"A Study Of Evolving Role Of Shared Services Leadership"

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ABSTRACT

Leadership and management are two important elements that drive success in shared services. In the shared services context, management is about doing things right, such as on-the-joh performance and accomplishment of day-to-day activities, while leadership is about doing the right things such as having a vision and finding a way to give tangible form to that vision. Simply put, leadership is about doing the right things, while management is about doing things right. This vital distinction is often ignored in the shared services domain, causing shared services leadership skills to be shrouded by management skills. However, literature review shows that it is the leadership skills and competencies (more than management skills) that spearhead a shared services organization to do the right things in their unique situation. Implementing shared services is a multi-year and multi-million-dollar programme aimed at collaborative transformation that requires skilled and knowledgeable management and leadership team at the top level.

Organizational leaders are primarily responsible for the success of transformation, which is largely an undefined and vague process to begin with. In other words, change is primarily about leadership. Shared service leaders are responsible not just for transactional activities such as

cost reductions and process improvements, but also the transformational ones strategic to the business. Relationship management is an important competency at a senior level, often more important than technical know-how. The ever-increasing expectations and turbulent business environments continue to push the boundaries of the shared service leaders' skills and abilities. The current paper focuses on the significance of shared service leadership, its scope, desirable competencies in a shared service leader, challenges faced by shared services leadership, few measures to overcome the problems associated to the role of effective leadership for a successful collaborative transformation.

Key words: Shared service, shared service leadership, shared service leadership challenges, shared service leadership competencies.

INTRODUCTION

The continually evolving business model of shared services has become the default mode to deliver services and to carry out common business transactions in most organizations throughout the world. Shared services refers to an organizational framework where routine business functions performed by multiple operating entities are consolidated into a distinct unit that delivers services to the rest of the firm as its business clients.

Transition to shared services mode of operations triggers changes in an organization both at transformational (strategic) level and transactional (operational) level (Legare & Bechtel, 2001) such as, changes in organizational procedures and processes; people's (internal and external) roles and responsibilities; culture and values; systems and structures; and finally, technology. Organizational leaders are considered to be primarily responsible for successful implementation of transformation process, which is largely undefined and vague. In other words, change is primarily about leadership (Gill, 2002). Proactive leadership and effective communication strategy are crucial to drive successful organizational transformation. The ever-increasing expectations and turbulent business environments continue to push the boundaries of the shared service leaders' skills and abilities. A number of

popular leadership frameworks may provide recommendations to help solve some business problems, however, they prove to be insufficient to deal with the pace and polyvalent character of constant, rapid change (Ulrich, 1995), especially since the tempo of the change can be episodic or continuous (Weick& Quinn, 1999). While effective change leadership at the helm of the affairs is crucial, good managerial cadre at the middle and supportive staff at operational level are important for the overall success of the transition.

OBJECTIVE AND JUSTIFICATION OF THE RESEARCH PAPER

A review of literature about shared services worldwide shows that it is the leadership skills and competencies that spearhead a shared services organization to do the right things in their unique situation (Scott Madden, 2011). Simply put, leadership is about doing the right things, while management is about doing things right. In the shared services domain, this vital distinction is often ignored, causing shared services leadership skills to be shrouded by management skills. The current paper focuses on the significance of shared service leadership in the rapidly changing business landscape and its role in driving successful collaborative business transformations. The findings of the literature research on 'shared services leadership' has been laid out in the following sequence: the case for shared services or why organizations consider shared services model of business operation, the evolution of shared services, collaboration models in vogue, significance of shared service leadership, scope of activities, challenges that they bring and desirable competencies.

