Perform
Improving performance in shared services...
What is keeping you awake at night?
What we are hearing from you whenever we meet...

My bosses are looking for another 10% cost reduction this year, and we’ve already been cutting costs every year since 200X...

We are going to grow our business this year by taking in more processes, but I am constrained on the number of FTE...

We have tried Lean Six Sigma and Operational Excellence, but we only get small improvements or get bogged down in politics...

We need to build a culture of continuous improvement embedded in our people, not just on a project basis...
Many SSCs are taking on new processes but have FTE constraints...

Average No. of processes provided in the SSC:
2012.......................7.7
2014.......................10.3
What priorities do you have...
We hear a number of key priorities...

I need to become a **better partner for the business**, and not just have arguments about errors and omissions...

I need a **quick ROI**...

IT projects don’t deliver that...

I need to focus on something else...

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**Improvement of in-scope functions and associated business processes in relations to cost, quality and time**

- **Major improvements** (simultaneous IT and process improvements): 24% (2012) → 50% (2014)
- **Some improvements** (process improvements): 52% (2012) → 12% (2014)
- **Slight improvements** (quick wins) & No improvements: 24% (2014) → 38% (2012)
What constraints are you working within?
We hear a number of key limitations...

Average level of staff turnover over last 3 years – 2014

- 46%: 5-10%
- 36%: 11-20%
- 18%: >20%

I have budgetary constraints – any improvement project literally has to pay for itself...

My people turnover is starting to increase due to an improving economic situation...

Average turnover for the last three years

<table>
<thead>
<tr>
<th>Region</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech &amp; Slovakia 2014:</td>
<td>14%</td>
</tr>
<tr>
<td>CEE region 2014:</td>
<td>17%</td>
</tr>
</tbody>
</table>
What have you already done?
You have already done a lot of improvement activities...

- Salary reductions in the SSC compared to in the business
- Quick wins
- Process improvement projects, either ad-hoc or formalised with a specific methodology
- Value chain mapping
- Minor IT changes
- FTE reduction where possible

But the challenge remains: what more can we do either to reduce cost or release capacity for growth?
Our SSC survey shows that most SSCs are in stage 3 of the maturity assessment…. and many are asking how do I get to stage 4…
Very important notice:
There is a way....
But before we tell you what it is, let’s hear what our clients say about it...
In the accounts receivable business, one of our clients achieved....

- 25%... 
  ...FTE capacity realised

- 30%... 
  ...more bills within SLA

- 100%+... 
  ...increases in team productivity

- 43%... 
  ...reduction in time to bill

- 9 days... 
  ...DSO reduction since project start

- 33%... 
  ...increase in Manager ‘value add’ time

- 830 hours... 
  ...coaching time over 16 weeks

- 75%... 
  ...reduction of bill value in query

- highest ever... 
  ...cash collection results

- lowest ever... 
  ...unallocated cash values
And some of our other clients achieved....
Their numbers, not ours...

- Global investment bank across 3 Finance SSCs in 3 countries, one in CEE:
  - 15-22% capacity release

- The BBC Finance function
  - 80% reduction in aged debt
  - First month ever reported on time

- Adecco Sales Front Office
  - 22–30% capacity release

- Rentokill Credit Function SSC
  - 10% debt reduction
  - 40% reduction in unallocated cash

- Adecco Finance SSC
  - 20% capacity release

- Global Wealth Management Organisation Finance SSC
  - 28% capacity release

Perform • Improving performance in shared services…

PwC  

October 2014
So, how do we do it?

It is all about the people
Perform optimises what managers do, how they do it, and the tools they use...

Management Principles
How you do it?

Management System
The tools you use

Management Practices
What you do?

Supporting systems, tools and techniques

The mindset and philosophy of leaders running the organisation

Daily practices and behaviours of managers
A management system that drives new behaviours to achieve a step change in operational effectiveness and efficiency...

SSC Director visibility and presence, team leader driving team performance, team member control and responsibility

KPIs, performance boards, performance reviews, competitions, recognition, vision, coaching, training

Understanding the quality of the work that is done, getting things right first time to reduce the number of errors

Managing capacity and removing the unnecessary parts of the process to reduce the time taken to respond to clients and improve service levels without compromising quality
“Tell me and I forget. Teach me and I remember. Involve me and I learn.”

Benjamin Franklin
The five dimensions of Perform

1. Process
   - Agreed Standard Operating Procedures
   - Value Stream Maps
   - Visual Management
   - Problem Solving

2. Performance Management
   - Information Centres
   - Performance Review Huddles
   - Process Confirmation

3. Mindsets and Behaviours
   - Routines and Practices
   - Coaching and Capability
   - Vision

4. Organisation and Skills
   - Organisation Structure
   - Skills Capability Tracking
   - Sharing good/best practice

5. Customer Focus
## How Perform works

Over a typical 10–12 week period, we deploy each of the Perform ‘elements’ using experienced coaches working alongside your teams.

