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New standard: not just BS(i)

In this article **Ian Herbert** of Loughborough University's Global Sourcing and Services Centre asks **Nick Fleming** of the British Standards Institute how far standardisation can go in business support services and how it helps business process centres (BPCs).

Ask any shared service manager about their key objectives, and the standardisation of processes systems and protocols across the corporation will be pretty near the top of the list. Yet, it is something of a paradox that each shared service centre claims that it is necessarily different from other centres because it is true to the XYZ plc way of doing things. The systems reflect the culture and the business context. It is what helps to make XYZ great.

Please explain the standard and its relevance to BPCs.

The BS 11000 standard was developed to help organisations put in place a strategic framework for managing their collaborative business relationships. This can include both their internal (divisional) and external relationships with partners, suppliers, clients and any strategic alliances or joint ventures. BS 11000 was not designed specifically for BPCs; however, it could be applied in shared services and has been applied to some outsourcing arrangements. The standard can help in BPCs by encouraging greater relationship alignment through joint working, openness and a top-down



Ian Herbert

approach to collaboration. Practically, this could include co-development of contacts and agreement on SLAs but fundamentally the organisation has to be set up for collaboration and have the right capabilities.

OK, let's concentrate on shared services centres (SSCs). A key feature has been the building up of trust and a working relationship with business units in an evolutionary rather than revolutionary way. In our case studies, the best results have invariably come from starting with the easy wins, gaining a reputation for performance, development of working relationships and then tackling the harder, more complex issues. It's a self-taught learning curve; do we really need a standard to prescribe relationships that already seem to be working?

“Fundamentally an organisation has to be set up for collaboration and have the right capabilities.”

You make a valid point about how the shared service centre movement has evolved but as the sector matures I think there are emerging issues that need to be addressed. We have seen BS 11000 used both in establishing new collaborative arrangements but the framework has



Work to a standard for efficiency

also been applied to existing collaborative partnerships such as on major infrastructure projects or service contracts where collaboration was already happening but the partners wanted to get more value from the relationship. So even mature SSCs could see benefit from using the standard as a means of reviewing how the relationship is working, opening a dialogue with customers on where further value or opportunities for innovation could be seen.

As an SSC evolves operationally, a more formal framework needs to be articulated that not only makes clear responsibilities and relationships, but also provides a framework for the governance of what has often become critical business function. It might be easier to forget why the SSC was set up and the cost benefits that have been delivered. Beyond efficiencies, there can be other drivers for success such as improving customer satisfaction and how the end-customer, for instance employees or business customers, may be affected by the outputs of the relationship. BSI is currently looking at how developing some tailored guidance for business support organisations and, specifically, shared services could help implementation of BS 11000 in those functions. Aside from the traditional view of shared services with the centralising of back office functions, in some sectors such as local government and healthcare we have seen separate organisations working together to both design and deliver frontline services together in partnership. These multi-organisation shared services functions, often set up as alliances or outsourced and operated as joint ventures, have the potential to see great value from using a formalised structure to manage their collaboration from before even the point of engagement.

It is also worth pointing out that while taking support activities from multiple divisions and putting them into a single centre may be efficient, such a concen-

“Beyond efficiencies there can be other drivers for success, such as improving customer satisfaction and how the end customer may be affected.”

Formalised structures can be best



tration of resources also creates a new level of risk when all the key processes and data of the enterprise are all in the same basket, so to speak. Indeed, in the SSC model control, compliance and transparency become more critical.

Secondly, we are now seeing the principles of the process centre model being applied to smaller businesses that do not have quite the same capacity to develop sophisticated governance frameworks in-house, compared to the large multinational corporations that have tended to lead the SSC/BPO movement.

The standard has “collaboration” in the title, but is it really possible to mandate people to collaborate?

You cannot force people to collaborate but what the standard does is provide a framework to support better collaboration.

Like all BSI standards, BS 11000 was developed through consensus by a group of relevant stakeholders, in this case industry, government, trade associations and those involved in existing collaborative relationships. The decision to set up SSC, to outsource or to partner can be a major strategic business decision and a level of internal awareness and assessment is needed to underpin the move to collaboration. The BS 11000 standard covers the life cycle of a collaborative business relationship through to exit strategy and gets organisations thinking about whether to collaborate. Many relationships are often purely transactional and driven by cost, which can sometimes make them unbalanced and not necessarily focused on performance, working together and achieving sustained relationships that might deliver long-term benefit.

A standard is a voluntary tool, unlike regulation, for those organisations that want to proactively enter into collab-

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to lead and encourage the evolution of shared services



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oration or optimise how they collaborate. It can provide a clear and logical framework by which management can think through the nature and purpose of the relationships that are necessary to make support services efficient and effective with the SSC, and between the SSC and business units. Organisations put a lot of time and resources into the development and maintenance of soft skills around interpersonal relationships, but there has to be a wider understanding of who should be communicating with whom, for what purposes and how the outcomes will affect other aspects of the organisation. The standard picks up on the importance of roles and responsibilities as part of collaboration, including establishing a senior executive responsible for the relationship.

We have seen in practice that where two or more organisations are using BS 11000 to frame their relationship, jointly developing a relationship management plan, setting performance measurements together and looking for innovation, communication and trust is key. This is where the standard really comes into its own. We might call this constructive dialogue, as opposed to just increasing the volume and frequency of communication.

A focus on relationship management is also a key feature of a new ISO standard in development on outsourcing guidelines (ISO 37500), which is due to be published in the coming months. BS 11000 is aiming to become an ISO standard.

