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How global business services can add value to the core business

Shared services has consistently delivered demonstrated results and benefits related to cost arbitrage and process efficiency. But, as models mature, companies expect continued returns from their substantial global business services (GBS) investments. This is prompting many GBS organizations to consider how they can foster growth through new capabilities and add value to the core business.

What's next in the evolution of GBS to drive business objectives?

To continue producing return on investment, GBS organizations will need to go beyond using scale and skill to deliver value. It's essentially the difference between "doing things better," which typically involves improving performance and efficiency, and "changing things," which is about transforming the business by extending the service footprint and reinventing the **service delivery model**. GBS organizations are increasingly finding that creating transformational capabilities, often by serving additional functions through GBS, is "what's next," since it is a key to sustaining performance and yielding year over year results. Although developing transformational capabilities involves the highest degree of engagement, it can also produce the highest financial returns.

Which functional areas represent growth opportunities for GBS?

GBS is evolving from a cost arbitrage play into a strategic partner. This implies moving beyond the traditional realms of finance, IT, procurement and HR, since growth opportunities are much greater among "emerging" and "closer-to-the-business" functions. Emerging functions, which are increasingly being delivered out of GBS, include sales and marketing support, sourcing and contract management, supply chain/logistics, risk and legal, and facilities management. "Closer-to-the-business" functions include

analytics, product development, R&D support, and commercial services. These functions are presently delivered out of GBS to a lesser degree, but potentially offer the greatest value proposition.

Do you have any tips for expanding GBS into new functions?

As GBS organizations increasingly move into emerging and closer-to-the-business functions, they will need to adjust their approach in order to be successful. A common pitfall is to approach these new functions in the same manner as transactional functions. This rarely works since areas such as R&D or sales and marketing are more knowledge than rules-based, and they require a higher level of engagement with decision-makers.

While every situation is different, there are some basic considerations for expanding into new functions. First, the organization will need to demonstrate some credibility in the process area that is being considered for GBS. If it doesn't have the expertise, it will need to obtain it through engagement with key business partners—prior to discussing the idea of serving a given function through GBS. This is essential for engaging with decision-makers and understanding their priorities and value drivers. It is also important for understanding the industry-specific nuances of a given function, which are much more distinct in knowledge-based areas. For instance, the

discussion about potentially delivering R&D support through GBS would be much different within an engineering company than within a pharmaceutical company.

Next, GBS leaders will need to understand the availability of skills in markets where [shared services centers](#) (SSCs) currently exist. If the skills aren't there, is the organization willing to invest in developing them, perhaps in partnership with a university? Or, would it be better to establish in another location where the desired skills are more plentiful or utilize an outsourcer for specialized capabilities like tax or legal? An important component of answering these

questions is determining if adjacent capabilities can be leveraged. For example, the skills needed for finance processes maybe similar to those required for some real estate processes, such as leasing administration. Leveraging adjacent capabilities can be an often-overlooked answer to filling skill gaps.

Last but not least, GBS and business leaders will need to consider how the retained organization will change if higher-value talent is moved away from the home country. This can affect career paths and succession planning both within the function and within GBS so it requires thoughtful planning.

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