Assessment of evolution and value creation within Irish based Shared Services – how the focus has changed?

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Glossary
SSO – Shared Services Organisation
ERP – Enterprise Resource Planning
AP – Accounts Payables
AR – Accounts Receivables
OECD - Organisation for Economic Cooperation and Development
FDI – Foreign Direct Investment
MNE – Multinational Corporation
CAP - Common Agricultural Policy
GDP – Gross Domestic Product
EU – European Union
IDA - Irish Development Agency
KPI – Key Performance Indicators
SLA – Service Level Agreements
ABC - Activity-Based Costing,
EVA - PBC - Economic Value Added - Process Based Costing
UV – Use Value
EV – Exchange Value
**Declaration**

I, Ilona Olszak, hereby declare that this dissertation is the product of my own research, is written in full by me, that all sources have been appropriately cited and attributed to their author or authors and that this has not, or is not being, submitted in full or in part for any other academic award other than the Master's in Business Administration.

Signed: ______ Ilona Olszak ______

Dated: ______ 15/08/2013 ______
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Abstract

Shared Services Organisations (SSOs) emerged in the late eighties as an alternative to the centralisation and decentralisation models. This new concept promised long-term cost savings, high quality service delivery and enabled knowledge sharing. Rising globalisation and advancement in technology were (main contributors to the) or (were catalysts for the) development of SSOs. Today SSOs are one of the most popular organisational forms implemented by businesses in a variety of fields. Most studies concentrate on the benefits and disadvantages of shared services, whereas less insight is given to the evolution and value creation within those. The purpose of this research is to investigate how the debates over the organisational structure influenced development of shared services. The researcher endeavours to prove that shared services are no longer used for transaction processing. The researcher will verify that shared services have evolved since their initial introduction becoming a source of value creation for the business. The first part of this study concentrates on the structural review of the literature underlying the theories on organisational structure, the background on SSOs and the value creation concept. In the second part the researcher will present the design, implementation and the results of primary data collection method chosen for the purpose of this research, semi-structured interviews with five shared services leaders and one representative of Irish Development Agency (IDA). This research aims to give insights and knowledge on how value is created within SSOs. In addition the researcher will provide practical the researcher aims to provide the practical recommendations applicable and useful for SSOs leaders who want to expand the scope of their organisations, while becoming a strategic asset for the corporation.

Key words: organisational structure, value creation, strategy management, shared services centres, management, shared services organisations, financial shared services.
Introduction

“Knowledge is of no value unless we put it into practice.”

(Anton Chekhov)

4.1. Background of the research

Substantial research has been conducted to date on all different types of organisations. There are numerous classical studies conducted within manufacturing sites (Marsh & Mannari, 1981), retailing organisations (Harris et al., 2001) or companies providing services to external clients (Chowdhary & Prakash, 2007). However, from the researchers experience and study within the industry, it is evident that there is very little research dedicated to shared services, their evolution to date, their ability to create value and their importance to business strategy.

Shared services can be described as an organisational model, for sourcing a varied range of organisational activities such as finance, human resources, information technology or procurement (Ulrich, 1995; Janssen and Joha, 2006; Rothwell, Herbert and Seal, 2011). Although shared services are often mistaken with outsourcing, they differ from the outsourced activities (Janssen and Joha, 2006). Outsourcing places the responsibility for performing business activities on external vendors (Cooke et al., 2005). On the other hand shared services involve transferring responsibilities of local business entities to a semi-autonomous unit located within the organisation.

Organisational design of shared services combines characteristics of centralisation and decentralisation (Janssen and Joha, 2006; Maatman et al., 2010; Quinn, Cooke and Kris, 2000). Centralisation is the extent to which the decision-making scope within an organisation is concentrated upon in a single group or individual. Although this ensures economies of scale it is at the expense of meeting business priorities (Janssen and Joha, 2006). In contrast decentralisation, assures responsiveness by allowing business units full control over a broad range of activities that result in higher costs (Dimitratos et al., 2011).

The concept of shared services proves to be an important and valuable part of business strategy. Research shows that over the past thirty years the concept has been adopted by a significant number of international players across the globe (Rothwell et al., 2011). Business units implemented this concept of sharing a common set of services such as finance, human
resources, procurement and or information technology (Quinn et al., 2001; Janssen and Joha, 2006; Herbert and Seal, 2008), in order to lower costs (Schulman et al., 1999) while delivering a higher service level. Specific data confirms that for years, the Republic of Ireland has been a desirable destination for many companies willing to open their shared services (UNESCO, 2004)

To date there are approximately 150 shared services in the Republic of Ireland employing over 35,000 people (SSCForum.ie). However, the information on the concept and value of shared services in Ireland can be sourced from business marketing literature and the whitepapers issued by consultancy firms, which lacks objectivity. Due to the dearth of literature surrounding this concept the researcher believes that it is crucial to analyse the creation, development and evolution of shared services in Ireland. The researchers aim is to assess the importance of value creation which has become an inevitable factor of organisational success and survival. This research is extremely important in light of the recent drop in the number of new shared services openings in Ireland. It will allow the relevant bodies to understand the motives of the development, evaluate the current changes and improve its current situation in order to once again attract the multinationals to Ireland for their shared services.

4.2. Research problem and objectives

Approximately three years ago, the researcher started her career in one of the SSOs in Ireland. Since the very beginning, the Researcher has been fascinated by this form of organisation, mainly because it has concentrated on providing a large scope of services to numerous internal businesses, without major exposure to business strategy. The researcher’s goal is to explore the motives behind the development of shared services. The researchers experience in the industry has shown her that business units have very little buy-in due to their perception that shared services deliver limited value. However, this research will prove that perceived value of shared services is incorrect. In addition the researcher wanted to investigate and identify the change that has emerged since the introduction of shared services in Ireland. As a result the researcher aimed to identify the evolution of shared services organisations based in Ireland since their initial implementation and how their value is created.
4.3. Recipients of the research

The primary recipient of this research project is Dublin Business School and the thesis adviser, Michael Kealy.

The secondary recipients of this thesis are the researcher’s managers Lar O’Neill (SSC Director) and Paul Herzog (Shared Services Controller), who partially sponsor this research.

Additionally, national agencies (i.e. the Irish Development Agency, Enterprise Ireland) and professional groups such as Shared Service Forum will profit in terms of further development, from the findings of this research.

Finally, Multinational Enterprises (MNEs) will find the results of this research beneficial in the assessment of evolution and value creation within Irish-based shared services.

4.4. Suitability of the Researcher

The researcher believes that her experience within the SSO has given her a broad knowledge of this concept. Also the researcher’s current employment allows her to retain a fresh and objective view on the whole shared services concept.

It is the researcher’s opinion that this topic is relevant to her professional and educational background. Reflecting on her previous experience in Poland and in Ireland, the researcher has always enjoyed practical and challenging tasks. Moreover, she believes that the research problem will benefit her career development and goals.

4.5. Research limitations

Although the research was carefully prepared, there are certain limitations to it which requires acknowledgment. The main limitation of this research is the chosen method of data collection, which resulted in obtaining data that reflects subjective opinions of the participants and not their actions. Due to the limited population the possibility to obtain quantitative data was impossible. However, this is an inductive study which will create a valuable background for further research in this field. Moreover due to the scale of the research, the results of this study cannot be generalized beyond the unique population from which the research sample has been drawn.
4.6. Major contribution of the study

Limited research has been conducted to date on shared services organisations based in Ireland. Although previous studies show the motivation behind the creation of shared services organisations they have not explored the notion of value creation within these.

Furthermore, the research conducted previously did not highlight specific links between shared services organisations and the debate over the organisational structure. The researcher has identified there is a major gap in literature on the evolution of shared services. Therefore, it is important for the researcher to redress this lacuna in research.

The researcher believes that the study will not only contribute to the change of the perception of shared services but will also be beneficial for further studies on the shared services concept. This research will provide a deep inside on this concept and it will confirm the need for more studies to be carried out on this area for its successful development.
Literature Review

“As every divided kingdom falls, so every mind divided between many studies confounds and saps itself.”

(Leonardo da Vinci)

5.1. Introduction
The purpose of this literature review is to enable and guide the research towards its completion by describing and examining the concepts of organisational structure, value creation and evolution in terms of business development. As the study focuses mainly on the evolution and value creation within Irish based shared services organisations the literature review will discuss motivations behind the creation of shared services and how those motives have changed since the concept arose. In addition the literature review will analyse the misconceptions of shared services. The similarities and differences between its counterparts of centralisation and decentralisation will be examined. Finally this research will also critique current studies within area of shared services and aim to highlight and address any inadequacies that may present themselves.

5.2. The debate over the organisational structure and development of Shared Services

5.2.1. Introduction
Organisational structure received increased attention in empirical and theoretical literature between 1960 and 1985 when researchers and theorists (Mintzberg, 1980 Scott, 1992, Robins, 1987) began to look for the holy grail of organisational success. Mintzberg (1980) defined organisational structure as ‘the sum total of the ways in which it divides its labour into distinct tasks and then achieves coordination among them’. Some researchers simply agreed with Mintzberg’s definition (Scott, 1992) confirming that structure can be defined as division of labour and the coordination of work. Other theorists identified many more individual features influencing organisational structure. These features included centralisation, complexity, spatial differentiation and or autonomy (Robbins & Barnwell, 1998).

The debate concerning a specific definition of organisational structure was never resolved. This led to the conclusion that although companies possess common generic characteristics,
they vary in size, structure or operating processes (Scott, 1992), and evolve in time in order to adjust to an ever-changing environment. According to the contingency theory (Donaldson, 1995) managers design organisational structures to fit the circumstances that are affecting the organisation and causing them the greatest uncertainty. It is evident that to this date there is no specific way to structure an organisation. In the following sections of this sub-chapter the researcher will discuss how the debate over organisational structure and the internationalisation strategy affected the creation of shared services organisations in Ireland.

