STERLING LEXICON

Fragmenting Global Mobility:

How Organizations Are Leveraging Shared Services Centers

KEY TAKEAWAYS

Managing costs is a top driver of moving some aspects of global mobility to a shared services center (SSC). Other key reasons include:

- Shifting some of the more transactional activities away from GM to allow teams to focus on upskilling and creating more value through stronger business stakeholder relationships.

- Improving the employee experience/ expediting response times.

SSC models use a variety of approaches, from routine low-complexity tasks to the management of some cases.

Top things to consider:

- **Timing**—including a review of existing policies and processes and the technology to support them, a phased-in approach to transferring responsibilities and what resources are available, including recruiting and managing the SSC staff

- **Location**—including local labor market assessments, workplace cultures and government/trade union bodies regulating work practices

- **Structure**—including whether to operate under a single hub or regional center model

- **Implementation & Management**—including establishing KPIs, conducting ongoing measurement and engaging in regular communication and training for both GM and SSC staff

Research reveals key considerations for whether and how to integrate a shared services model with certain elements of the global mobility process.

In the mid- to late-1990s, Dave Ulrich, often referred to as the father of modern HR, articulated how the HR function can be organized into shared services, centers of expertise, and business partners. This so- called three-legged stool approach was designed to add value to customers and investors through both leadership and strategic human resource practices.

While a lot of focus has been on the role of the HR Business Partner – a key stakeholder for most global mobility professionals – shared services centers (SSCs), centers of expertise (COEs) and global business services (GBS) models have also been widely adopted by many organizations across the globe.
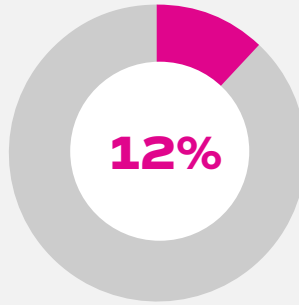
As McKinsey wrote in its "GBS State of the Union 2020" blog at the beginning of last year:

> **"Initially used to control costs, GBS organizations increasingly manage end-to-end activities that cut across traditional general and administrative back-office areas to more customer interaction roles and front-office activities. As GBS helps improve customer experience, time to resolution, and cashflow—and reduces revenue leakage— business units have more time to seek customer insights, forge partnerships, drive innovation, and more."**
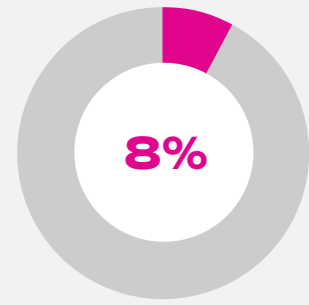
Interestingly, two decades on from the initial publication of Ulrich's theory, many organizations are still in the process of setting up or moving work out to shared services centers. In fact, in recent polling conducted by Sterling Lexicon, 69% of organizations surveyed reported that they either currently use a shared services center as part of the global mobility process, or were likely to do so in the future. Often located in a lower wage, offshore environment, we also discovered that many organizations who have relocated global mobility activity to a shared services center report ongoing challenges in making processes efficient and effective.
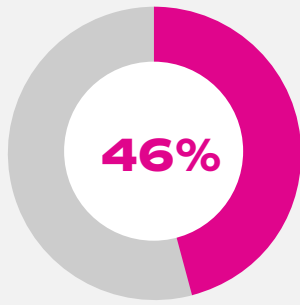
46%	12%	8%
Identify room for improvement in SSC	Struggle with the interface between GM / the SSC	Find the SSC to be working seamlessly

Our polling showed that 46% of respondents reported that they still have some way to go to get processes working efficiently and effectively, while 12% admitted that they really struggle with the interface between global mobility and the shared services center. Only 8% of respondents reported that their shared services processes worked seamlessly.

Rationale

Cost management was clearly the key driver for work moving into a shared services center in the vast majority of cases. Some of the organizations we interviewed had an existing shared services structure in place, whereas for others, migration of work to an offshore SSC was part of a wider HR transformation project. For some organizations that meant the beginning of or even an advancement of a self-service HR process which incorporates elements of technology.

> **"Taking on the role of trusted advisor promotes global mobility as a talent enabler"**

Cost was not the only driver cited by the companies we spoke with, however. Many organizations have sought to specialize the global mobility role by shifting transactional activity and upskilling global mobility managers / coordinators to have them focus on creating more value through the stakeholder relationships they hold within the business. Taking on the role of trusted advisor promotes global mobility as a talent enabler, dispelling any existing perception of global mobility as a transactional function and a 'compliance police' hurdle to be overcome or circumnavigated in order to get business done.

