



Case Study: NorthPoint's Shared Services Value Analysis Software

Situation

The enterprise is a manufacturer and the company had established a financial shared services environment covering the order to cash and record to report functions. The shared services organization was entering its second year of existence.

Performance level agreements designed to manage the relationship had been scored by the users of the services between 80 and 90%, but senior management in the financial areas were not comfortable in the Global Business Service's (GBS) process to measure and report value delivered, gaps in performance, satisfaction and the ability to make quick and decisive actions to support the ABC business. In addition, functional management was not pleased with the timing associated with the identification and resolution of issues as well as the lack of thought leadership provided by the GBS organization. Business leadership was pleased with cost reductions that had been achieved, but expected more process innovation.

NorthPoint Shared Services Value Analysis (SSVA) Engagement

Despite 80-90% performance level scores for the order to cash and record to report areas, the company initiated a SSVA assessment because there were concerns regarding the shared services organization's ability to convert new enabling technologies into process innovations.

SSVA results

The GBS team scored their overall performance at 70.95% on SSVA. However, functional management teams scored the GBS team performance at approximately 29.55% identifying the following issues:

- a. Lack of a process to measure and report value delivered, gaps in performance and satisfaction
- b. Inability of the GBS organization leadership to make quick and decisive decisions to support changing business parameters
- c. Lack of knowledge and experience in the GBS organization to capture, understand and implement changes in processes and technology to support market changes
- d. Lack of a formalized process to convert new enabling technologies or process innovations into value propositions that can be delivered by the GBS organization



- e. Maintaining the required trust between the organizations
- f. The accuracy of the Management System used to measure the financial and business performance metrics was identified as a weakness
- g. Service after sale issue as the aftermarket order processing was outside of the regular order processing area, but OE/AR had to deal with failed part, lack of inventory to address aftermarket, wrong spec levels, etc.
- h. International Supply Chain-order changes were playing havoc with overseas manufacturing and assembly. Changes in customer delivery dates, ship to locations, engineering changes while product was in transit caused huge AR and AP issues.

Based on the SSVA session joint teams were formed to address the issues.

- 1. Five of the issues listed above were identified by the functional management team as the highest priority
- 2. The other issues listed as well as some of the irritants were also taken on with several smaller teams
- 3. The GBS organization had personnel on all of the teams

The results of the team

Within the first 60 days teams were reporting on their progress

- 1. The order to cash and record to report teams
 - a. A process was implemented including the use of SSVA to measure and report value delivered, gaps in performance and satisfaction. The process was implemented in 45 days which included the training of personnel in how to measure and report on value delivered.
 - b. Roles and responsibilities were defined and a decision matrix was developed so the GBS leadership understood what the decision making process was for their group as well as the functional leadership.
 - c. Additional resources were added to the GBS team that possessed knowledge and experience in order to cash technology as well as process improvement skill sets.
 - d. A team was assigned to the service after sale issue to identify this areas unmet and unidentified needs.
 - e. A team was also dispatched to address the order change issues and the impact on the supply chain.
- 2. GBS and the enterprise became so comfortable in the process they used the SSVA process for quarterly management of the relationship



3. The GBS team members became employees dedicated to the success of the functional areas versus executing the performance level agreement outside the functional management teams
4. Summary
 - a. There were serious disagreements within the GBS team and in the functional management teams on what the real problems were versus what was being reported
 - b. All issues and irritants were in the process of being addressed and making progress as GBS continued to bring in new technologies to make new fundamental improvements
5. Financial impact after use of SSVA
 - a. Year 2 is an estimate

Impact	Year 1	Year 2
Enterprise incremental EBITDA	2.7%	3.1%

EBITDA is cum for total impact

The enterprise services organization netted a decrease in cost to the functional areas of 27%