



Global business services – **Executive leadership**

Key findings from KPMG's Sourcing Advisory 3Q14 – Global Pulse Survey

Within the next 3 years, most global companies are expected to undertake the massive project of centralizing their global business services (GBS) within a single organization. But surprisingly few companies plan to empower a senior executive to steer the organization through the change. With no one at the wheel globally, companies are unlikely to realize anywhere near the full value that the transformation can bring.

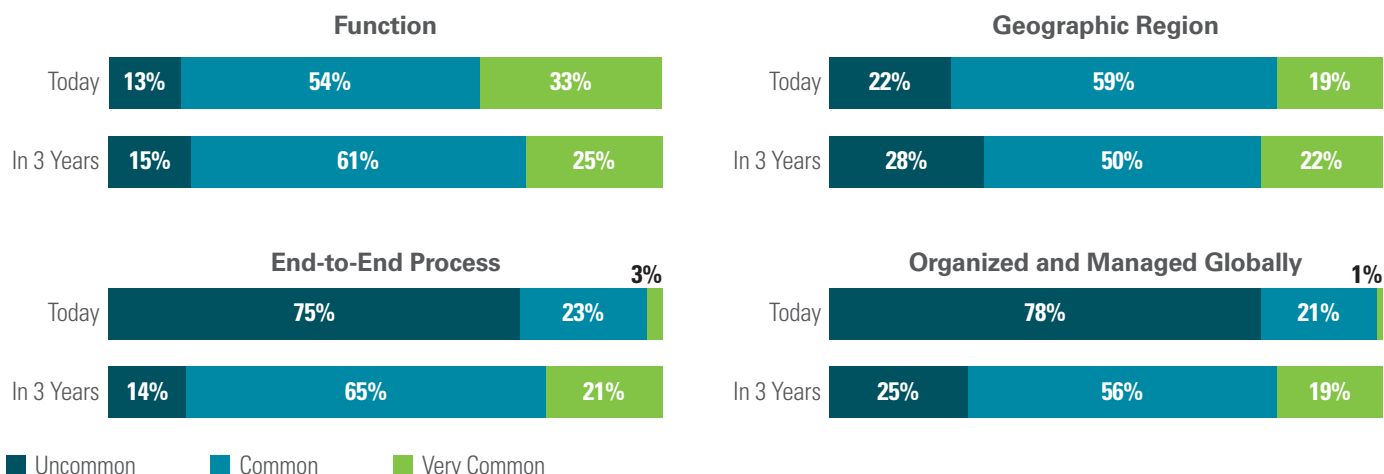
These are some of the key findings from the survey of leading business and IT service providers, as well as sourcing advisory professionals from KPMG International's member firms.

Global GBS organizations gain ground

Bringing GBS services into one organization helps maximize efficiency and effectiveness and drive greater business value. Most global GBS organizations are still organized and managed by function or geography, but the trend toward greater centralization is clear.

Only 21 percent of advisors say globally organized and managed GBS management models are common today, and only 1 percent say they are very common. But in 3 years, 56 percent of advisors say that such models will be common.

GBS Organization and Management Models



Source: KPMG Quarterly Global GBS Pulse Survey 3Q14

Despite this trend, functional or geographic GBS leaders report to a single global GBS executive in only a few organizations – 10 percent or less, according to the majority

