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The value proposition of global business services

For more than two decades, organizations around the world have used shared services and outsourcing to improve controls and reduce costs. Those tried and true benefits are still relevant, but the expectations placed upon leading global business services (GBS) organizations are now much higher. Mature GBS organizations now deliver value in such strategic areas as transformation, mergers and acquisitions (M&A), and innovation in addition to traditional cost and operational efficiency benefits.

For organizations that have adopted GBS extensively, how has “the GBS brand” changed in the eyes of executive stakeholders and business partners?

With the maturation of GBS, “the GBS brand” is becoming much more strategic. As a result, we are seeing changes in how executive stakeholders and business partners view GBS in several ways. One involves transformation leadership. GBS organizations are now serving as transformation hubs in addition to operational centers. Mature GBS organizations have embedded transformation capabilities. They have people that specialize in designing and executing transformation initiatives. For example, at one organization we work with, the headcount for more than 60 percent of the enabling functions (e.g., finance, HR, IT, and other back office functions) reside within the GBS organization. That’s significant scope and scale, and as a result, the GBS organization has a great deal of stature, scale, and clout regarding anything transformation-related that the company undertakes at an enterprise level and is expected to drive results.

The second way the GBS brand is changing is through its role in M&A, particularly integrations. The scale and speed with which companies need to integrate and drive immediate synergy

requires GBS organizations to have in place standard processes, efficient systems, integration capabilities, experienced transition resources, and a stable operating platform. These attributes help enable GBS organizations to quickly and effectively integrate acquisitions and deliver on synergy targets.

Finally, GBS organizations are increasingly viewed as incubators for innovation, particularly around new technologies and capabilities like predictive analytics, visualization, robotics, and cognitive computing. When we’re talking about technologies that are intended to drive efficiencies, or even business partnering effectiveness, GBS is a natural starting point within many organizations.

How are leading GBS organizations evolving?

Leading GBS organizations continue to move up the value chain, beyond the traditional transaction processing work that they were founded upon. Many GBS organizations are now expanding scope into such “nontraditional” functions as legal, facilities, and sales and marketing administration. As their enterprise scope and scale continue to grow, leading GBS organizations demonstrate global process ownership with true end-to-end, cross-functional visibility. This means visibility into process

performance and execution, service delivery operating model strategy decisions, and insource-outsourcing decisions on an enterprise level. The ability to make decisions from a global, enterprise-wide perspective is increasingly important in terms of how companies are extracting value from GBS.

With this next generation of GBS, it is imperative that companies focus on talent -- not only core management skills, but also transformation skills and innovation capabilities around analytics and digital. GBS leaders must demonstrate an ability to innovate at the same time as they operate the business.

How are GBS leaders aligning their organizations' objectives to overall corporate strategies?

As the credibility of GBS within organizations grows, and GBS moves up the value chain in terms of talent and scope, the most mature GBS functions now have a prominent seat at the table. They are in the C-suite and on functional executive teams. With this high-level visibility into overall corporate strategy, GBS leaders are becoming a key partner in decision making. By virtue of having visibility into strategy and being part of those conversations, GBS leaders are able to guide changes to the service delivery model as needed for crucial transformation, M&A, and innovation activities.

GBS leaders have a unique vantage point in terms of alignment with corporate strategy. They know processes holistically, end-to-end, like order-to-cash process, all the way from customer service and customer-level interactions to back-end processing. Because of their innate understanding of the scope and scale of the organization, GBS leaders are uniquely qualified to help align everything about a process accordingly.

Finally, I think GBS leaders are taking a more expansive approach to performance management. The traditional balanced scorecard used in GBS hasn't been able to tell the whole story. In GBS, we're not just looking at how efficient our processes are, but taking a full view into operational performance. It's talent; it's business partnering capabilities; it's innovation. And it's the organization's risk and compliance performance across all of those things. The expanding role of GBS leaders in determining how things are measured, monitored, and communicated within the organization is significant. This critical linkage between GBS and the organization's overarching strategy and ongoing performance is the GBS value proposition that will continue to evolve.

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