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MANAGEMENT CONSULTANTS

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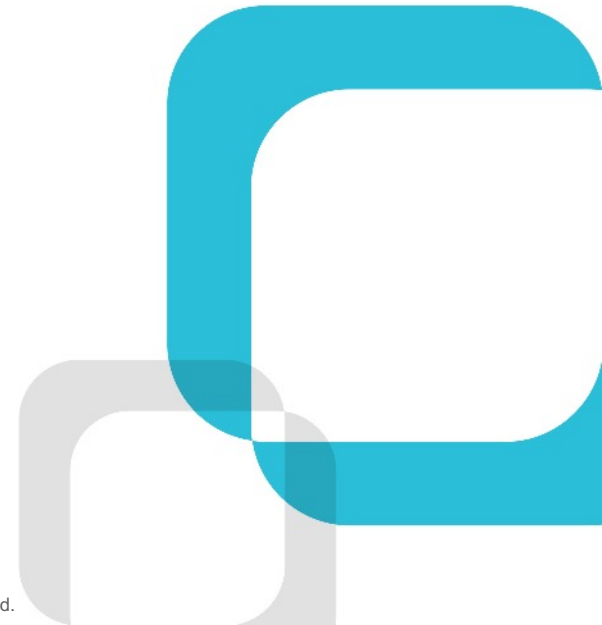


HR Shared Services Benchmarking Highlights

ScottMadden and APQC HR Shared Services Benchmarking Study

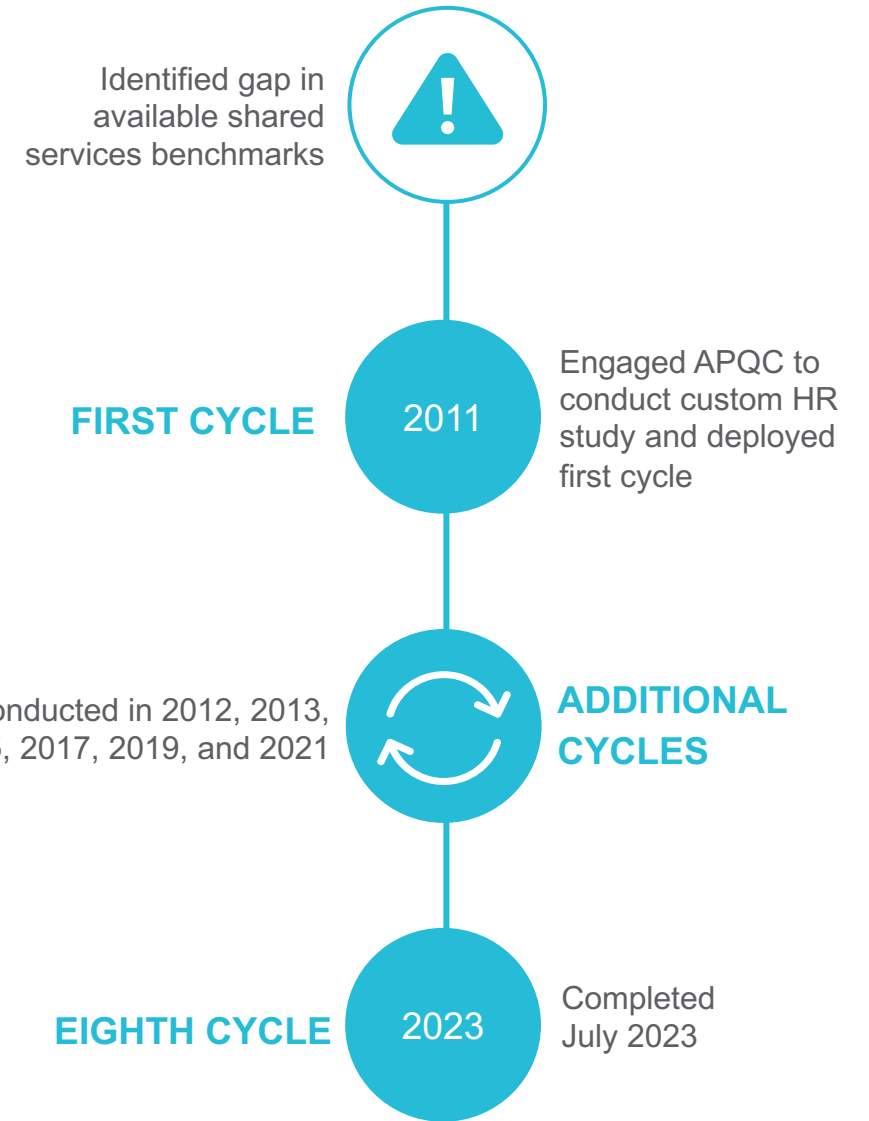


April 2024



About the Study

ScottMadden partnered with APQC to develop and run, on a biennial cycle, a custom study focused on HR shared services. The scope of the study covers four main categories of metrics and qualitative information.

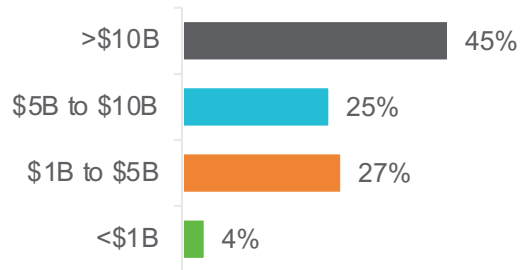


Participant Demographics

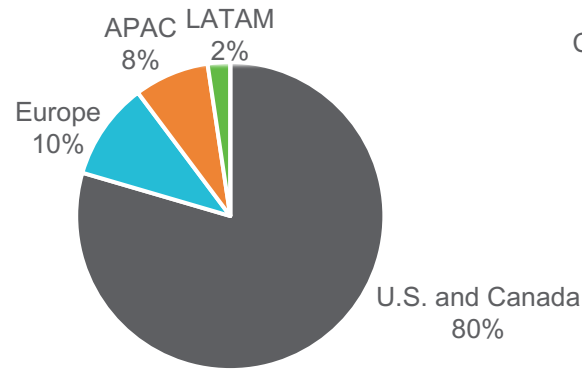
Our benchmark study includes data on shared services organizations (SSOs) across revenue ranges, industries, and operating maturities

- Most participants come from SSOs operating between 3 and 10 years
- 80% of the centers are in North America