5.2.2. Internationalisation

Internationalisation of the companies can be described as ‘the process of adapting firms’ operations (strategy, structure, resources, etc.) to international environments’ (Calof & Beamish 1995). In practice, different organisations have different attitudes toward international expansion. Some decide to have strong local offices, whereas others prefer to centralise their international operations. However according to the Uppsala model developed by Johanson and Vahlne (1977) companies tend to begin their internationalisation in psychically close markets and only increasingly penetrate remote markets. The term psychic distance is correlated with geographic distance, but not exclusively. Hollensen (2004) describes the psychic distance among the others as difference in language, culture, the level of education or the level of industrial development. The psychic distance is a deterring force when organisations decide on which countries to target in their international journey. Therefore, according to the model, the organisations choose to start their internationalisation by going to those markets they find easiest to relate to. This may indirectly lead to an increase of decentralised units spread among international markets and result in development of SSOs.

5.2.3. Centralisation versus decentralisation and shared services

There are a number of researchers prising the centralisation approach with an equally high volume of theorist glorifying decentralisation. Robbins & Coulter (2005) state that centralisation is the extent to which the decision-making scope within an organisation is concentrated in a single group or individual. In contrast Nasurdin et al. (2006) argues that centralisation exists when top managers make the most of the strategic decisions based on a very limited or no input from lower-level staff. Rondinelli (1981) defined decentralisation as the transfer of responsibility for planning, management, and resource-raising from the central organisation to others including semi-autonomous public authorities or corporations. Supporters of centralisation claim that it is the best method for achieving organisational control and accountability (Zeppene, 1989). On the other hand decentralisation assures
business unit responsiveness by granting them full control over activities resulting in costly service delivery due to resource duplication (Janssen and Joha, 2006). Theorists sympathising with the centralisation approach point out disadvantages of decentralisation such as lack of communication between divisions, loss of economies of scale resulting in redundant resources, operating facilities and supplier contracts and lack of communication among functions that may prevent possible synergies. However Schulman (1999) states that companies started to decentralise because centralisation led to insensitive corporate culture which often omitted customers’ needs. Furthermore Osborne and Gaebler (1992) argue that decentralisation generates higher morale within employees, allows more organisational flexibility and enables quicker responses (Meads and Wild, 2003). Figure 1, adopted from Schulman et al., (1999) outlines disadvantages of both, centralisation and decentralisation, proposing a ‘gold mean’ of an organisational structure.

A distinctive structural phenomenon, shared services, began to be adopted by large decentralised organisations such as IBM and Accenture when they started to realise that it was becoming increasingly uneconomical to maintain a duplicate set of functions within their organisations (Bergeron, 2003). In a centralised environment the focus is driven upwards and
therefore business units usually accept whatever they are given. Within shared services focus is oriented downwards towards the business units, where they are considered as internal customers or businesses partners and therefore are in the position to demand appropriate level of service (Schulman et al., 1999).

Shared services are often confused with the centralisation (Ulrich, 1995), especially for those not familiar with the concept. However, based on the above, it can be concluded that although there are major structural differences between organisations, and debate over the best structure has never been completed there are also unarguably some specific concepts foreseen by most of the key players as valuable and worth implementation.

Therefore, it can be argued that the debate over the organisational structure became to some extent the trigger for the creation of shared services, as these are often conceptualised as the integration of centralised and decentralised models (Meijerink & Bondarouk, 2013; Farndale et al., 2009; Janssen and Joha, 2006; Maatman et al., 2010; Quinn, Cooke and Kris, 2000).

5.2.4. Foreign Direct Investment and its influence on organisational structure

According to the Organisation for Economic Cooperation and Development (OECD) (2008) foreign direct investment (FDI) is defined as an investment involving lasting interest amounting to 10 or more per cent by a resident entity of one economy (direct investor) in an enterprise being resident in another economy (direct investment enterprise). In other words it can define as a process by which organisations based outside a particular geographic area invest in economic activities within that area (Christodoulou, 1996). Multinational Enterprises (MNE) are main players in this type of cross-border transactions (OECD, 2008) and they can significantly influence economy in which they locate their resources in terms of productivity, employment, knowledge and skills transferred (Fuller and Phelps, 2004) (in Monaghan, 2012). Moreover, unprecedented expansion of FDI in services has been observed. Helpman (2006) highlighted that between 2001 and 2002 services accounted for two-thirds of FDI inflows. The increase of FDI activities in the past twenty years have not only led to debates over the degree of external control and decision making exerted by parent companies but it has also been an influential factor in the creation of shared services.

5.2.4.1. Foreign Direct Investment towards Irish economy

According to research conducted in 2007 (Barry, 2007) Ireland was considered to be one of the most FDI-intensive economies in Europe, mainly due to attractive government economic and trade polices including low corporation tax, membership of the EU and activity of IDA

However it is interesting to note that in 1992 Ireland was referred to as a ‘third world country’ (Caherty et al., 1992) (in Coulter et al., 2003) due to the deep recession, high unemployment, significant inflation and massive population decline observed between 1979 and 1986. In order to understand the importance of FDI for the Irish economy it is crucial to understand the country’s geographic and economic position. Ireland is an island country with very limited natural resources apart from reasonably fertile land. The country has an access to a continental shelf and its fishery resources; however the fisheries sector has not developed due to being deprioritised on entry into the common market in 1973 in favour of agriculture and its greater political importance. The Southern part of the island has particularly fertile land. The agricultural sector however is circumscribed by European Union (EU) membership and the common agricultural policy (CAP). As such the correlation between FDI by MNEs and the turn of the Irish economy is unquestionable. According to the OECD (2010) Ireland became one of the most MNE-reliant economies in the world, with the highest ratio of employment in foreign subsidiaries in both the manufacturing and services sectors and the fifth highest ratio of inward FDI stock to GDP (OECD, 2010).

5.2.4.2. Foreign Direct Investment and development of shared services in Ireland

Back office services (shared services) are one of the main categories of offshoring activities (UNCTAD, 2004). In addition to other areas FDI in shared services contributed to the turn of the Irish economy, boosted Gross Domestic Product (GDP) growth, decreased inflation and unemployment rate. Furthermore in 2004 Ireland was the favoured location for pan-European shared services (UNCTAD, 2004). The transition in Ireland was possible by extending the corporate tax regime to include all internationally traded service activities, mainly due to the fact that manufacturing related functions being relocated by MNEs to Eastern Europe and the Far East (Forfas, 2004). In fact Ireland’s low corporate tax rate at 12.5 per cent is often quoted as being the main reason for locating shared services in Ireland (Dillon, 2010). Moreover, another of the reasons why many multinational chose to locate in Ireland is the fact that Ireland is an English speaking country (Barry, 1999).

Low tax (Dillon, 2010), multilingual speaking population (Jobs et al., 2007), and responsiveness of government policy to MNEs skills requirements (Barry, 2004) contributed to the fact that many Irish-based MNEs subsidiaries began arraigned of service functions
including shared services in Ireland (Barry, 2004). Grimes and White (2005) showed that between 1997 and 2002 employment in Irish shared services more than doubled.

The data related to Irish economy suggests that approximately ten years ago a change in sectors of employment was observed (Barry, 2004). In the past low skilled manufacturing functions were transferred, back then to Eastern Europe or developing countries in Asia (Grimes and White, 2005). However, it can be argued that, Ireland to some extent became in nighties a strong cluster environment (Delgado, Porter and Stern 2011; Porter, 1998) not only for technology companies but also for shared services and as such a new industry has been formed. Grimes and White (2005) point out those Irish-based MNEs subsidiaries shifted their focus toward greater value-added activities. Manufacturing has now been replaced with back office services (shared services). In addition the number of people employed within this area has increased significantly, reaching over 35,000 in 2012.

5.2.4.3 Current challenges faced by Irish based shared services

Globalisation and the transferring of manufacturing activities to lower cost locations (Sass and Fiefkova, 2011) proved to be the profitable decision. This encouraged MNEs to start relocating their back-office/shared services functions also. Although cost cutting is not the only goal of shared services, it is still a primary one for most of the MNEs looking to consolidate those functions (Fersht et al., 2011). Global financial crisis influenced Ireland’s ability to attract FDI (Brennan and Verma, 2010) (in Monaghan, 2012). Additionally factors such as expansive labour costs in comparison to other European and developing countries’ economies (Brennan and Verma, 2010) (in Monaghan, 2012) and pressure from EU to increase low corporation tax (Barry and Bergin, 2010) (in Monaghan, 2012) contributed to a decrease of intensity of FDI towards Ireland. According to research undertaken by Accenture (2010) the number of new openings of shared services in Ireland dropped in comparison to the world scene. Hesketh (2008) argues that very often the so-called long jump instead of the triple jump can save additional dollars. His study based on interviews with seventy executives within leading organisations revealed that in many instances choosing outsourcing models from the gecko instead of pursuing decentralisation and then shared services strategy can contribute to considerable savings. The challenge therefore is to highlight evolution which occurred within Irish based shared services and describe how those create value and therefore move up the value chain.
5.3. Motives behind creation of SSOs

5.3.1. Introduction
Although over the years theorists has tried to clearly define and group the reasons for creating shared services the findings of their research is still broad and unstructured. In this section the researcher will describe the term shared services as well as clearly categories and examine the reasons behind their creation.

5.3.1.1. What are shared services?
A plethora of definitions have been developed over the years by researchers trying to answer the above question. Schulmann et al. (1999) states that shared services is ‘the concentration of company resources performing like activities, typically spread across the organisation, in order to service multiple internal partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value.’

Whereas Quinn et al., (2000) confirm that shared services ‘at a simple level refer to the practice of business units, operating companies and organisations deciding to share a common set of services rather than have series of duplicate staff functions.’

According to Bergeron (2003) shared services is ‘collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market.’ (Bergeron, 2003).

Furthermore, Schultz and Brenner (2010) points out that common characteristic of shared services are support of processes to cut costs and deliver customer satisfaction while benchmarking performance externally.

Although definitions of shared services differ slightly all of them confirm that shared services is the organisational form combining the benefits of centralisation and decentralisation with the view to cut cost while delivering high standard services to internal business units customers.

