Moving up the value chain: making effective data analytics happen within your SSC [Shared Services Conference, Liverpool]

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Moving up the value chain – making effective data analytics happen within your SSC

Ian Herbert, Deputy Director, Centre for Global Sourcing and Services, School of Business and Economics – Research project funded by CIMA

Andrew Windsor, Reporting Manager, Bus. Support, Marks & Spencer
63% of SSCs claim that they are already using data analytics to improve their processes.....

....whilst 75% of SSOs say business intelligence activities are ramping up, either within their captive or outsourcing strategy.

However, while there are some really innovative examples of analytics, many SSCs are having difficulty in articulating what a systematic approach to data analytics might look like, or indeed, why shared services should be leading the agenda for this activity.

This workshop will discuss how you can build a data analytics strategy within your SSC.
Content

• Using big data and analytics within the finance function.
• Big data to business reporting: Remaining close enough to the business to manage the data.
• Creating a coherent strategy to develop a deep data culture within your organisation.
• Linking the business partners, SSC and business.
The Centre for Global Sourcing and Services

Nothing’s changed but everything’s different!
What we do?

“The Centre is dedicated to carrying out both academic and ‘focus on practice’ high impact internationally renowned research on how organisations source and manage business and IT services in a global context”......Centre for Global Sourcing and Services Website
Some people will spend a lot of time getting data analytics right, and a lot of people will spend some time getting it wrong.
There are significant opportunities for generating insight through data analytics and big data. But...

... research by Loughborough University’s Centre for Global Sourcing and Services suggests that this potential may not be realised if organisations do not ask the right questions about the links between

- business partners,
- business process centres, and
- business units.
Organising for data analytics and big data

• Data analytics: needs new structures and thinking to go with the technical opportunities?

• Big data is messy and its application needs to be tailored around individual business problems.

• But, what if the talent pipeline dries up as the professional ‘training camps’ are offshored?
Data analytics?

- Big Data
- Enterprise Data
- Financial Data

Source: CIMA
What is the basis for finance professionals’ claim to be well placed to help unlock Big Data?

- Use core skills
- In business context to bring insight
- To influence people
- And lead the organisation

Efficiency
- Data capture
- Reports
- Analysis
- Insight
- Influence
- Impact

Effectiveness

Value

Comfort zone

Source: CIMA
Insight, influence and impact requires...

- Inspiration/creativity
- Leading-edge expertise
- Broad views & multidisciplinary collaboration
- Business connectivity & understanding
- Data security
- Intelligent information users
- Interpersonal skills
Moving to a Shared Service Centre Model

Conventional Divisional structure
(support services embedded)

- Head Office
  - Business unit 1
    - Service departments
    - Operating units
  - Business unit 2
    - Service departments
    - Operating units
  - Business unit 3
    - Service departments
    - Operating units

Shared service centre structure

- Head Office
  - Business unit 1
    - Operating units
  - Business unit 2
    - Operating units
  - Business unit 3
    - Operating units

Semi-autonomous
Thinking like a business
Networking & benchmarking
More than just a new organisation chart - The SSC model blends different approaches

Combining a market outlook with inhouse management control

Working across the organisation

Enabling a single source of the truth in real-time throughout the management chain

New structures, ‘philosophy’ & techniques
Shared service (&BPO) - Success factors

- Simplification
- Division of labour/deskilling
- Standardisation
- A single version of the truth
- Objective/independent
- Scalable
- Efficient & achieving continuous cost reduction
- Finding the cheapest place on earth
- Networking and benchmarking
- Invisible to the business
- Phased migration, building on the wins

But... are these strengths compatible with the ‘brave new world’ of data analytics?
• For most companies, fully adapting to a data driven era of business remains a work in progress.

• ‘86% of the finance professionals we surveyed agree that their businesses are....

... struggling to get valuable insight from data, not least due to issues such as organisational data silos, challenges relating to data quality, or difficulties in working with unfamiliar non-financial data.’
Challenges in harnessing Big Data

- Bringing data together from different databases/business silos: 62%
- Ensuring the business captures reliable good quality data in the first place: 51%
- Extracting insight from non-financial data: 46%
- Ensuring insights gained from data are used to improve performance: 43%
- Identifying meaningful trends and insights in a mass of data: 39%
- Intelligent visualisation and reporting of data: 34%
Challenges in harnessing Big Data

- Combining siloed data: 62%
- Capturing good quality data: 51%
- Extracting insight from non-financial data: 46%
- Making impact: 43%
- Identifying trends: 39%
- Intelligent presentation: 34%
Challenges in harnessing Big Data

- Bringing data together from different databases/business silos: 62%
- Ensuring the business captures reliable good quality data in the first place: 51%
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- Organisation & SSC
- Skills
- Bus. partners
- Technical back office
- C-Suite advisors
The competencies required for data analytics
The competencies required for data analytics

- Behaviour and systems in data analysis
- Motivation for data
- Commercial
- Technical
- Conformance
- Performance
The competencies required for data analytics

- Monitoring & control
- Conformance
- Reliability
- Performance
- Value added
- Validity
The competencies required for data analytics

- Data culture
- Value creation
- Data management
- Analytics

Source: CIMA
New roles for management accountants

Data culture

Value creation

Data management

Analytics

Data Champion

Business Partner

Data Manager

Data Scientist

Source: CIMA
New roles for management accountants

Data Champion

Data culture

Value creation

Performance

Data Manager

Data management

Analytics

Business Partner

Conformance

Data culture

Technical

Data Scientist

Source: CIMA
Have you got the right culture?