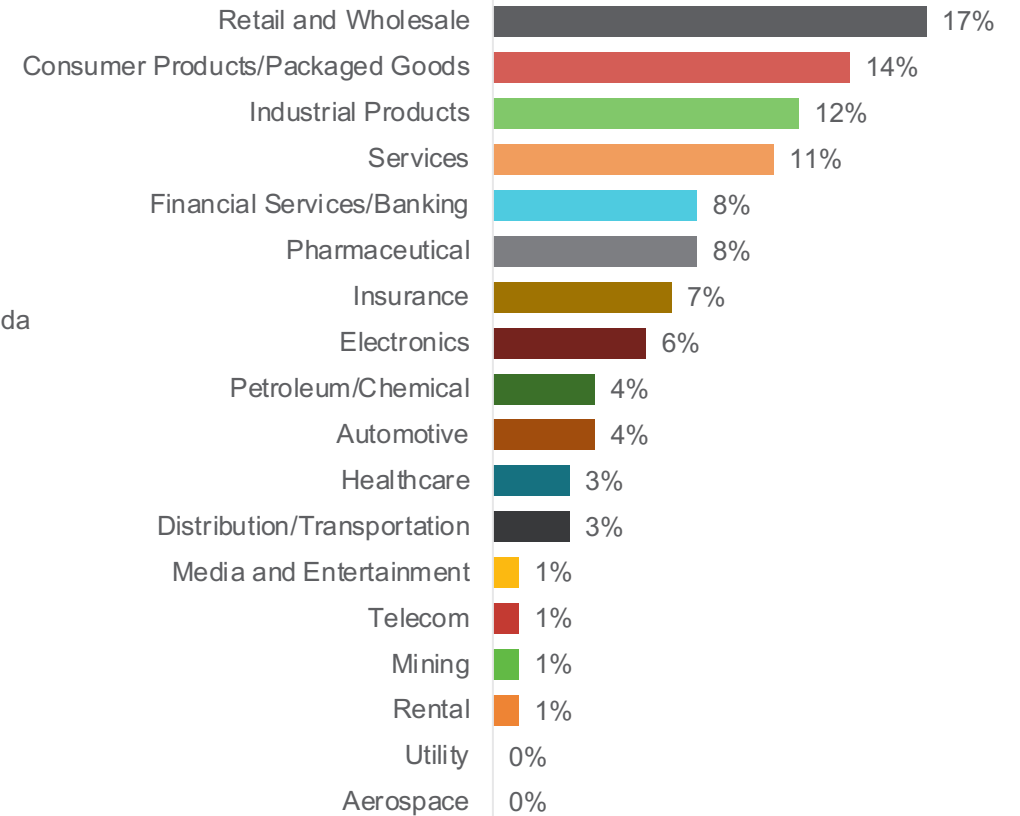
Organizational Revenue



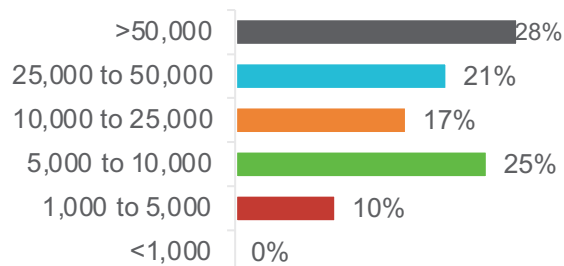
Service Center Location



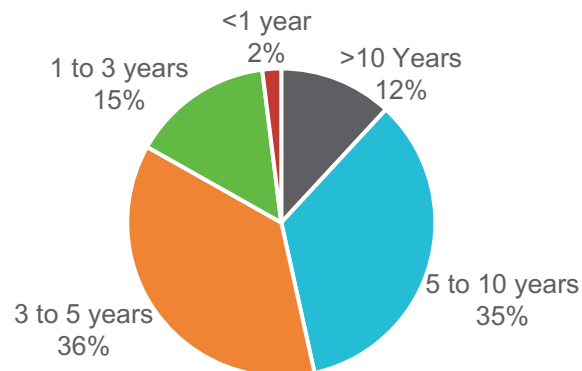
Industry



Employees Served

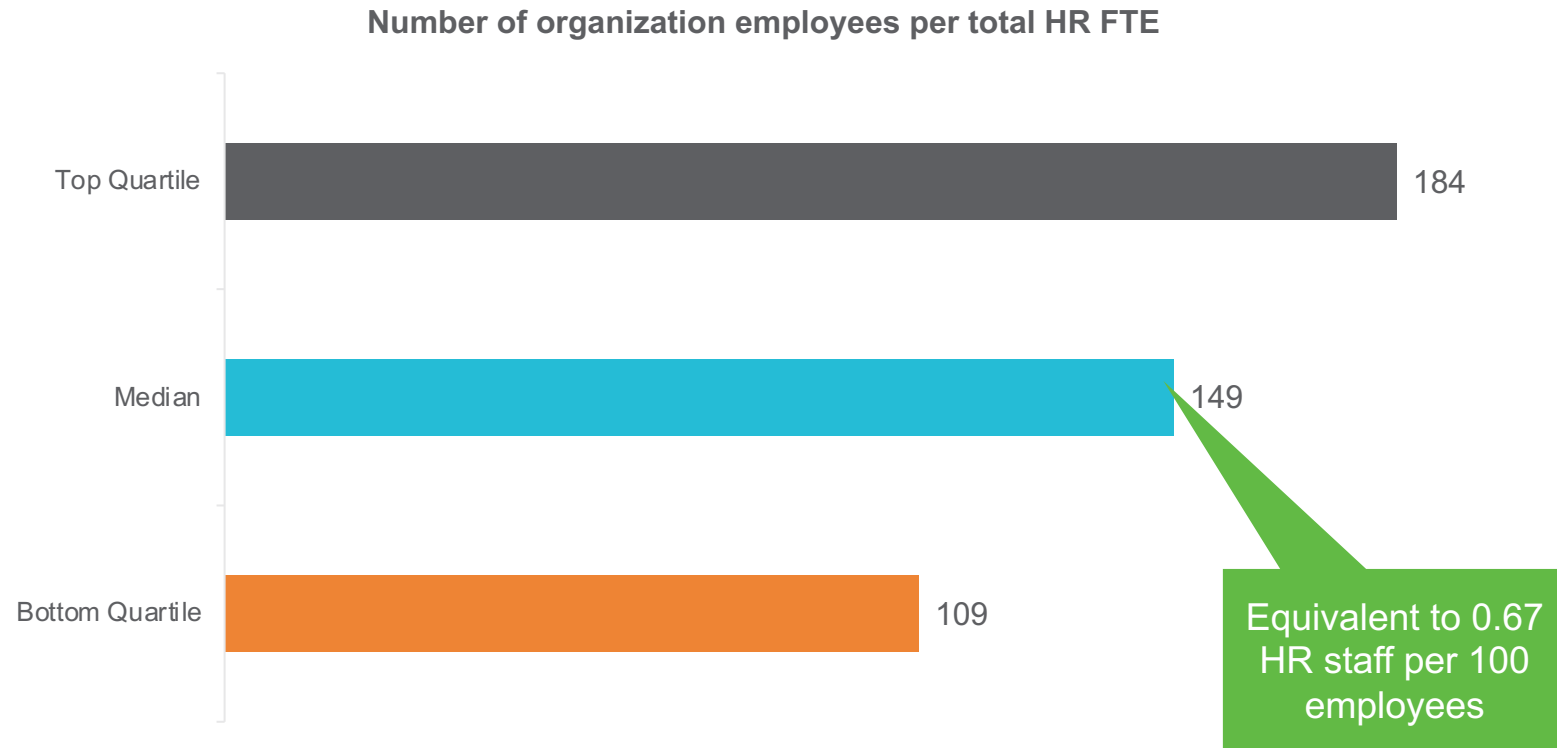


Maturity



Overall HR Metrics

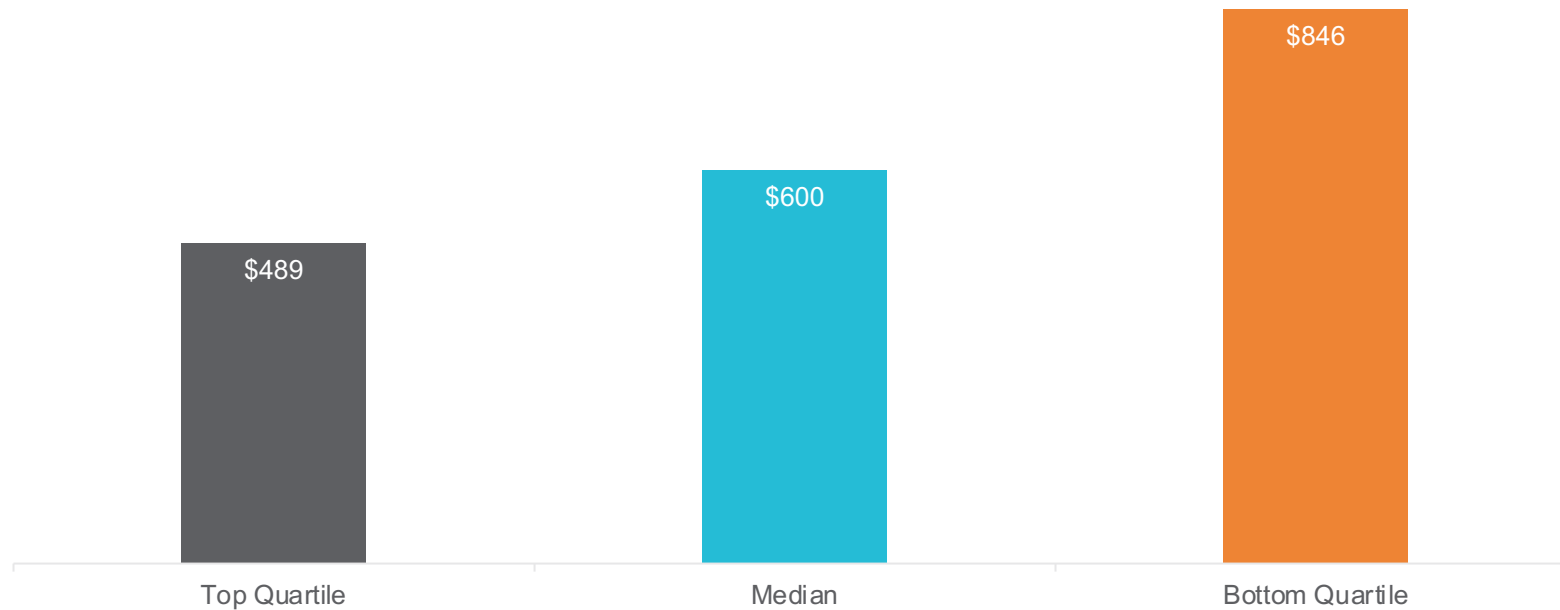
At the median, organizations with HR shared services have a 1:149 ratio of total HR FTEs to employees.



Overall HR Metrics (Cont'd)