5.3.2. Cost Reduction Theory
In general organisations look to maximise the profits and minimize the cost with a given level of output and as such it becomes apparent that cost of doing business is a major consideration
for the companies deciding to expand in different locations. Following the logic, one of the main reasons to set up shared services is cost reduction (Min, 2008; Bergeron, 2003; Schultz and Brenner, 2010). According to Min (2008) shared services not only help to reduce the cost related to processing of the transactions but also standardisation and documentation of process minimized compliance costs which derive upon introduction of Sarbanes-Oxley Act. Bangemenn (2005) confirms that companies with shared services are approximately over 45% more cost efficient, while Davis (2005) points out that shared services can reduce labour costs through the location in lower-cost areas. According to Wolfendale (2002) shared services reduce the high cost of performing accounting transactions, minimize the time spent on day to day operations and increase retention of finance experts. However there are also opponents of the cost reduction theory (Larsen et al., 2012; Herbert and Seal, 2008; Luger & Suho, 2006) who claim that cost reductions may be difficult to identify and there are many hidden costs often overseen by the companies. They argue that some of the costs are difficult to quantify. The comparison with former divisional costs is challenging because of the fragmented nature of these marginal activities within divisions.

Researchers also point out that often organisations establish SSOs motivated by the fact that their competitors got engaged in those. Those organisations do not realise the real value or actual cost reductions (Cook, 2002) offered by shared services. Challengers of cost reduction being result of SSO implementation (Herbert & Seal, 2008; Luger & Suho, 2006) suggest that benchmark against which to assess the shared services performance is often difficult to identify. This contributes to business units’ incapacity to prove that some function could be performed cheaper locally then it is done in shared services. Regardless of the fact that the comparison with the costs incurred by the single divisions due to the fragmented nature of peripheral activities is challenging for the organisations, costs measuring frameworks (e.g. ABC - Activity-Based Costing, EVA - PBC - Economic Value Added - Process Based Costing) should enable measurement of cost saving.

Nonetheless of the disadvantages and possible flaws in cost reduction theory, there are elements distinct to shared services such as reduction of process duplication achieved from the process standardisation, risk sharing and coordination, and therefore shared services are perceived by organisations as a platform for growing their business without growing administrative costs at the same rate (Wang & Wang 2007).
5.3.3. Process standardisation Theory

Standardisation of processes (Kulhalli, 2010) can be also pointed out as the main advantage of implementing shared services. Growing international organisations often struggle with process standardisation. Popular at that stage of company’s life cycle, mergers and acquisitions strategy becomes enabler of multiple processes supported by the multiple ERP (Enterprise Resource Planning) systems. Introduction of shared services can indeed decrease the number of basic processes while allowing standard reporting, control and increase of effectiveness. Shah (1998) points out, that process standardisation within shared services proves to be effective when the process area has apart from commonality of purpose some of the following features: is transaction based, has few interfaces with other processes, is low risk, involves few regulatory constraints, has limited external customers dependents, requires narrow range of skills mix, requires technology with few business requirements, is geographically independent and where customer proximity is not needed.

For instance, according to Janssen and Joha (2006) the initial and basic concept of shared services revolves around the consolidation of mandated financial processing functions, with accounts payable being the dominant process transferred to SSCs (Cooke, 2002, Bangemann, 2005). Accounts payables processes (AP) are repetitive, transactional, geographically independent and not distinct to selected business units therefore the probability of potential error is rather insignificant. Business units’ decision makers feel comfortable with moving this function to shared services. In return process unification obtains cost reduction from economies of scale and scope, standardisation and optimisation, application of single ERP and increased transparency and accountability. Moreover, Bangemann (2005) continues that economies of scale are the easiest to extract from high-volume processes.

The table below display the most common services offered in shared services organisations and the prediction of incoming standardisation of those under shared services organisations (Bangemann, 2005).
% of companies which have or will have implemented subsequent processes in their SSOs after expansion in 2-3 years

<table>
<thead>
<tr>
<th>Process</th>
<th>Today (%)</th>
<th>2-3 years (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>74</td>
<td>80</td>
</tr>
<tr>
<td>Accounts receivables</td>
<td>76</td>
<td>80</td>
</tr>
<tr>
<td>General accounting</td>
<td>72</td>
<td>77</td>
</tr>
<tr>
<td>Travel and expense</td>
<td>66</td>
<td>71</td>
</tr>
<tr>
<td>Customer billing</td>
<td>59</td>
<td>67</td>
</tr>
<tr>
<td>Collections</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Cash management</td>
<td>45</td>
<td>52</td>
</tr>
<tr>
<td>External reporting</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Tax filling and reporting</td>
<td>41</td>
<td>45</td>
</tr>
<tr>
<td>Cost accounting</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>Credit</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>Freight Out</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Freight In</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Order Entry</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

*Source: Shared Services in Finance and Accounting Bangemann (2005)*

Reducing the number of processes interrelates with the decrease of ERP systems used within organisations and therefore minimise maintenance, licence and royalties’ costs. Implementation of shared services allows for monitoring through KPIs (Key Performance Indicator) and SLAs (Service Level Agreements), of cost of cash collected from customers or cost related to invoices processing. A shortcoming of this approach is the fact that standardisation does not allow deviations common in decentralised business units. For example benchmarking collection performance of business units offering different standard credit terms to their customers can give results far from being true and accurate.
5.3.4. Quality of provided service theory

According to Bergeron (2003) organisations claim that improvement of the productivity and quality of customer service function is one of the reasons for implementation of shared services. This might be challenging for the employees of shared services which are based in the location distant from the local business that they support, with the lack of decision-making only adding to this uncertainty. Therefore implementation of the front-office function can become even more challenging then transactional tasks performed by finance, as it increases the risk of employees not being able to recognise the impact of their work on the business (Miller, 1999). This issue of disassociation from the supporting business should be identified and dealt with before the implementation. Taking this proactive approach should become a distinctive feature of shared services when compared to bureaucratic approaches undertaken by headquarters (Herbert, 2009) and fully centralised organisational structure. However, Bangemann (2005) studies are contradicted to this statement and confirm that 46% of the companies looking to implement shared services purposely desire proximity to headquarters, what may affect level of service delivered. Researchers as well as the consultancy companies recommend introduction of Service Level Agreement (SLA) in order to control and standardise relationship between both internal and external customers and SSOs.

5.3.5. Shared Services and Corporate Strategy Challenges

According to Herbert (2009) shared services can improve organisational strategy through standardisation of processes and consistent consolidation of information which allows for defined focus on the scalability, core and greater transparency. He claims that implementation of shared services enables transformational change. However, Divakaran and Mani (2008) claim that often decision behind shared services strategy is not entirely understood by the decision makers. Researchers state that companies often pursue the shared services strategy reflecting on the actions taken by their competitors or possible cost advantages. They claim that before deciding on shared services companies must to evaluate if and why the implementation would be truly beneficial for their strategy. This should be supported by the strong business case with the realistic description of current performance. Furthermore, they (Divakaran and Mani, 2008) argue that organisations which are aiming to pursue shared services for both front-office and back-office function should consider structural challenges such as time zone and language availability and think of implementing shared services in locations suitable to accommodate both of those. Davis (2005) agrees with this view and
warns that before deciding on shared services strategy organisations should fully understand how shared services are used (Davis, 2005) and what is expected from pursuing shared services project. Therefore, labour and cost arbitrage should not be the only reason for organisations to adopt shared services strategy, as it would force them to seek a cheaper location every few years (Jensen, 2007). In general shared services have much longer payback time when compared to the outsourcing strategy and as such companies looking for the quick saving should not get engaged in internal shared services project. However if the main objective is to standardised the processes, while cost saving becomes a peripheral goal shared services project might be more suitable, as it enable better control and a bigger buffer to absorb the various components of transformation (Divakaran and Mani, 2008).

5.4. Value creation

5.4.1. Introduction
In the recent years the prominence of value adding activities became crucial for organisational success. Bertoncelj (2009) states that value enhancement is at the centre stage of constant search for new best routines. He continues further that creating new added value remains the most important goal of organisational change regardless of its evolitional phase, age or size and therefore it certainly should not be overlooked in terms of shared services. Therefore, the concept of value and the importance of value creation will be broadly discus in this part of the study.

5.4.2. What is value?
‘How do you define value? Can you measure it? (...) Remarkably few suppliers in business markets are able to answer those questions. And yet the ability to pinpoint the value of a product or service (...) has never been more important.' (Anderson & Narus, 1998, p. 54)

On-going competition, raising complexity, increase of customer focus and enormous progress in technology has obliged organisations to enhance their ability to create value (Schiuma, et al., 2012). More than ten years ago Lepak, et al., (2002) argued that "notion of value creation lies at the heart of organisational success and survival." However, the concept of value and value creation is still a subject of the debate from many diverse viewpoints and can be categorised as vague and confusing (Barney, 2001; Bowman and Ambrosini, 2000, Lepak et al., 2007). Strategic management scholars (Lepak, et al., 2007), as well as marketing researchers (Anderson & Narus, 1998; Ulaga & Eggert, 2006) state that the concept of value and value creation is still poorly defined and is an open field. Goods or services can be
valuable for one person and useless for another (von Mises, 1963) (in Ulaga & Eggert, 2006). Moreover, different stakeholders of one organisation can perceive value differently (Bowman & Ambrosini, 2010) and as such a definition of value is subjective and heavily depends on the context it is estimated in.

Disagreements as to what constitutes value are common among scholars (Lepak et al., 2007). Zeithamel (1988) representative of the service management view provides four definitions of value: value is a low price, value is what consumers want in the product, value is a trade-off between benefits and cost, and finally value is what you get for what you give. He defines value further as customer’s valuation of the usefulness of a service based on the perception of what is obtained in return for what is given. Porter’s (1985) definition of value differs significantly as he is of the opinion that ‘(...) value is the amount buyers are willing to pay for what a firm provides them. Value is measured by total revenue, a reflection of the price a firm’s product commands and the units it can sell.” (Porter 1985, p. 38).

