BPM Shared Services
It's Not a Cake Walk!

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Introduction

Shared Service Centers have become the new Holy Grail in recent times. Businesses are increasingly investing their time and money in building shared service setups to enhance their service delivery capabilities.

Shared Services, as a concept, has been in place since the mid-1980s. Shared Service Centers (SSC) have always been considered as cost centers and non-profit centers and cost reduction seemed to be the biggest motivation factor to move to SSC.

Gartner's standard definition of SSC is as follows:

"Shared Services or Shared Service Centers (SSC) refers to a dedicated unit (including people, processes, and technologies) that is structured as a centralized point of service and is focused on defined business functions. These functions are supported by IT and IT services for multiple business units within the enterprise."

As per the findings of *Deloitte's 2015 Global Shared Services Survey*, the above definition certainly needs to be revisited. An SSC is not focused on defined business functions anymore. Organizations across the globe are moving away from the single function concept and are pursuing multi-function SSCs at the start of their shared services journey.

71% of the survey respondents are looking to increase the number of functions within their SSCs in the future. Cost reduction is no more the sole driving factor. Though it still remains the major factor to look into, service responsiveness, timelines, and score cards are the new flavours of the season.

Process standardization is one area which needs to get the highest traction when any firm adopts to SSC. **61%** of the survey's respondents standardized their processes after moving to a SSC model. Business process transformation has emerged as the new success mantra. Setting up a Business Process Management Shares Service Center is what many companies are excited about. In fact, most firms have already been on the journey of BPM Shared Services.

So, what is BPM Shared Services? How and why do we migrate from the standard, function-centric Shared Service model to this process focused BPM Shared Services model? What is the need? What are the benefits? What will be the implications on our current business landscape? How will we setup governance procedures? Let's go step by step. We will have answers to all these questions.

The Loophole!

Standardize and Stabilize	Consolidate and Professionalize	Outsource
1. System Implementation (ERP) 2. Local Standardization 3. Control co-ordination	1. BPM Shared Services 2. Process Harmonization 3. Process Benchmarking 4. Internal Process Assets	1. Service Outsourcing 2. Third Party Involvement 3. Contracts

Figure 1: The Evolution Cycle

Let's deep dive into the system/product evolution cycle of an organization. As depicted in figure 1, the evolution cycle in any standard organization can be classified into the following three phases:

1 Standardize and Stabilize

In this phase, organizations aim at setting up their internal processes and procedures via standard products, tools and packages such as an ERP, a BI engine, or an internal analytics dashboard. The focus remains at doing everything internally – on your own.

2 Consolidate and Professionalize

This is the phase where we are interested in. This is the phase where concepts of Shared Services, process standardization, process bench-marking etc. come into the picture.

3 Outsource

The final phase is related to service outsourcing to a third party supplier. A Business Process Outsourcer (BPO) or a Service provider is called in to cater to the customer's requirements.

Companies tend to focus a lot more on the first and the third phases (Standardize and Stabilize, Outsource) than on the middle phase of Consolidate and Professionalize, which I would call the BPM Shared Services phase.

The normal tendency is to incubate a process or a system internally under the Standardize and Stabilize phase, and as the process and system functionalities grow with time, you call for help from a third party vendor without really focusing on the need to setup an internal Shared Services Center first. Now that we have figured out the loophole, let us understand the logic behind BPM SSC implementation.

The Need

Figure 2: The Need for BPM SSC

1 Islands of Information

This is the standard issue seen with companies across the globe. Multiple software systems are deployed to cater to different business units. Collating data from such diverse systems and painting a clearer, summarized picture can be a cumbersome job.

2 Lack of Standardized Processes

Each business unit within the organization follows their own set of rules and procedures. The set of processes being followed in business unit A might be entirely different than what are being followed in business unit B. In cases such as employee transfers from A to B, business unit mergers etc., the process alignment exercise would be the first task to look into which actually is quite challenging, as process standardization is missing.

③ High Maintenance Costs

Maintaining diverse software across business units requires broad range of technologies such as mainframes, client/server architecture, and distributed SOA. This puts a huge dent in an organization's pocket.

④ Holistic Process View

Organizations feel a considerable and understandable need to have a holistic view of their overall processes, and want to have the ability to monitor their processes, policies and procedures across business units. Organizations can only deliver real value to their customers through cross-organizational business processes.

An organization's business strategy can be implemented and delivered to the end customer by means of the inherent business processes of the organization. And to ensure that these business processes are delivered efficiently, the process initiatives conducted across the organization should be properly coordinated, managed and controlled.

