



# Guangzhou SSOA ROUNDTABLE DISCUSSION

Event Date - Friday September 12th, 2014

## Participants

HSBC

aetna

**GENPACT**

**CONCENTRIX**

RE:RESOURCES

**KPMG**

# GZ SSOA ROUNDTABLE DISCUSSION

## Setting the Stage

KPMG is kicking off a series of Shared Services / Outsourcing roundtable discussions throughout China. We started in GZ based on solid client relationships, a strong shared services community and the presence of KPMG's captive center. As we move forward the participants will range from:

- Established Shared Service Centers (SSC)
- Those considering setting establishing a Shared Service Center (Captive or Outsourcing)
- Large multi nationals
- SOE / POE
- Service Providers
- Consultants

KPMG will be looking to conduct these type of sessions on a quarterly basis in cities across China. Please e-mail me at [gary.nowak@kpmg.com](mailto:gary.nowak@kpmg.com) if your company would be interested in participating.

KPMG facilitated the discussion and set the protocol to manage overall expectations. The session was a "No Presentation / "No Power Point" / "No Selling" ZONE that encouraged participation / opinions and open discussions from all participants. We tried and feel we created an environment for everyone to be creative / innovative and open with their current situation.

## GZ Roundtable - "I'm Quiting", how to address unwanted attrition.

The GZ topic was Talent Management and how to better control unwanted attrition. When shared service professionals get together there is always energy in the room and lively conversation as we typically have a "passion" for what we do. There were both energy and passion in our roundtable discussion, as everyone had an opinion and was offering very insightful thoughts and perspectives on their specific situation and their future outlook.

The group set the overall goals to:

- Discuss their current attrition
- Learn from experience
- Brainstorm innovative ideas to retain talent
- Enlarging the GZ talent pool



# GZ SSOA ROUNDTABLE DISCUSSION

## Participants included:



### Tony Kong

(KPMG's internal captive center KDC executive)

Tony brings extensive experience in building and running shared service centers throughout the Asia Pacific region, having done this for the sixth time. Tony currently manages the KPMG Delivery Center (KDC) in Foshan with nearly 400 people, ramping up to over 1,000 within the next 6 months.



### Maureen Liang

(Head of Operations Retail Banking & City Manager Foshan HSBC, Technology & Services – Service Deliver)

Maureen joined from HSBC where they have over 7,000 people in their center and have been a very established SSC in GZ for several years. Maureen provided excellent insight into her experience and how to manage so many SSC employees. HSBC is in the process of moving their delivery center from GZ to Foshan.

**3 Representatives** from a **large manufacturing** company were very active in the session as well, they provided their perspective from an attrition perspective based on their manufacturing business. They were also attending the session to learn about the complexities of setting up a shared service center in the region and gain some valuable lessons learned.



### Juliet Mao

(Senior Accounting Manager)

Juliet attended from Aetna, although she is based in Shanghai, she wanted to get exposure to our Roundtable and will be involved when we conduct the next session in Shanghai. Juliet was insightful when discussing the needs of your customer and how to set up your center accordingly.



### Eric Cheung

(Chief Executive Officer)

Eris joined us from Publicis Groupe and was very informative and active throughout the day comparing and contrasting his multiple locations. Eric has extensive experience in shared services and contributed some valuable insights to our discussions.

## Concentrix

**Cynthia Liao** (Client Solution Executive)

**Benny Luo** (Delivery Project Executive)

## Genpact

**Stephen Liang** (Manager, HR)

A pair of service providers joined the roundtable, representatives from both Concentrix and Genpact were thoughtful enough to attend and provide their perspective on the topic of talent management. The group was able to learn about attrition rates at these organizations and how they are managing through these complexities.

# GZ SSOA ROUNDTABLE DISCUSSION

The overall results from the participants on how to retain talent centered around 3 main areas:

- Strategic
- Recruitment
- Employee Management

The following were perspectives and ideas that resulted in over 3 hours of robust discussion.

## Strategic

### Establish BPO community

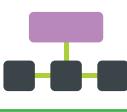
Align within your community to communicate with other shared service centers to share ideas and learnings. Dalian has established a community for shared services and this has served them well in growing their Shared Service center community. Building a community within your city can provide you with insights and benefits.

### Align with Government

Establish relationships with local government officials to encourage their support and offer suggestions on how incentives will be advantageous to both your company and the city.

### Detach from corporate

Setting up your Shared Service center in a separate location allows the ability to manage your center with a different set of policies and procedures which are conducive to retaining top talent. Most companies leverage existing locations (typically established corporate sites), which makes sense from business case perspective, however there is a downside when trying to create your own SSC corporate culture.



The size and scale of your operations may impact your decision on location i.e. the larger the size the greatly likelihood of establishing your own site.

## Recruitment

### Identify quality candidates



Refine your recruitment process and methodology to understand the optimal traits and attributes of successful candidates. Create a disciplined methodology to interviewing and evaluating candidates, constantly updating to capture traits of successful candidates.

### Set expectations



Clearly articulate job requirements and set defined expectations about their job and career path. Shared Services can sometime be mundane without a great deal of excitement and candidates should recognize this prior to accepting a position. Outline a reasonable career path that encourages a positive attitude with the desire to learn.