Is the term standard misleading?

The standard is the output and standardisation is the process of creating the document through an open, consensus-building process. In the case of BS 11000, that means agreeing on the common elements, good practice if you like, that organisations should be doing to collaborate more effectively. Many businesses will see BS 11000 as a tool or

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This helps even if you're already overwhelmed with bureaucracy



guidance.

However, in a complex and dynamic organisation managers need to know that a service centre and its relationships are being governed robustly, and standards can help to instil the necessary behaviours, policies and procedures. This could be related to information security (BS ISO 27001), or how relationships are being governed from the point of view of seeking alignment within the business and ensuring that separate divisions are pulling in the same direction.

But, is this just another “ticking the box” scheme?

There has to be a will to collaborate and in order to really collaborate successfully an organisation needs to build a culture of collaboration, as well as adapt and develop its processes and procedures. BS 11000 provides a framework to help with this and can create a foundation on which to build the necessary cultural change. However, the drive to improve collaboration has to come from within the organisation itself. Standards are voluntary and not imposed on organisations. Any internal support function looking to improve how it interacts with the customer could see value from this standard.

The objective is to ensure that service work gets done, problems are identified and addressed, opportunities for making things better are sought and that there is proper management accountability. In all but the very simplest organisations that is a challenge and we believe that BS 11000 has a significant contribution to make.

Could you explain how this might help a small company that is perhaps already struggling under the weight of increasing bureaucracy?

We have started to test BS 11000 with



small and medium-sized businesses, for many of which collaboration with external partners, to, say, access new markets or customers, is vital.

Just because a company does not have the scale of a large multinational corporation does not mean that it should see the operational effectiveness of its support services as any less important and, like many standards, BS 11000 allows for scale.

Support services place an important role in keeping the business running and constantly communicating with its different parts. Standards can play a role here in helping organisations of all sizes to embed good practice, reduce risks and costs, and put in place systems that can lead to better performance.

If a company has to go to all the trouble of trying to comply with the standard should not it just outsource all its support services to a third-party expert?

To turn that argument on its head, the standard provides a means for companies to have all the advantages of a structured framework while keeping

“The standard provides a means for companies to have all the advantages of a structured framework while keeping control.”

control of its own support services. Indeed, the framework should allow any company that wishes to outsource its services to go into an arrangement with a third party with much more confidence. This is because they will have a better sense of how their services work and the nature of the relationships that need to be maintained with the outsource provider. We have seen this where organisations outsourcing services to a third-party vendor have utilised the BS 11000 approach to consider not only whether an external collaboration is right for them, but also what a good partner organisation will look like – does it share the same values, the right mix of skills and competencies, and the willingness to make the relationship work?

Outsource providers should not be resistant to the standard and many may welcome entering into a more upfront relationship from the start.

I guess the same might apply to offshoring situations?

Organisations that offshore business support services tend to find that mi-

gration is a catalyst to clean up systems and put in place the sort of process documentation that somehow never quite gets done when the service is onshore. The standard can also act as a catalyst for good housekeeping and, should a decision be made to offshore, then the migration teams will have a clearer view of how relations and governance are expected to be conducted.

What about “hybrid” sourcing, where some things may be in-house and others bought in.

Again, common standards across an industry would help with managing a portfolio of activities more cohesively if there is a choice of outsource partners that comply with the standard in the same way as the organisation’s own internal activities.

The standardisation of business support processes can often be a very political issue. There will be winners that manage to get their approach adopted as the standard and losers that have to adapt to the agreed standard. Every business unit believes it has developed the solution that suits it best. Do you expect the standard to help the process of harmonisation?

The way that standards are developed makes sure that the interests of all relevant parties have been considered to create a standard that can be widely adopted. Of course, in some instances, standards can be called up in contracts and in the tendering process where the client is seeking assurance that quality processes are being followed.

However, to this end standards also provide an opportunity for businesses to be able to demonstrate that they are following recognised processes. Standards such as BS 11000 can be applied to all types of business, as they are



Standardisation benefiting everyone

generic in nature and can be applied in various organisational settings. While standards may seek to achieve a level of harmonisation they equally do not look to restrict innovation or competition. Standards, in fact, can be enablers to both and can focus on the outcomes of a service or a relationship. In the banking sector, standardisation has helped to revolutionise the payments industry at a global level and increase competition in the market by creating commonly agreed protocols and classifications for transactions formats.

What BSI is looking to do in shared services, through our working in the last 18 months with the Shared Services Forum UK, is to reach out to shared services owners, practitioners and customers, and to ascertain where they feel there are priorities for standards. The starting point is BS 11000 and how developing tailored guidance can help drive up internal relationship management.

People need to be convinced that standardisation has benefits for everyone. For instance, 20 years ago there were quite a few different word processing and spreadsheet packages within companies. Nowadays we would regard that as crazy. Compatibility has come a long way and there is no reason why the same ideals cannot be applied to relationships and governance. Trading sites, such as Ebay, and social media sites, such as Facebook, thrive because they allow a range of extremely varied individuals to interact through a totally standard platform. The shipping industry has been totally transformed by the adoption of standard size freight containers.

There was a lot of resistance to the highly prescriptive Sarbanes-Oxley legislation in 2002. Yet nowadays, for those companies with a US listing, it is not only accepted as a matter of fact in corporate compliance but it also provides a working framework for the identification and management of risk.

** BPC includes both SSC and BPO forms.*

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