RESEARCH METHODOLOGY

Secondary data collected from both online and offline sources such as journals, research papers, thought leadership articles by corporate/ knowledge communities and books formed the basis for this research paper, Extensive literature review of both original research studies and review studies involving SSCs helped in sourcing definitions of pertinent terms, their importance, benefits, effectiveness, etc,

The case for shared services

The increased costs of running business operations and decreased budgets in the current volatile business environment have propelled the organizations in favor of the shared services' approach, where available resources are leveraged to carry out routine business activities optimally(Yee, Tan Ter Chian& Chan, 2009). Less is more in a shared service context where organizations realize competitive benefits by focusing on fewer core functions strategic to the company, while the non-core functions are shared with partner/alliance units to realize cost economies (PWC,2012). Shared Services has been conceptualized as a hybrid governance model (Miller, Kurunmäki, & O'Leary, 2008) that is quasi-autonomous and promises high levels of efficiency (as corporate-wide redundancies or duplications are eliminated) and quick response time where all the service partners benefit equally from better service levels aided by technology and innovation of the shared service centre (LFHE, 2016). The unique benefits that a shared service framework offers such as, flexibility to work from a place where it can be best sourced (low costs, skill availabilityetc); control and knowledge remain located within the firm's hierarchy, gives it an edge over the traditional outsourcing option.

The chief rationale behind transformation could be one or more of the following reasons (Fig. 2): direct and indirect cost economies, leveraging ready-to-be-deployed converged expertise, congregated experience across multiple division, business transparency, operational flexibility, global operating structure, service; common operational practices, easily accessible data and so on. The Shared Services Model thus may lead to Cost Benefits such as Common Operational Practices, Process Simplification and Standardisation, support for future growth, Congregated Experiences leading to better decision making, business process integration/realignment, easy access to standardised data,, Expand Customer base such as Cost Benefits, inprovesd Service Quality, Converged Expertise leading to the improved efficiencies.

The types of activities performed by shared services centers could be transactional -routine, high volume activities transformational- extensive expertise based and strategic to the company (Mergy& Records,2001) . The underpinn principle is that a shared service center can serve several customers more cost-effectively and

efficiently il individual customers can serve themselves. Since tasks of operational nature are separated from the corpor headquarters, efficiencies are increased both at the central corporate level and at the shared service centre level. freed-up top-line executives at the corporate level get to focus just on the strategic functions of leaders and corporate governance, while the service center's talent pool drawn from similar functions across the organizat delivers specialized high-quality services. With a semi-autonomous status, a shared service unit is an independent accountable cost center within an organization (Gill, 2002).

Through shared services, organizations create synergies by consolidating similar services in order to realize massive economies of scale and derive benefits of specialization and differentiation (Kaplan & Norton, 2001).

Evolution of shared services and types of shared services collaboration

the operating framework of shared service unit has evolved constantly over the past few decades to succeed in the changing business landscape and to support the strategic direction of organizations. 'Single function shared services' is the forerunner, where back-office functions such as accounting and finance were served via shared service model. Success here led way to 'multi-functional shared services where services such as HR, IT, purchasing and procurement were delivered by shared service silos dedicated to each function. Likewise, Integrated shared services units specialize in technology enablement, service and project management, business process management etc and finally, GIBS/globally integrated business services' unit (IBM, 2011) is another variant, where the transactional and common back office functions are consolidated into a stand-alone unit.

Further, it has been suggested that unlike common perception, shared services centers can be organized in different manners based on(a) the shared service governance structure (b) the strategic rationale behind the shared services centers, (3) the nature of the shared services and (4) the customer orientation (Joha & Jansen, 2011). Shared services can also be defined based on the nature of collaborations such as (a) private sector collaborations (b) public sector and private sector

collaborations and (c) public sector to public sector collaborations The significance of shared service leadership

Although shared services can potentially provide major savings or process improvements to a group of partners, it is also the most complex to accomplish. Industry research shows that about 50% of transformation projects are unsuccessful for failure to properly manage the change [13]. When services are shared, often, organizations may end up losing partial or complete control of certain functions. Literature shows that such 'loss of control' issues hamper or stall the process altogether. That said it is effective leadership that sets apart those organizations with well-structured shared services where partners acknowledge the complications of shared control and share strong trust and a common vision of a better service (SSA, 2016). Deft leadership is instrumental in enabling shared services to mature from single-function transaction processing centers to multi-functioning organizations that ultimately become strategic assets that provide specialized services. In the shared services context, management is about doing things right, such as on-the-job performance and accomplishment of day-to-day activities, while leadership is about doing the right things such as having a vision and finding a way to give tangible form to that vision. Shared service leaders play a central role in the organizational transition with their expertise, skills and experience unique to the context of shared services initiative, in addition to their dexterity with the concepts and difficulties that new and evolving organizational forms pose such as new organizational design, new role definitions, managing organizational culture change etc.,

The ever-increasing expectations and volatile business environments continue to push the boundaries of their skills and abilities. As such, the role leadership plays in shared services organizations has morphed over the past decade to suit rapidly changing business requirements. The evolution in the shared services model from transactional to strategic has brought corresponding changes to the leadership role as well. Shared service leaders are responsible not just for transactional activities such as cost reductions and process improvements, but also the transformational ones strategic to the business.