All organizations tend to understand this logic, but very few actually use this logic while delivering their services to the end customer. Very few organizations have a dedicated, centralized structure of a BPM SSC dedicated to this objective.

Traditional vs Process Oriented Approach

Traditional Silo Approach

Organization Level

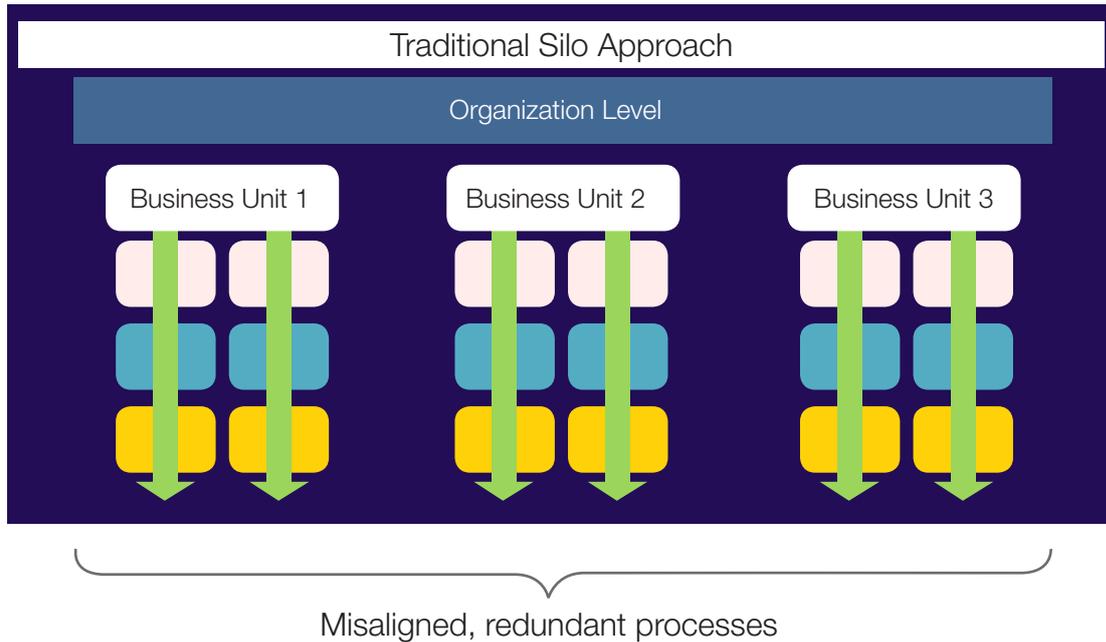| Business Unit 1 | Business Unit 2 | Business Unit 3 |

Misaligned, redundant processes

Figure 3: Silo Approach

Redundant activities and duties take place among different business units

Lack of cross-organization control

Multiple moments of truth
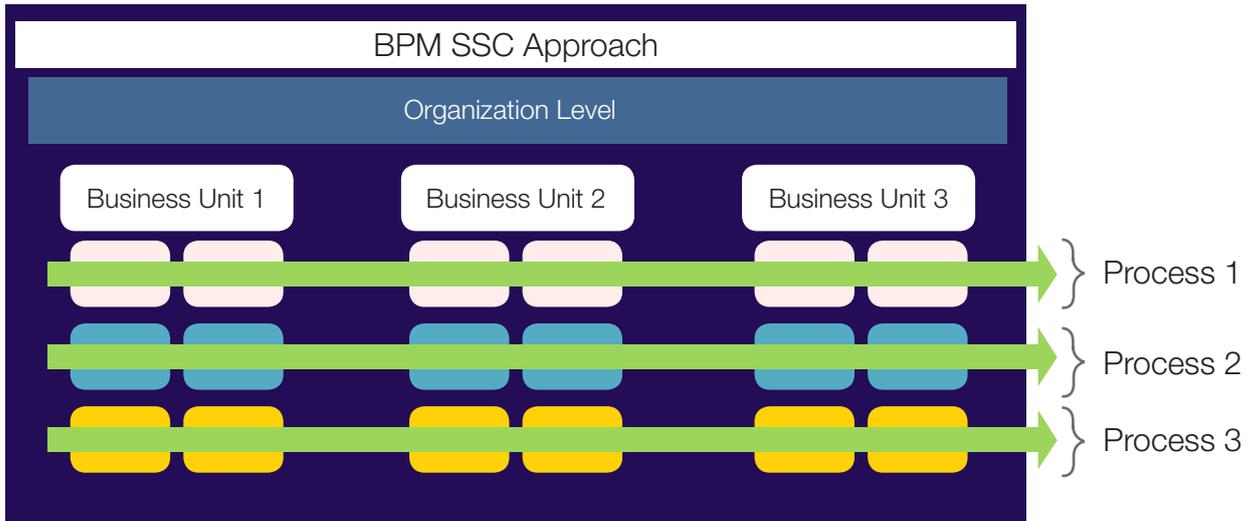
Misaligned and isolated way of working

