Post-Launch Success Factors

SSON HR Shared Services Learning Series

Smart. Focused. Done Right.®

Agenda
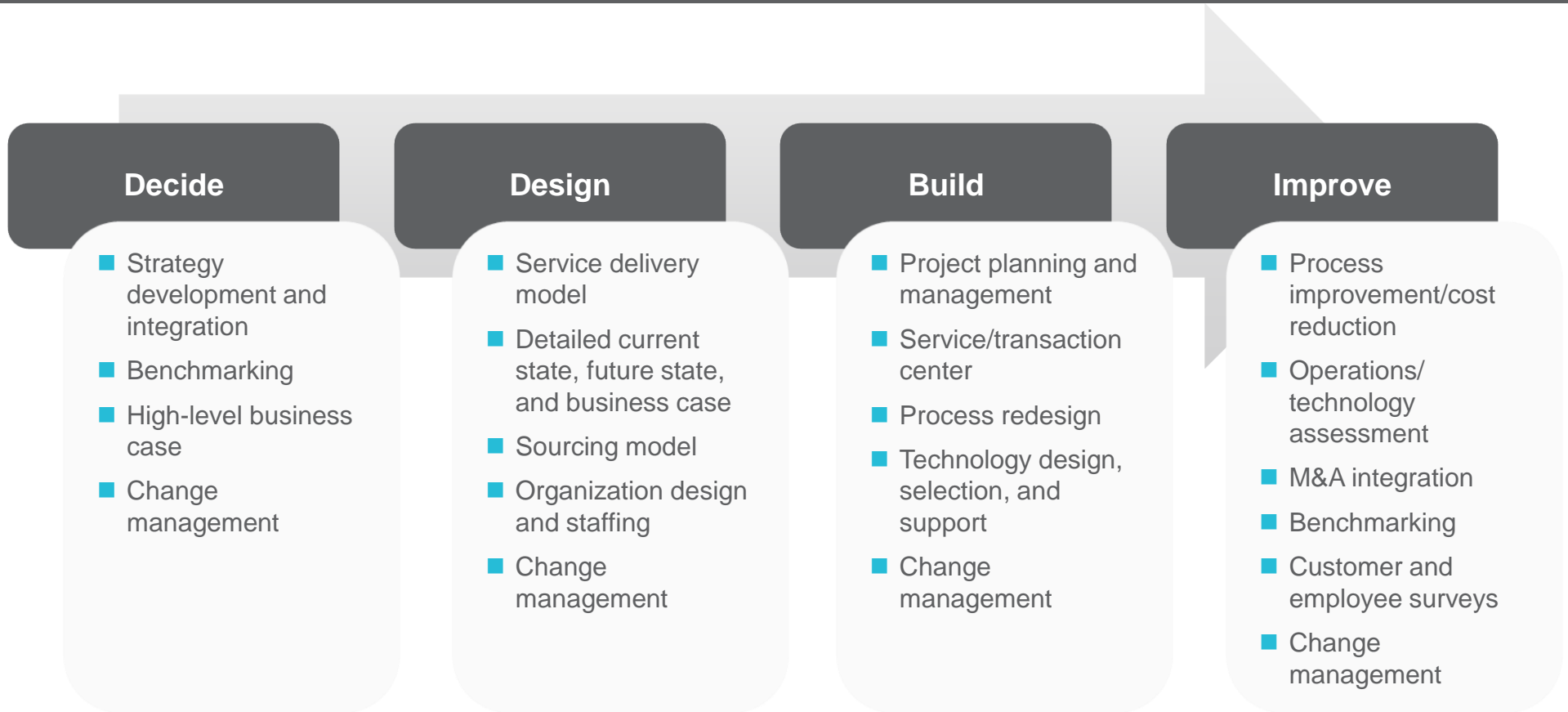
- About ScottMadden
- Governance
- Performance Management
- Customer Relationship Management
- Continuous Improvement

scottmadden
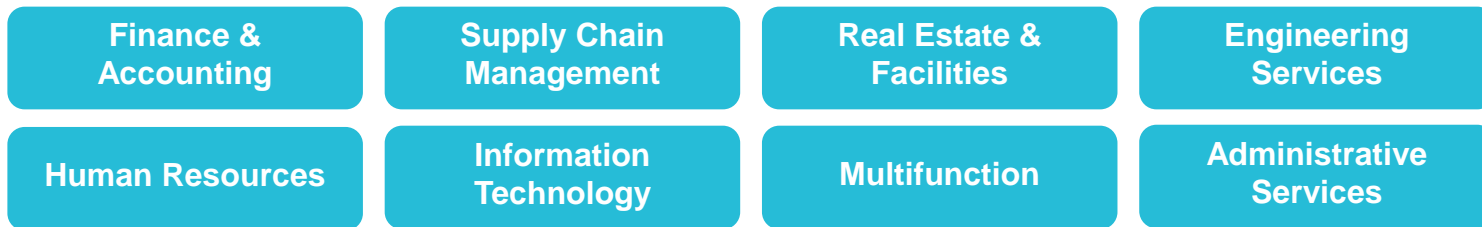MANAGEMENT CONSULTANTS

About ScottMadden

About ScottMadden's Shared Services Practice

Decide
- Strategy development and integration
- Benchmarking
- High-level business case
- Change management

Design
- Service delivery model
- Detailed current state, future state, and business case
- Sourcing model
- Organization design and staffing
- Change management

Build
- Project planning and management
- Service/transaction center
- Process redesign
- Technology design, selection, and support
- Change management

Improve
- Process improvement/cost reduction
- Operations/ technology assessment
- M&A integration
- Benchmarking
- Customer and employee surveys
- Change management

