more efficiently. Meanwhile, service centres now bringing these benefits to providing higher-value management information, analytical and expert services too. As a result, the skill sets, capabilities and thinking styles required are different from what sufficed before. Enlightened leaders are investing proactively in talent management. Some are already reaping rewards with increased effectiveness in the areas of management and leadership capabilities, strategic workforce planning and learning and development.”



Of course, there is a huge opportunity for HR organisations to resolve a much greater proportion of employee enquiries in Tier 0 – the self-service tier – especially through the use of mobile technology, but that is not the only prize. At its heart, a mature HR shared service centre has the ability to continuously improve the services it delivers. When executed properly using the right technology, here is exactly what it can do:

- By its very nature, the shared service centre model brings all your HR data together in one common source: a “single view of the truth for employee data”. This provides a robust platform of high-quality information, making it the ideal place to deliver connected HR services from.
- That data, paired with real-time analytics about the way those services are being accessed by users, enables you to learn more about your workforce, the services that they are being offered and the performance of the shared service function. This enables organisations to be much better at spotting service bottlenecks and opportunities for improvement.
- Because the services themselves are automated and delivered on a self-service basis, the HR experts in your shared service centre have the time and resources to focus on removing those bottlenecks and improving service quality. This changes the relationship between the shared service centre and their customers, and enables a true business-partner model to flourish.
- After those changes have been made, analytics dashboards enable you to see the impact they have had on HR operations – and provide direction for where your efforts should be focused next.
- Users can even provide their own feedback, giving you added insight about what they want, and where they feel current self-service experiences aren’t quite hitting the mark.



The final result is an ultra-efficient HR service centre that meets all the demands of today’s workforce, and is exceptionally good at improving its own operations and processes continually. So, in addition to effectively meeting all of the challenges faced by the modern HR department today, it’s also perfectly equipped to adapt to – and even anticipate – trends and challenges that may arise in the future.

Adopting a Mature Shared Services Model for Yourself

Assuming a mature shared services model for HR can be quite straightforward, but there are some very important questions that need to be considered before you start scoping out your project:

- Has the target operating model (TOM) for the shared service centre been fully agreed upon and established? Which processes will be global, which local and which delivered through a hub model?
- Do you have a clear picture of who is doing what and where from, and what their unique HR requirements are?
- Has the strategy for different locations and multiple languages been agreed?
- What services are within the service catalogue and what is the governance model to ensure that it is effectively maintained?
- What are the service arrangements with customers, e.g. service level agreements (SLAs) and recharging models?
- Have we got the right skills to operate in this new world both now and in the foreseeable future? And if not, what needs to be done to develop or acquire them?

Remember, implementing shared services is no longer just about delivering transactions. Now, it involves running a whole additional business dedicated to delivering great HR experiences for every single person in your business.



Conclusion

Many organisations have already deployed some of the key building blocks of a tiered service delivery model – such as self-service processes, a case-management tool and a common HR knowledgebase. Today, the most advanced HR shared service centres are expanding their remit to offer more services, handle a far higher percentage of activities through self-service, leverage the latest advances in technology (especially robotics and artificial intelligence) and drive a more strategic agenda.

Now, new cloud-based technologies are emerging that will help other organisations to catch up rapidly with the leaders. Those that utilise these new technologies to serve a tech-savvy and increasingly mobile employee population – one that demands always-on experiences – will be ideally placed to achieve smart, flexible and satisfying self-service operations in the shared service centre. Their employees will be more engaged, their HR operations will become increasingly more efficient, and their HR functions will be free to focus on strategic initiatives that will help the organisation to achieve its business objectives, and effectively anticipate the HR and talent-management challenges of tomorrow.

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