



ACCA BizTalk panellists: From the left - Ferdinand C Balfort (moderator), Tan Joon Suan of Accenture and Ian Brown (BASF Asia-Pacific Service Centre)

■ **Shared Services and Outsourcing (SSO)** is not new to Malaysia. The SSO agenda has been hot since 2004, sparked in part by its third place ranking after giants India and China, in the AT Kearney Offshore Location Attractiveness Index.

The government introduced a slew of attractive benefits to entice more SSO firms into Malaysia and today, more local firms are adopting the SSO message – *focus on your core skills and outsource the rest*. Finance lends itself extremely well to the SSO business because many of the tasks are routine automated and collated.

However, the road to SSO can be terrifying, more so if one lacks knowledge and understanding of what it entails and whether one should embrace it at all. Realising this, ACCA Malaysia organised a new CPD initiative called *ACCA BizTalk on Finance Shared Services Centre – Sharing Best Practices & Tackling Challenges* at the Concorde Hotel on 14 February 2007.

Accenture's Finance and Performance Management Service Line Manager **Tan Joon Suan, FCCA** led the talk with his informational discussion on *High Performance. Delivered*. "The objective of Shared Services is to deliver the optimum in cost effective, high quality services," he says.

"Increased efficiency and service levels is possible via technologies enabling one to re-engineer the processes to get the best while relying on best practices to maintain integrity and control," he states.

Tan adds that CFOs face huge challenges when attempting to re-architect the back office functions. "How do we re-engineer and

Shared Services, Shared Knowledge

Is shared services the new way forward? Leading employers shared their thoughts at the first series of ACCA BizTalk, one of ACCA's new CPD initiatives. **Mary Anne Tan** reports.

introduce the best SSO practices to generate cost reductions, increased efficiency and centralised access to all functions?" he asks.

First off, one needs to develop a Business Case describing the strategic intent, scope of shared services, shares services model, change management requirements and implementation strategy culminating in the cost/benefits assessment of such initiative. It must also include why SSO adoption is vital and its objectives including economies of scale, leveraging scarce resources and the IT investments made.

"The scope of SSO itself is wide, encompassing Finance Human Resources, Information Services, Customer Service and Logistics & Materials management.

Elaborating on the trend for higher performance he says, "one positive trend is

that SSO is now moving past transactional services and gunning for Centres of Excellence or Skills."

He describes three SSO structures – *Corporate Based, Brownfield and Greenfield* SSO centre. What are their benefits? For the corporate based, all transaction processing are consolidated into one department but this is not a SSO model per se because it lacks independence and delivery focus.

The Brownfield model is an inhouse SSO centre but since it uses existing employees, will be hard to convert old mindsets.

The greenfield model is the best since it a new business entity in a new location with a totally new workforce. Its mission is primarily client servicing and many foreign companies prefer this model for China and Malaysia.

Moderator Ferdinand C Balfort of Balfort

Enterprise says Malaysia is an attractive destination for SSO companies but there is a need to revamp the education system and tweak it towards the development of the soft skills and the Emotional Quotient (EQ) so that new graduates are more intuitive, more customer centric, more resourceful, all the traits the SSO sector wants.

Tan says SSO used to be focused on cost management but it has evolved to include a laser like focus on service and performance for the customer. "Accenture discovered that the most common services, for SSO adoption is accounts payable (83%), general accounting (65%), fixed assets (57%), accounts receivables (56%), payroll (55%), travel expenses (50%), financial reporting (48%), HR (44%), credit & collections (43%) and help desk (39%).

The enabling technologies for SSO, includes workflow, enterprise resources planning, document imaging, data analysis and reporting



tools, data warehousing, employee self service, e-procurement, e-payment, CRM and e-billing.

Support from the top

He stressed for SSO to succeed, there must be top management sponsorship, quality SSO leadership, standardised processes, clearly defined scope of services, quality SSO personnel, well defined business strategy and objectives, communication and training, a solid technology platform, change and journey management and strong vision and mission.

"The project must be directly sponsored by the President / CEO and the top management team. There must be a compelling, business case for change. There must be a small, but high impact executive steering committee focused on driving the business case, there should be significant emphasis on change

management techniques to ensure acceptance and traction of delivered results. The project itself must be "business focused" as opposed to "system focused" thereby resulting in an integrated solution of processes, people and technology to deliver a total new business capability.

"There must be a well-balanced, integrated leadership team with excellent business coverage. A strong team with the skills-set, breadth of experience and diversity of perspective and the costs and benefits must be actively managed throughout project itself," Tan says.

Challenges of SSO adoption

Fellow speaker **Ian Brown, FCCA** from BASF Asia Pacific Service Centre had the audience laughing when he jokingly pointed to his grey hair as proof of how hard SSO adoption can be. "It is however, both exciting and intense so think long and hard about whether you really want to do it," Ian recommends.

Describing BASF's journey towards an SSO set up, Ian said that BASF wanted efficiency and cost reductions. For its Service Levels Agreement (SLA) and Standardisation process, Ian said that the guiding principle is - "what you need does not equal to what you want!" He explained that while one may dream of owning a Ferrari, just having a car to travel around is sufficient, so one must be realistic and practical with SLAs and Standardisation."

He also pointed that that the standardisation and harmonisation are the core to the success of any SSO initiative so be prepared to be the most unpopular person around, he warned.

SLAs should be kept simple and make sure the items are easily measurable. "A SLA will state what your obligations are and the Key Performance Index are what you intent on achieving with what you've set out to do," he says.

"Don't be rigid and fixated on the SLA because SLAs will change as the situation evolves. Be prepared to lay down certain ground rules such as optimising the number of payment cycles from several in a week to only one a week. The accounting department then gets to meet its deadline. Incomplete documents will be rejected. Rejection hurts, so the biggest defence against making mistakes is to get it right the first time, otherwise the KPIs will be missed. We're talking here about discipline and efficiency," he said.

"Create process maps before your actual face to face meet with the top management because process mapping helps everyone to visualise the new processes to be implemented

and the changes that will follow," Ian says.

Effective communication

How much should be communicated to the rank and file, one participant asked. Ian says "communicate as much as you can. Get them to understand how it will affect them and the processes. Many companies taking the SSO route do not communicate enough especially if something is done wrong. If it is wrong, tell us immediately, don't wait and hope that things will improve and then grumble when nothing gets changed. Nothing gets changed because the SS is not informed about what so wrong and therefore cannot remedy it," he shared.

Tan says one must work with the client to determine the business case and get the funds to do the work. Sign off for the benchmarks (ideally internal) to prevent questioning later and keep all data confidential and secure.

"Know whether you have a "go" or "no go"



decision make it clear that the client owns the data. Determine the right approach for sizing the Shared Services organisation. Agree on a transition strategy and lastly create a clear activity dictionary (taxonomy) to ensure that the data collected up front is consistent across the organisation," Tan asserts.

Other takeaway points Ian offered included the fact that with SSO, one must always challenge assumptions and long term practices, set the cut off time for receiving of documentation in stone make every one realise that it is not possible to do things in the old, non-productive ways. For many of the participants who are new to the challenges of undertaking the SSO journey, the talk was a veritable mine of information on the best way forward. ■