Global Mobility Shared Service Centres
That’s the bottom line
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Introduction

Most, if not all organisations, are operating in an increasingly competitive market. Many also have growth strategies targeting new and emerging markets. In this changing global landscape, with an increased scrutiny to deliver on cost reduction objectives, organisations are evaluating how to best deliver their products and services.

With this in mind, organisations are considering and implementing changes to their service delivery model and back office to drive efficiencies and lower cost. Transforming an organisation’s back office to be more service focused, when planned and implemented correctly, can help organisations to deliver on these targets.

Here, we focus on the concept of the traditional captive Global Mobility Shared Service Centre (SSC) where specific tasks and processes are carried out from a shared location (generally at a lower cost, in an offshore location). Given the increase in the use of talent mobility, continuing pressures to justify and manage assignment costs and a rise in the strategic focus of the Global Mobility professional, the establishment of an SSC for Global Mobility has become increasingly popular over the last ten years.

In this article, we share our perspective on why organisations may consider an SSC to carry out Global Mobility tasks, what approaches can be seen in the market and how organisations can manage the transition to an SSC model given the “one size fits all approach” is unlikely to be effective in light of the complexities of Global Mobility.
Why consider it?

There are many triggers that influence organisations to consider the implementation of an SSC or to offshore an identified list of particular Global Mobility tasks. The triggers are likely to be a combination of internal and external pressures; an SSC is implemented with the aim of delivering benefits as a response to these pressures.

Internal triggers

1) Multiple locations and operating units – Generally, due to growth and the increased focus on talent mobility, systems and processes develop ad hoc across multiple locations and operating units with no coherent direction or oversight. One of the reasons organisations set up an SSC would be to standardise and centralise these systems and processes to drive economies of scale and process efficiencies of moving talent from one location to another.

2) Inflexible cost structure – Whilst organisations are beginning to develop a link between talent and mobility and appreciate the importance of a having a global workforce, the cost of sending individuals on assignment is scrutinised more than ever before. If an SSC is designed and implemented correctly, one of the key benefits is an overall reduction in Global Mobility costs per assignment. As quoted in our Cost Optimisation article (July 2014), driving efficiencies within a Global Mobility service delivery model can result in between 5% and 10% savings of the total Global Mobility programme cost.

3) Administration focus – Talent mobility is becoming more critical to achieving overall business objectives which requires individuals with Global Mobility experience to become strategy focused and provide consultative support to the organisation. Typically, an SSC would provide support by delivering high volume, standardised transactional tasks related to Global Mobility, such as the production of assignment letters or preparing assignment cost projections. This frees up time for Global Mobility professionals within the head office or regional hubs to provide a high touch experience to the assignee and the desired strategic support to the business, thus driving an enhanced service focus for all parties.

External triggers

1) Increased focus on controls and compliance – As tax legislation and industry regulations have not been adapted for the complexities that surround cross border moves it has resulted in many organisations finding it difficult to manage their global compliance risks. In turn, this has led to an increase in audits and media scrutiny for organisations by both tax authorities and industry regulators. By consolidating and centralising the bulk of Global Mobility compliance administration, organisations can go one step towards reducing their compliance risk and developing a governance framework to support this.

2) Globalisation – Due to the setup of international trading groups, technological advancements and the demand for global experience within the employee talent pool, there is a requirement for the organisation to become truly globalised in all aspects of the business which equally applies to the fundamental structure of the organisation.

3) Mergers and acquisitions – With mergers and acquisitions, approaches to talent mobility can develop on an ad hoc basis (e.g. policy approaches, level of touch provided to the assignee and type and use of Global Mobility technology). The implementation of an SSC can help to centralise the approach to Global Mobility practices ensuring the approach is consistent throughout the organisation, eliminating duplication of efforts and systems.

Expected benefits

The perceived benefits of a Global Mobility SSC can help to mitigate some of the existing pressures cited above, e.g. cost reduction and process efficiencies. Figure 1 illustrates the range of benefits that can result from the implementation of an SSC for the Global Mobility function and the business. It is no surprise that the reduction in the bottom line is cited as the most common benefit. However, the implementation also provides an opportunity for process re-engineering and the rejuvenation of the service delivery model.