Evidently the actions and merits of a successful shared services leadership can actually transfer beyond the realm of shared services to represent good leadership traits in general across the organization.

SHARED SERVICE LEADERSHIP COMPETENCIES AND IMPACT AREAS

Driving business success and organizational transformation in a shared services environment demands a unique combination of personal attributes and competencies from the shared service leaders. Strategic planning and execution as part of change management in a shared service scenario has been highlighted in a practitioner's survey (RRA, 2012) as a significant shared service leadership competency, however, the lack of the change management skill in real world has also been acknowledged. Another drawback of shared service leadership was said to be a clear lack of commercial acumen to be able to sell their teams' expertise to handle end-customers' expectations and requirements and to articulate the commercial benefits of their teams effectiveness. The other desirable competencies of shared service leadership, as per the survey, were negotiation and influence; partnering and relationship building; and finally people leadership.It also been suggested that change management as a core competency must be developed among the senior executives by committing considerable resources to attain long term competitive advantages by an organization (Zaccaro& Banks, 2004) Relationship managements another critical competency at a senior level of shared services leadership, often considered more important than technical know-how. This translates to proactively engaging with employees by mentoring, coaching, motivating and empowering them. The underpinning critical competency required to carry out all the above requirements is effective communication that facilitates collaboration, negotiation, aids in key-stake holder buy-in, partnership and relationship building, talent acquisition and retention,

It has also been suggested that change leaders could adopt a collaborative approach that coordinates the efforts of both change and talent management teams in an organization for a smooth transition (PwC, 2012) EQ or emotional intelligence quotient at individual level and

emotional capability at organizational level (Huy, 1999) has also been highlighted as one of the core competencies of change leaders, where management style is adapted to identify and empathize with employces' feelings, This results in positive impact of reduced attrition and helps employees to see change as an opportunity, not a threat (Fletcher, 2014)

SCOPE OF SHARED SERVICES LEADERSHIP ACTIVITIES, CHALLENGES FACED AND OVERCOMING THEM

The varied range of activities that fall under the scope of shared service leaders and managers are both strategic and operational. Few of them are: internal selling of the idea and developing a case for the shared service concept; design- topographical, organizational and process; culture; change management; communication; people issues including employee training & development; compensation & incentives, staffing and retention, employee empowerment; governance; policies and procedures; performance measurement; relationship management; program oversight and management; service level agreements; IT upgradation and integration; risk management across all functions; and, new opportunity identification. The above listed activities bring with them many challenges to the shared service leadership. Some of the significant challenges facing leadership when an organization moves to a shared services model are: high startup costs, loss of partial or complete control over the services being shared, power erosion in some cases brought in by collaborative models, managing information flow based on needs and priorities of clients, staff issues, changing roles, responsibilities and unclear accountabilities, changed organization culture etc.

Also, identification of required resources and skills of varying levels needed for change management and to implement new practices is one of the early challenges faced by senior executives (Lacity & Willcocks, 2006)

CONCLUSION

Shared services are a proven method to deliver value, however, shared services organizations are still evolving; so is the role of a shared services leader. The prototype of shared service centre introduced roughly two decades ago was aimed to realize just economies of scale and

standardize services. The uni-functional and transactional shared service centre has since evolved radically over the past decade into the current day's strategic business partner. Likewise, the role of the shared service leader too has transformed from essentially tactical one to a strategic visionary guiding shared services to perform optimally. Shared service leaders, today, are expected to be globally aware, innovative and adept in guiding the shared service units to realize the vision of operational excellence and accomplish the mission of delivering high quality service portfolio to customers.

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