Porter’s definition suggests that value and value creation is dependable of the revenue and the price customer pays for the company’s product. Subsequently those entities that do not create value or in other words, generate revenue have no real grand for the successful existence. In this instance setting such as shared services is not perceived as a unit creating value and therefore receives much less senior executive attention than business units that generate the profit (Mergy & Records, 2001). However, Walker (1996) argues that financially-oriented organisations are inadequate for innovative business as such measuring of the value in financial metrics limits firm’s ability to achieve competitive advantage. Therefore, Porter’s view although right to some extent, may have major limitations, especially in current, complex business environment, where only certain organisational entities are responsible for the revenue generation. In every organisation there is limited number of people working directly with the customers. According to researchers (Pfau et al., 1991, Davis, 1992) most people employed within the organisation fulfil work duties by satisfying business needs of internal customers. Therefore satisfaction of internal customers is critical for the improvement of the relation with external customers (Pfau et al, 1991) and although the majority of business units within one organisation do not generate revenue or profit they indirectly impact business units that do so. In order for the organisation to create value and generate revenue back-office functions such as finance, IT, HR should develop a clear understanding of how their actions towards internal customers influence external clients. The lack of understanding can not only jeopardize external satisfaction, reduce the quality of
service provided but also may lead to the questioning of added value provided by most back-office employees (Pfau et al., 1991). However, Schulman et al., (1999) argues that expression ‘customer’ of shared services is not suitable and confusing and that relationship between business units and shared service should be described as partnership. Regardless of nomenclatural differences building a strong internal customer relationship is crucial for shared services and it must be executed from the very beginning with the realisation that internal customers are equally important as external ones.

5.4.2.1. Use value and exchange value

Although Bowman & Ambrosini (2002) confirmed that entities exist in order to generate the profit for the investors they additionally divided value into two sub-categories, use value (UV) and exchange value (EV). UV relates to ‘properties of products and services that provide utility’ (Bowman & Ambrosini, 2002, p. 4). They further state that all UVs are sort of inputs during a production process and divide them further onto inert inputs and human inputs. They argue that human inputs are responsible for performed service and can create a new use values. Exchange values relates to monetary exchange between the organisation and their stakeholders. As such UVs are being transformed into EVs when they are sold and generate the revenue and profit. Therefore, UVs generated by the human capital within shared services are ultimately responsible for the creation of EVs even though this does not happen directly.

5.4.2.2. Value and loyalty

Numerous studies (Chang & Wildt, 1994; Kumar & Grisaffé, 2004) have confirmed correlation between value and loyalty. Chang & Wildt (1994) stated that value is a link between loyalty and quality. Deepak, et al., (2002) also confirmed that value brings a positive influence toward customers. While Parasuraman and Grewal (2000) argues that the more positive customer transaction perception is, the stronger customer loyalty. This confirms the importance of value creation within the organisations willing to achieve success and survive within ever-changing and competitive environment and although their studies are directly related to the external customers, it can be argued that similar correlation can be transferred into the shared service setting. It is often perceive that in the short run opinions of the internal customers do not matter. There are number of studies that prove otherwise (Harnesk, 2004; Pfau et al., 1991). Therefore if shared services can provide quality and create value, they can also influence internal customers’ loyalty. High quality and value-added services delivered to internal customers makes decision makers less eager to replace shared services with
outsourcing, centralised or decentralised settings, even if the other attributes, such as cost reduction can be fulfilled there to better extend.

5.4.4. Value creation in shared services

Value and value creation are concepts difficult to classify; however neither of these cannot be overlooked when analysing shared services. Defining value within shared services can be even more challenging, especially in the light of the processes transferred there initially, which are often described as supporting, or in the other words transactional and therefore non-value added. The same processes performed within standalone organisation designated to facilitate those add value by enhancing time and management resources available to other business units (Schulman et al., 1999). The idea of collecting non-strategic processes into separate self-managed business unit is that the management in other business units can be liberated to pursue their goals. Therefore, management of business units can concentrate to a higher extent on solving business problems, by enhancing core processes and therefore enhancing the value chain, which ultimately leads to growth. Additionally, shared services enable sales division to concentrate purely on customers and on making a sale (Schulman et al., 1999), what also enables growth of exchange value.

This view although logical may have certain limitations, as creation of value by transferring transactional process away from the strategic business units can be also achieved throughout outsourcing (Sako, 2006). Nonetheless, Gospel and Sako (2010) argue that creation of internal shared services before outsourcing leads to greater retention of capabilities in-house.

However, there are also knowledge base professional services (Van Denburg and Cagna, 2000), and in fact only transfer of those into shared services can enable real value creation. There are two types of services provided by accounts receivable (AR) function. Cash application is of transactional nature, whereas analyses of the payment behaviour influence cash flow management and is foreseen as professional service, therefore creates value directly.

The above suggests that there can be two separate sources of value creation within shared services, with value deriving from the professional services being of higher importance. Therefore it is crucial to analyse the evolution of shared services and determine value creation stages.
5.4.5. Evolution of SSOs

Shared services are relatively a new concept and there is some disagreement between the researchers on when and by whom it was first developed. Miller (1999) argues that shared services emerged in the United States of America in the early nineties, while Schulman (1999) disputes that General Electric was the first to implement the concept already in the eighties. Although the dispute regarding to the first implementation of shared services may seems to be of peripheral importance to most theorists it is significant to this research, because it concentrates on the evolution of the phenomenon. In biological science the evolution is defined as a change in the inherited characteristics of biological populations over successive generation (Hall and Hallgrimsson 2008) and therefore time is a crucial component, which allows capturing the change, also in terms of organisational life cycle. The success of American companies who have implemented shared services and demonstrated costs savings of up to fifty per cent (Jarman, 1998) became well known around the world and eventually reached Ireland. The debate over the precise timing of creation of first shared service is less relevant to Irish context as there is mutual agreement between the researchers (Miller, 1999; Kris and Fahy, 2003) that the first Irish SSO was implemented by Whirlpool in September 1995. Since then, other multinational corporations chose Ireland as a destination for their shared services. The concept evolved and became an important industry for the Irish economy. However biological evolution underlines the process of natural selection and the importance of continual adaptation as the crucial condition for survival. Many theorist of organisational science (Tripsas and Gavetti, 2000; Jones, 2005; Andersen, 2007) postulated that the process of natural selection applies also to organisations and environment within which they exists. The ability to transform and adjust to ever-changing business setting, where more competition means more intense selection has become a critical success factor for organisations (Bertoncelj, 2009), therefore companies unable to adapt are forced to exit. This suggests that if Irish-based shared services are not be able to adjust to rising competition and evolve in alignment with other businesses and its surrounding environment they may eventually be terminated. In the next part I will expand on motives behind creation of shared services and how these changed to accommodate fast evolving business environment.

Figure 2 – Value chain and evolution of SSOs
5.4.6. Stages of SSOs evolution

Determining the stage of shared services evolution is crucial for the understanding the source of the value creation. The academic literature regarding evolution of shared services is rather limited; however different classification has been developed. Van Denburg and Cagna (2000) outline three models of shared services: Transactional, End-to-End processing and full service. Transactional model focuses on cost reduction, eliminating redundancies and process standardisation, however processes are being developed by SSOs’ customers and consequently value creation within this model is limited. In end-to-end processing model processes are developed within the shared services, and therefore increased flexibility can be achieved. Entities do not dictate the way each process should be perform. The ownership of the process design is left to SSO management who are able to identify efficiencies. Crucial for the success of this model is good relationship with the customers and ability to show measurable results, subsequently value creation within this model is enhanced. Full services model bundles functional competencies with cross-functional synergies and focuses on delivery of total solution instead of delivering transactional process at the low cost. This model enables efficient response to customers’ and markets’ changing needs and creates the highest possible value.
Quinn et al. (2000) goes further and distinguishes the four evolutionary stages of shared services: basic model, market place model, advanced marketplace model and independent business. Significant similarities can be drawn between the first three models and the framework developed by Van Denburg and Cagna (2000). The basic model can be considered as equivalent of transactional model. Marketplace model is comparable with end-to end processing model. Advanced marketplace model is parallel with full service model. Independent model determined by Quinn et al. (2000) as the last stage of development, describes shared services as separate, profit generating business unit. Apart from the parent company it also serves external customers, with the objective to generate revenue. Therefore it creates EV directly. The closing phase of the model can have significant limitations. According to Cook (2002) it can be difficult to obtain and it often meets with the mixed results. He argues (Cook, 2002) that serving external clients creates at least two dilemmas. Firstly, the SSO’s focus changes from internal customers to external, real revenue generating clients. As such quality of internal services can decrease. Furthermore creation of new independent service entity may not fit with strategic direction planned by the corporation. As previously determine the quality of the service towards internal customers is of the same importance. It indirectly influences creation of EV, therefore EV deriving from newly established service unit, negatively influences EV from the initial revenue generating units. The last phase carries the high risk and should be implemented with the complete support from corporation.

Figure 3 - Continuum of Shared Services Model

![Diagram of Continuum of Shared Services Model]

Source: Adapted from Quinn et al., (2000)
5.5. Conclusion on literature review
The concept of organisational structure is complex in terms of academic research. The substantial amounts of papers are entirely dedicated to search for the best and most effective way of designing organisation. However, researchers did not reach mutual agreement on which of the available options is truly the most effective. Furthermore, there are theories suggesting that managers should structure organisations based on the circumstance and to fulfil specific organisational needs. Therefore it can be assumed that if there is a structural form, such as shared services implemented by a majority of multinational players from most of the industries this form is creating value structural phenomenon. Nonetheless, to date still little research was fully dedicated to shared services. This is mainly due to the fact that those are considered as supporting but non-value adding organisations. Moreover, the literature review illustrated that the evolution is an inevitable part of each organisational form and that although shared services were initially considered as cost reducing entities their focus needed to change as if it would not they would be simply terminated or replaced by other cost reducing settings such as outsourcing. Therefore, the need of research concentrating purely on evolution and value creation within Irish based shared services has been identified.
Methodology

“If the artist does not perfect a new vision in his process of doing,
he acts mechanically and repeats some old model fixed like a blueprint in his mind”

(John Dewey)

6.1. Introduction
The main purpose of this research is to analyse existing shared services in Ireland, in order to establish their evolution since the initial introduction of the concept on the Irish market together with their potential to create value. This chapter will concentrate on evaluating the most appropriate methods of design, sample selection, data collection and analysis that were used during the research. This part will also include reliability, validity and generalisability of our research, together with ethical considerations necessary to complete the research.