By adopting a methodology based approach to process design (such as Six Sigma), processes are well thought out, documented and designed for negligible errors. This is generally considered a by-product of implementing an SSC, however over 80% of companies surveyed identified cost reduction, process efficiencies and internal controls as the top three benefits derived from an SSC.
To start a new section, hold down the apple+shift keys and click to release this object and type the section title in the box below.

Figure 1. Benefits from a Global Mobility SSC

Significant positive impact

- Cost reduction: 49%
- Process efficiency: 39%
- Internal controls: 42%
- Process quality: 31%
- Data visibility and comparability: 31%
- Support of growth/scalability: 28%
- Cross-organisation comparability: 25%
- Service levels: 21%
- Acquisition integration: 16%
- Working capital: 7%
- Effective tax rate: 16%

Somewhat positive impact

- Cost reduction: 42%
- Process efficiency: 51%
- Internal controls: 44%
- Process quality: 53%
- Data visibility and comparability: 51%
- Support of growth/scalability: 53%
- Cross-organisation comparability: 51%
- Service levels: 52%
- Acquisition integration: 32%
- Working capital: 37%
- Effective tax rate: 39%

Source: Deloitte’s 2015 Global Shared Services Survey

Whilst the benefits derived from an SSC are clearly evidenced, many organisations consider that the benefits take too long to become realised and therefore the implementation of an SSC demands a very long-term approach and appreciation of the level of investment time required. However, Deloitte’s 2015 Global Shared Services Survey illustrates that the average payback period of such benefits has reduced from 2.6 years in 2013 to 2.3 years in 2015. This suggests that organisations are starting to realise the benefits of an SSC sooner and therefore, making the case to implement an SSC perhaps a little easier.

Figure 2. What was the payback period of your SSC implementation?

Source: Deloitte’s 2015 Global Shared Services Survey
What Global Mobility operating models do we see in the market?

There are a variety of Global Mobility operating models (which incorporate an SSC) existing in the market. The extent of variation reflects the range of industries, the complexity of assignee demographics, the target support model (i.e. high versus low touch) and the requirements of the business for Global Mobility to be strategic versus operationally-focused.

The illustration below provides six examples of Global Mobility operating models across a range of three industries each with their own objectives and requirements for an SSC. The key questions which need to be answered before the operating model design is implemented will be (amongst others):

1. Do we require an SSC?
2. Will the SSC need to perform both transactional and judgemental tasks?
3. What proportion of the operating model should remain within a Global Mobility area of expertise as opposed to Service Delivery?
4. Is the policy owned by Global Mobility or another business function e.g. Reward?
5. Will the future operating model design achieve the business objectives?

There is no size that fits all but this highlights the level of consideration which must be given to the most appropriate operating model for your organisation depending on the business requirements and the objectives for Global Mobility.

Figure 3. Where do you draw the line?
The typical reporting line for an SSC is primary ownership by function which is consistent with the responses given in 2013, with 35% of survey respondents confirming this reporting line in 2015 (see Figure 4). However, there has been an increase in independent SSCs compared to 2013 suggesting a trend for the SSC to control and govern their own processes and activities.

How would we do it?

Every organisation’s journey of setting up an SSC for Global Mobility will be different depending on the reasons for implementation, the resources available and the organisational culture. However, in our experience, there are five fundamental phases of a Global Mobility SSC implementation project – assess, design, build, implementation and optimise (see Figure 5).

![Figure 4. What is the typical reporting line?](image)

<table>
<thead>
<tr>
<th>Reporting Line</th>
<th>Percentage</th>
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<tr>
<td>Primary ownership by function</td>
<td>35%</td>
</tr>
<tr>
<td>Independent Shared Services organisation</td>
<td>26%</td>
</tr>
<tr>
<td>Primary ownership by in-country leadership</td>
<td>17%</td>
</tr>
<tr>
<td>Primary ownership by in-region leadership</td>
<td>16%</td>
</tr>
<tr>
<td>Primary ownership by one of the business units/segments</td>
<td>6%</td>
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Source: Deloitte’s 2015 Global Shared Services Survey
Firstly, there should be a clear vision regarding the key benefits that the organisation wants to achieve from implementing an SSC for the Global Mobility function and determine whether the organisation aligns with the profile of an organisation that would benefit from a service delivery model transformation.