Figure 4: BPM SSC Approach

Complete end to end process visibility

Selected few moments of truth

Less breakpoints and handshakes

Process visibility and control

Shared ideas and problem solving

Potential to combine common processes

BPM SSC Structure

A BPM Shared Services Center is the centralized micro-organization within the organization that is focused on the enterprise-wide coordination of process activities. The BPM SSC team is the link between the strategy and execution. This team is the agent of change responsible for putting together a set of standardized methods to capture processes, address process related queries for business units etc.

The BPM SSC is primarily divided into two components:-

1. **BPM – Business Process Management**

2. **BPI – Business Process Improvement**

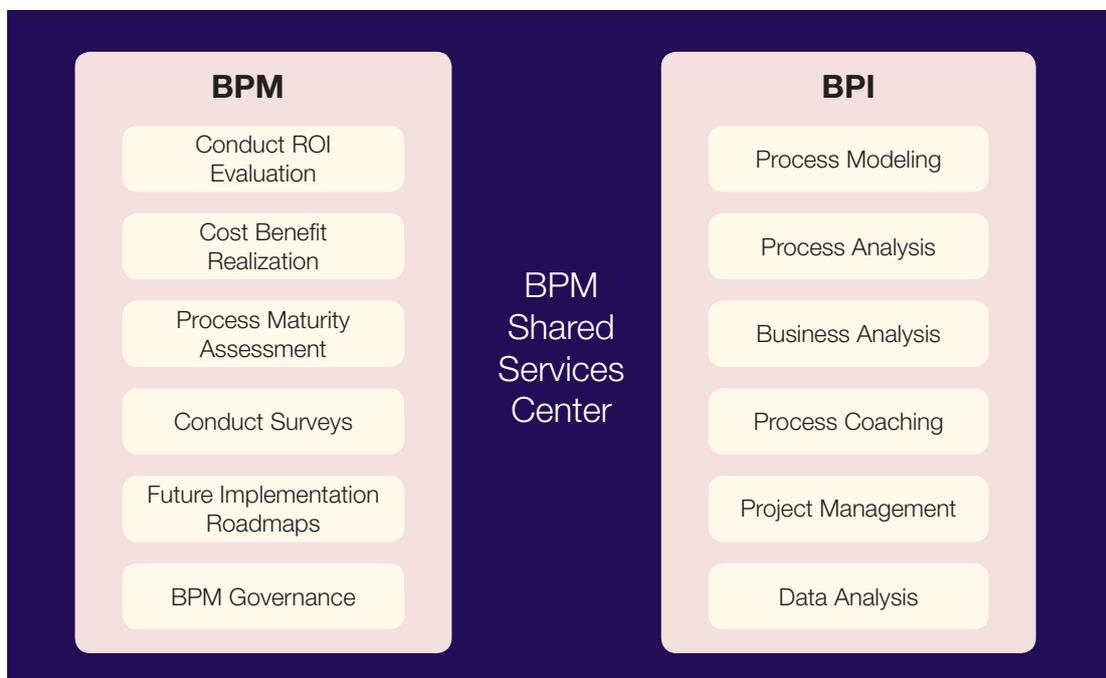| BPM		BPI
Conduct ROI Evaluation		Process Modeling
Cost Benefit Realization	BPM Shared Services Center	Process Analysis
Process Maturity Assessment		Business Analysis
Conduct Surveys		Process Coaching
Future Implementation Roadmaps		Project Management
BPM Governance		Data Analysis

Figure 5: BPM SSC Structure

BPM is the macro piece. It includes activities which are purely strategic in nature. Activities such as conducting process maturity assessments within and across business units, customer surveys, evaluating ROIs etc. fall under BPM space.

BPI is the micro piece. It includes activities such as process improvements, process modelling, Process coaching, business analysis etc.

Skill-set

BPM know-how and skills are rare to find and it's pretty difficult to find BPM consultants in each business unit of an organization. This is where the BPM Shared Services Center comes to the rescue. BPM SSC on-boards consultants having rich experience in BPM and Process modeling. Following are the key skills:-

Follow BPM standard methodology for process design and re-engineering.

