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Start-Up Services Delivery

Shared Services Start-Ups: The Importance of Leadership

By: Phil King, Associate Partner/Shared Services Solution Leader , Atos Consulting

Peter Drucker said, "Leadership is lifting a person's vision to higher sights, the raising of a person's performance to a higher standard", and "Management is doing things right, leadership is doing the right things". So what are the "right things" leaders should do when starting up a shared services organization?

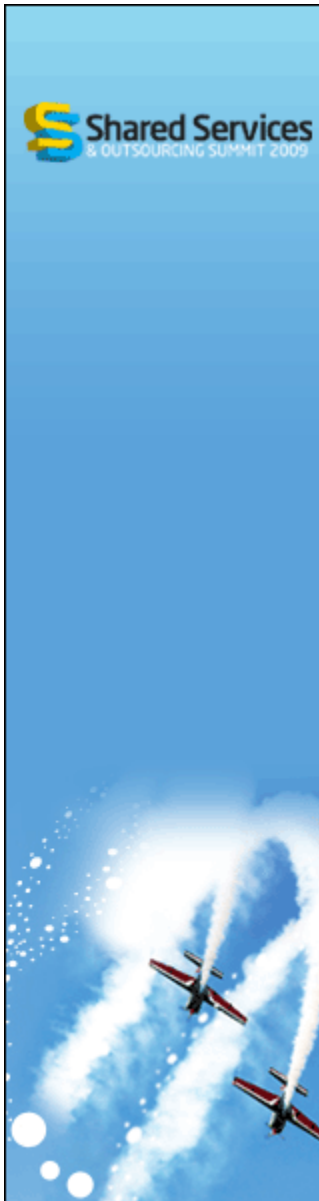
The first place to start is vision. It may sound trite, but if it worked for GE's Jack Welch, then why not in shared services? Jack said, "Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion." The key in shared services start-ups is that the vision must be aligned to the whole organization's vision, and bought into by key stakeholders including corporate management and customers, and shared services management and staff. I have typically started with the management team and then gained feedback from key stakeholders, before cascading down through staff teams in workshops. You have to be an evangelist for shared services, but to make it real, team and personal objectives must be aligned to the vision – if not then something needs to be adjusted! This can begin with action plans from vision workshops and the preparation of a roadmap with key targets to be achieved, and be formalized in objectives documented in a performance management system.

So leadership starts with a clear vision, but is backed up by management processes to ensure progress toward it. I like to identify and encourage people who can grow and develop through their involvement in the start-up...it's a great opportunity for people and will ensure the whole shared services organization performs to a higher standard.

But what more is required from shared services leaders? The start-up project often requires extraordinary resilience in the face of resistance to change, implementing new processes and systems, recruiting and training new staff, and beginning and stabilizing operations. It's not for the faint-hearted! Hard work helps but what I have learned really works is being visible, having an unrelenting focus on the customer, and rewarding and reinforcing everything positive – small wins, positive behaviors and operational successes. At the same time, you must of course make sure any problems are resolved quickly, fairly and openly. It's nice to be positive, but there are some times when you have to be tough, e.g., if management or staff behaviors are not aligned with the vision.

Shared services leaders must somehow get their head up out of the project and operational work to be visible with both customers and staff. While this may mean facing problems head on, time must be spent listening, and developing relationships and alignment. This requires skills over and above what you may have learned from your technical or functional background.

One shared services center I took over was having real problems across a variety of areas – incomplete systems lacking the required functionality. data



issues, process breakdowns and an over-aggressive roll-out plan, with a resulting loss of staff morale and mistrust from customers. Where did I start? With the customers...calling each country Finance Director, and listening to and logging their issues. Then I consulted management and staff, and liaised with the program team to fix some of the problems. We created and reinforced our vision. We began to rebuild staff morale by “good news” social events after month-end during which we recognized and praised successes. After a few months we were back on track and able to successfully transition several large countries, completing the start-up. This taught me that Drucker was right – doing the right things is the essence of leadership – and is especially important in shared services start-ups.

Phil is Associate Partner and Shared Services Solution Leader for Atos Consulting (which is part of Atos Origin, an international technology services company.) He is a Fellow of the Chartered Institute of Management Accountants, a well-known speaker and presenter in the shared services community, and an author of many articles on shared services.