Weekend

Weekday

Are we trapped in a digital stone-age?
A practical example

Marks & Spencer
Andrew Windsor
Questions?
Additional material – Earn-to-Learn through shared services to help the next generation get onto the careers ladder

Ian Herbert & Stephanie Lambert
Our research shows... a ticking bomb for careers!

1. The segregated professional function
2. The hourglass economy
3. The ‘martini’ workers in the ‘gig economy’.
+ new nationalism and robotics
The Challenge (2012)

• ‘I’m Head of Finance and Accounting - Asia-Pacific for [large multinational company].

I have 500 staff in Kuala Lumpur, 300 in Chennai, 200 in Manilla.

Next fiscal year we have plans to migrate another 1,500 jobs from the ‘sunset economies.’
The consequence...
- from a senior accountant

I rang up HR and said ‘Please send me the next 20 trainee business partners’.

They replied ‘Sorry, but we don’t have anyone this year’.

Don’t you remember, we offshored the training nursery [finance operations] 5 years ago?

Your department did the financial appraisal for it!’
Offshoring of white-collar jobs


The digital, global, knowledge-based economy

"On the Internet, nobody knows you're a dog."
Segregated Business Support functions?

SSC

Finance operations

Digitally-enabled Globalisation

Retained finance

Business Partners
But, what happens next?

SSC

MI and analytics?

Finance operations

Digitally-enabled Globalisation

Retained finance

BusinessPartners

Buy in – MBAs or SSC training?
But, what happens next?

Technical skills need to be fast tracked, prof. behaviours ‘learnt’ or recruited?
The Hourglass Economy

• Findings from S Lambert’s Ph.D.; the hourglass organisation, flat hierarchies, mid-career bottlenecks, training nurseries offshored.
• But, employers demanding higher-level skills and behaviours beyond technical competence.
• The creeping commoditization of professional work
The challenges for professional careers

• Less jobs – at the bottom and in the middle

• Remaining jobs move to the ‘cheapest place on earth’ and keep moving!!

• Difficult to progress from remote SSC to the mother business

• Difficult to progress statistically – why bother trying?

• Talent pipelines dry up, and

• why go to university, when good graduate jobs are falling and debt is rising?

(Assoc. of Graduate Recruiters reported an 8% fall in the UK in 2016)
So, what can be done for career entry roles?

• Help young people to become work-ready before graduation and...
• ...graduate with substantially lower debts.
• Change academic and professional curricula – to align with apprenticeships
• Don’t offshore, reshore.
• Create new jobs, e.g. data analytics, white glove services.
• SSCs can become experts in designing and controlling business process systems in conjunction with universities, e.g. robotic design.
A potential solution?
Earn-to-Learn

A research-led initiative pioneered by Loughborough University
Building and keeping skills onshore – the role that Higher Education can play?

- Access to a large talent pool of educated, multi-skilled and multicultural backgrounds
- Low attrition and staff costs
- Vital skills development and practical experience for students
- Graduate work-ready and ‘debt free’.

More Detail about the Earn to Learn Scheme:
- Earn to Learn: a scheme where employers and employees can gain from the same activity: a win-win for both parties.
- Students gain valuable work experience.
- Employers gain access to talented, skilled, and motivated workers.
- A collaborative approach between education and industry.
- Skills development and engagement in community and social responsibility.
- Graduate work-ready and ‘debt free’. Students gain valuable work experience, employers gain access to talented, skilled, and motivated workers. A collaboration between education and industry.

Opportunity for firms to collaborate and support community, including employment of underprivileged students.
Benefits for...

• **Students**
  - Structured work-based learning experience
  - Increase work-readiness
  - Improved employability, reduced debt
  - Development of evidence based cross-over skills

• **Organisations**
  - Flexible, competitive, labour force
  - Corporate social responsibility
  - Talent acquisition and development of cross-over capabilities
  - Leading-edge skills and language capabilities
  - Options for graduate apprenticeship support
  - New business model, virtual working, self-governing teams
Benefits

• **Universities**
  – Wider social inclusion
  – Improved graduate employability
  – Reduced pressure on bursary support
  – Create a platform for developing graduate aptitudes
  – Research partnerships for world-class systems

• **Government**
  – Supports the transition of graduates into the UK workforce
  – Improves students’ employment options (during their studies)
  – Increases the number of students (those that cannot afford academic education) and allow them to gain their education by paying for their studies with income from this scheme.
  – Reduce student debt write-off
  – Keep jobs onshore

• **Professional bodies**
  – Accreditation schemes provide entry routes into the profession
What the scheme is not about?

- An HEI putting up buildings, recruiting students and contractual managing students doing work for third-party organisations.

Although, that could be an option;

.... especially, if this involved the HEI’s own support services or management of a consortium-owned/shared centre.
A new framework of skills in BPCs – learning from the mundane?

(Lambert, 2016)

+ ‘knowing where the numbers come from’ and what they mean in a global organisation?
Phased progression – the ‘nuts & bolts’ training

- Cognitive - internal facing
  - e.g. responsibility for data processing, query investigation

- Cognitive - external facing
  - Ist level Management reporting and data analytics

- Transactional - internal facing
  - e.g. data processing, query investigation, internal call handling

- Transactional - external facing
  - e.g. query investigation, external call handling

Source: adapted from Youngdahl and Ramaswamy (2008)
Building and keeping skills onshore – Earning-to-Learn?

- Access to a large talent pool of educated, multi-skilled and multicultural backgrounds
- Low attrition and staff costs
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- Graduate work-ready and ‘debt free’.