Organizations in the top quartile of the study report \$489 is the total HR function cost per organization employee, which is 42% less than the cost reported by bottom quartile organizations.

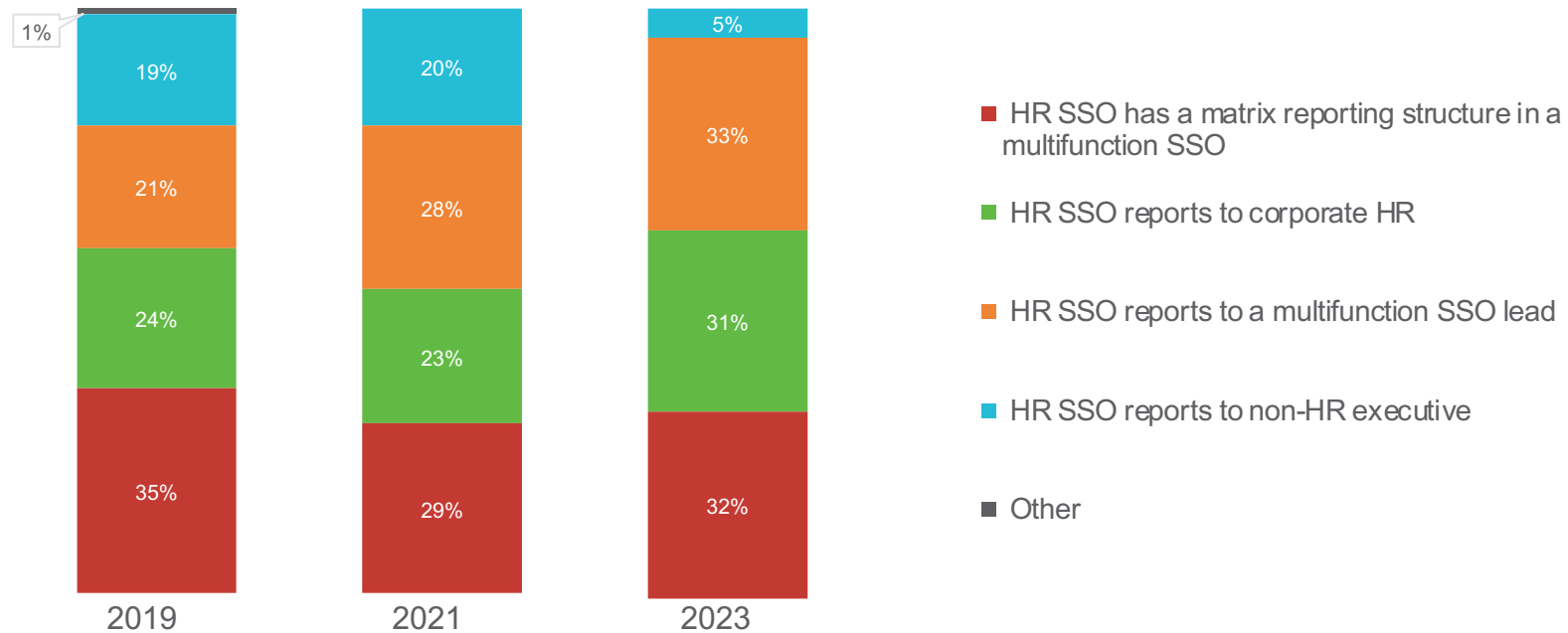
Total cost of the HR function per total company employee



Shared Services Organization Governance

There was a 5% increase in HR SSOs reporting to a multifunction SSO leader between 2021 and 2023, with two-thirds of study participants operating as part of a multifunction model.

Which best describes the governance model for your HR shared services organization?