Our Functional Expertise

Finance & Accounting	Supply Chain Management	Real Estate & Facilities	Engineering Services
Human Resources	Information Technology	Multifunction	Administrative Services

scottmadden
MANAGEMENT CONSULTANTS

Governance

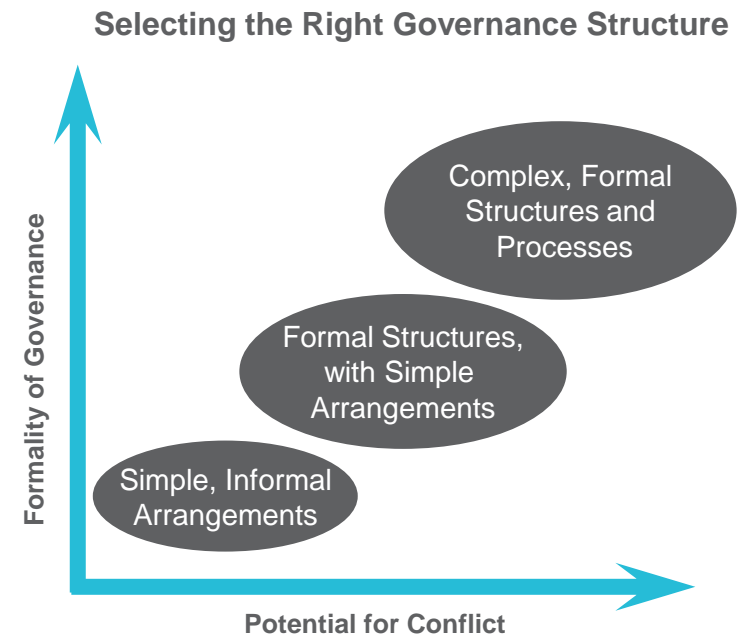# Necessary and Effective

Governance Definition

- Governance is the process of directing the behaviors and decisions of the people who are part of an organization. Governance is exercised through three key and separate processes
    - Legislative – making the rules
    - Executive – monitoring and enforcing the rules
    - Judicial – arbitrating the rules

Why Governance Is Important to Shared Services

- A governance model provides the structure needed to interface numerous organizational stakeholders
- With goals such as standardization, improved service, cost savings, and increased agility, agents of the governance process will have to set structure and rules, oversee and it, and make many competing decisions to maintain shared services goals

Keys to an Effective Model

- Matching the structure to the potential for conflict
- Include strong customer representation
- Establish criteria for making decisions

Selecting the Right Governance Structure

- Complex, Formal Structures and Processes
- Formal Structures, with Simple Arrangements
- Simple, Informal Arrangements

Formality of Governance

Potential for Conflict

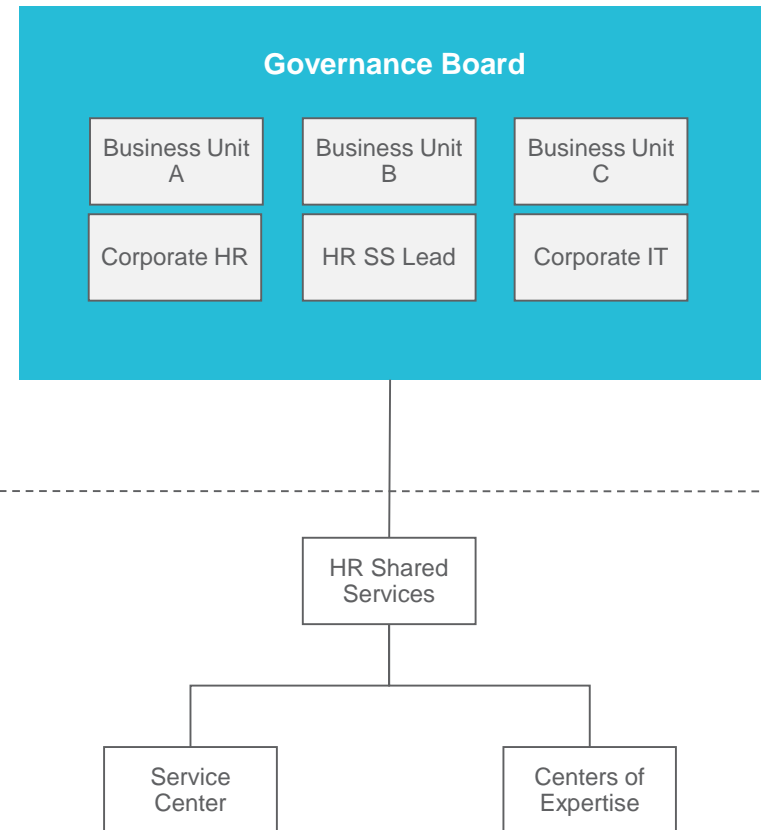**scottmadden**
MANAGEMENT CONSULTANTS

Governance Board

The formality and participating members in an oversight committee or board are influenced by factors such as size of the organization, the number and complexity of services, organization culture, and hierarchy.