From 1994-1997 he designed, implemented and ran a shared services center for North American financial operations for PHH Corporation in Baltimore, Maryland. During the past 11 years he has played leading roles on several global, European and U.K. shared services projects. He has also held three interim Shared Services Director roles, in London, Amsterdam and Budapest. Most recently, he has been involved in pan-European shared services feasibility, design and implementation, assessments of shared services options on a global scale including comparisons of in-sourcing versus outsourcing and near-shore versus offshore, as well as the development of shared services optimization strategies and leading shared services projects outside of finance – in customer services, procurement, IT and HR.

For more information, or if you have any questions, please contact Phil at: philip.king@atosorigin.com.

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★ Leveraging Interim Managers to Lead Start-Up Shared Services Organizations

By: Ashton Ward, Director of Interim Management, Archer Mathieson

Many organizations lack the internal expertise to strategically and effectively lead the establishment of a new shared services center. This is not to say they lack superior functional experts or executive management. But starting up a shared services organization – whether local, regional, multi-national or global – requires a set of unique skills which can only be gained via years of hands-on experience. Thus, we have seen consistent growth in the use of interim managers to facilitate the change management associated with, and implementation of, start-up shared services centers.

Interim managers are experienced executives with a proven track record of delivery, frequently possessing a particular “tool kit” which can be deployed across different businesses and industry sectors, but who prefer the

variety, flexibility and challenges associated with project-based employment. In the shared services start-up space, interim managers serve as mentors, educating and guiding the company stakeholders through the business transformation initiative from the start of the project, constantly communicating the benefits of embracing change. They also apply their expertise to the successful implementation of the shared services center, including the requisite people, processes and technologies. And as external experts, they can frequently achieve these goals in a streamlined, highly effective manner as they are not embroiled in internal company politics.

A Case in Point

The recently-completed assignment an interim manager we placed at an international "green" energy group was leading the selection and implementation of a group-wide ERP system within a finance shared services center. The project was multi-national, including entities in the U.K., U.S., Colombia, Switzerland, Germany and Holland.

As with any assignment, the challenge was to hit the ground running and instill confidence in the project sponsor that he understood the path between the current state organization and the desired end-state. His first tasks were to identify the key stakeholders and run a planning workshop to create an overall project plan, as well as identify the risks, dependencies and assumptions underpinning the project. He also tested the drivers for the change, which in this case was to improve controls and build a finance organization to support IPO aspirations.

The results of this fifteen month assignment was an effective ERP selection and implementation, the design and build of the shared services organization in Dusseldorf, Germany, the successful integration of a newly-acquired organization, preparation of training briefings and the recruitment of the permanent head of shared services.

Working in Partnership with your Executive Recruiter

When engaging an executive recruiter to assist in your interim manager search, consider the following: How well do you know your recruiter? How well do they represent you and your business in the marketplace? How well do they understand your business? What is their track record of delivery on similar projects? It is essential to develop a strong, long-term partnership with your recruiter...the stronger the relationship, the greater their understanding of your business its requirements, and thus their ability to deliver to those requirements. The recruiter is your ambassador in the market and will be your 'eyes and ears' in the fight for the best talent.

In the case of a shared services implementation, an effective recruiter will challenge the decision maker to understand the business case, the plan, the timescales, and whether the business has the appetite to commit. Once the recruiter has absolute clarity on the deliverables, it can then do its job of attracting the most appropriate talent.

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Have a tip, learning or case study you'd like to share?

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Q&A With... Oliver Hilpold, Head of Customer Service & Sales Process, Uncoated Fine Paper, at Mondi Group

Following are excerpts from an interview SSON recently conducted with Oliver Hilpold, Head of Customer Service & Sales Process, Uncoated Fine Paper, at Mondi Group, an integrated packaging and business paper producer, on leadership in start-up shared services organizations.