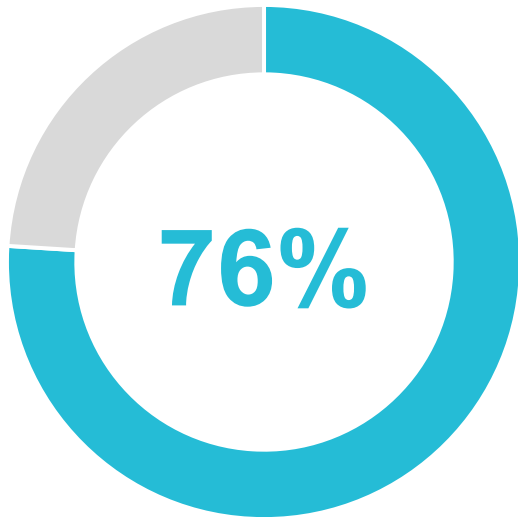


Service Center Staffing Metrics

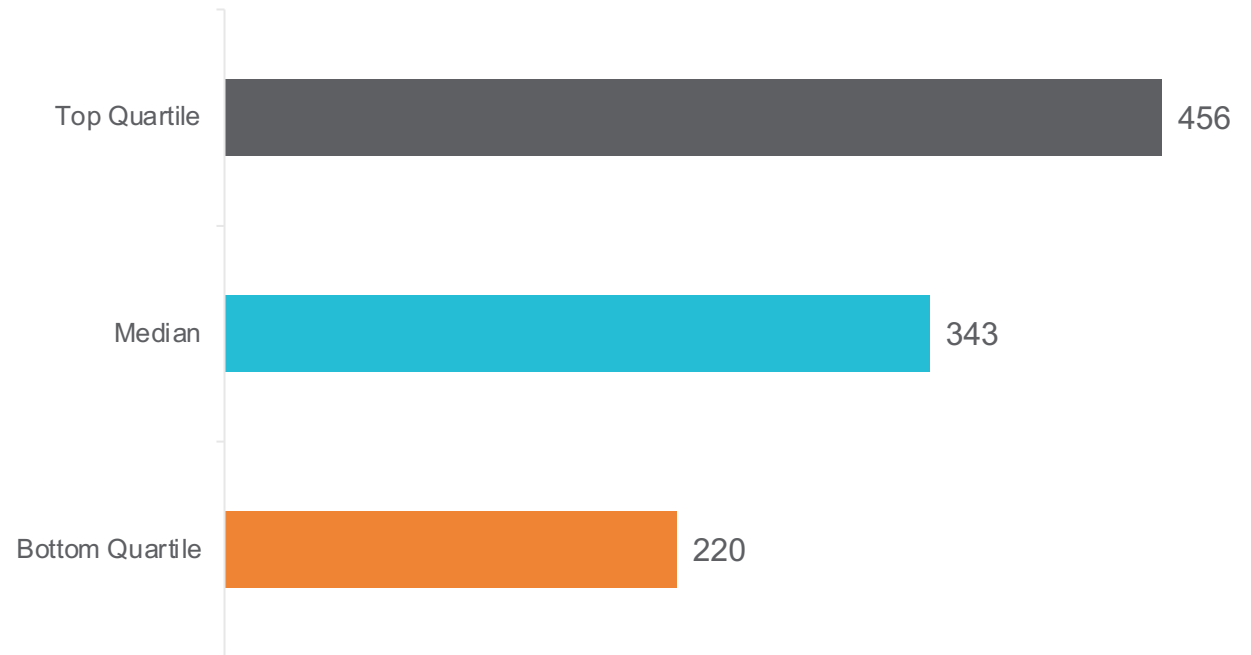
76% of organizations use a tiered approach in their service center staffing model, and top quartile service centers serve 456 employee FTEs per service center FTE

- Tiered models segment services by the nature of the services provided to customers and defines a workflow that escalates based on customer service and specialization

Use of Tiered Model

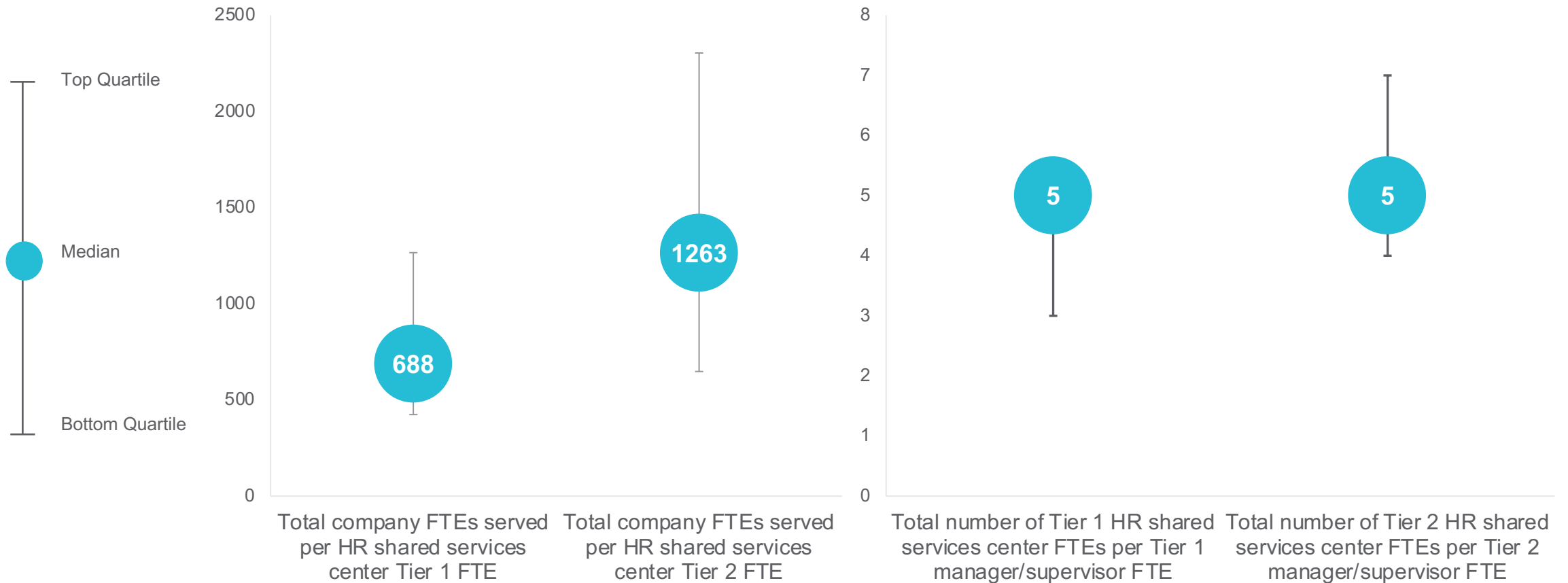


Employees served by service center per service center FTE



Service Center Staffing Metrics (Cont'd)

Tier 2 HR service center employees serve about twice as many FTEs as Tier 1, indicating higher Tier 1 staffing. Compared to previous study cycles, the 2023 cycle revealed increased Tier 1 staffing and decreased Tier 2 staffing. This shift suggests strategic efficiencies as models mature and work transitions to Tier 1, possibly influenced by technological improvements.