### "Day in the Life"



Provide a "Day in the Life" prior to having a candidate join your company by having them shadow a resource performing their proposed function. This will allow the candidate to get a feel for the job and environment prior to making a commitment.

### Internships



KPMG's Shared Service center has used interns during the busy audit season with great success. KPMG found this to be a fantastic way to identify good talent, making offers to quality candidates upon graduation.

# GZ SSOA ROUNDTABLE DISCUSSION

## Right people for the right job



Align the talent and skill sets to the job. Does the job require a college graduate? Is experience required for the position? Prior to hiring determine the right person for the job. Make sure to be realistic with the job requirements.

## Salary Structure



Create salary structures commensurate to the job being performed rather than to the number of years experience. Setting the proper salary bands by job type will support success.

## Local resources



Since local resources are already "Home" there is a lower chance they will move to another city if they are fulfilling their career aspirations. Local resources may have the opportunity for better work / life balance and may be around for the "long haul".



## Referral program

This is a tremendous way to reward your current employees with a bonus and hire resources whose expectations have been set by your current employee.



## Exit interviews

This process should prove strategic to your success and future hiring. It's important to clearly understand why candidates want to leave the organization. Information gathered here should be used in the hiring and interview process. This process should be viewed as very strategic to your overall success.

## Employee Management



### Top performer retention strategy

Identify your top performers at every level and communicate their importance to your organization. Specifically design a career path that supports both your SSC and their expectations.



### Buddy system

Align your quality team resources to new joiners to help them throughout their career. This is an informal mentoring system that can help with identifying issues that if not addressed would have led to attrition.



### Monitor "At Risk" employees

Employees who are "At Risk" typically display actions that indicate they are looking for another job or planning to leave. Your company can monitor signs such as: increased sick days, leaving early or coming in late, poor work performance and an overall poor attitude. Reach out to these employees to determine if they are "at risk" of leaving and work to understand the reasons why.



### Job rotation

Setting up job rotations provides your key employees with exposure to many aspects of your Shared Service Center. Often times new employees are looking for exposure to many aspects of both the SSC and your company, therefore finding the quality candidates and offering a rotation can be a win / win. Job rotations can show your organization is making an investment in the employee.

## ID Promotion candidates



Design a career path for specific candidates either inside the Shared Service Center or within other areas of your organization. An SSC can be a great training ground for supporting all aspects of your organization.

## Succession planning



Clearly define your future leaders and align a plan that can support moving team members either to different SSC roles or to other areas of your organization. Creating a Shared Service center can be a tremendous way to find "top quality" resources.

## Conduct survey's / "Listen" / Take Action



Conduct surveys to gain an understanding of various aspects of employee satisfaction. The key is to obtain the feedback and react accordingly, conducting surveys without taking action can be detrimental to the process. Create survey's with standard questions so you can create an overall trend and also incorporate topical questions to help gain specific insights.



## Team building

Create both formal and informal team building activities within your Shared Service center. This is a great way to create an organization that works hard and also has some fun events.

## Continually Communicate expectations

Set clear expectations constantly to provide your employees what the expectations are and track success when these expectations have been met.

While discussing retaining talent we felt it was important to capture the reasons identified by employees that have left the organization. We've captured below the main reasons:

- Salary increase expectations
- Overall job nature
- Limited career path
- Poor disposable income (high cost city)
- Limited exposure to other task
- Not exciting enough
- Quit for no specific reason



# GZ SSOA ROUNDTABLE DISCUSSION

## What was said . . . . .

"5 years ago China was the second cheapest locations of our 5 Asia Pacific delivery centers and today it is our second highest"

"2 key significant attrition periods are at the 6 month & 2 year timeframes"

"Tier 2 cities have similar salary structure to those in Tier 1 cities with significantly lower cost structure offering employees more disposable income"

"SSC's need to refine the recruitment process to incorporate information gained from the exit interview process"

"Management level employees have the same salary levels as peers in Hong Kong and the rest of the world"

"Students come to GZ for education, find a job upon graduation, get 2 years experience and move back home with education and experience"

"The GZ government needs to educate and encourage the city about Shared Services and the opportunities it presents"

"The government should offer incentives for companies to set up their shared services in GZ"

"Team leaders lack people management skills and Managers lack process management skills"

"Disposable income is a big determinant for employees leaving GZ, as their housing costs and taxes continue to substantially increase"

"Hire resources who can properly support your customer base"

"Set very clear expectations"

"Attrition rates appear to be much higher in the Southern China than in the Northern China"

"Upon exit interviews, strive to really understand the reasons for the employee leaving. Use this process to make changes and incorporate into the recruitment process"

"Identify local resources to see if they have the skill sets to train for leadership roles, they are already 'home' and can potentially be more stable for your SSC"

"open up communication with your employees to let them know "where they stand" from a performance and succession planning perspective"

"Graduates sometimes don't know what they want from their career and sometimes quit without another job lined up"

"If you conduct employee survey's make sure you 'act' on the results and show that you listen and react"

# THANK YOU!

Thanks to all those that participated.

Please contact **Gary P. Nowak** should you wish to participate in future Round Table discussions. KPMG will be conducting these sessions throughout China.



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