During the design phase, **planning** is key. The scope of the project, including timelines, project team and having a robust plan is a crucial step. The Global Mobility operating model, including processes, technology, location and governance considerations, should then be designed to **support the overall business strategy**.

A location feasibility analysis should be carried out to determine where the SSC should be set up. As the demand for SSCs has increased, the supply side has responded with typical countries such as India, Malaysia, Philippines, Argentina, Romania and Czech Republic now being chosen for SSC sites.

Focus on the future (2 to 5 years) rather than looking in the rear view mirror. Design with your future aspirations in mind rather than current challenges. Once the SSC design is complete, tweak it to ensure your current challenges are addressed.

The successful implementation of an SSC will depend on the maturity of the Global Mobility programme (including the number of assignees, types of moves and maturity of the Global Mobility programme); whether any other strategic initiatives are being planned or will be carried out at the same time; whether the culture of your organisation supports this change; and the level of integration between talent mobility and the overall strategic objectives of the business. Ultimately, the Global Mobility SSC needs to be implemented at the **right time**, with the appropriate support from senior stakeholders before moving onto the next phase.

Remember that an SSC is separated by time zone, geography and culture. This ‘separation’ needs to be understood, assessed and addressed upfront in the SSC journey to be able to achieve success.
Throughout the design phase, consideration needs to be placed on any culture, time, distance and talent gaps between the head office and SSC site. According to Deloitte’s 2015 Global Shared Services survey, close proximity to current operations is the most important factor for considering the SSC location suggesting a greater need for enhanced connectivity or a change in SSC scope. Although with technology advancements, organisations are finding ways to address prior concerns such as language barriers, time zone differences and regulatory regulations.

During this phase, attention also needs to be placed on what should be carried out in the Global Mobility SSC. The key to getting an SSC model right is to transition activities that are by their very nature best suited to an SSC – typically high volume and highly standardised to allow for economies of scale. By viewing Global Mobility activities through a standard HR SSC assessment lense, at an initial glance, it would suggest Global Mobility activities are not suitable for an SSC environment compared to other HR activities.

Deloitte’s 2015 Global Shared Services Survey shows that only 19% of organisations have an SSC with a global geographical coverage illustrating that SSCs for other business functions remain much more common than for Global Mobility. This is due to Global Mobility having high risk processes and activities which typically involve more than one country with multiple stakeholders and touch points versus HR low risk processes which involve only one country with few stakeholders and touch points.

When the transition to an SSC of Global Mobility tasks is considered as a standalone project (outside other HR activities) and those leading the initiative have detailed knowledge of the Global Mobility processes and tasks, the concept of task segmentation by volume and standardisation can be applied to Global Mobility when designing which tasks are suitable for the SSC (see Figure 6).

However, organisations are now looking to skip the single function concept and are pursuing multi-functional SSCs at the start of the SSC journey, meaning that Global Mobility will need to work more closely with other business functions to explain key differences for Global Mobility but also to be prepared to join the journey which may not be specifically designed with just Global Mobility in mind.

The design phase is more crucial for Global Mobility than other business functions due to the complex nature of Global Mobility tasks.
Before proceeding, you should ensure that processes involving the SSC are documented at all touch points throughout the assignment lifecycle. Comprehensive system tests should also be carried out and service level agreements put in place (e.g. turnaround time for drafting assignment letters and response times for assignee and business communications). Of course, the SSC also needs to be chosen and fitted out in line with the project plan.

Critically it should be appreciated that the individuals within the SSC have one of the largest impacts on the success of the overall implementation. The experience of the SSC, with their variety of backgrounds, culture and capabilities should be seen as an opportunity rather than an obstacle to tap into a range of insights and ideas to ultimately define and achieve best practice for the organisation.

A SSC leader should be appointed who will have ultimate responsibility for the day to day running of the implementation project to ensure objectives are being met. In addition, the SSC should contain both existing and new staff where possible, with their career objectives set in alignment to the project and defined training plans in place.