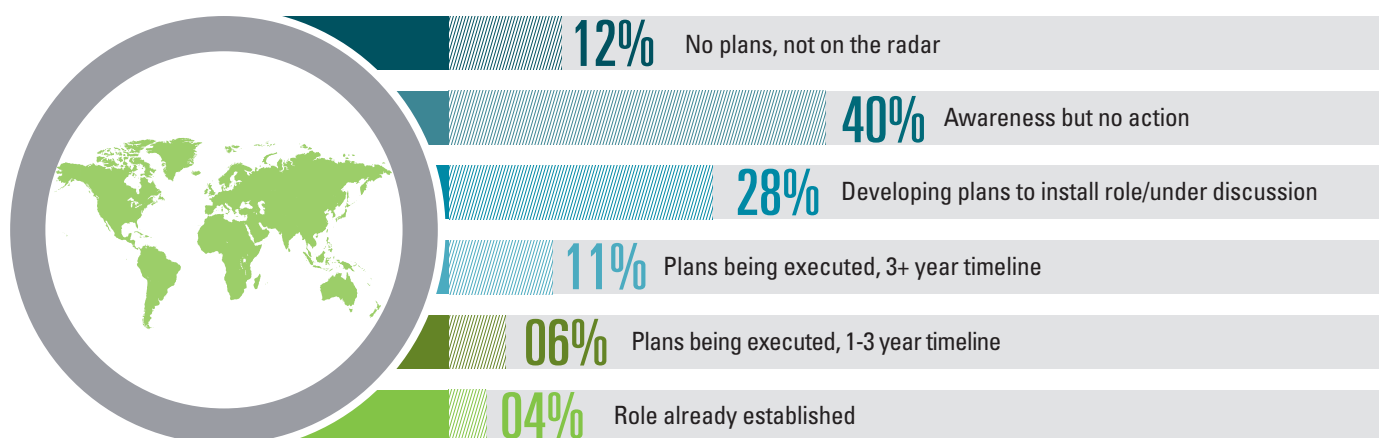
of advisors. A similarly low percentage of companies have a global GBS executive in place or plan to have one in place within the next 3 years.



As globally managed GBS organizations grow more common, the fragmented nature of GBS operational and executive leadership and its relatively diminished stature compared to CXO level roles will continue to impede efforts to drive to high levels of GBS maturity. GBS leadership is needed to set the vision for the organization and to get buy-in and alignment across the functions.”

David Brown, KPMG’s Global Lead, Shared Services and Outsourcing Advisory practice

Progress toward installing single GBS executive leadership



Source: KPMG Quarterly Global GBS Pulse Survey 3Q14

Getting buy-in and alignment from other functional leaders can be a GBS leader’s biggest challenge. Senior executives of individual functions can be reluctant to cede control over aspects of their responsibilities. These executives need to be

persuaded that transferring activities to the GBS organization would benefit them and their function, as it would free more of their time for activities that add more value and raise their own profiles.



Consolidating and running GBS services in a single organization is hugely complex. Our organization delivers about 25 separate services, from procurement to HR to IT. The person in charge needs to have the clout to drive decisions across the global GBS organization and the internal clients that it serves.”

Lee Coulter, Chief Executive Officer, Ascension Health Ministry Service Center

Clients of the GBS organization need to believe it is the best alternative for meeting their service needs. Becoming a provider of choice means that the GBS organization needs to

create a culture distinct from the host organization. In fact, GBS needs to be run on the same profit-oriented, customer-focused basis as any other successful service business.

Benefits of a well-managed GBS organization

A well-managed GBS organization can drive measurable business value above and beyond cost reduction by:

- increasing the effectiveness of services delivered
- providing a better customer experience
- expanding and synthesizing data analysis to support decision making
- improving overall supply/service chain efficiency and effectiveness
- reinforcing overall firm regulatory compliance.

With visibility and control over all disparate functions within the GBS organization, GBS executives can spot opportunities or problems that might be missed by functions or units operating in isolation. For example, centralizing the data and analytics of separate functions not only reduces overlap, but it can also reveal how business decisions of one function can affect other parts of the organization.

Similarly, the GBS executive's broad perspective means changes to procurement strategies can be made with an eye to their sales tax and customs implications, and consistent standards across functions and geographies can be set to reduce the risk of regulatory compliance failure.

Opportunities for early movers

In terms of the development and spread of a single, CXO-level GBS executive role, the market is in its early stages. The role is new and relatively rare, so finding someone with the right experience and skills can be a challenge. The politics of creating such a new role are significant. The company's leadership may need persuading to see GBS as more than a vehicle to cut costs – but as an asset to be nurtured and grown and integrated across functions and geographies.

Organizations that overcome these challenges and move early to define a higher level and more influential role for the GBS executive, stand to drive the value of their GBS organization to new heights and win long-term competitive advantage.

For more information please visit www.kpmg.com/GBSleadership

To find out more about the impact of these trends on your organization and potential strategies for response, please contact:

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