SSON: ***What have you achieved at Mondi this year in shared services?***

OH: The results of a feasibility study we conducted in 2007 confirmed our hypothesis that centralizing

our customer service organization for Western Europe would enable us to outperform our competition in the region. In January 2008, following detailed planning and in-depth work stream preparations, we began transitioning activities to a newly established shared services center in our Vienna, Austria headquarters. We conducted the transition in two waves to mitigate risks.

We successfully completed both waves with no disruption to our customer service activities, and a recent paper industry customer satisfaction survey ranked our customer service organization #1 within the Western Europe region.

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SSON: ***What challenges did you encounter in this centralization initiative?***

OH: The major challenge was making it a seamless and painless transition. There were three components to this: internal change management; recruitment of the right additional staff for the new customer service center; and a well-planned transition process to ensure our customer service levels didn't diminish.

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SSON: ***How did you, as a leader, personally rise to those challenges?***

OH: The magnitude and nature of this transition has been, understandably, difficult for all our stakeholders. And this, of course, has had a large impact on the project team, especially in making sure all our stakeholders were aligned. At the end of the day, you are only as strong as your team, so gaining their trust and ensuring we were communicating the same vision and messages throughout the company were two of my primary focuses.

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SSON: ***Why was leadership important?***

OH: When you are shaping a new organization and making people redundant, you're obviously not spreading good news to your staff. Immediate reactions were anger, frustration and a certain hope the project would fail. In the first phase of planning, we knew we needed to clearly communicate our goal to all affected staff members, ensure all work streams were aligned to the goal, and have management's full support of the goal. During the transition phase, we knew our primary focuses had to be on delivering the right training and creating a certain momentum and spirit for the new customer service agents, and ensuring proper management of the cut-over itself.

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SSON: ***What tips can you share with other shared services leaders who are beginning a journey of this scale?***

OH: I've learned two key lessons during the past year and a half. First, it's about the people, especially those who will be affected due to redundancy. They deserve early-on, forthright communications on their impending job loss. And by having candid discussions with them on the new shared services strategy, you help ensure they will stay with the company through the transition. And consider the ramifications of most of your customer service staff leaving, en masse, during such a challenging time!

Second, thoroughly plan all aspects of the transition. While you can't predict everything, if something unforeseen happens you can rethink your strategy and adjust your plan accordingly. Without a plan, you will be lost.

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Pertinent Presentations

[Outsource or Insource: You Can Do Both](#)

Donna Hastings, Service Corporation International

Evaluating sourcing alternatives to optimize cost and efficiency; looking at the multi-source option.

[Team Trust and Morale](#)

Dave Griehl, Monster Worldwide

How do you measure morale? In this extended presentation, Monster Worldwide's Dave Griehl looks at the value of team morale; how his company invests time and money into keeping team morale elevated; and how Monster surveyed its employees to assess morale levels.

The C-Level Perspective: Why I Support Shared Services and What the Future Might Hold

Filippo Passerini, Procter & Gamble

Three reasons to support the shared services model within one of the world's largest companies; and a glimpse at the future incarnation of P&G's Global Business Services Organization

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News You Can Use

Offshore Outsourcing: What Role Will the Recession Play?

As the U.S. economy continues its downward spiral, analysts who predicted lost jobs would cause a surge in outsourcing are eating their words.

So You've Inherited a Crummy Outsourcing Contract...

CIOs share tips for fixing problem relationships.

Handicapping the Credit Crunch: Outsourcers Yeah, Startups Nay

An inability to finance tech gear could see more businesses turning to outsourcing, while startups may have a tough time getting off the ground.

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Upcoming Events

Legal Process Outsourcing

October 21 - 22, 2008 * Radisson Hotel Chicago O'Hare, Chicago, IL

Working Capital Management Forum 2008

October 23 - 24, 2008 * Café Royal, London, UK

Shared Services for Government '08

October 28 - 31, 2008 * The Vibe Savoy Hotel, Melbourne, VIC

Shared Services Woche 2008

November 10 - 13, 2008 * Hilton Düsseldorf, Düsseldorf, Deutschland

Shared Services México

November 10 - 12, 2008 * Sheraton Suites Santa Fe, Ciudad de México, México

The 8th Annual Shared Services and Outsourcing Exchange 2008

November 24 - 25, 2008 * Hanbury Manor Golf and Country Club, London, UK

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