

# Shared Services: Adding Value to Business Units

## Unlocking the Potential of Shared Services

In today's competitive business landscape, organizations strive to optimize operations, reduce costs, and enhance efficiency. Shared services, a strategic model that centralizes and consolidates non-core business functions, has emerged as a powerful tool to achieve these goals. This article delves into the transformative benefits of shared services and provides practical insights into how businesses can harness their potential to drive value.



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by Donniel S. Schulman

★★★★☆ 4.3 out of 5

Language : English

File size : 4823 KB

Text-to-Speech: Enabled

Screen Reader: Supported

Word Wise : Enabled

Print length : 320 pages

Lending : Enabled

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## Benefits of Shared Services: A Catalyst for Success

- **Cost Optimization:** By centralizing common functions, shared services eliminate duplication, streamline processes, and leverage

economies of scale. This translates into significant cost savings, freeing up resources for core business activities.

- **Improved Efficiency:** Shared services centers specialize in specific functions, enabling them to develop standardized processes and implement best practices. This specialization leads to increased efficiency, reduced cycle times, and enhanced service delivery.
- **Increased Control and Visibility:** Centralizing functions under a single umbrella provides greater control over operations, performance metrics, and compliance. Improved visibility allows for proactive monitoring and timely decision-making.
- **Enhanced Flexibility and Scalability:** Shared services models offer flexibility and scalability, enabling organizations to adjust their service levels based on changing business needs. This agility supports rapid growth, seasonal fluctuations, or new project initiatives.
- **Improved Communication and Collaboration:** By consolidating functions, shared services foster cross-functional communication and collaboration. This eliminates silos, promotes knowledge sharing, and aligns all units with organizational goals.

## **Best Practices for Shared Services Success**

1. **Define a Clear Strategy:** Establish a well-defined strategy that aligns shared services goals with broader organizational objectives. This strategy should outline the scope of functions, governance model, and performance metrics.
2. **Identify Suitable Functions:** Carefully select functions that are non-core, standardized, and have high potential for cost reduction and

efficiency gains. Common shared services functions include IT, HR, finance, and procurement.

3. **Establish a Governance Model:** Develop a governance structure that ensures shared services remain aligned with business needs. This model should define decision-making processes, roles and responsibilities, and performance accountability.
4. **Implement Standardized Processes:** Develop and implement standardized processes that ensure consistent service delivery across all units. These processes should be documented, regularly reviewed, and continuously improved.
5. **Invest in Technology:** Leverage technology to automate processes, improve communication, and enhance data management within shared services. This can include ERP systems, workflow tools, and collaboration platforms.
6. **Measure and Monitor Performance:** Establish key performance indicators (KPIs) to measure the effectiveness of shared services. Regularly monitor and analyze performance data to identify areas for improvement and ensure alignment with business goals.

## **Real-Life Success Stories**

Numerous organizations have successfully implemented shared services, realizing significant benefits:

- **General Electric (GE):** GE implemented shared services for its healthcare business, reducing IT costs by 20% and improving service efficiency by 30%.

- **BP:** BP centralized its HR operations through shared services, resulting in a 25% decrease in HR expenses and a 50% increase in employee satisfaction.
- **Walmart:** Walmart's shared services model for IT resulted in a 15% reduction in operating costs and improved IT service delivery by 25%.

## : Unlocking Value through Shared Services

Shared services offer a transformative solution for organizations seeking to enhance efficiency, optimize costs, and drive business value. By adopting best practices, carefully selecting suitable functions, and implementing a well-defined strategy, businesses can unlock the potential of shared services to achieve operational excellence. The case studies presented in this article provide compelling evidence of the tangible benefits that shared services can deliver to business units. As organizations continue to navigate the complexities of the modern business environment, shared services will undoubtedly play an increasingly vital role in driving success and competitive advantage.



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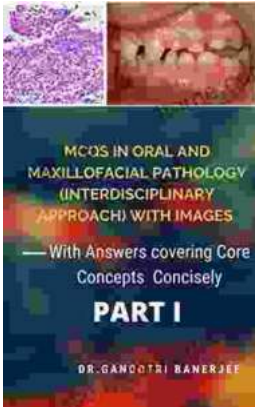
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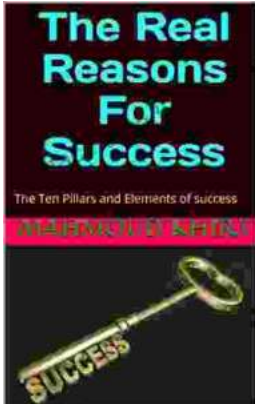
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