6.2. Research Questions
The research attempted to greatly gather information on the SSOs in Ireland. The research questions were as follow:

1) How has debate over the organisational structure influenced, shared services in Ireland?
The objective of this question is to evaluate how on-going debates over the organisational structure affected shared service in Ireland.

2) How have Irish based shared services evolved since their initial development in Ireland?
This question intends to assess evolution of shared services in Ireland by looking at the functions and services initially offered within shared services and functions and services offered currently.

3) What are the sources of value creation in Irish based shared service, both in the short term and in the long term?
The aim of this question is to understand the sources of value creation within shared services and how the concept of value creation changed since the initial establishment of shared services in Ireland.
6.3. Proposed Methodology

This research has been devoted to in-depth analyse evolution of shared service in Ireland while concentrating on the evaluation of factors contributing to value creation within shared services. In order to conduct the research interpretivism philosophy within an inductive approach using qualitative data through interviews and observation (multi-method) were used. The reason of each choice will be explained below by using the research ‘onion’.

Figure 4 - The research ‘onion’

Source: Saunders, Lewis and Thornhill (2009, p.108)

6.3.1. Research philosophy

According to the model developed by Saunders et al. (2009) all of the layers are equally important during a research. Research philosophy can be defined as the development of the research knowledge and its nature, and contains assumptions about the way in which the researchers view the world (Saunders et al., 2009).

The author of this research leans strongly towards interpretivism view. Therefore interpretivism has been adapted in conducting the research as it concentrates on the complexity of human-sense making as the situation arise (Kaplan & Maxwell, 1994) and endeavour to explain phenomena through the meanings assigned to them by people (Orlikowski & Broudi, 1991). Based on the above this philosophy has been identified to be
the most appropriate for the purpose of this research, as it provides a better understanding of evolution and value creation within shared services in Ireland, while pointing out how changes within organisational structure affected shared services.

6.3.2. Research approach
The next layer of the research onion concentrates on the research approach, where determination is very important. According to Babbie (2010):

“(…) scientific inquiry in practice typically involves alternating between deduction and induction. Both methods involve interplay of logic and observation.” (Babbie, 2010, p.53).

Saunders et al. (2009, p.117) states that research approach can be divided into two categories: deductive approach and inductive approach. Inductive approach has been determined as the more suitable for the purpose of this research. Goddard and Melville (2004) point out that the inductive approach starts with the observation, while theories are being formulated towards the end of the research and are the result of the observations. Bernard (2011) states that inductive research: “involves the search for pattern from observation and the development of explanations – theories – for those patterns through series of hypotheses” (Bernard, 2011, p. 7). Therefore the inductive approach allowed researcher to alter the direction for the study after the research process had commenced.

6.3.3. Research strategy
The third layer is the research strategy. In conducting this research the multiple case study strategy was used.

“Robson (2002) defines case study as ‘a strategy for doing research which involves empirical investigation of particular contemporary phenomenon within its real life context using multiple source of evidence’. The rationale for using multiple case study focuses upon the need to establish whether the findings of the first case occurred in other cases and, as consequence, the need to generalize from these findings. (…) case study strategy can be very worthwhile way of exploring existing theory “(Saunders et al., 2009, p. 146).

The multiple case study strategy has been evaluated as the most beneficial for this research as it allowed comparison of evolution of shared services in Ireland through face to face interviews and observations (analysis of data) in five different organisations. The strategy also tests whether the findings obtained from the first SSO repeated subsequently in other
four researched organisations. The expert familiar with wider number of shared services operating in Ireland has also been consulted. Both actions allowed to test if there is a need for further research in order to be able to generalise from these findings.

6.3.4. Research Choice

The fourth layer of the research onion relates to research choice. It has been assessed that the most appropriate approach for this research is multi-method. In order to answer the research questions, five leaders of Irish-based SSO’s and the development manager from government founded agency (Irish Development Agency - IDA) - were interviewed during face-to-face interviews. Experience and opinions of participating shared services leaders as well as of development manager gathered during semi-structured interviews were crucial for the research. According to Saunders et al. (2009) semi-structured interviews:

“(…) the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview. This means that you may omit some questions in particular interviews, given a specific organisational context that is encountered in relation to the research topic. The order of questions may also be varied depending on the flow of conversation. On the other hand, additional questions may be required to explore your research question and objectives given the nature of events within particular organisations.”

(Saunders et al., 2009, p. 320)

Semi-structured interviews allow the researcher to answer one or more research questions (Taylor and Bogdan, 1998). Due to intent to understand how the debate over the organisational structure affected shared services in Ireland, how these evolve and how the value is created within them the semi-structured interviews were identified as the most suitable tool for this research.

The interviews are useful for testing what people’s responses would be to a particular matter but also may lead to the presentation of a new matter, which researcher had previously never considered (Wimmer and Dominick, 1997). The predetermined questions aiming for detailed answers were prepared for interviews; however interviews were open to additional questions depending on the response. Questions were sent to Interviewees in advance in order to allow them time for preparation. Interviews were conducted between 18th of June and 3rd of July 2013 and took place in the form of face-to-face interviews. All interviews were recorded.
6.3.5. Time Horizon

Due to restricted time for the dissertation submission this research is a cross-sectional study of shared services. This study is a ‘snapshot’ of the shared services evolution and value creation within them and as such shared services were not studied over a period of time. Saunders et al. (2009) defined cross-sectional studies as studies of particular phenomenon happening at a particular time and finds that most of the academic journals are using a cross-sectional technique due to the time constrains involved.

6.3.6. Data Collection

There are two different types of data, primary data and secondary data. Primary data is defined as data observed or collected directly from first-hand sources while secondary data is data published or collected in the past or by other parties (Pollack, 1999). The data for this research paper has been collected from both sources. Primary data is based on the results obtained from interviews with shared services directors and with the expert – IDA development manager. Secondary data in a form of academic journals has been consulted to allow the author to conduct literature review of theories concerning shared services centre, value creation and organisational structure.

6.4. Primary Research

6.4.1. Qualitative research method

Bennis & O’Toole (2005) are of the opinion that business schools concentrate way too much on the scientific research model rather on a professional one. They have also a critical view towards quantitative research which they believe can blind rather than enlighten. According to Merriam (2009) qualitative researchers focused on understanding how people make sense of their world and experiences within it. Parkinson and Drislane (2011) argue that qualitative research uses methods such as participant observation or case study which arise in a narrative account of practice. For the purpose of this study qualitative method has been assessed to be more suitable, since this type of research allows to process in depth investigation of evolution and value creation within shared services, what can be concluded in narrative account of practice.

In order to answer the research questions, primary data was collected through semi-structured interviews with the directors of shared services and with IDA development manager, treated as an expert for the purpose of this research. The purpose of the research is to explore the
evolution, current function and value added activities within those functions of shared services that operate in Ireland; consequently a new data was collected for this purpose.

6.4.1.1. Interviewing of Directors

Face-to-face interviews are considered to be one of the most reliable methods of qualitative data collection (Saunders et al., 2009). Face-to-face approach allows researchers not only gather information, but also observe interviewee’s behaviour what helps in interpretation. At least three major categories of interviews may be identified (Babbie & Mouton 2001; Merriam, 2002): the standardised (formal or structured) interview, the unstandardised (informal or nondirective) interview, and the semi standardised (guided-semi-structured or focused) interview (Berg, 2007). According to Berg (2007) the major difference between these different interview structures is there degree of rigidity with regard to presentational structure. Cohen et al. (2003) suggests that the choice of interview type depends on ‘fitness for purpose’; in other words, if the researcher wishes to gain comparable data across a wide range of people and sites, the more standardised and qualitative the interview becomes (Cohen et al., 2003).

Semi-structured interviews technique, based on open-ended questions, has been used for the purpose of this project. This technique has been chosen to elicit descriptive and reflexive accounts (Klenke, 2008) and possibility to ask probing questions, such as “could you think of example”, and other which begin with “what”, “why” and “how”. The author pre-tested questions to evaluate clarity of the questions and their context and as a result re-drafted some of the questions, which turned out to be unclear for the testers.

The following twenty five pre-established questions have been asked during interviews:

1. Could you please briefly describe your current role and tell me how long have you been with the company?

2. Could you please tell me shortly about organisational structure of your company? How is the organisation divided into selling divisions? (by product/region/country)

3. What was the primary driver or business event that led to your original decision to implement a Shared Services organisation?

4. What were the main factors in selecting Ireland for the organisation’s Shared Services location?
5. What would be the reasons for relocation from Ireland and what other locations would your organisations take into consideration?

6. How long have your company’s shared services been based in Ireland and what regions do they serve?

7. Could you please tell me briefly about the structure of your Shared Services in Ireland?

8. Could you please tell me what were the services delivered through Shared Services in the beginning?

9. Could you please describe how were those services delivered before the establishment of SSC in Ireland?

10. What functions are performed in your Shared Services now? Within those functions, what processes are in Shared Services and what are being outsourced?

11. How are services being charged back to locations/divisions serviced by your SSCs?

12. How do you drive governance and consistency across your SSCs?

13. What roles does your Shared Service play in management and oversight of internal controls?

14. There are different types of shared services business model. How would you describe your shared services?

15. How would you describe Shared Services employees’ relationship with entities they provide service for?

16. What is important to your internal business unit customers?

17. What have been the benefits to your organisation of having Shared Services based in Ireland?

18. How well has your organisation achieved its objectives for Shared Services in Ireland?

19. How do you know objectives are being achieved in the share service? Do you use SLAs and how effective do you find them?
20. How do you measure performance? Do you use KPIs and how accurate do you find them?

