



# SHANGHAI SSOA ROUNDTABLE DISCUSSION

Event Date - Friday December 5th, 2014

**SH Roundtable – 19 participants,  
11 companies, 4 themes, 3 hours of  
engaging conversation.**

**“Thank God it’s Friday” (TGIF)**, is there anything better than talking Shared Services on a Friday afternoon??? For me, this is the best way to start of the weekend and based on our discussions, other SSOA professional feel the same way, enjoying our robust 3 hour round table. I’ve been involved in Shared Services for over 15 years and continue to learn something new everytime I’m around other SSOA experts.

*“Executive ‘buy in’ is  
essential to developing  
a proper branding  
strategy.”*



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# Shanghai SSOA Roundtable Discussion

## Participants

**KPMG**

**LUXOTTICA**

*Unilever*

**gsk**

**UBS**

**CDP**

**DSM**

**AB InBev**

**Yum China**

**General Mills**

**STARWOOD**

**STARBUCKS**

## Setting the Stage

KPMG is continuing our series of Friday SSOA round table discussions. Conducting our first Shanghai round table discussion, we decided to keep the topic open to capture those areas most relevant. Companies represented were all at different levels of maturity from contemplating setting up a Shared Service Center to nearing maturity. Participants attended to learn / share ideas and increase their knowledge. 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.

## In this edition

KPMG created an open ended session not knowing where we were headed. The great thing about getting Shared Service Center experts together is there is almost always a passion about what they do and an openness to discuss all areas of Shared Service Center's. The group landed on 4 themes as represented below:

1. Branding your Shared Service Center
2. Align Executives
3. “Run your Shared Service Center like a business”
4. Location, location, location





## Branding your Shared Service Center (SSC)

Why should you “Brand” your SSC and what does that really mean?

Employees have a “negative” perception when working in an SSC

Executives ONLY want savings from their SSC

Want value from your SSC? “Brand” it!

The purpose of Branding your Shared Service Center is to help both executives, SSC employees and your organization understand the purpose of shared services and how it fits into the overall corporate business strategy. **Executives** typically want to obtain value and quality very quickly; over time a solid shared services strategic plan can deliver on other dimensions as well. **Employees** want to know that what they are doing matters and they are helping reach corporate goals. The **organization** wants to meet overall goals and objectives. Branding is very prominent globally and is becoming necessary in China. Unlocking the true value of your SSC can be accomplished with “Branding”.

Typically there are 6 dimensions where companies should focus and define their Brand i.e. “who they want to be” and how they want to be perceived.

### Leadership

- Business acumen, vision and integrity of leadership, growing the business

### People

- Knowledge, experience, dedication and helpfulness of staff

### Quality

- Consistency, timeliness, reliability, responsiveness, completeness and accuracy of services, adding value

### Value

- Cost, price, transparency and value delivered

### Relevance

- Business impact across service portfolio, defining policy and corporate strategy

### Insight

- Creativity, innovation and relentless pursuit of transformation

All of the above dimensions require definition and alignment within your organization.

The group talked about employees and the “negative” perception of working within shared services. This is a significant detractor to the overall success of your shared services structure as it impacts overall attrition, work quality and employee satisfaction. A solid branding strategy can help the shared services employees feel like they are making a difference to the organization.



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Overall Executives need to understand the 6 Branding dimensions and how their thinking needs to be aligned over time. KPMG typically sees an 18 to 24 month cycle where companies evolve from one dimension to the next.

## Align your Executives

Executive Quote - "Reduce the costs of the Shared Service Center"

Growth is one of the best ways to keep Executive happy, but you need to know how to leverage this growth

Savings don't miraculously happen, investment is required

Executive expectations set for our SSC are unreasonable

Executive expectations can be one of the hardest aspects of running a successful Shared Service Center. The group had some fantastic dialogue around what their business leaders are expecting from shared services. As a shared services leader your job is to manage expectations at all levels. Setting reasonable expectations very early will contribute to your overall success, experience shared throughout our session provided some valuable insight.

A represented company indicated the following:

- Limited growth
- Stable Shared Service Center
- 100 employees

The executives of this company wanted to see cost reductions and additional savings. These savings are very difficult to obtain and the group discussed ways to meet expectations. Significant savings can be achieved typically in 2 ways, running a better process or through technology, each have their own limitations

and both require an investment. Savings are difficult to achieve without some sort of investment and it takes a strong leader to communicate this message and get the investments required.

Significant growth is a key enabler to achieving additional efficiencies and generating savings. Without growth there is limited opportunity for savings beyond those originally captured. A representative company is seeing significant growth and is capturing savings through leveraging their Shared Service Center. "Cost Avoidance" should be captured in the business case, where taking additional work significantly leverages the shared services structure to obtain value without increase headcount.

## "Run your Shared Service Center like a business"

An entrepreneur makes for a great leader of an SSC

Your company is your customer, treat them accordingly

Add Value every chance you get

Business units should knock on your door and beg for you to provide services

Some Shared Service Center leaders are more entrepreneurial than content experts. GE set up their own captive center and did such a great job that they created Genpact, which is now a tier 1 global service provider. Most companies won't go to this level; however a Shared Service Center can become a profit center for the organization with the right leaders, vision and branding strategy.