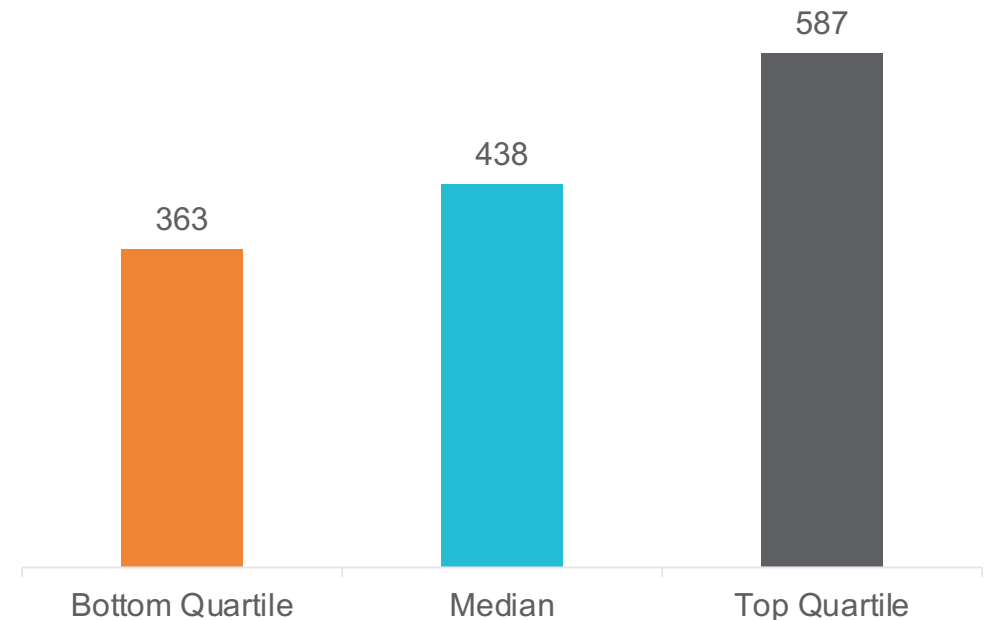
Field HR Staffing

Shifting transactional work to service centers and/or leveraging technology enables the HR function to operate more efficiently and reduce staffing needs. This results in fewer HR administrators and total field representatives.

The following roles are included in the field HR benchmark

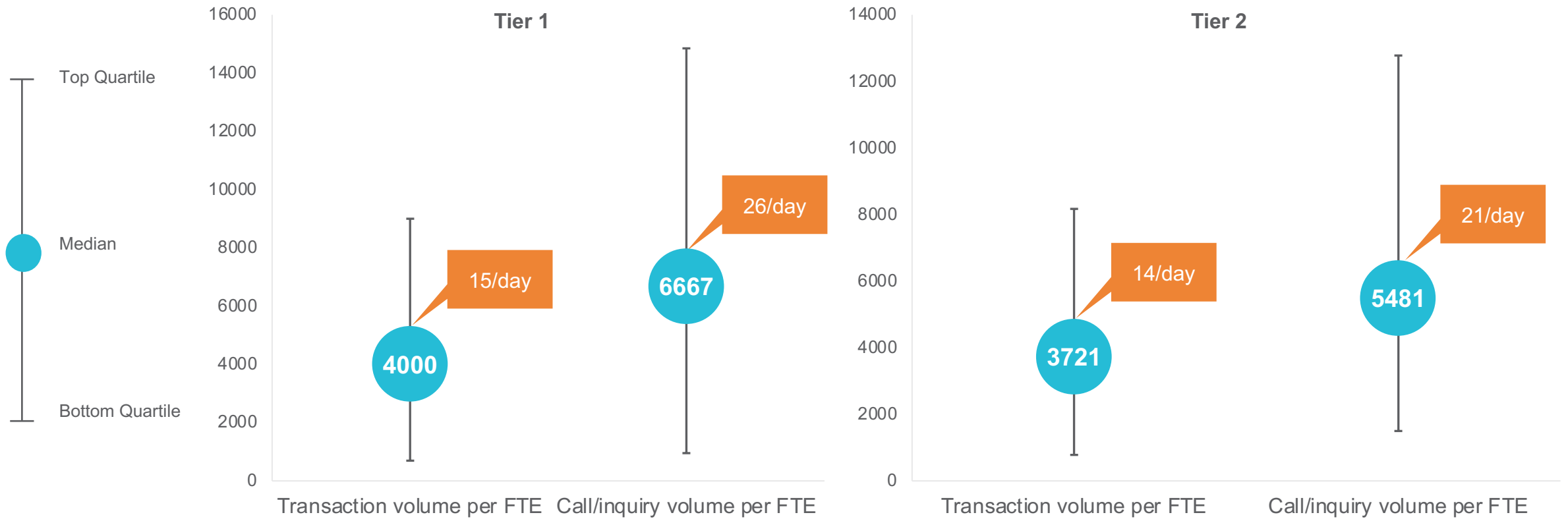
Role	Definition
HR Business Partner	Field role advising senior management
HR Generalist	Field role advising managers and supervisors, as well as counseling employees on specific issues
HR Administrator	Positions providing support to HR processes in the field