Shared Services Governance Board Characteristics

- Comprised of executives from key business units, the head of shared services organization, and representatives from critical support organizations (e.g., IT, HR, etc.)
- Accountable for the shared services vision and ensuring strategies are aligned to achieve success
- Provides direction to the operational team and serves as a point of escalation for the resolution of critical business decisions

Key Benefits

- Provides representation for the shared services organization among senior management
- Allows customers to strongly influence the direction of shared services and ensure that shared services are responsive to business unit needs
- Creates an additional layer of accountability for the shared services organization
- Creates a formal process to control spending and prioritize initiatives
- Ensures integration with other business initiatives

Governance Board

| Business Unit A | Business Unit B | Business Unit C |
| Corporate HR | HR SS Lead | Corporate IT |

HR Shared Services

Service Center

Centers of Expertise

scottmadden
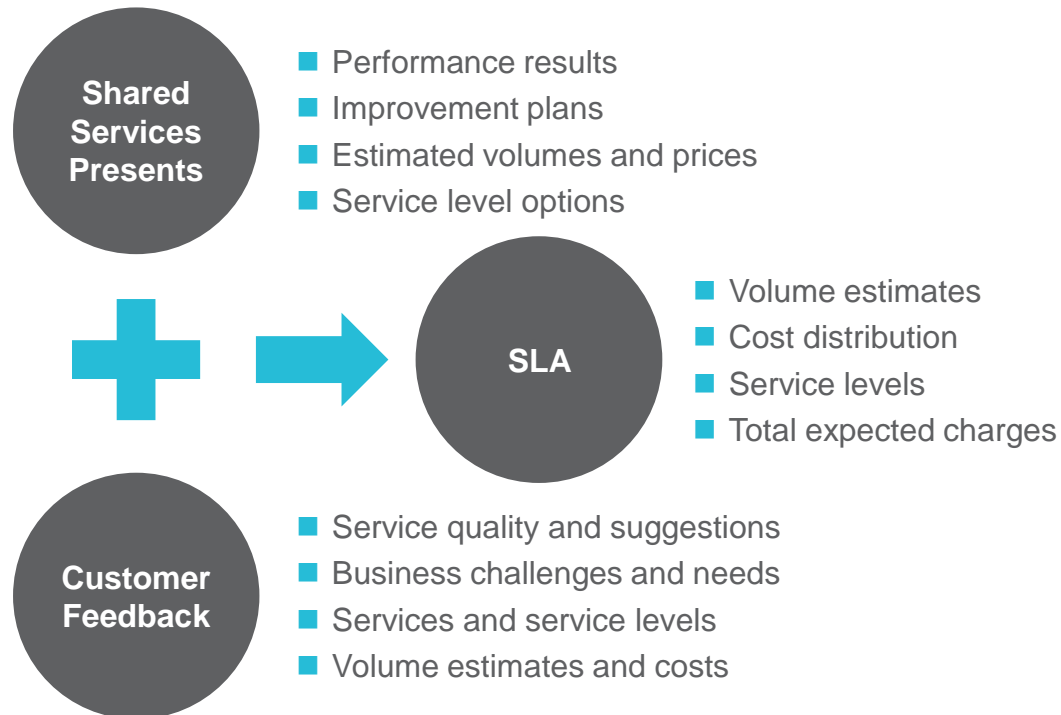MANAGEMENT CONSULTANTS

Roles and Responsibilities

The governing committee is ultimately responsible for overseeing the successful operation of the HR service delivery model. That means completion of legislative, executive, and judicial governing roles.

Responsibility	Definition	Example Activities
Legislative	Set overarching principles and rules for the on-going operation of the HR services delivery model	■ Review service scope and recommended additions or dissolutions on a regular basis ■ Revise charge-back mechanisms to best reflect the business trends ■ Confirm service level agreements
Executive	Monitor and enforce the operational rules	■ Review performance and contributions of shared services, business units, and supporting organizations and vendors ■ Monitor and update the business case on an ongoing basis ■ Monitor service volumes, costs, satisfaction, and performance metrics against baselines and benchmarks
Judicial	Arbitrate the ongoing operational rules	■ Rule on requests for policy, process, and/or system customizations, opt-outs, integration approaches, and similar items ■ Arbitrate issues, such as overall charge-backs, escalated through resolution hierarchy ■ Provide rulings on business customer service or cost issues

scottmadden
MANAGEMENT CONSULTANTS

Governance

Service Level Agreements

A service level agreement (SLA) is between the provider of a service and a customer that quantifies the target quantity, quality, and cost of services to be provided in a future period. Dialogue, planning, and continuous improvement are outcomes that will drive your organization's success.

SLAs – A Dialogue between Service Provider and Customer

Shared Services Presents
- Performance results
- Improvement plans
- Estimated volumes and prices
- Service level options

SLA
- Volume estimates
- Cost distribution
- Service levels
- Total expected charges

Customer Feedback
- Service quality and suggestions
- Business challenges and needs
- Services and service levels
- Volume estimates and costs

SLAs are:

- Concise

- Negotiated, not dictated

- A vehicle for understanding and managing demand

- Standard across internal customers with only business justified exceptions

- A basis for regular discussions with customers

- Updated as necessary (typically annually)

scottmadden
MANAGEMENT CONSULTANTS

Performance Management

Tracking Performance Indicators

To effectively manage performance of your shared services center, regular monitoring and reporting on performance is critical. The identification of metrics to be tracked and a proposed schedule of reporting is often forgotten due to the other activities occurring prior to launch, but it is critical for post-launch reporting to stakeholders.