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Manage by metrics is a common theme to Shared Service Center's and a great group discussion point focused around highlighted the costs associated with separate business units operating differently. A Shared Service Center can highlight business unit differences and the impact of these business practices, policies, etc. A Shared Service Center shouldn't dictate how businesses operate, they should highlight to executives the impact of "non standard" practices between business units.

Multiple round table participants had this mind set and other participants were truly engaged and enlightened by some of these detailed discussions. Simply providing metrics can be useful to a business unit, but when you start providing insight around the metrics you've taken your Shared Service Center to another level.

## Location, location, location

Where is the best place to set up my SSC

Can I get Government support

SSC leader or location, what should you find first?

KPMG seldom have Shared Service Center discussions without talking about the merits of one city versus another. As our roundtable took place in Shanghai, most companies had operations within the city and were very happy with both the quality of candidates and the overall attrition rates. The main benefits to setting up within Shanghai were:

- Ability to attract quality candidates at all levels
- Lower attrition rates than being experienced in other China locations
- Leveraging for higher end work
- Better efficiency
- Bigger vision and an international mindset

When choosing a location, there are multiple factors to consider and each company is driven by a different set of decision criteria, so there isn't a "right" answer when choosing a location. KPMG has recommended that choosing the Shared Service Center Executive team is just as important as the city, since the right Shared Service Center leader can create a successful Shared Service Center no matter which city is chosen. One discussion item that became clear was to engage the local government authorities early to understand the incentives that they may be able to provide, as this can have a tremendous impact to your overall business case.





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## In Summary

Create a "Brand" for your SSC!! This was the key theme that we captured during our round table session. Creating a "Brand" will 1) align executives 2) provide vision for Shared Service Center employees 3) define the overall objectives to help reach organizational goals. Branding can go a long way to getting the "People" aspect of your shared service center right: critical since People are a key success factor to a healthy shared service structure.

**It's never too late to establish your Shared Service Center brand.**

KPMG is extremely grateful to all the participants who gave their time, insight and energy to this 3 hour round table session. KPMG will continue to conduct and coordinate these sessions and hope that you will participate in our next one.



## What was said . . . . .

*"Providing employees with a 1 to 2 year career vision would significantly improve staff retention."*

*"Executives need to define what they want their Shared Service Center to be, "highly visible" or "below the radar screen"."*

*"Executives are looking for me to cut the cost of services . . . ."*

*"Shanghai was chosen based on the fantastic pool of talent."*

*"Housing government subsidies are being offered in many cities to support the growth of shared services."*

*"Our attrition rate 3 years ago was 30%, today we've reduced it to 12% based on actively managing our employees and setting expectations."*

*"Shanghai is a great city for Shared Services, there are many universities and people are very open minded."*

*"Higher attrition is good for our organization as it keeps costs down."*

*"Solid documentation and clear roles and responsibilities are imperative when attrition rates get over 15%."*

*"Our organization is evolving to look at cost per invoice processed rather than the cost of a fresh graduate."*

*"Shared Service Center staff need to feel they are part of a company strategic initiative."*

*"We highlight to our Shared Service Center staff how important they are within our organization."*

*"We are located in Southern China and our employees feel a great deal of stress and pressure."*

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## What was said . . . . .

*"Our organization isn't seeing much growth and it's difficult to reduce costs without significant growth, process improvements or a technology investment."*

*"The purpose of a Shared Service Center is to highlight the impact of business unit nuances and the cost of their being independent."*

*"Our Shared Service Center is all about control and reducing risk within the organization. We view the Shared Service Center as a growing platform and we are getting a very positive reputation within our company."*

*"Overall people are very resistant to change."*

*"For our company, shared services is "game changing" and will separate us from our competition."*

*"We 'Sell' our Shared Service Center throughout our organization."*

*"Our knowledge transfer consists of a 5 week program and the key is to get to the location and start learning how they do business."*

*"For a successful transition, you need one person that truly understands what is important and teach them how to leverage the other people of their team."*

*"Getting the right attitude in knowledge transfer team members is more important than understanding the content."*

*"Start transition even without a detailed plan; don't be paralyzed by too much documentation."*

*"Growth is a huge factor in getting the most out of your Shared Service Center and leveraging economies of scale."*

# THANK YOU !

Yvonne Zhang, Jessica Yu, Phui Har Lim, Lyndon Chao, Wei Lu, Tony Lin, Mark Ma, Mary Li, Liya Cao, Shang Sheng, Philip Jiang, Florence Yu, Feng Bao, Gary P. Nowak, Yong Zhu, Connie Zhao, Sara Shang, Xiao Cheng, Cynthia Yang

**Thanks to all those who participated.**

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

## Link to SSOA Publications:

<http://www.kpmg.com/CN/en/services/Advisory/Management-Consulting/Sourcing-Advisory-Services/Pages/Publications.aspx>

## and Guangzhou SSOA Roundtable Discussion:

<http://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Pages/Guangzhou-SSOA-Roundtable-Discussion-201409.aspx>