21. There is a common trend of the importance to deliver the value. What are your company’s top priorities to drive value from its SSCs?

22. How would you have improved your Shared Services journey?

23. How are you leveraging Shared Services as a strategic asset at your organisation? What role(s) is your SSC(s) currently playing – or you anticipate playing - in analytics?

24. What trends do you think Shared Services programs/organisations will follow in the future?

25. How do you expect your organisation to change the use of Shared Services and outsourcing in the next 3-5 years?

6.4.1.2. Interviewing of Expert

According to Meuser & Nagel (1997) an expert is a person who is responsible for the development, implementation or control of solutions, strategies or policies, and also someone who has privileged access to information about groups of persons or decision processes. They state that expert interviews can be used for many different reasons including exploration, collection of context information in order to complement knowledge gain through other methods and for developing theory. The interview with the expert in this project is so-called systematising expert interview. It focuses on in-depth process knowledge and complement information gained during interviews with SSOs’ leaders. It was determined that interviewing IDA business development manager will be relevant for this purpose as his in-depth knowledge of Irish based shared services will provide detailed expertise of the topic.

The following fifteen pre-established questions were asked during the interview with an expert:

1. Could you please briefly describe your current role and tell me how long have you been with the company?

   a) How long have you been working with shared services organisations?
2. Could you please tell me shortly about organisations/multinational corporations you are dealing with? What is their structure, are they divided by regions, products, country?

3. What are the primary drivers that usually lead to the decision to implement a Shared Services organisation in Ireland?

4. What are the main factors in selecting Ireland for the Shared Services location?

5. What are the reasons for relocation from Ireland and what other locations organisations take into consideration for their Shared Services?

6. Could you please tell me briefly about the structure of typical Shared Services organisation in Ireland?

a) Services/Functions delivered through Shared Services in the beginning

b) Services/Functions performed in Shared Services now (what processes are being complete in Shared Services and which are being outsourced)

c) Where those functions/services were provided previously?

7. Could you please explain how usually are services being charged back to locations/divisions serviced by shared services organisations based in Ireland?

8. How is governance and consistency driven across shared services usually?

9. What roles does Shared Service play in management and oversight of internal controls?

10. There are different types of shared services business model. How would you describe most popular shared services in Ireland?

11. What in your opinion is important to internal business unit customers?

12. What have been the benefits of having Shared Services based in Ireland?

13. How is usually performance measured in shared services? (KPI)

14. How objectives are being achieved in the share service? (SLA/? – when helping to set up shared services which measure instruments would you recommend)
15. There is a common trend of the importance to deliver the value. What are top priorities to drive value from shared services?

16. What trends do you think Shared Services programs/organisations will follow in the future?

17. How do you expect organisations to change the use of Shared Services based in Ireland in the next 3-5 years?

6.4.2. Secondary research

Secondary data such as research papers, reports and articles were also useful sources. Numerous academic journals have been consulted for the purpose of this research and the majority of articles consisted of previous research conducted in the field of organisational structure, value creation and shared services concept. All articles were published between 1985 and 2013 and written by leading and widely published authors.

The author of this study used online databases - *Business Source Complete, JSTOR, Emerald as well as collections of Dublin Business School Dame Street Library and Trinity College Library in Dublin. Full list of articles consulted can be found in Bibliography and Reference chapters of this dissertation. All sources used in this research paper are referenced in accordance with Harvard Referencing Style.*

Information about parent companies of shared services, in which interviews were held, was also collected from the organisations’ websites, articles and consulting bodies’ reports.

6.4.3. Non-probability sample

Due to time and budgetary limitations it was impossible to collect data from a total population; consequently, the researcher needed to select a sample. The sample selection started with defining the population of the sample. Population consisted of the 140 shared services organisations representing twelve different industries.

According to Saunders et al., (2009) two groups of sampling techniques can be defined: probability and non-probability sampling. It is impossible to generalise on statistical grounds with non-probability samples, and as such those were used in this research. In order to evaluate development and functions of shared services five shared services leaders were interviewed in five different shared services based in Ireland and one IDA development manager.
In order to evaluate evolution of Irish based shared services and value creation within them self-selection sampling has been used. According to Saunders et al (2011) self-selection sampling occurs when desire is expressed by those who want to take part in the research. Furthermore he states that different forms can be taken to reach the population such as articles, advertisements, postings on newsgroups, emails etc. In order to reach the required audience an email was sent to the contact email addresses listed on SSCForum.ie. Due to previously established relationships two other leaders were approached personally and asked if they would like to take part in the research.

In total eleven people were contacted and six responses were received, out of which five directors (or their equivalents) and one IDA development manager agreed to be interviewed.

6.4.4. Ethics
Saunders et al (2009) defines ethics as: ‘the appropriateness of your behaviour in relation to the rights of those who become the subject of or are affected by your work’. (Saunders et al., 2011, p.183). Diener and Crandall (1978) (in Bryman and Bell, 2011) distinguished ethical principles into four main areas:

- whether there is harm to participants;
- whether there is a lack of informed consent;
- whether there is an invasion of privacy;
- whether deception is involved.

In order to abide by the ethical principles the researcher used information gathered through interviews only for dissertation purposes while assuring that policies of organisations taking part of the research were respected through the process.

Also research purpose and information required were communicated to the participants in advance so they were able to decide whether to participate or not. Principal of privacy and confidentiality was strictly adhered. Participants were presented with opportunity to refuse to answer any question that they consider inappropriate or which answering would violate company’s policies. Confidential details of participating organisations were protected and participant informed of their right to withdraw at any time. Also while analysing collected data the researcher assured not to misinterpret the data. Finally, proper usage of Harvard referencing system eliminated plagiarism.
6.4.5. Practical efforts
Practical efforts included: creating interview guide, contacting directors of shared services, putting together interview pack questions with forms and arrangements, using recording equipment during interviews. The costs incurred in the research process such as travel and telephone costs amounted to €150.

6.4.6. Limitations
The fact that it is a dissertation research, completed with time, budgetary and other resources constrains following limitations should be taken into consideration while examining research findings.

Saunders et al. (2009) states that most of the research projects completed as a part of academic courses are time constrained. The researcher had time until middle of August to submit complete project, hence time management and deadline constrains can be consider as major limitations. Furthermore, the researcher is in fulltime employment, what combined with the research project proved to be a challenging task. Also this research could extent to certain time so bigger sample could have been analysed and more accurate conclusion on evolution of shared services in Ireland could have been drawn.

As this research is qualitative in its approach it relies on both the quality of data gathered as well as the researchers analytical and research skills. Personal bias can also interfere with the interview process. Researcher is working within shared services for the past three years and as such could have influenced participants during interviews and make a mistake of attributing certain characteristic when interpreting data.

Furthermore, Saunders et al. (2009) states that: ‘cases that self-select often do so because of their feelings and opinions about the research questions or stated objectives’ (Saunders et al., 2009, p.241); therefore researcher makes no claim for the results being a true representation of shared services population in Ireland.

In addition there is a threat that participants did not disclose all of the information required and that their busy schedule affected time they could commit to the research.

6.4.7. Reliability & Validity
Both, reliability and validity are important when conducting any type of research. The study is valid when the information gathered is true and reflect what they are supposed to reflect. In order to increase data validity well-known research tools, previously applied in different
settings, have been used. Interviews were conducted to test validity of previous research and to reveal shared services directors opinions about organisations they manage and how those organisations changed in the past few years.

According to Robson (1993) different threats to research reliability has to be taken into consideration; these are participant error, participant bias, and observer error and observer bias.

In order to reduce a possibility of the above threats numerous different steps have been put into action. The interviews consists of twenty five different questions, those were to evaluate role of organisational structure, value creation and evolution of shared services in Ireland; fewer questions could reduce reliability however more than twenty five could be foreseen as too many. To ensure that the questions were understandable a pilot study took place. After the feedback was acted upon and, through careful discussion with the researcher’s supervisor the interview format was modified accordingly, the interviews were held.

The observer error and bias were taken into consideration while conducting interviewees. Interviews took place in participants own office setting, had semi-structured form and open-ended questions were asked. All the answers were recorded in order to avoid misinterpretation.

To increase reliability secondary data was also critically reviewed. Frame of reference relies upon previous, well-known research within value creation, shared services, evolution and organisational structure, which is considered as relevant and reliable source of information.

6.5. Transcription and coding

According to Gillham (2005) transcription is the process of producing a valid written record of interview but also a form of translation. All interviews were recorded to ensure accurate transcription following the interview; this also enabled the researcher to focus solely on the conversation during the interviews. Transcriptions were kept on a personal device accessible only to the researcher, and transcribed by the researcher into electronic documents in order to avoid bias and give a full picture of the process.

The thematic analysis followed the three stage process; descriptive coding; interpretive coding; and overarching themes (King and Horrocks, 2010).
The analysis of the qualitative data started with the quick browse through all transcripts and the first impression was noted. After that each transcript was read carefully again and the most important statements were highlighted. At this point, the most relevant statement from each respondent were recorded on the excel spread sheet against the question number and the results for each question were summarised in the last column. Each interviewee had a letter code, six in total (A, B, C, D, E, F). Separate spread sheet was created for the expert interview, and the most relevant statement from each question was noted.

Next, the most important codes, from both spread sheets were identified and themes were created and labelled by brining several codes together. The connection between each category has been clearly described in the next section.
Data Analysis/Findings

“Study the past if you would define the future.”

(Confucius)

7.1. Introduction

This chapter is fully dedicated to the analysis and the presentation of the research findings based on five interviews conducted with SSO Directors or their equivalents and one interview with an expert Business Development Manager from IDA. The individual responses were examined and searched for patterns and themes which allowed to answer the focal question of this research paper but also to observe practises related to shared services management and to find out if any of these practises prevail among the researched companies. This chapter will focus on four issues concerning the scope of this research and a discussion regarding researcher’s findings in the context of existing studies.