Stakeholders by Metric

HR Service Center
Operational Performance Indicators

Metric Category		Data Source	Metric	Definition/Formula	Daily	Period (Month (M)/ Quarter (Q)/ Annual (A))	Threshold	Target	Distinguished	HR Service Center	OpCo Leadership (Score Card)	HR Leadership (Score Card)	Employees
Case information	24	HEAT	Days of Backlog	Number of open cases/average number of cases resolved per day over last 30 days		Q/A	SLA	SLA	SLA	X			
Case information	25	HEAT	Number of Cases by Employee Classification	Count of cases created by employee classification		Q/A	NA	NA	NA	X			
Case information	26	HEAT	Percent of cases by Employee Classification	Count of cases created by employee classification/Total cases		Q/A	NA	NA	NA	X			
Case information	27	HEAT	Top 5 Functional Categories	Count of top 5 question categories (e.g. benefits, retirement planning, etc.)		M/Q/A	NA	NA	NA	X			
Case information	28	HEAT	Percent of Cases Closed Within SLA Commitment	Total number fo cases closed within SLA commitment/Total number of cases		Q/A	TBD on Baseline	TBD on Baseline	TBD on Baseline	X		X	
Resolution metrics	29	HEAT	First Call Resolution %	Calls that do not require additional follow-up/total calls and are closed out during first call	X	M/Q/A	85%	90%	100%	X	X	X	X
Resolution metrics	30	HEAT	First Hour Resolution %	Count of issues resolved within 1 hour/total issues resolved		Q/A	80%	82.5%	85%	X	X	X	X
Resolution metrics	31	HEAT	24 hour Resolution %	% of calls resolved within 24 hours of initial call		Q/A	TBD on Baseline	TBD on Baseline	TBD on Baseline	X	X	X	X
Resolution metrics	32	HEAT	Average Time to Resolution	(sum of date time closed – date time created)/number of cases resolved	X	M/Q/A	SLA	SLA	SLA	X			
Call durations	33	IVR	Average Call Wait Time (Queue Time)	Total time elapsed from authentication to speaking with an HRSC	X	M/Q/A	TBD on Baseline	TBD on Baseline	TBD on Baseline	X	X	X	X
Call durations	34	IVR	Average Call Duration	Total elapsed time from authentication of caller to call termination	X	Q/A	TBD on Baseline	TBD on Baseline	TBD on Baseline	X		X	
Call durations	35	IVR	Average Talk Time (HRSC)	Elapsed time from HRSC answer to hang-up		Q/A	450 seconds	360 seconds	270 seconds	X			

Day 1 Scorecard / Day 1 Data / **HRSC Indicators** / HR Lead Scorecard / OpCo Scorecard / Portal Indicators / Portal Scorecard

Metric to Be Tracked

Reporting Frequency

scottmadden
MANAGEMENT CONSULTANTS

Reporting Performance to Stakeholders

Post-launch, it is often difficult to focus externally when you are in the midst of stabilizing operations and rolling out additional services; however, keeping stakeholders engaged and alerting them of performance highs and lows communicates that the service center values their business and thinks of them as a partner

- Meet with your stakeholders pre-launch and discuss SLAs and partnership ground rules. Some examples:
  - Customer agrees to follow the outlined, communicated service center processes
  - One-off requests to service center employees do not occur; all requests are via the defined methods
  - Cases in pending status (i.e., waiting for customer information or submissions) will not count toward SLA time
  - Communicating anticipated increases in workload in advance to help HRSS staff prepare to handle the increase
- Agree upon schedule to meet to discuss performance and potential issues that need to be addressed on an ongoing basis
- Adjust the business case to reflect design changes and update progress annually

HR Service Center Daily Performance

scottmadden
MANAGEMENT CONSULTANTS
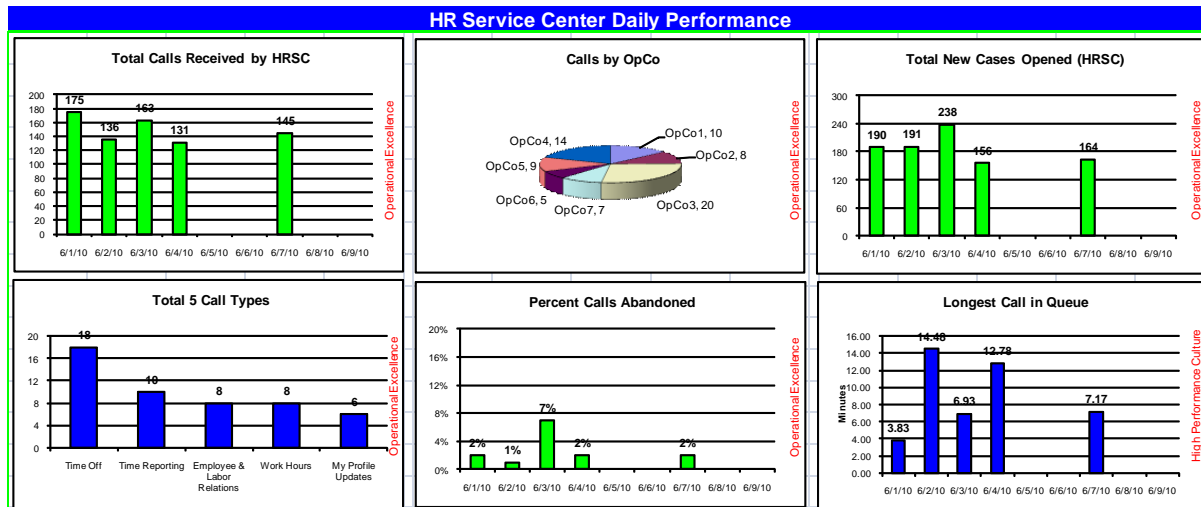
SSO Performance Management Pitfalls

Management and organizations often make the following mistakes, which significantly impair the impact of metrics and rewards