<table>
<thead>
<tr>
<th>CI elements prioritised</th>
<th>Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Information Centres</td>
<td>1</td>
</tr>
<tr>
<td>2. Standards</td>
<td>2</td>
</tr>
<tr>
<td>3. Performance review huddles</td>
<td>3</td>
</tr>
<tr>
<td>4. Vision</td>
<td>4</td>
</tr>
<tr>
<td>5. Coaching and capability</td>
<td>5</td>
</tr>
<tr>
<td>6. Customer focus</td>
<td>6</td>
</tr>
<tr>
<td>7. Problem solving</td>
<td>7</td>
</tr>
<tr>
<td>8. Visual management</td>
<td>8</td>
</tr>
<tr>
<td>9. Routines and practices</td>
<td>9</td>
</tr>
<tr>
<td>10. Process confirmation</td>
<td>10</td>
</tr>
<tr>
<td>11. Organisation &amp; skills</td>
<td></td>
</tr>
<tr>
<td>12. Celebrating success</td>
<td></td>
</tr>
</tbody>
</table>

### Deployment Approach

We focus on each element week by week, using the training, design, implement and review cycle below, backed up by regular **real time coaching**.

1. **Training**
2. **Design**
3. **Implement**
4. **Review**
5. **Improve**

We review and enhance as each of the elements takes hold and becomes BAU.
**Why our approach works – Perform core principles**

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**Three ways to create capacity…**

1. **Reduce demand (do less)**
   - 1a: Producing things that the customer wouldn’t notice if we stopped
   - 1b: Producing things which do not deliver a business outcome
   - 1c: Doing the same things that our customers (or suppliers) are

2. **Improve process (do it better)**
   - 2a: Doing the same things in many different ways
   - 2b: Unnecessary checks and controls
   - 2c: Things coming to us in many different ways, unnecessarily
   - 2d: People have a different view of how to do the same things

3. **Improve utilisation (do it at the right time)**
   - 3a: Some people are very busy, whilst others have less to do
   - 3b: Uneven flow of work (batching), resourced to peaks
   - 3c: Unnecessary skills segregation, people organised in the wrong way
   - 3d: Forcing everything down the same process

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**… by identifying and stopping the following**

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**15–20% capacity creation is possible – we have achieved it in the majority of our projects**

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**… to generate sustainable benefits**

1. Capacity is identified & released by aligning activity to customer requirements and business outcomes
2. This is then converted to headcount/capacity release through aligning skills to activity and changing the organisation structure
3. The benefits are sustained & improved upon through measuring the right things at the right time, reinforced by leadership behaviours
Typical results

- Releases 15–25% capacity
- 15% improvement in service levels, 60% reduction in errors / rework
- >100% improvement in management time spent on value-adding tasks (coaching, driving performance and planning)

It’s about how ‘managers manage’

- Addresses capabilities and behaviours of management through coaching
- From re-active and firefighting culture to proactively managed forecasting, planning and review cycles

Rapid

- Does not require IT investment or cross-functional process change
- Perform deployment is 10-12 weeks
- Results start to be seen from week 6 +

Sustainable

- ‘Locks in’ improvements
- On-going: 3–5% year-on-year incremental benefits
- System of habits, routines and tools prevents teams from returning to their old ways of working: embedded mindset and behavioural change
“I’d hunt you down if you took it all away”

<table>
<thead>
<tr>
<th>Role</th>
<th>Comment</th>
</tr>
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<tbody>
<tr>
<td>CEO</td>
<td>“I felt very proud of the culture you’ve created”</td>
</tr>
<tr>
<td>CFO</td>
<td>“My most enjoyable day in the office for two years when the team presented their achievements”</td>
</tr>
<tr>
<td>SSC Director</td>
<td>“I always knew we had good people, but we believe in ourselves again now”</td>
</tr>
<tr>
<td>Managers</td>
<td>“We have something special here”</td>
</tr>
<tr>
<td>Assistant Managers</td>
<td>“You can never truly know how much this has helped me personally”</td>
</tr>
<tr>
<td>Staff Members</td>
<td>“For the first time I’m actually looking forward to coming into work”</td>
</tr>
</tbody>
</table>

- 25%...  
  ...capacity realised
- 100%+...  
  ...increases in team productivity
- 30%...  
  ...more bills within SLA
- highest ever...  
  ...cash collection results
- 33%...  
  ...increase in ‘value add’ time
- 9 days...  
  ...DSO reduction since project start
Thank you