By moving transaction activity out, organizations reported that their intent is to free up mobility coordinators' time to focus on the employee experience as well as building stronger relationships with the business. Interviewees cited the desire to improve response times to employees, particularly in relation to simple queries, allowing coordinators more time to answer complex queries or solve complex problems.
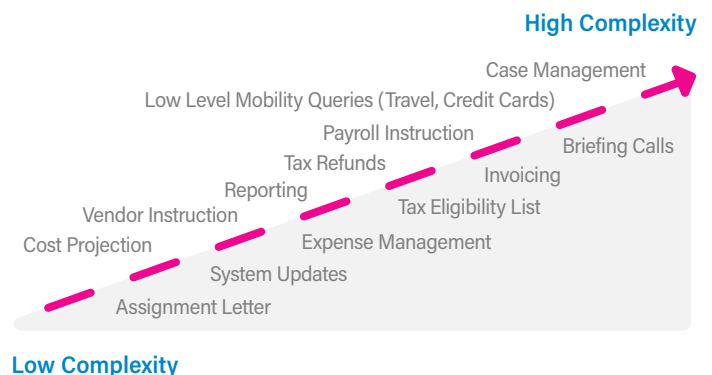
Scope of Work

Our research revealed a wide variety of activity within the shared services center model, reflecting a diversity of approaches to structuring the mobility function.

The graphic below shows a continuum of activities undertaken in shared services operations ranging from low-complexity, transactional activities which one might expect to see conducted by an offshored shared services function, through to high-complexity activities and some case management.

A fundamental question when identifying the scope of work for a shared services function is whether or not there is a direct interface with the relocating employee. Some organizations have pushed low-level assignee queries around such areas as travel or credit cards into the shared services function. Moving up a step, other organizations have incorporated briefing calls and in some cases, the management for non-senior moves. These could include self-initiated moves which don't receive much in the way of relocation support, for example. Our survey found:

- 61% of organizations said that the SSC undertook basic administrative tasks

- 27% indicated more complex administrative tasks

- 13% reported administrative tasks plus some case work and

- 15% indicated that shared services performed administrative work in addition to in-depth case work.

High Complexity

Case Management
Low Level Mobility Queries (Travel, Credit Cards)
Payroll Instruction
Briefing Calls
Tax Refunds
Invoicing
Reporting
Tax Eligibility List
Vendor Instruction
Expense Management
Cost Projection
System Updates
Assignment Letter

Low Complexity

Timing

What were the best practices and pitfalls highlighted by the organizations we spoke with? One of the challenges companies who had shifted work into a shared services center highlighted was getting the timing right – or to put it another way, having your basic structures in place before activities are moved.

> **"It's a good idea to have your policies set in place before moving activity."**

Policy: One mobility head shared with us that their biggest mistake was to try to do everything all at once. They reached a point where they were re-designing their global mobility policies at the same time as attempting to move processes into the shared services team. You can imagine the pressures on resourcing when trying to build the policies and associated processes and then trying to determine how you're going to make that interface with a shared services function. The move to shared services was protracted and became overly complex. It's a good idea to have your policies set in place before moving activity.

Process: The second element here is to avoid shifting defective processes. One of our interviewees advised from their own experience that it's a good idea to review your GM processes first before you start adapting them for a shared services environment. This means not only looking for defects but also looking for improvements. Can part of a process be automated? How is a process working in reality as opposed to how it is designed on paper? Many managers find that rather than fixing bad processes, teams simply adapt, shoehorning in their own additional steps or workarounds in order to achieve the right outcomes. These well-intentioned adjustments need to be identified and addressed so that a clear and efficient process is being moved.

Technology: Another key piece of advice is to ensure that the technology comes first and then build shared services processes around that. Organizations highlighted that it's more difficult to implement global mobility technology and the associated processes after activities have been relocated.

Resource availability: Although it may seem obvious, many organizations highlighted the importance of never underestimating the time commitment required from different resources. Timing key phases of the project so that they don't coincide with major events in the assignment management cycle is helpful. If additional support beyond project management can be made available, it will help alleviate some of the pressure from the global mobility team.

Recruitment: One organization we spoke to who had experienced multiple challenges when moving work into a shared services center admitted that the first mistake they made was to try to hire the SSC employees themselves from HQ. Fortunately, they got another shot at it and the second time around, hired the manager who would oversee the GM activity in the shared services center and let them recruit. By doing this they were able to take advantage of the manager's local knowledge of the labor market and were able to allow them to use their discretion in building a team ultimately reporting to them.