- Metrics are ineffective because the rewards are delayed
- Management uses metrics that are not in the employees' control
- Metrics are out of alignment with the firm's strategy and objectives
- Numbers that are easy to measure are often substituted for what should be measured
- Goals may be set too high, causing a talent drain
- The cause of poor metrics is not addressed
- Metrics consume a considerable amount of resources to measure
- Assessing the cultural impact of introducing metrics is ignored
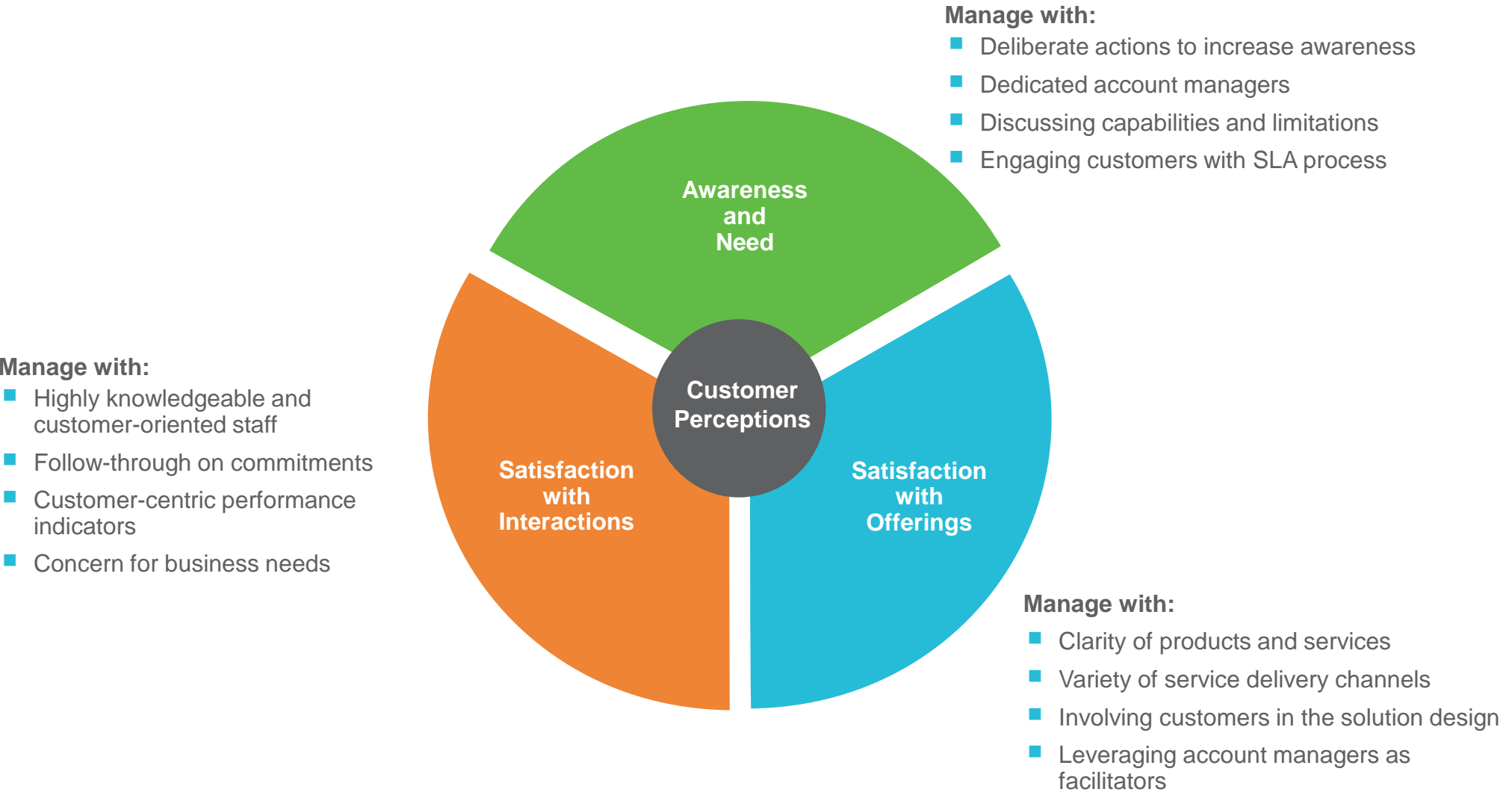
> **Performance programs create very quick changes in employee behavior and department culture. Personal performance is linked to individual improvement plans and other levers for continuous improvement.**

scottmadden
MANAGEMENT CONSULTANTS

Customer Relationship Management

How Should You Approach CRM?

Customer experiences form perceptions of your services that can be grouped into three different categories. Customer Relationship Management is about managing these experiences.

Manage with:
- Deliberate actions to increase awareness
- Dedicated account managers
- Discussing capabilities and limitations
- Engaging customers with SLA process

Manage with:
- Highly knowledgeable and customer-oriented staff
- Follow-through on commitments
- Customer-centric performance indicators
- Concern for business needs

Awareness and Need

Customer Perceptions

Satisfaction with Interactions

Satisfaction with Offerings

Manage with:
- Clarity of products and services
- Variety of service delivery channels
- Involving customers in the solution design
- Leveraging account managers as facilitators

scottmadden
MANAGEMENT CONSULTANTS

Responsibilities across Shared Services

Group	Responsibilities
Shared services leaders	▪ Determine the vision for CRM and provide human and material resources to support processes
Shared services managers	▪ Manage collection and analysis of customer information ▪ Develop processes for determining customer needs and coordinating capacity to meet needs
Shared services business analysts	▪ Gather and analyze data ▪ Produce reports on analytics
Shared services employees	▪ Follow established service and communications processes ▪ Carry out issue identification and resolution processes ▪ Participate in continuous improvement
Shared services customer managers	▪ Provide information related to business and business needs ▪ Participate in programs designed to enhance communications and information exchange with shared services organizations
Information technology	▪ Develop CRM/case management system, knowledgebases, other supporting technologies, and data integration to support CRM processes

scottmadden
MANAGEMENT CONSULTANTS

Customer Relationship Management

Customer Satisfaction Surveys

A well-developed customer satisfaction survey program measures how well you perform against customer expectations. A complete customer survey consists of three components—satisfaction with interaction, satisfaction with offerings, and attraction.

Awareness and Need

Satisfaction with Interactions

Satisfaction with Offerings

Your survey questions should focus on measuring your customers' satisfaction levels with interaction and your offerings.