Total company FTEs served per field HR FTE



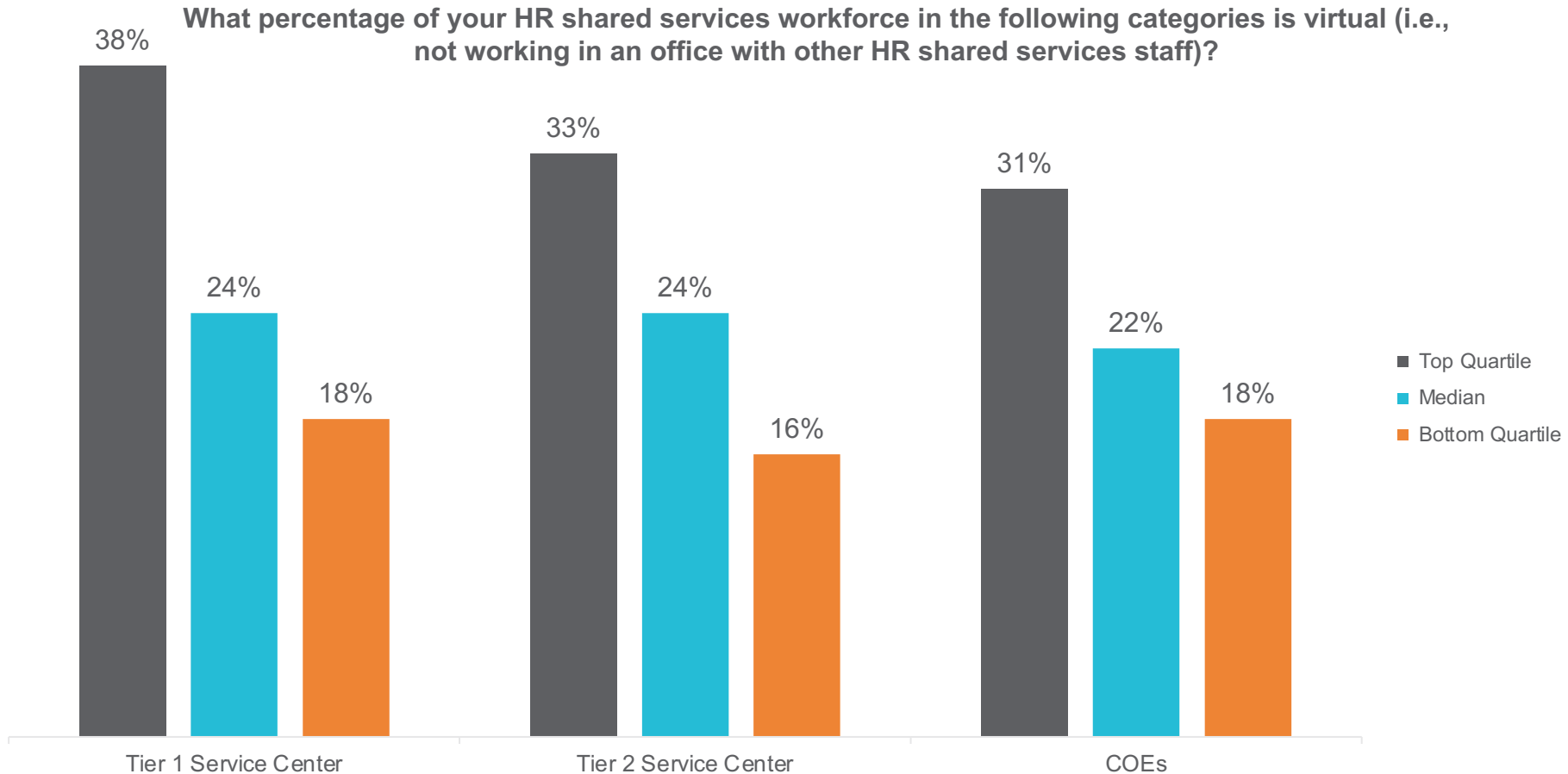
Service Center Performance – Efficiency

Tier 1 teams handle more transactions and inquiries than the Tier 2 groups across the service centers. Comparing transactions and inquiries across Tiers 1 and 2 shows a more substantial difference across tiers with inquiries. Tier 1 handles 20% more inquiries per FTE than Tier 2. This is likely due to the more complex nature of Tier 2 support.



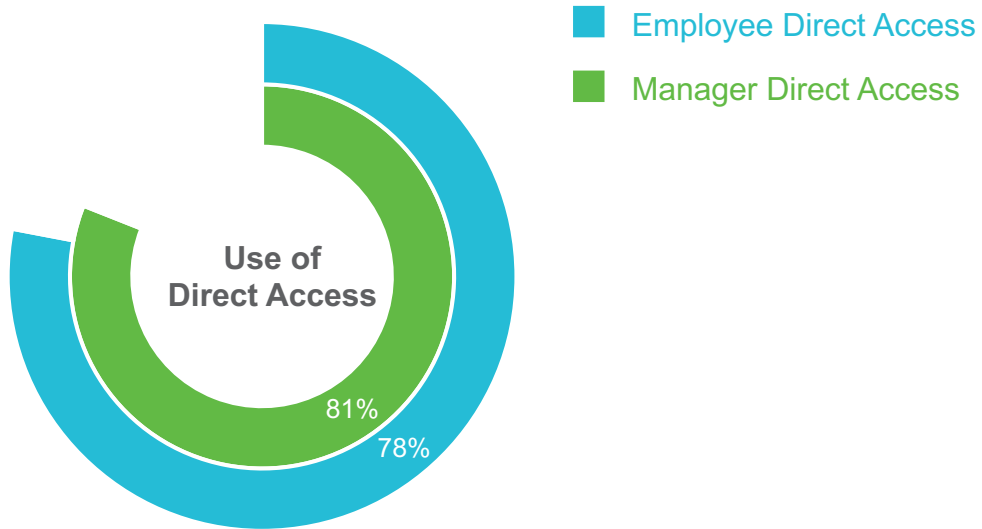
Virtual Workforce

In the top quartile, between 30 and 40% of the HR shared services workforce is working virtually according to the survey results. The median is just under 25% across all categories and around 17% in the bottom quartile. Tier 1 shared services center employees are the largest group working virtually.

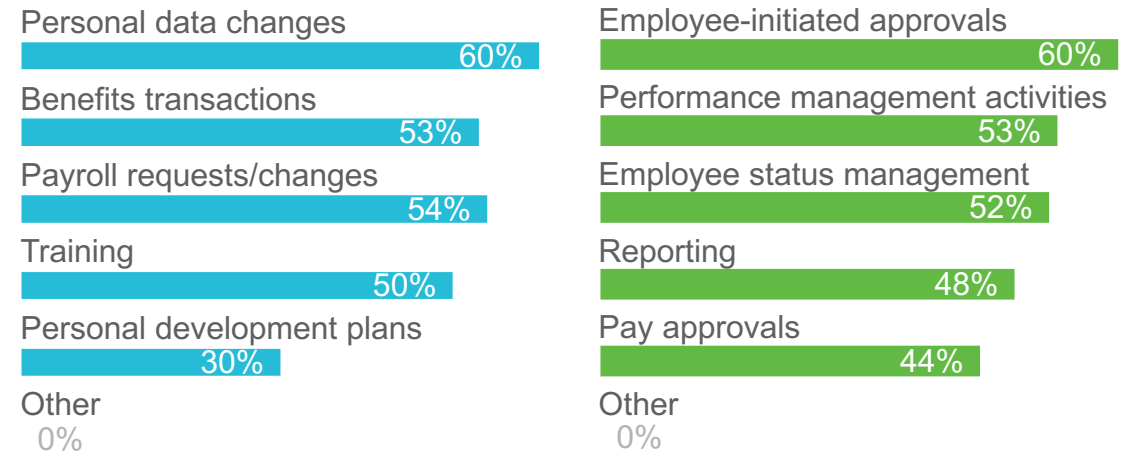


Portal Use and Direct Access

Most organizations are utilizing employee and manager direct access. Organizations are increasingly utilizing an employee portal with system integration. 94% of survey participants reported having a portal, and 68% have personalized content with system integration.



Direct Access Capabilities



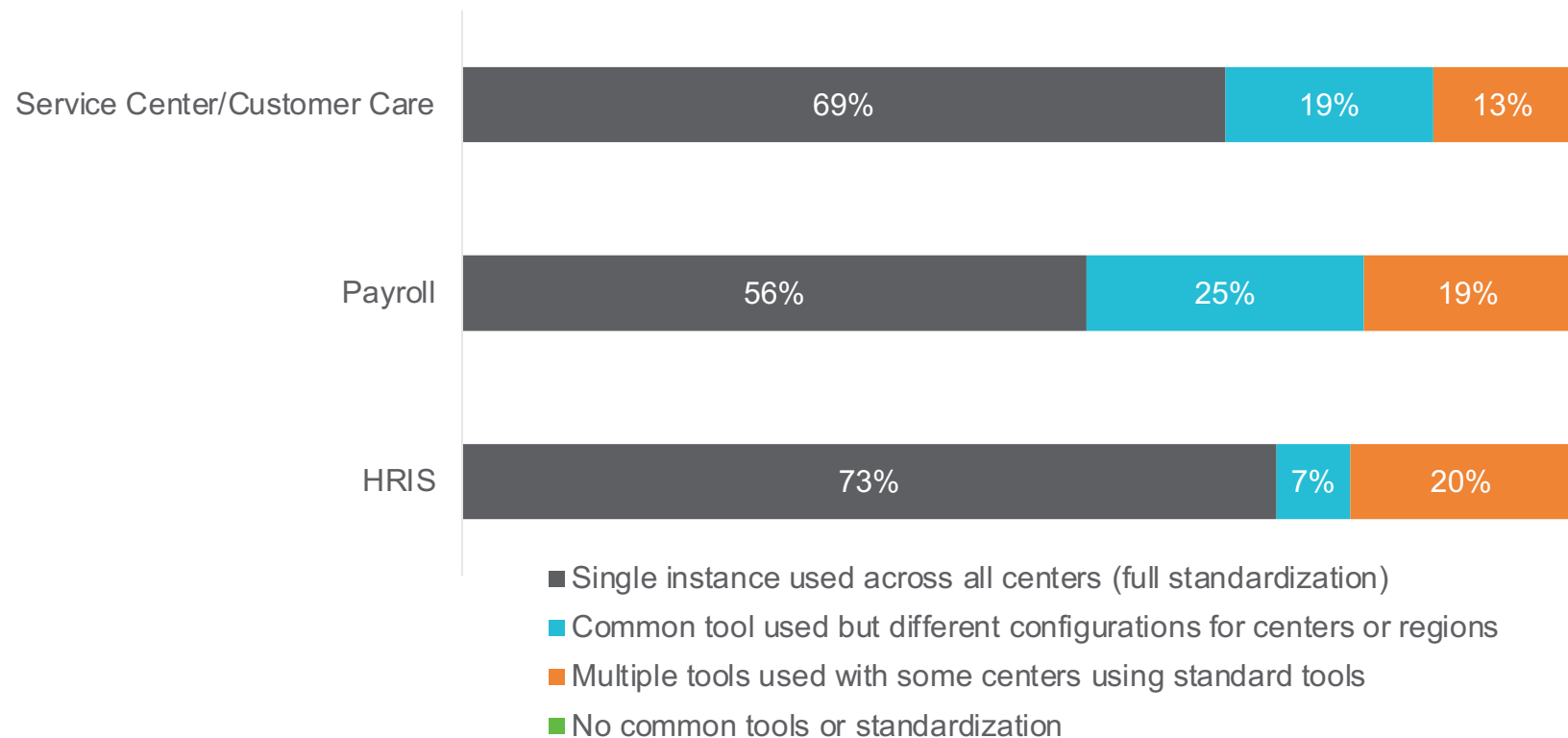
Which best describes your company's use of an employee portal?