Recruiting specialist Global Mobility professionals for the SSC can be difficult. It is generally considered that this is due to talent shortages in an area which is still considered “niche”.

To tackle this issue, individuals should be recruited based on their overall experience and behaviours and then trained in specific Global Mobility tasks.

Finally, the project team should obtain the appropriate sign off from business leaders, steering committee members and stakeholders as required before moving on to the next phase.

When entering the implementation and roll out phase, a developed transition plan and mitigation strategy should be in place. Taking time to consider the transition plan and approach can make a significant difference to how the implementation is conducted and its overall success.

It is essential to test the changes made throughout the design and build phases before the implementation goes live. Successful implementation involves running parallel operations to maintain business as usual, as well as testing the new model within a safe environment.

The more time you spend in testing and parallel operations or job shadowing, the less time you will spend on post go-live issues.
Whilst communication and change management is a crucial requirement throughout the project, managing stakeholders during this phase of heightened activity is especially important. Over 50% of survey respondents (Deloitte’s 2015 Shared Services Survey) suggested that better change management was the main change they would make when looking back at their SSC journey. Change should be communicated early to all impacted stakeholders using a variety of different communication vehicles to generate as much support and engagement as possible. Consideration should also be given to the content and style of communication required for existing assignees.

Communication with the SSC is as important as communication with the rest of the business. The employees within the SSC need to be seen as one team, working alongside the business towards a shared objective. On-site visits, work shadowing and networking (both onshore and offshore) can enhance experience and increase connectivity.

Due to resource constraints and resistance to change, organisations are moving away from the “big-bang” implementation, which a strong preference to a “lift and shift” of processes with 61% of survey respondents (Deloitte’s 2015 Shared Services Survey) moving processes to the SSC prior to standardisation and technology changes.

Before any “go-live” date, a readiness assessment should be carried out in full and all identified actions should be completed in order to mitigate any risks of unsuccessful implementation.

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**5 Optimise**

We speak of the implementation of an SSC as being a “project”, when in reality, this phase never really ends. During the optimisation phase, the performance of the SSC should be regularly benchmarked against competitors, the original business plan and the overall objectives for Global Mobility to ensure a positive Global Mobility brand is established and maintained. Changes should be made where objectives are not being met to drive performance. Examples include process reengineering, establishing and reviewing assignee and business satisfaction ratings, updating SLAs, utilising Global Mobility metrics and reporting (such as Global Mobility costs, volume and attrition rates) and retraining existing personnel where required.

Maintaining high customer service levels has become the main challenge for organisations which is in line with a trend for organisations opting out of an SSC model due to lack of service responsiveness. The training and measurement piece is critical to ensure the SSC can deliver on its objectives and that the Global Mobility brand is not impacted. Individual employees working within the SSC should be reviewed and retrained to align to changing business and SSC objectives. They should also be given opportunities to work towards professional qualifications as appropriate.

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**Going live with an SSC is the first step in the journey of continuous improvement. Scope out the next phase soon after go-live once the new SSC has stabilised.**
A culture that supports continuous improvement should be established. Project teams should be fully allocated to driving further efficiencies and optimisation. There is always scope for further tasks and services to be reallocated to the SSC in the future and opportunities for enhancement should not be forgotten even when the SSC is performing well.

Once the SSC stabilises, organisations will typically look to place higher value activities into their SSCs. For example, the SSC may take on responsibility for Global Mobility briefings, complex cost projections and global payroll compensation management. Deloitte’s 2015 Shared Services Survey found that 81% of organisations were looking to move more knowledge-based, judgemental processes to the SSC. These processes are more challenging to transition which can make obtaining support and implementation much more difficult. However, we have seen extensive evidence of this being successfully achieved with the right vision and planning.

In summary, the SSC journey requires investment in terms of time, effort, skills and money. The going can be tough and persistence and resilience are crucial to overall success. If your organisation has a critical mass of assignees and transactions, and with the right tools and approach, real tangible benefits and service improvements can be realised through this transformation.
Who to contact

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Notes
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