HR Shared Services – Challenges to overcome

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People & Change Management - creating competitive advantage

Talent Management
- Strategic Workforce-Planning
- Talent Management
- Retention Management
- Performance Management
- Qualification and Training
- Demographic Change

HR-Transformation
- HR-Strategy
- HR Organisation and Process Design
- HR Business Partnering
- HR Shared Services
- HR-Outsourcing-Beratung
- HR-IT-Strategie
- Saratoga HR Benchmarking

Organisational Change
- Organisation Design
- Change-Management
- Restructuring
- Program- and Portfolio- Management

HR SSC-Challenges to overcome
Stefan Linde

**Education**
Masters degree in economic engineering (Wirtschaftsingenieur), TU Hamburg

**Professional background**
- Stefan started working as a consultant for Coopers & Lybrand (later PwC Consulting) in 1998, joined IBM Global Business Services in 2002 and returned to PwC in 2007.
- He is a specialist for Shared Services & Outsourcing, HR Transformation, HR Strategy, HR Process & Policy Design, Org. Design and Change Mgt. He has led large scale projects at international companies across industries from design to implementation.
- Stefan also leads the global PwC Organisation Design network.

**Relevant work experience (selection)**
- Project assessment of a global HR transformation for a global Swiss Bank
- Global Project Lead for a multifunctional SSC for HR: detailed process and organisation design and implementation of Business Partners, Centres of Expertise and 4 Shared Service Centres in 4 regions of the world. The project was embedded in a larger program to increase efficiency and align the back-office functions of Finance, HR, Procurement and IT.
- Project Lead Germany in a global HR Transformation for a German-based Chemical & Pharmaceutical company: Global HR Transformation to move from a decentralized, business unit owned HR landscape to a modern HR operating model based on 3 regional Shared Services, global Centres of Expertise and Business Partners. Germany was first to go-live in the new concept with 25,000 users.
- Project Lead for Global Process Design in the above HR Transformation for a Chemical & Pharmaceutical company. The process design was done jointly with the SAP HCM experts
- Project Lead for the global outsourcing of the payroll and travel expense department of a Global Bank. The work included the definition of the scope, negotiation with the provider and communication to the impacted department based on an overall change concept
- Process and Transition solution of a Global HR Outsourcing Deal for a Global Automotive Company including change measures for realization
Transforming the HR function is evolution

Maturity

Best in class
~ 1:185

Upper quartile
~ 1:117

Median
~ 1:82

Lower quartile
~ 1:55

Streamlining

Level 1

Introduction of self service tools

Automation

Process Improvement

ERP Implementations

Level 2

Outsourcing selected HR Processes

Common Processes

Consolidation of ERP platforms

IT systems providing data analytics

Level 3

Establish HR skills to partner with the Business

Full use of self service tools

Transformed HR

Multi-employer Network

Single Outsourcing Partner

Business-focused HR Programs

Internal Stabilization

HR SSC-Challenges to overcome

PwC

October 2011

Slide 4
Strict role segmentation and clear communication channels are prerequisites for any transformation

HR SSC-Challenges to overcome
PwC
**The proven 4-tier HR operating model is the leading principle for operating HR effectively**

**Tier 0**
Employee & Manager Self Service

- Via Interactive Voice Response
- Knowledge Base and other ESS/MSS Solutions Access through Web or Wireless Devices

- 80 - 90% of Contacts

**Tier 1**
Employee Service Center

- Generalist:
  - Provides support for all inquiries, handles standard transactions and FAQ's, and conducts basic research

- 10 - 20% of Contacts

**Tier 2**
Employee Service Center

- Subject matter expert:
  - Handles complex transactions and provides solutions, controls policies, conducts research, and resolves issues

- 3 - 10% of Contacts

**Tier 3**
Operational/Business Support

- Operational/Business Partner:
  - Operationalizes HR strategy to business-specific needs

- Center of Expertise:
  - Development of process, policy and strategy, policy interpretation

HR SSC-Challenges to overcome

PwC
**Typical Pitfalls in setting up the HR Operating Model**

1. Center of Expertise develop HR programs that don’t match the requirements of the Business
2. CoE fails to consider the implementation when designing HR programs
3. Business Partners continue to execute parts of the administration
4. Business Partners feel and behave like a separate, distinct HR unit
5. The SSC work at arms lengths lacking clear focus on service, efficiency, standardisation and governance
6. Continuous improvement for SSC is requested but not budgeted, thus limiting the results
Critical success factors for a successful HR transformation

- Holistic planning: adopt a long term view
- Balance of ambition: know what you’re good at
- Definition of success: how do you know that you’re there?
- Top-management support: the captain steers the ship
- Involvement of IT: involve early and use sensibly
- Consistent decision making: beware of “zombie-decisions”
- Active change management: involve the business from start
- Choose the route: don’t go off-road with a race car
Recent Studies from PwC on HR transformation

- Return on Change 2012: brand-new study on the value of change mgt to project success (German only)
- HR SSC Survey Switzerland 2011: Status of HR transformation in large Swiss/international companies (English & German)
- HR Business Partner 2012: German study on the acceptance of HR Business Partnering in companies (German only)
- Strategic Workforce Planning 2012: Swiss & German study on the use of WfP in companies (English & German)
- HR SSC-Challenges to overcome (German)

PwC
Swiss HR SSC Survey 2011: snapshots on the results

Global FTE distribution within complete HR

Best Practice Area

Outside SSC

SSC
Swiss HR SSC Survey 2011: snapshots on the results

Number of employees per HR FTE (global base)
Projects with Change Management are much more successful

Probability of project success

„Wie hoch ist die Erfolgswahrscheinlichkeit von Veränderungsprojekten in Ihrem Unternehmen ohne bzw. mit begleitenden Maßnahmen?“

<table>
<thead>
<tr>
<th>w/o project specific Change Management</th>
<th>with project specific Change Management</th>
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<tr>
<td>47%</td>
<td>74%</td>
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Der Mehrwert von Change Management, der „Return-on-Change“ wird im Rahmen statistischer Kennziffern (wie Marktanteil und Rentabilität), sowie als Erfolgswahrscheinlichkeit erhoben.

Die Erfolgswahrscheinlichkeit von Veränderungsprojekten steigt mit einer systematischen Veränderungsbegleitung um 27%.
Thank you for your attention

Stefan Linde
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Leader People & Change

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