Mentor and coach project/business unit

Conduct Process training and skills transfer to every project

Process architecture expertise

Platform management

Education and training

Best practices development

Vendor product expertise

Process modeling

Process repository

Roles

The BPM and BPI teams typically constitute of the following roles in a shared services environment:

BPM	BPI
Business Architect	Project Manager
Business Trainer / BPM Coach	Process Modeler
Business Rules Specialist	Process Analyst
Methodologist	Business Analyst
	Data Analyst

Figure 6: SSC Roles

Project Allocation and Funding

The **BPM team** is **centrally funded** at the corporate level whereas the **BPI team** is funded by **specific projects** that come under specific business units. Let's take an example:

Organization ABC has decided to move to a BPM Shared Services model and they have also identified and recruited the workforce under BPM and BPI category. Organization ABC has 10 business units out of which business unit 1 and business unit 4 are facing performance issues and are in dire need of the BPM SSC team to help them streamline their processes.

Process consultants from the BPI team will be allotted to business unit 1 and 4 and these two business units will be responsible for the funding of these resources. There can be one or two people from the BPM team who can be aligned to these two business units but their funding will be catered to at the corporate level.

Benefits

A BPM SSC works on the principle of consolidation. It promotes the consolidation of few and difficult to find resources with niche process modeling and management skills that can be shared across business units of the organization.

The business units meanwhile can maintain their focus and vision on profit-making activities, while the BPM SSC tem will work in the background, supporting the business units with process standardization and best practices.

Thumb Rules

Executive Sponsorship – Setting up a BPM SSC is a big investment, involving hardware, software, people and project costs. It is a kind of a start-up in which the business will invest whole-heartedly only if they have supreme confidence and faith. Many times, businesses start with the SSC establishment exercise but loose the steam mid-way due to lack of vision and apprehensions.

Technology Agnostic – The BPM methodology should be independent of any technology. The terms and definitions, BPM standards, best practices etc. should be generalist in nature that can be applied (though may be at a high level) across the business units of an organization.

Effective Communication – You need to connect with the business and explain the SSC reference architecture in detail, time and again. You won't understand "what's in it for me", until you pass on your message effectively time and again. Once you succeed, you will see demands getting created. Business units will start asking questions – "How can your team help? Can you do a quick demo exercise for us?", "Can you provide assistance for our pilot project?"

Get Ready! – Once you get the business units interested, you will start getting demands. The demands come quickly and for that, you need to get your capacity ready. Recruitments with diverse skills will be the key. So, be ready for recruiting workforce to align and stay aligned to your project forecasts and plans.

The Pitfalls

There can be multiple hindrances in the path of BPM SSC implementation such as:

Conflicts – The Shared Services team's main task is process harmonization. Different business units might be using their own processing methods. To make all the business units sing the same tune is a tough task for sure, but the conflicts need to be resolved at any cost for process alignment seamlessly across business units.

Lack of documentation – Business units may not have their standard policies and procedures documented which can be challenging.

Legacy systems – Some of the business units might be using age old systems to execute key business processes.

Security Policies and Controls – Business units might not be ready to "share" process information to legal bindings or security concerns.

What next?

In order to figure out whether a BPM SSC is really required for your organization, you need to conduct a **BPM readiness assessment exercise.** Questionnaire can be circulated across to key stakeholders and based on the responses received, you might end up doing one of the following three:-

Do Nothing! – The organization is fine with the way they are running today and do not really see a value in setting up a BPM SSC.

Hybrid Approach – You may end up having a BPM/BPI Consultant in every business unit. So, rather than having a centralised BPM/I team, your organization might be comfortable with having a group of BPM/I consultants aligned to specific business units.

Setting Up and Configuring BPM SSC – This would be the real win for your organization and the benefits will certainly be realized in the near future.

Conclusion

Establish confidence and trust with executive sponsors

Implement the SSC sooner rather than later

Be on your toes to recruit extra workforce as per requirement

Be ready to get some flak initially

Take it one step at a time

Aim at completing pilot projects with business units efficiently. Then, go for the kill!

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About Sumit Vij

Sumit is a BPI consultant and an ERP Transformation expert with Tata Consultancy Services' Global Consulting Practice. He holds cross industry experience in business process consulting and has worked extensively on BPMN tools such as Visio. He has 9 years of experience in business consulting in Retail, Consumer Goods, Banking, Manufacturing, Education, Defence and Hospitality domains. He specializes in ERP consulting with a vast experience in ERP integrations and full life cycle ERP implementations.

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