Technology Standardization

More than half of the participants with multiple service centers have standardized technology platforms for HRIS, payroll, and customer care tools. All participants have some level of common tools or standardization.

To what degree are your technology platforms standardized across your global centers?

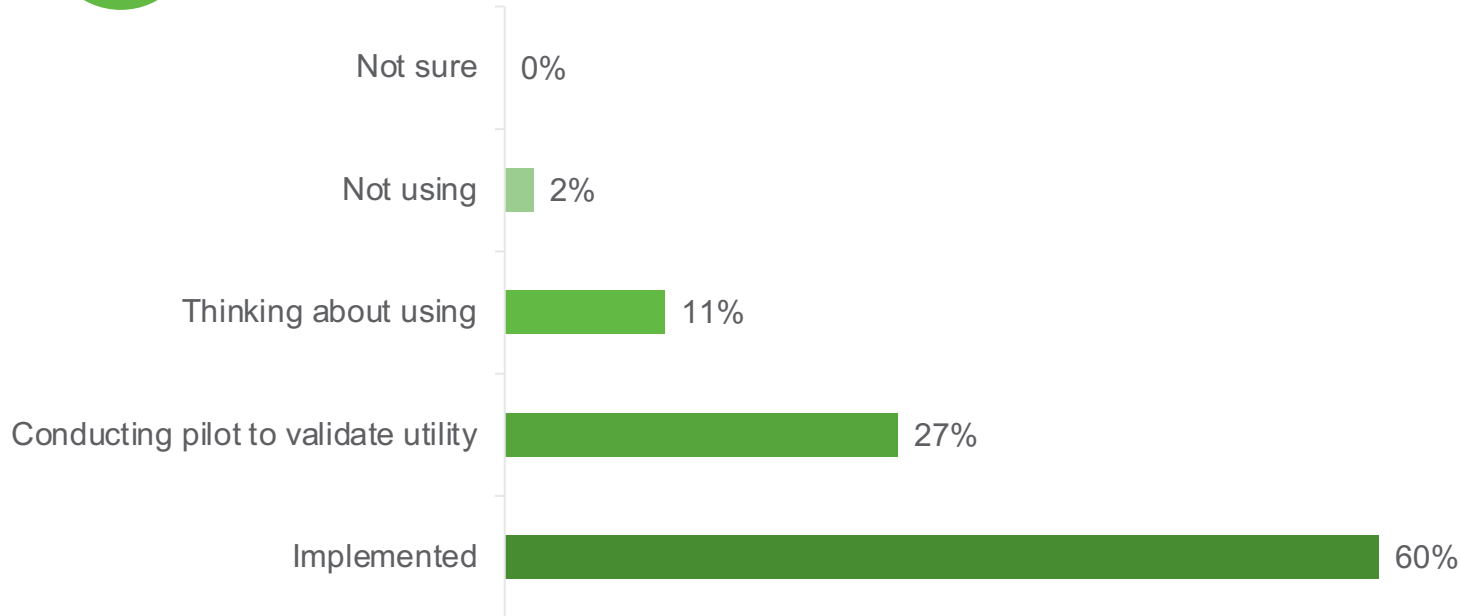


Intelligent Automation

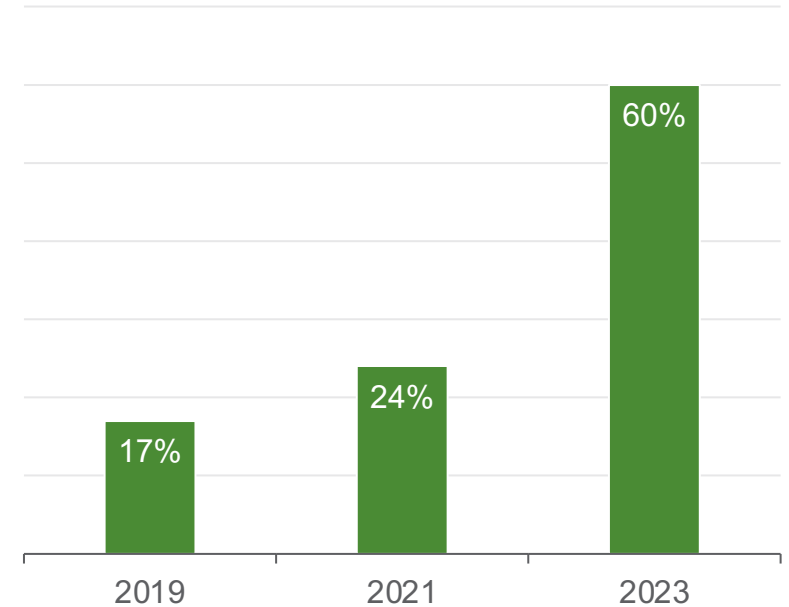
Nearly 90% of SSOs reported piloting or having implemented intelligent automation (IA) applications; another 11% are thinking about using IA.



To what extent does your shared services center use intelligent automation applications?



Percent of organizations that have implemented IA



Intelligent Automation (Cont'd)

- There has been a shift in recent years in process automation; survey participants reported significantly more knowledge-based autonomic process automation for unstructured data, rising from 13% of participants in 2021 to 38% of participants in 2023
- Only 5% of respondents reported their organization does not use automation to any significant degree, compared to 27% in 2021
- 85% of organizations use some type of conversational solution to support HR service delivery mostly via chatbots to provide self-service Q&A across HR processes, policies, and tools

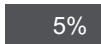


Which of the following best describes your HR organization's maturity with regard to process automation?