Do you know…

- If you provide the greatest level of satisfaction for your most important services?
- If your services are in line with your customers' expectations?
- If your service offerings are what your customers really want or need?
- If your customers prefer your services to those of competitors?
- What is your customer's point of loyalty? What is the "tipping point" at which they would switch providers?
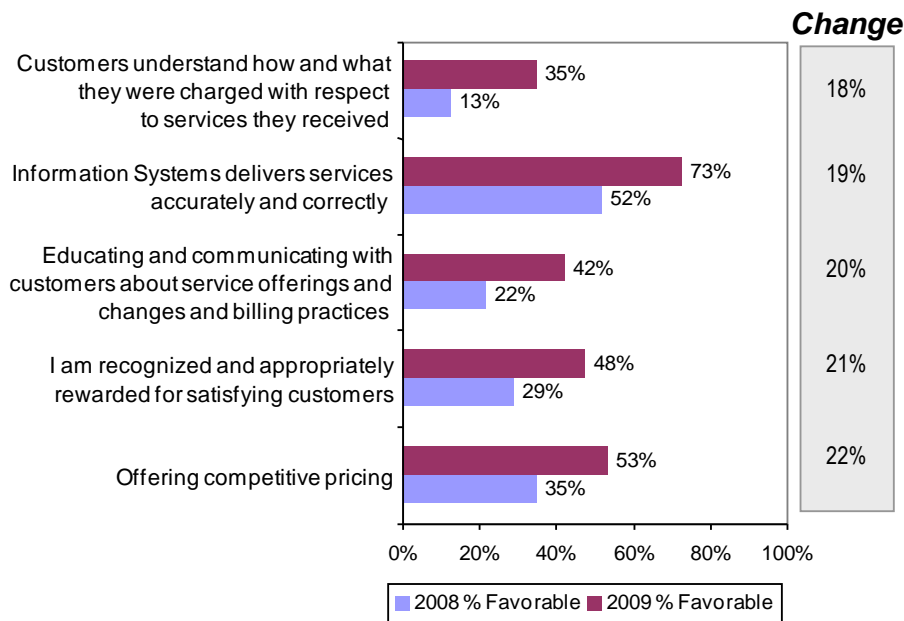
Knowing your customers' perceptions *gives you opportunity to*:

- **Anticipate rather than react**
- **Be competitive with the market**
- **Improve your company's bottom line**
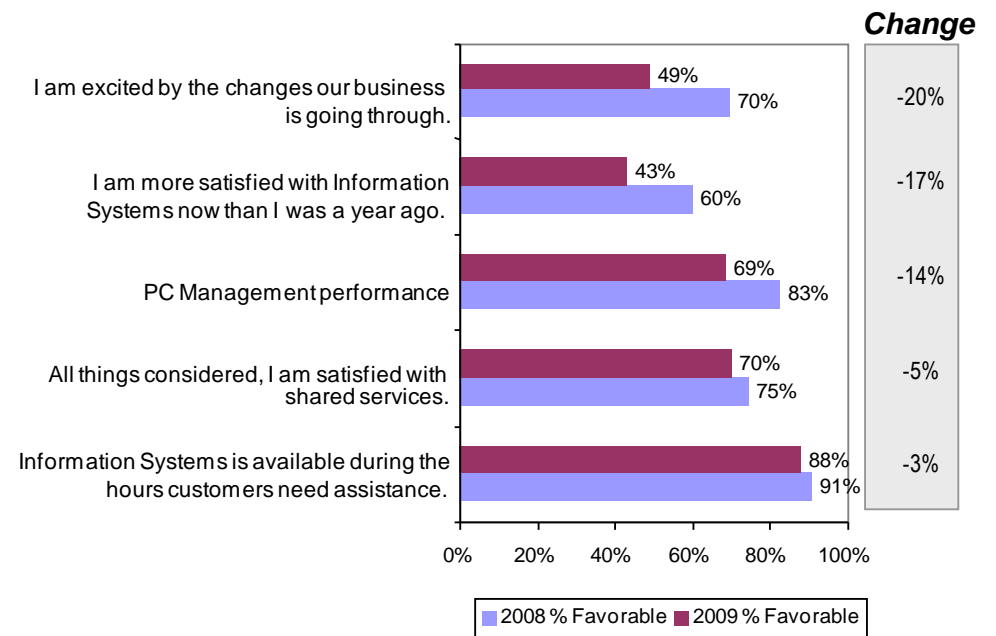
scottmadden
MANAGEMENT CONSULTANTS

Customer Satisfaction Analysis

Analyze and prioritize results. Incorporate customer surveys into the center's improvement plan, focusing on areas of greatest increase and decrease in employee ratings.

Greatest Increase in Percent Favorable

	2008 % Favorable	2009 % Favorable	Change
Customers understand how and what they were charged with respect to services they received	13%	35%	18%
Information Systems delivers services accurately and correctly	52%	73%	19%
Educating and communicating with customers about service offerings and changes and billing practices	22%	42%	20%
I am recognized and appropriately rewarded for satisfying customers	29%	48%	21%
Offering competitive pricing	35%	53%	22%

Greatest Decrease in Percent Favorable

	2008 % Favorable	2009 % Favorable	Change
I am excited by the changes our business is going through.	70%	49%	-20%
I am more satisfied with Information Systems now than I was a year ago.	60%	43%	-17%
PC Management performance	83%	69%	-14%
All things considered, I am satisfied with shared services.	75%	70%	-5%
Information Systems is available during the hours customers need assistance.	91%	88%	-3%

scottmadden
MANAGEMENT CONSULTANTS

Continuous Improvement

Overview of an Effective Program

Continuous improvement uses performance measures to drive the implementation of an organization's strategy.