7.2. Methodology of research

The following research is based on six in-depth interviews conducted among five leaders of the SSOs and one representative of the government business development organisation IDA who has been involved in a shared services industry for the past three years.

All of the companies represented by the participants of this research belong to different industries. However all of them are classified as being a part of the wide Irish shared services sector. The industry has been actively supported by the government body whose representative also has been interviewed to broaden the findings of the research.

The structure of every interview was predetermined and consisted of open – ended questions. All of the interviews were conducted face-to-face. Each participant has been presented with a consent form (appendix 1) giving a clear understanding of the objectives of the research and the technique used to collect data. Furthermore guidelines related to designing and conducting of semi-structured interviews outlined by Gillham (2005) were followed. For instance:
• The same questions were asked each SSO’s leaders. However in order to ensure equivalent coverage interviewees were prompted by supplementary questions if they hadn’t dealt spontaneously with one of the sub-areas of interest

• The questions went through a process of development to ensure focus

• Questions had a clear distinct topic to avoid redundancy

• Open-ended questions were used when there was more information to be disclosed.

The following study consists of an analysis and thorough examination of the notes taken during the initial informative meetings with participants, as well as the examination of the transcription of recorded interviews. Neither company names nor interviewees’ identity are mentioned in order to grant a full anonymity to the contributors of this research. In the majority of cases exact quotes are cited. Nevertheless some direct quotes have been edited in order to protect the identification of interviewees.

The chosen research method limits the findings of this study as subjective accounts of the individual interviewees, based mainly on biased personal opinions and in some cases these might not reflect the opinion of the company the participants work for. Regardless of the subjectivity of the answers, the chosen research method allowed gathering of detailed replies, whilst conducting the interviews in real time limited misinterpretation and confusion among the respondents.

The researcher clearly note that the present research is not a representative study of the SSO residing in Dublin; however it presents an interesting snapshot of individual opinions, which can lay foundations for future, more robust studies concerning evolution and value creation of Irish-based SSOs.

7.3. Scope of research

This study focuses on the following four themes:

1. Organisational structure and SSOs

2. Drivers leading to opening of SSOs

3. Evolution of Irish-based SSOs
4. Value Creation within Irish-based SSOs

All of the above issues will be analysed in the sequential order.

7.3.1. Information on participants

Figure 5 - Participants' gender

![Participants' Gender](image)

As figure 5 points out six people in total were interviewed of which five were male (83%) and one was female (17%). Therefore five sixths of the sample was male while one sixth was female.

Figure 6 - Years' of experience

![Years' of experience](image)

Figure 6 illustrates the years of experience each responded has obtained within the company they represent. Two (33%) of the respondents have five years’ experience within the same
company, whilst another two (33%) have over fourteen years’ experience. The remaining two (33%) have between six and nine years of experience.

**Figure 7 - Years' of company’s existence**

![Bar chart showing years of company's existence](chart.png)

Figure 7 displays the years of the participating companies’ existence. One (17%) of the participating companies has been established less than fifteen years ago, one (17%) has been established less than twenty five years ago. Two of the companies (33%) exist between sixty and sixty five years and remaining two have been established more than hundred years ago.

**Figure 8 - Industry of the participating organisations**

![Bar chart showing industry distribution](chart.png)

![Internet Information Provider](chart.png)  ![Medical Devices](chart.png)  ![Consulting & Outsourcing](chart.png)  ![Government Agency](chart.png)  ![White Goods](chart.png)  ![Healthcare](chart.png)

![Industry](chart.png)
Figure 8 shows the industries participating organisations operate in. Each of the participating entities represents different industry.

7.3.2. Organisational structure and development of SSOs

The researcher wanted to examine the respondents’ opinion on the influence of organisational structure on the SSO. Therefore the purpose of the first question was not only to confirm that the participants of the research have extensive knowledge based on the long term experience within the shared services but it also aimed to establish the reporting line and subsequently dive into the concept of organisational structure of participating organisations. Although responses varied in detail, the answer to this and subsequent questions helped to determine that the structures of participating organisations differ. This is to some extent consistent with the study completed by Scott (1992) who stated that although organisations share common generic the characteristic their organisational structure vary and as well with the contingency theory (Fiedler, 1964 in Fineman et al., 2005) which confirms that managers design organisational structures to fit the circumstances.

The following questions, related to organisational structure revealed that both a company’s’ structure and the debate within it, have major influence on the creation of shared services organisations. Although it is surprising that structure related reasons behind the establishment of shared services differed significantly. Despite the majority of participants being representatives of well established companies their long term presence on the international scene has confirmed that the decentralised structure, which prevailed at the beginning of their enterprises' international expansion, has direct influence on the creation of shared services organisations. This is consistent with the statement developed by the Bergeron (2003) who argued that shared services developed from the decentralised units of the large organisations which started to realise that it is uneconomical to maintain a duplicate set of functions within their operations.

However, representatives of the less established organisations quoted two structure related reasons for establishment of shared services organisations. Firstly, a possibility to begin an international journey with shared services organisation instead of starting with the decentralised model. These findings are contradictory to the research conducted by Bergeron (2003) and in fact have not previously been mentioned in literature on shared services. According to one of the respondents:
'The new breed of the companies don’t have legacy footprint all around the world they actually start off internationalisation with shared services (...) as opposed to mature companies that’s trying to radically change their whole organisational structure to fit into the model.'

Secondly, the lack of clear organisational strategy in relation to growth of international presence, which resulted in numerous M&As around the Europe and subsequently imitation of SSOs models implemented by more experienced and longer established industry players:

‘They were looking at the models that the other companies within the same industry used and basically that led them to the decision’.

This finding is compliant with the theory drawn by Divakaran and Mani (2008), who stated that sometimes the decision behind the shared services strategy is not fully understood by the decision makers who are pursuing shared services based on strategy implemented by their competitors.

Further questions regarding organisational structure confirmed that shared services based in Ireland serve business units across the globe. Despite the similarities in terms of served regions all of the companies were divided differently. The majority of the companies served the EMEA region, with some of those having their services expanded to the EMEA LAC region or even EMEA LAPAC, whereas others concentrated mainly on serving Europe. The responses to additional questions in correlation with the secondary research reveal that the division into regions is directly related to the company’s size, but also to some extent to other factors such as company’s maturity or length of the time of international presence. This reinforces the theories on the on organisational structure (Scott, 1992; Fiedler, 1964 in Fineman et al., 2005) confirming individual approach towards it.

The structure related questions revealed that three of the shared services organisations (50%) operate within the close conjunction to a companies’ regional headquarters and the remaining ones operate as separate units either with globally wide headquarters in the United States or regional headquarters being situated in a different country. The age/maturity of the company did not seem to have an influence on this correlation, which appear to be purely strategy driven. The interview with the expert confirmed that:

‘So typically what will happen is a lot of companies will set up the European headquarters supported possibly by the European shared services centre’
This result is in line with Bangemann’s (2005) study, which confirmed that 46% of the companies looking to pursue shared services model purposely desire proximity to corporate headquarter. However, it has been also noticed that technology based and relatively young companies tend to link the shared services organisations with their regional headquarters especially in the recent years, as this strategy allows for development of the services or products directed specifically for the region they serve. According to one of the respondents:

‘(…) They can’t come up with the really really strong strategy for Europe from America’.

Some of the participants noticed in their responses to the structure related questions that technology occurred to be a factor enabling faster changes within organisational structure. A very interesting remark was made by one of the directors who spotted that the fact that the interaction with the customer that has happened on-line has facilitated the possibility to start their international journey with shared services, as oppose to separate entities spread over Europe: ‘99% of our interaction with the customers is on-line that comes from here the ownership of the intellectual property (IP) is in Ireland’.

7.3.3. Drivers leading to opening of SSOs

7.3.3.1. Overall drivers behind opening shared services

The majority of the representatives of the participating companies confirmed that originally there were two main drivers behind the creation of shared services organisations cost reduction: Originally when we were set up it was a cost proposition. Save money, move to Ireland put everything together, take out the head count, and we save’ and willingness to centralise particular functions: ‘when we started off, shared services was mainly about centralisation’.

Both statements are consistent with the general concept of cost saving through transferring some of the functions to shared services (Schulman, 1999; Janssen and Joha 2006). However, the benefits of decentralisation, such as higher morale within employees stated in a study conducted by Osborne and Gaebler (1992) or increase of responsiveness as mentioned by Meads and Wild (2003), were not quoted as original drivers leading to implementation of shared services.

7.3.3.2. Drivers leading to locating SSOs in Ireland
Figure 9 - Drivers leading to locating SSO in Ireland

Figure 9 displays the main factors leading to locating organisational shared services in Ireland as explained by the participants of the research. As per above all of the respondents mentioned multilingual capabilities and pool of talent as one of the drivers behind selecting Ireland. Three out of six respondents (50%) stated that the low corporate tax and time zone were one of the reasons for choosing Ireland; whilst two out of six respondents (33%) indicated that the fact Ireland is an English speaking country and as well as it originally been a low cost location contributed to the decision of locating shared services here.

7.3.3.2.1. Low corporate tax rate

In regards to the decision behind selecting Ireland for organisational shared services the three out of six respondents (50%) mentioned beneficial tax treatment. All of those respondents have regional or corporate headquarters in Ireland. However one of the respondents explained further:

‘Because we are a cost centre, the corporate tax rate does not impact us at all, so there is no benefit of having shared service here. The corporate tax structure does not benefit me or my unit at all. But what does, is that corporate tax rate brings, expansion in Ireland, provide the pool of resources.’
The remaining three respondents (50%) did not mention corporate tax rate as one of the drivers behind selecting Ireland for an organisational shared services location. When asked specifically about the attitudes towards the corporate tax rate one of the respondents explained:

‘We are not using Ireland as a tax base. Not that to say, the lot of other shared services do, we have seen a lot of massive American multinationals come in and use Ireland for that base, but we haven’t.’

This result is only partially consistent with the research conducted by Dillon (2010) who highlighted low corporate tax rate as one of the main reasons behind locating organisational shared services in Ireland.

