Shared Services
Small Investments BIG Rewards

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Today’s Objectives

Where to start...
• People
• Process
• Technology

How to...
• Define your Vision
• Develop an Approach
• Focus on Process Efficiencies
• Implement Low Cost Automation

Always Necessary...
• Impact Analysis
• Change Management

What Can Be Gained...
• Cost savings
• Value drivers for business
Organization And Process.
CASE STUDY

A full scope financial shared services organization that supports a company’s Global Operations.
Vision.
01 / Operate as an **integrated, global** organization

02 / Be able to **easily scale** to onboard new business.

03 / Emphasize a **robust controls** environment.

04 / Continuously **drive efficiencies** through consistency automation and process improvement.
OBJECTIVES

- SPLIT FINANCE FROM ACCOUNTING
- COMBINE ACCOUNTING INTO CENTER OF EXCELLENCE
- REORGANIZE FUNCTIONAL ORGANIZATION
Approach.
Are you taking an internal approach?

Understand Your Environment

Initiate Change

Be Realistic

Track Your Savings
Define Your Plan.

- Regional Approach
- Divisional Approach
- Service Tower Approach
- One initiative at a time or simultaneous initiatives
Steps.
Align by function vs. by division
Financial Shared Services

**Accounting Services**
(R2R, O2C, P2P, Payroll)

- Transactional financial operations across the global Finance & Accounting organization

**Reporting Services**
(FP&A)

- Reporting and decision support services across the global Finance & Accounting organization

**Advisory Services**
(Technical)

- Support in accounting areas that require judgment and/or application of technical guidance

**Business Improvement**
(Project Support)

- Consulting and program management services for organizational improvement initiatives
Centralized Leadership
Create Standard Processes
Common Close Calendar
Common Approval
Thresholds Centralized Reporting
Every process improvement idea needs to have an ROI or eliminate a significant financial risk.

If it doesn’t... don’t approve.
Process Governance

Create a process improvement framework with project support to facilitate solutions

Allow the “doers” to identify solutions

Submit project proposals in standard template with ROI defined up front

Projects requiring $<80$ hours of time consider as “Quick Win”. No project oversight.

Projects requiring $>80$ hours of time should be placed in project roadmap and provide project support.

Remember all projects need to have an ROI.
Goal

Transition accounting to a quarterly close focus by eliminating various monthly activities.

Rely on systems and GL interfaces during non-quarter end months.

Perform manual accruals only at quarter end.
Soft Close Impact

Higher level financial statement variances
Reduce Close Meetings
Record Manual Accruals Quarterly vs Monthly
Group Account Reconciliations

Savings 10,000 hours (5.5 FTEs)
Low Cost Technology Automation
Technology Initiatives

Balance Sheet Reconciliation Tool
- Standardization
- Automated Review and Approval Workflow
- Direct access for Auditors (Internal, Compliance and External)

Automated JE Workflow (with existing ERP tool)

ERP Consolidation vs Full Scale Implementation
- One single instance of ERP
- Eliminated certain intracompany transactions
- Easier data access and reporting

Cloud Based Tools – (e.g. Vendor Maintenance, Cash Applications)

Timeline 6 to 12 Months per project
Other Initiatives

It all adds up.
R2R  Reduction in business units & departments
P2P  Reduction in Invoice Approval Thresholds
R2R  Reduction in Manual JEs
OTC  Reduction in Invoice Discrepancies
R2R  Streamline Financial Systems Support
Change Management.
WHAT IS THE OBJECT OF CHANGE MANAGEMENT?

To ensure a smooth transition to a sustainable and new environment whenever possible.
MEASURES OF SUCCESS

SMOOTH TRANSITION
SERVICE LEVELS
NO MATERIAL ERRORS

CONFIDENT EMPLOYEES

VALUE FEEDBACK
EMPLOYEES
STAKEHOLDERS
PHASES OF CHANGE MANAGEMENT

KPMG “Wheel of Change” (2011)
**CHANGE RISK**

- Accounting Errors
- Disruption to Employees
- Shared Service Roles, New Skills

**STRATEGY**

- Job Training Activities
- Communication Plan, Issue Reporting & Resolution
- Training & Clarity
CHANGE RISK

Service Level Deterioration
Perception of Separate Career Paths
Retention of Key Talent

STRATEGY

Cross Training, Issue Reporting, Resolution & Defined Service Roles
Career Pathing & Job Rotation
Communication, Defined Roles & Responsibility
High Power

KEEP SATISFIED

Low Interest

KEEP AN EYE ON

High Interest

KEEP INFORMED

MANAGE CLOSELY

Low Power
WHERE ARE YOU ON THE PATH OF CHANGE?

“they’re not really going to do this!”

“how will this affect me? can i cope?”

ENDING, LOSING, LETTING GO

“what will my place be in the new organization?”

“maybe if i... what if i...”

NEW BEGINNING

“you know if it’s like this, then... new possibilities”

NEW BEGINNING

EMOTIONS

DENIAL ANXIETY
ANGER SADNESS DEPRESSION
FEAR DETACHMENT
BARGAINING CONFUSION
INTEREST EAGERNESS
ACCEPTANCE EXCITEMENT
Leadership Engagement
Leadership Talking Points
Weekly Emails
Timeline of Activities
Cross-Training
Stabilization
What Can Be Gained.
Cost Savings: 5-Year Run Rate

Approx 30%
Value Drivers for Business

1. Working Capital Improvements
2. New Business Initiatives
3. Reporting and Analytics
4. Cost Reduction
1. Adhere to your Vision
2. Develop an Approach that fits your organization
3. All Process Improvements have an ROI
4. Low Cost (internal) Automation is Achievable
5. Don’t forget Change Management
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