PROGRAM CHARACTERISTICS

An enterprise-wide management system:

- Aligns operations with strategy
- Ensures consistency
- Enables rapid directional changes
- Cascades vision, mission, values, and strategy

An ongoing process:

- Focuses priorities and results
- Integrates measurement, analysis, and action
- Encourages continuous improvement
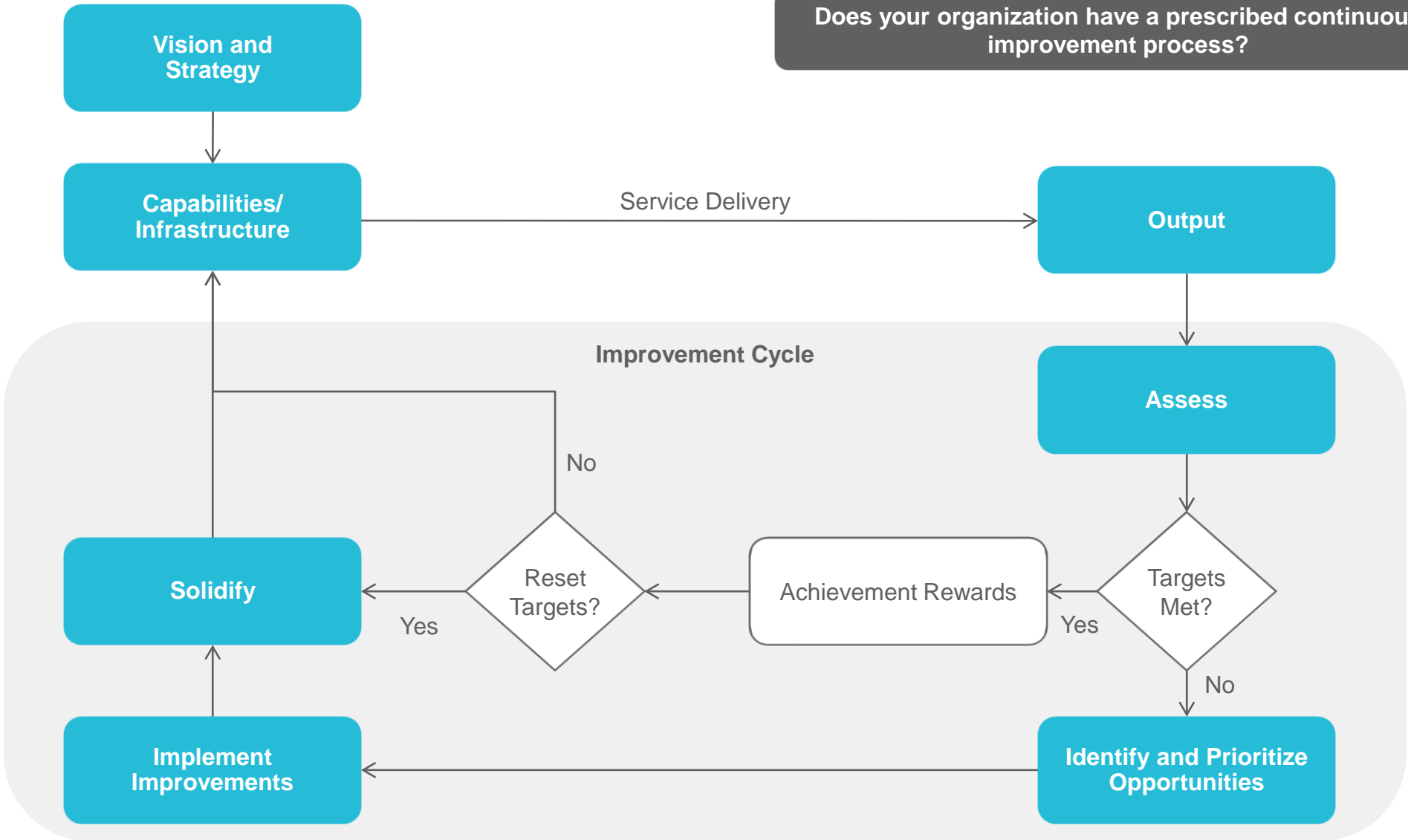- Defines and reinforces accountability

Strategy

Set Measures and Targets

Reward and Coach

Plan and Execute

Monitor and Evaluate
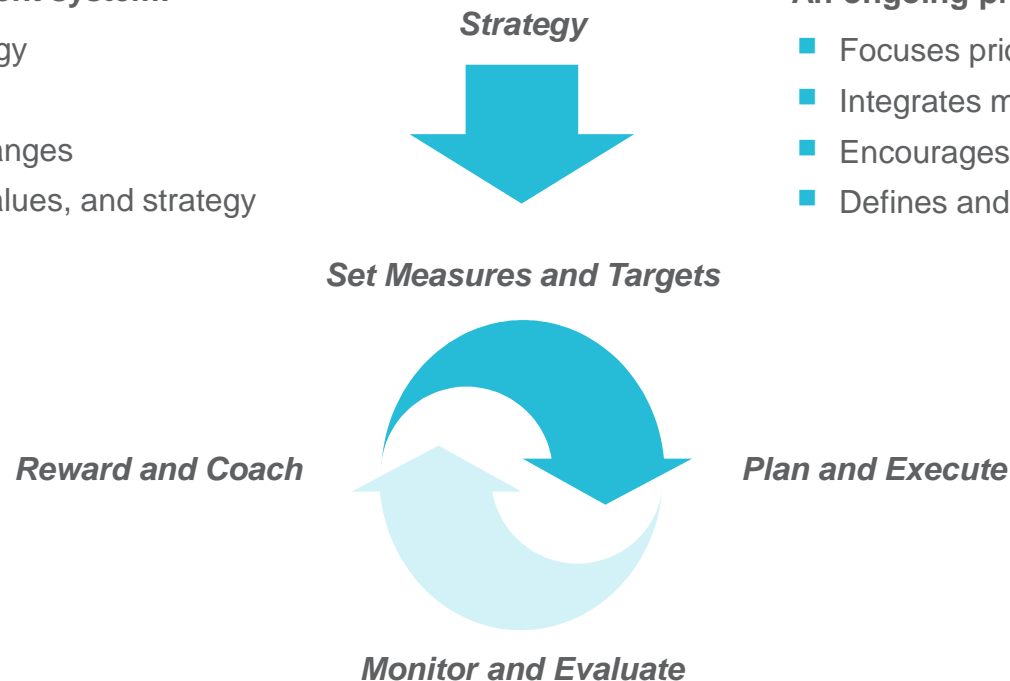
A Continuous Improvement Program Enables A Service Organization To:		
■ Clarify customer requirements	■ Define service priorities	■ Evaluate internal performance
■ Educate and motivate customers and employees	■ Manage costs and improve service quality	■ Change proactively based on customer needs and/or the market

