

Global mobility and shared service centres

...as the role of global mobility moves from supporting to strategic



Working together

‘Outsourcing’ or ‘shared service’ centres first came into prominence in the 1980s and over the past 30 years have seen an exponential rise as organisations have sought out further ways to reduce costs and increase their competitive advantage.

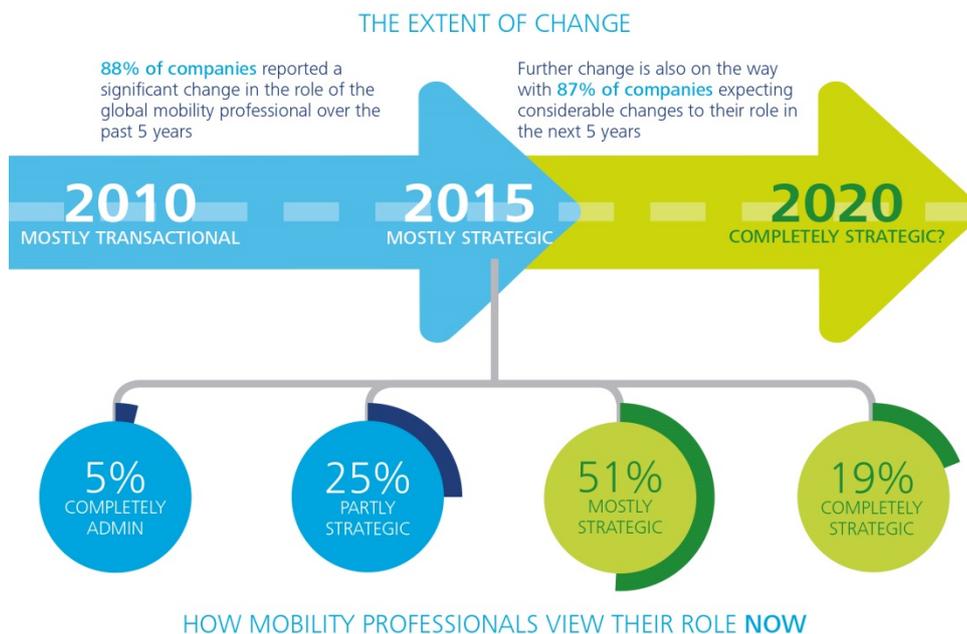
We have seen functions outsourced ranging from data processing, accounting, payroll, human resources, training, legal services, customer queries, administration and support.

For organisations with significant global mobility programs the global mobility function is not immune. The rationale for outsourcing part of the administration of programs is no different to the outsourcing of other functions – cost-saving still being the key driver.

The leaders to date have been found typically amongst some of the largest oil and gas players and mining entities where the size of the global mobility programs have made the case for re-engineering their delivery models to lower cost jurisdictions all the more compelling.

However, as the role of the mobility function moves from playing a support role to becoming a strategic business partner, it is not just the organisations with the largest global programs that are starting to consider the benefits.

A recent Deloitte pulse survey looked at how mobility professionals view their roles. Only 25% of respondents felt over the past five years their role was partly strategic. Of this same group, 70% have the expectation over the next five years their role will be mostly or completely strategic. For this seismic shift to occur a significant part of their existing day job needs to be removed.



Source: Deloitte Pulse Survey – How is the role of Global Mobility changing?

For those who consider outsourcing should be part of the answer, there are many factors to be considered ranging from the benefits achieved through increasing focus, increased knowledge and speed of delivery through to potential concerns around the impact on employee engagement and data security.

Some global mobility shared service centres have been in operation for many years and are now a fundamental element of the service delivery model such that 'outsourcing' no longer seems to be an appropriate term for a core part of the global service model.

Some of these organisations have set up regional outsourcing centres whilst others have gone for one global model – much depends upon the scale and linkages with other functions being outsourced.

Once a decision has been made to look at changing the business model, then considering possible locations becomes a key part of the decision making process.

When people think of business process outsourcing, the term is almost synonymous with India. Many studies over recent years highlight the country as the most attractive global outsourcing destination.

India tends to top many decision-making trees on the basis of the availability of skilled labour, the business process experience that has been built up over a number of years across many functions and many sectors, the low cost base (typically creating savings of 30-40% compared to western operations), the favourable regulatory and political environment, lower infrastructure costs and some tax concessions.

However, not everything is rosy for all. Costs have risen year-on-year with wage inflation not being fully factored in when calculating the benefits in initial feasibility studies. Attrition rates of 27% have been recorded resulting in knowledge loss and the need to factor in the additional less visible cost of retraining. In addition it is no longer so easy to recruit in all areas.

Although India does remain the market leader despite these concerns, one country consistently gaining ground is the Philippines. By mid-2014 employment in the business process outsourcing (BPO) sector in the Philippines reached an all-time high hitting the one million people mark.

Any organisation looking at re-engineering their global mobility function would be wise to consider several locations and models and look to see where other group functions are being performed. In June 2015, the Project Management Institute listed China, Sri Lanka, Vietnam and Malaysia in the top 20 locations alongside India and the Philippines.

Over the past few years the vendor marketplace has expanded with leading firms offering a broad range of services. Here a key factor is considering which functions will be retained, how these functions will be managed and how processes will interface with those that have been outsourced. For other organisations their decision is around developing their own centre of excellence.

Where organisations are looking at centres of excellence for their global mobility functions, it will be necessary as part of the process review to distinguish elements of the mobility cycle that have characteristics akin to shared service centres such process standardisation, a high administrative content and a high transaction volume. Typical elements will be assignment letter generation, relocation vendor initiation and maintenance of home country benefits.

Once activities such as these have been stripped out, global mobility professionals should have more time to focus on strategic and value-added activities. Today this is still a dream for many global mobility professionals as fire-fighting continues on a daily basis.

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