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.
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

How?

- Inhouse Shared Services
- Captive Shared Services
- Outsourcing

Where?

- Near-shoring
- Offshoring
- Crowd & Cloud Services

Back-sourcing?

Bringing the jobs home

Changing what is done

Stay sourcing?

The attainment of world-class business support services through the application of New Working Practices and Advanced Service Systems in a sustainable manner.

And increasingly... ‘who’?

Impact sourcing?
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?

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
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)

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?
CIMA Survey 2015

• 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

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Bringing data together from different databases/business silos</td>
<td>62%</td>
</tr>
<tr>
<td>Ensuring the business captures reliable good quality data in the first place</td>
<td>51%</td>
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<tr>
<td>Extracting insight from non-financial data</td>
<td>46%</td>
</tr>
<tr>
<td>Ensuring insights gained from data are used to improve performance</td>
<td>43%</td>
</tr>
<tr>
<td>Identifying meaningful trends and insights in a mass of data</td>
<td>39%</td>
</tr>
<tr>
<td>Intelligent visualisation and reporting of data</td>
<td>34%</td>
</tr>
</tbody>
</table>
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:
1. Bringing data together from different databases/business silos
2. Ensuring the business captures reliable good quality data in the first place
3. Extracting insight from non-financial data
4. Ensuring insights gained from data are used to improve performance
5. Identifying meaningful trends and insights in a mass of data
6. Intelligent visualisation and reporting of data
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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

- Behaviours and systems in data analysis
- Motivation for data

Axes:
- Conformance
- Technical
- Performance
- Commercial
The competencies required for data analytics

- **Commercial**
  - Validity
  - Value added

- **Technical**
  - Reliability
  - Monitoring & control

- **Conformance**
  - Conformance
The competencies required for data analytics

- **Data culture**
- **Value creation**
- **Data management**
- **Analytics**

Source: CIMA
New roles for management accountants

Data Champion

Commercial

Data culture

Value creation

Conformance

Data management

Analytics

Performance

Technical

Data Manager

Data Scientist

Source: CIMA
New roles for management accountants

Data Culture

Data Management

Value Creation

Analytics

Data Champion

Data Manager

Business Partner

Data Scientist

Performance

Conformance

Technical

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

Retained finance

Digitally-enabled Globalisation
But, what happens next?

- MI and analytics?
- Finance operations
- Digitally-enabled Globalisation
- Business Partners
- Buy in – MBAs or SSC training?
But, what happens next?

Finance operations

SSC

MI and analytics?

Digitally-enabled Globalisation

Retained finance

Business Partners

Buy in – MBAs or SSC training?

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’.
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?

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

Cognitive - internal facing

Cognitive - external facing

Transaction internal facing

Transaction - external facing

1st level Management reporting and data analytics

- e.g. responsibility for data processing, query investigation
- e.g. data processing, query investigation, internal call handling
- 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
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