We use desktop automation for simple transactional data



We do not use automation to any significant degree



We use rules-based robotic process automation (RPA) for structured data and/or simple rules



We used knowledge-based autonomic process automation for unstructured data and/or complex rules



We use artificial intelligence-based cognitive automation for autonomous decision-making and discovery



Which of the following best describes your HR organization's use of conversational solution to support HR service delivery?

(select all that apply)

We do not use conversational solutions to any significant degree



We use chatbots to provide self-service Q&A across HR processes, policies, and tools



We use virtual agents that draw upon employee information in HRIS and other systems to provide personal responses via instant messaging



We use digital assistants for complex automated processing. A digital assistant initiates processes and works autonomously via voice-activated dialogs and a fully conversational interface



Global Operations

87% of participants reported using a GBS model

- 29% have a single global center
- 23% have regional centers with global management and integration
- 35% have site/country-specific centers with global management and integration

29%

of participants operate with a single global center

Significant increase; 12% reported a single global center in 2021

Geographic Model



58%

of participants have regional or country-specific centers with global management integration

14%

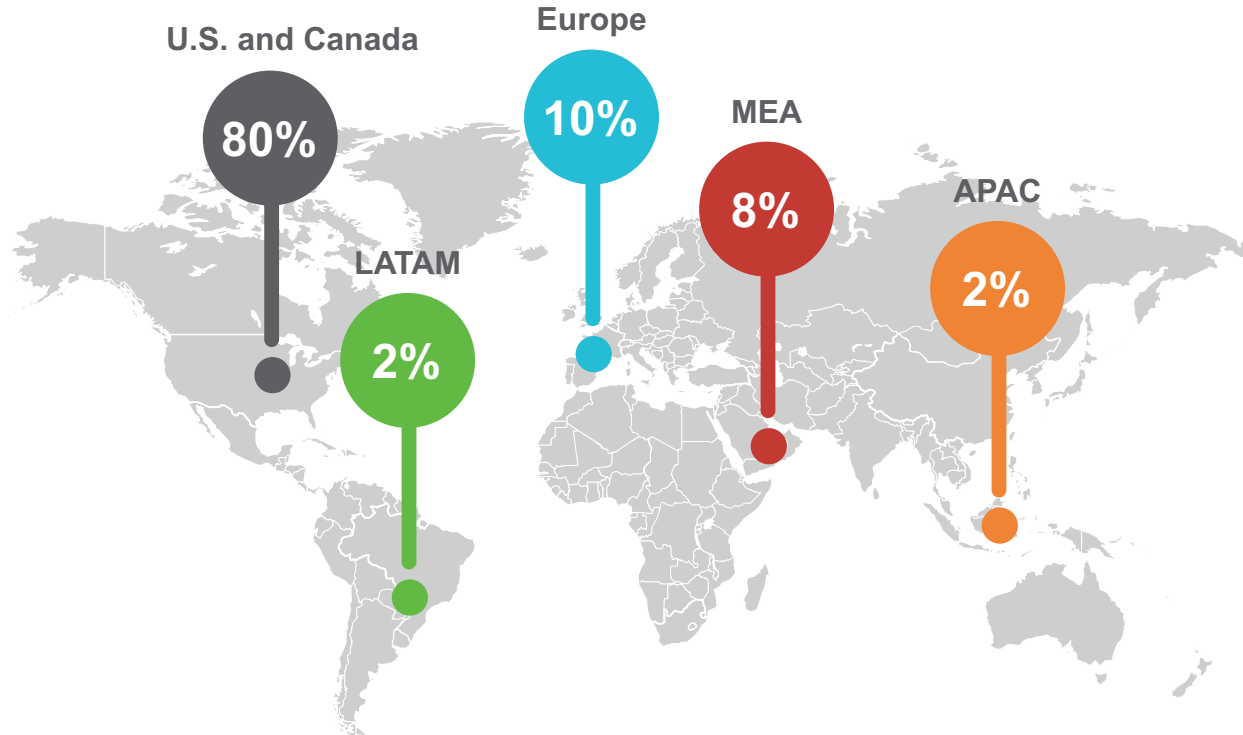
of participants have a non-GBS model, including regional centers run independently, country-specific centers, or another geographic model

- 10% have regional centers but run locally
- 4% have a site/country-specific center run locally

Global Operations (Cont'd)

North America has been the primary focus of our study and therefore remains the top location, followed by Europe.

Service Center Location by Region



Top U.S. Locations	Top Global Locations
■ New York	■ United Kingdom
■ California	■ India
■ Florida	■ Germany
■ Texas	■ Brazil
■ Georgia	
■ Illinois	
■ Delaware	
■ Massachusetts	
■ Michigan	
■ North Carolina	
■ Pennsylvania	

Want to Find Out How You Compare?

Contact us at info@scottmadden.com.

ScottMadden and APQC's HR Shared Services Benchmarking Study

- Unique benchmarking study
- No cost to participate
- Receive report of key metrics and qualitative results
- Peer group comparisons are provided



2023 Metric List

Overall HR Metrics	North American Service Center Metrics	Metrics Across All Service Centers
<ul style="list-style-type: none"> ■ Total customers (employees + retirees) served per total HR FTE ■ Total company employees served per total HR FTE ■ Total cost of the HR function per total company employee ■ Total company employees served per: <ul style="list-style-type: none"> – HRIS FTE – Continuous improvement FTE – Project management FTE – Change management/training FTE – HR business partner FTE – HR generalist FTE – HR administrator FTE – Field HR FTE – Talent acquisition COE FTE – Talent management COE FTE – Compensation COE FTE – Benefits COE FTE – Employee and labor relations COE FTE – Payroll COE FTE – Payroll processing employee FTE ■ Number of employees served per HR shared services organization employee ■ Number of retirees served per HR shared services organization employee 	<ul style="list-style-type: none"> ■ HR service center employee turnover for North American shared services center ■ Average speed to answer for North American HR shared services center ■ First contact resolution for North American HR shared services center ■ Portal hits per 1,000 employees for North American HR shared services center ■ Total requisitions per North American HR shared services center recruiting/staffing specialist FTE ■ Total hires handled per North American HR shared services center recruiting/staffing specialist FTE ■ Total company employees served per North American HR shared services center <ul style="list-style-type: none"> – Recruiting/staffing specialist FTE – Benefits administration specialist FTE – Workforce administration specialist FTE – Training administration specialist FTE – Leave of absence administration specialist FTE – Employee relations specialist FTE ■ Total North American HR shared services center cost per employee ■ Total North American HR shared services center cost per customer (employees + retirees) ■ North American HR shared services center in-house cost per transaction ■ North American HR shared services center in-house cost per call/inquiry 	<ul style="list-style-type: none"> ■ Number of employee FTEs served per service center FTE ■ Number of retirees served per service center FTE ■ Number of employee FTEs served per Tier 1 FTE ■ Number of employee FTEs served per Tier 2 FTE ■ Number of Tier 1 FTEs per Tier 1 manager/supervisor FTEs ■ Number of Tier 2 FTEs per Tier 2 manager/supervisor FTEs ■ Number of transactions per service center FTE ■ Number of calls/inquiries per service center FTE ■ Self-service transaction volume per 1,000 employees served ■ Tier 1 transaction volume per Tier 1 FTE ■ Tier 1 call/inquiry volume per Tier 1 FTE ■ Tier 2 transaction volume per Tier 2 FTE ■ Tier 2 call/inquiry volume per Tier 2 FTE