Location

One of the key learnings we took from our conversations was that where an organization locates any offshored GM activity can make a real difference. There may be little choice if there is an existing structure in place, but where options are available, it's worth considering:

The Local Labor Market: The infrastructure for SSCs is already established in many of the locations organizations typically target. This can make the process of transition easier as a skilled labor market may already exist. It can be helpful to consider which other organizations have GM functions or other shared services in that location and how the offshored activities compare to the scope of work your organization intends to move. Understanding the skillsets available in the local labor market and matching them to your organization's needs will help determine the viability of that location.

Workplace Culture and Regulatory Environment: Several of our interviewees underscored the importance of looking at structural issues and social attitudes within the labor market you are considering. For example, one highlighted that where their SSC is located, there is an entitlement to 30 days of paid sickness per year and that employees tend to treat it almost as a holiday entitlement. A global mobility head at another organization observed that on average, they find that people in their location are looking to move on after 18 months to 2 years. High rates of attrition mean not only a continuous investment in training, but also periods where employees who are still learning the role are working below optimum efficiency. Finally, looking at the influence of works councils or trade union bodies on the labor market as well as government regulation of the workplace should be considered when identifying the right location.

Structure

The structure of the shared services team is clearly dependent on the scope of the work the organization intends to move. The company should consider whether it intends to move to

a single hub shared services location, or whether it will use regional centers. This in turn will drive decisions around how the working hours of the shared services team will operate. For example, is the intent to maintain global coverage across all time zones, or to work the same hours as the company's HQ location? Through the interviews we conducted we learned that organizations which operate a shift structure tend to have higher rates of attrition. If the organization is using a single hub location, consideration should be given to whether employees will be working in specialist teams - segregated by activity, or region / country groups engaged in a broad spectrum of activity. One of the success stories reported to us involved regularly moving employees across teams to maintain engagement and promote employee development.

Implementation & Ongoing Management

Our research confirmed that phasing the migration of work is important, as it allows both the existing mobility team and the shared services team to master one activity at a time and is an efficient use of resources while the day-to-day work continues. It also allows the management team to identify what is working well and what needs improving across the migration project and adapt accordingly for future phases.

Having processes mapped and templates and checklists in place is a great advantage, but teams need to have the flexibility to adapt these where necessary. Key performance indicators need to be identified and linked to process maps. It's important that there is a robust mechanism in place to record KPIs. We found that organizations who had been partnering with an SSC for some time had them record, monitor and manage their own KPIs. We identified three key factors for implementation and ongoing management:

| **Relationship building** | **In-person training** | **Cultural appreciation** |

Most organizations had a regular weekly call with the shared services team to go through individual cases, issues and problem solving, even after years of offshoring. Interviewees emphasized that these calls were a good opportunity to build and strengthen relationships in the partnership. In-person training at the outset was highlighted as a key to success, and several also emphasized the importance of meeting face-to-face at least once a year. Cultural appreciation was universally highlighted as a major contributor to successful team building and service delivery. Many organizations invested in training for their teams in order to overcome communication barriers, both within the team and when interfacing with relocating employees.

The importance of providing ongoing training and development to SSC employees was stressed by many organizations in order to maintain engagement, high quality service and to keep attrition rates low.

Managing the Global Mobility Team

Most of the emphasis of moving global mobility activities to a shared services center is quite rightly placed on the employees in the offshore location. However, organizations need to be mindful that there is work to be done on refocusing the activities and mindset of the existing global mobility team, too. Companies contributing to our research underlined the need to undertake a structured change management process. This should include a role redefinition for global mobility managers / consultants and a realignment of performance goals. Organizations need to consider which behaviors will need to adjust as a result of the change. For example, one mobility head told us that they had a real problem with people continuing to complete tasks which had been offshored because it was quicker. This organization was considering restricting employees' system access to ensure that their time was focused on the value-add activities to demonstrate the return on investment.

Providing investment in training to upskill the existing team is as important as the investment in training the offshored team. If the organization is to realize the gains of moving activity into a shared services center, it should consider what additional knowledge or skills are required in the global mobility team and how these are going to be maintained over time.

With the right approach, and ongoing assessment, training and regular communication, leveraging a shared services center for certain aspects of the global mobility process can be an important contributor in the continued strategic elevation of the GM function.

Learn more about how Sterling Lexicon can help you make the best decisions around your organization's approach to global mobility.

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