scottmadden
MANAGEMENT CONSULTANTS

Continuous Improvement Process

Does your organization have a prescribed continuous improvement process?

Vision and Strategy

Capabilities/ Infrastructure

Service Delivery

Output

Improvement Cycle

Assess

Solidify

Reset Targets?

No

Yes

Achievement Rewards

Targets Met?

Yes

No

Implement Improvements

Identify and Prioritize Opportunities

scottmadden
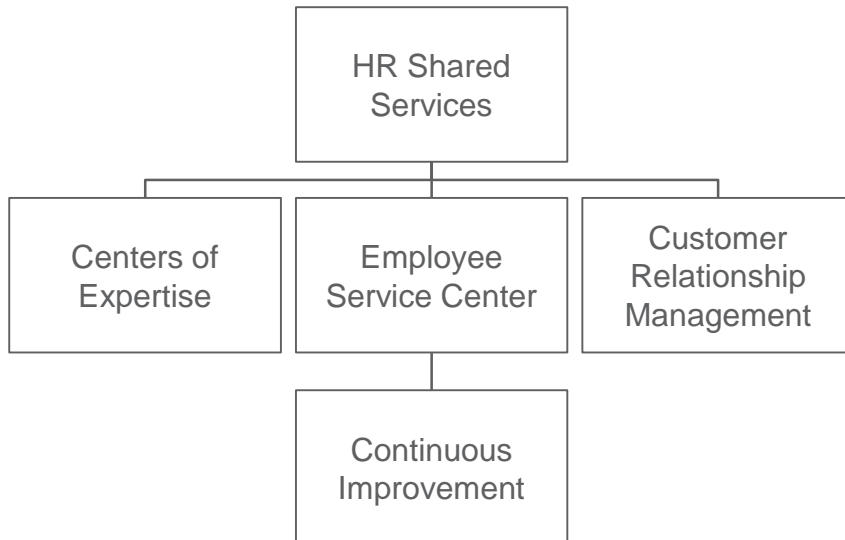MANAGEMENT CONSULTANTS

Continuous Improvement

Organization and Role

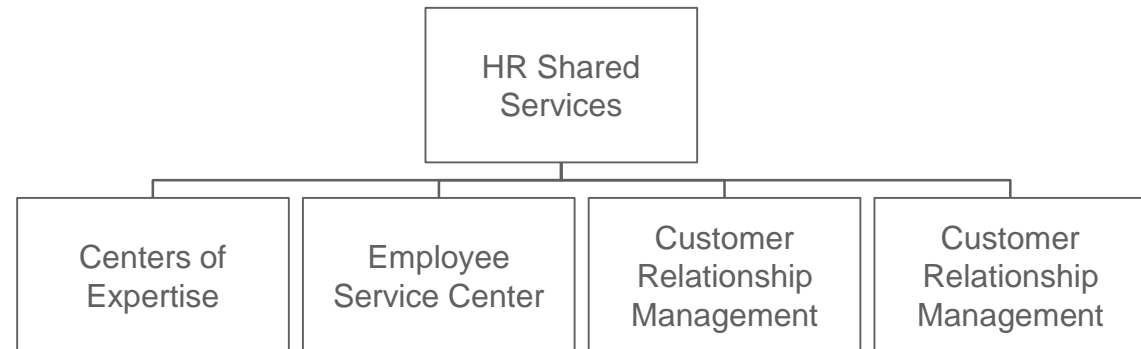**It is typical to find a role or small department focused on improvement activity**

- Unique position with broad organizational coverage
- Different than role played by functional and delivery management
- Separation retains investigative objectivity
- Important to retain proximity for functional and delivery expertise
- Generally assigned to service center manager or head of shared services

Whether handled by dedicated staff or as additional responsibilities, some focused, skilled staff are required.

Option A: Reports to ESC

- HR Shared Services
  - Centers of Expertise
  - Employee Service Center
    - Continuous Improvement
  - Customer Relationship Management

Option B: Reports to Department Head

- HR Shared Services
  - Centers of Expertise
  - Employee Service Center
  - Customer Relationship Management
  - Customer Relationship Management

scottmadden
MANAGEMENT CONSULTANTS

Contact Us

For more information on post-launch success strategies, please contact us.

Jerred Crosby

Partner

ScottMadden, Inc.
3495 Piedmont Road
Building 10, Suite 805
Atlanta, GA 30305
jcrosby@scottmadden.com
404-814-0020

scottmadden
MANAGEMENT CONSULTANTS

Smart. Focused. Done Right.

scottmadden
MANAGEMENT CONSULTANTS