7.3.3.2.2. Multilingual capabilities
All of the respondents (100%) mention ‘the multilingual capability’ as one of the reasons behind opening organisational shared services in Ireland:

‘Typical shared service company could have between ten and twenty different languages and they are all native speakers. There are few places in the world where you can get that.’

To some extent this is consistent with the study conducted by Jobs et al. (2007). Although their study concentrates on the call centre industry in Ireland it is important to note that they also refer to multilingual capability as one of the main factors in selecting Ireland by MNCs.

The research revealed that those multilingual capabilities are used within shared services not only for customer support: ‘when those customers call us you know they are gonna speak to French person, or a German person’ but also for things such as statutory reporting or speech writing: ‘Again when you have somebody has to write the speech for somebody it is not good enough to take that they just know the language. They need to be from that culture.’ These findings are contradictory to the previous view (Jobs et al., 2007) that multilingual capabilities of Irish nationals are highly regarded among MNCs looking for their pan-European location.

7.3.3.2.3. English speaking country
Two out of the six respondents (33%) mentioned English as one of the reasons behind selecting Ireland for organisational shared services: ‘seventy, eighty per cent of foreign direct investment in Ireland in particular comes from US; so the fact that we speak the same
language that the guys in US is crucial.’ This is consistent with the Uppsala model developed by Johanson and Vahlne (1977) which states that the psychic distance is a deterring force when organisations decide on which countries to target in their international journey.

7.2.3.2.4. Pool of Talent

All of the respondents (100%) mentioned that ‘the number one is talent’ as being one of the main factors attracting MNCs to invest in Ireland, with one of the respondents explaining: ‘the talent availability in Ireland is very very strong, ACCA is almost the standard here within accounting professionals, when perhaps in other countries there is less people with that qualification.’

An interesting remark was made by one of the directors who stated that: ‘the reason that we are in the centre of Dublin, is that we want to attract the top talent from around the world.’

7.3.3.2.5. Time Zone

Three out of six respondents (50%) mentioned time zone as one of the reasons behind selecting Ireland as a location for organisational shared services. The remaining three did not attribute that their decision to locate in Ireland was linked to the favourable time zone. The result can be linked to the Divakaran and Mani (2008) recommendations, who argue that organisations which are aiming to pursue shared service setting for both front-office and back-office function should consider structural challenges such as time zones. One of the respondents mentioned:

‘The time zone is the really important as well. Because when you talking about shared services you need to be linked to US, but you obviously have to be linked to Europe. And then sometimes you need to be linked to Asia, so with pretty much the eight hours difference between Ireland and the Silicon Valley and the eighth hours the other way, you can really stretch the globe in one day’s work’.

7.3.3.2.6. Low cost location

An interesting remark was made by two respondents (33%) who stating that one of the reasons behind locating a shared service centre in Ireland was the fact that Ireland was considered a ’low cost location in the mid-nighties’. 
7.3.3.2.7. Cluster theory
Two of the respondents (33%) mentioned that one of the reasons they located in Ireland was the fact that other companies competing in the same industry had their shared services organisations here. This is in line with the cluster theory (Delgado, Porter and Stern 2011; Porter, 1998) that companies and industries participate in clusters and tend to follow their competitors.

7.3.4. Evolution of Irish-based SSOs
The research sought to gather information about both, original functions carried out within shared services and the functions currently offered. The target was to show the evolution that occurred within shared services organisations in Ireland.

7.3.4.1. Services originally offered in Irish-based SSOs

Figure 10 - Services originally offered in SSOs

Figure 10 displays functions offered originally in shared services organisations. All of the respondents (100%) confirmed that ‘finance very much started it all off it (SSOs) in some ways’. Furthermore, all of the participants (100%) stated that accounts payable was a function originally implemented within shared services, whilst accounts receivable were quoted by four out of six respondents (67%).

The first respondent (17%) outlined that shared services originally offered the following functions: treasury, customer service and finance which included services such as AR, AP,
payroll, statutory reporting. Other participants (17%) mentioned that originally the company employees looked after their legal entities: ‘their compliance and so forth and also the closing the books and doing the reconciliations. We didn’t have any outsourcing and then when you go before my time you had company’s employees paying invoices and so forth.’

One of the respondents (17%) explained that original decision was to migrate country by process and that in the beginning the functions transferred to shared services in Dublin were accounts payable intercompany processes, fixed assets and general ledger. Two (33%) of the participants mentioned that first functions transferred to shared services were account payables and receivables. Whilst the last one explained briefly: ‘our internal clients in those early days if I can be honest they gave us things they thought we couldn't break. They gave us things like accounts payable, and they kept a group of people to check what we were doing was done correctly.’

This result is in line with the Bangemann (2005) who stated that ‘high-volume processes such as accounts payables (AP) and accounts receivables (AR) represent top two processes being routed through SSO.’

7.3.4.2. Services currently offered in Irish-based SSOs

All of the respondents (100%) confirmed that functions offered by shared services organisation grew significantly since the initial introduction. Nonetheless in few cases some of the original processes offered by the Irish SSOs are no longer performed here. Due to the significant diversity between researched shared services organisation the analysis in this part will be performed individually.

One of the shared services organisations remained purely a finance centre; however the services offered within it changed significantly. Firstly, the shared service concept proved to be a success for this organisation and therefore a similar centre has been opened in a lower cost location. As such, some of the functions have been moved from Irish shared services to a centre located in India. The processes moved were: accounts payables, payments disposals, intercompany accounting, banking and journal posting, with the futuristic view:

‘Hopefully bit by bit we move more and more to India, hopefully be left in Dublin in few years’ time just a process ownership globally and take out any of the accounting work completely and move it all to low cost location.’ With regards to the services added to the Irish centre portfolio there were: indirect tax reporting, analytics on the costs with journals,
prepayments and accruals being driven from shared services: ‘we are working our way through the balance sheet, and effectively own the all P&L and balance sheet.’

The representative of another shared service organisation revealed that the concept proved to be successful and therefore numerous similar centres have been opened in other, lower cost locations. As such, some of the processes offered originally in the Irish centre have been transferred to other sites. Those were replaced with processes such as: customer relationship management, US GAP, statutory accounting and corporate VAT returns and marketing support which is: ‘big growth area’ and which concentrates mainly on ‘writing proposals for clients, writing articles for media and writing speeches.’

The interview with the participant from the third shared service organisation revealed that majority of the initial processes performed within finance are currently outsourced, being: credit cash and collections, accounts payables, procure to pay, reconciliation and back office closing books processes: we would like to eliminate it, automate it, make it leaner processes’. Current finance teams look after: ‘safeguarding fixed assets, closing the books, keeping all EMEA entities legal, eliminating excess entities, integrating acquisitions, and managing relationship with external auditors and with other vendors.’

The remaining two organisations only increased their offerings and initially offered services were not removed from their jurisdictions. The representative of one of those centres confirmed that from approximately hundred and fifty employees ‘about 60% of would be supporting the commercial organisation in terms of sales support and customer support, and technical service. So we have the order placement, invoice processing. And then additional we have the financial aspect too, which would make-up the vast book of the rest, which would include AP and AR, accounting, finance accounting, treasury, and payroll, compliance, DBA and ancillary service.

The representative of the last shared service organisation confirmed that portfolio of offered services increased also: We primarily have payables, receivables and risk, which makes-up for the largest team within our group. The second largest team then would be the supply chain and logistics team who have the management of all non-US supply chain for logistics worldwide. We also manage the cash pool for all non-US entities as part of treasury management and tax compliance for our all non-US entities.’
One of the respondents stated that: ‘Lower transactional work will always be at risk in Ireland, but the important thing is that, although your lower level stuff is at risk and a lot will go and a lot has gone, but that same organisation can start statutory reporting for the EMEA region.’

The results are partially contradictory with Bangemann’s (2005) prediction that, both accounts payables and receivables functions will rise to over ninety per cent in the coming few years. Although both functions, accounts payables and accounts receivables have been originally transferred to the Irish-based SSO, currently there is a common trend of offshoring those to cheaper locations.

7.3.4.3. Irish-based SSOs - future

Prediction regarding the future to the future of shared services organisations differed. One particular respondent stressed the opinion that the name shared services will be shortly replaced: ‘Most companies are trying to get rid of the tort of the shared services, because the connotation of processing factories.’

Another participant mentioned that the aim for the future is to increase the use of analytics but also rise value added services offered within shared services organisation: ‘I don’t want my unit to be reactive I want our unit to be proactive’.

One of the respondents believed that the future of shared services will depend on the sector in which multinational corporation operates.

The next participant stated that some of the functions may start to be outsourced again and as such the number of SSOs may decrease in the next few years.

Another respondent stated that it is important in the future to be able to identify activities that create value and: ‘strive to avoid that white board syndrome’ when you spend a lot of time on meaningless analysis.

The last participant argued that there are three phases that shared services organisations can go through: ‘cost advantages to process standardisation to business value or the strategic value’. The respondent noted that in terms of Irish-based shared services the cost advantage has most likely eroded and that it is crucial to concentrate in the future on value creation. In addition participants stated that the trend that may be followed in the future will have two
parallel centres, one in a developed location such as Ireland and one in a low cost location as this will enable both value creation and cost advantage.

7.3.5. Value and value creation within Irish-based SSOs
The analysis of the concept of value and value creation began with the calculation of the number of times the word ‘value’ appeared during the conversation. The number of occurrence differed between interviews. Figure 11 shows the number of times the word came up during the interview with each participant. The word occurred three times during the interview with 2 participants (33%), and seven (17%), fifteen (17%), twenty seven (17%) and fifty seven (17%) times with each of the remaining four respondents.

Figure 11 - Occurrence of the word ‘value’ during interviews

Similarly the term value had a different meaning to different participants of the research and therefore their responses varied. One of the participants (17%) understood value creation as the possibility to deliver current processes offered by shared services organisations to the wider number of the businesses but with the same resources that would enable transformation from cost centre to the profit centre: ‘the priority is to improve outputs that we give so therefore we can serve more entities with the same level of staff and level of investment from Integra as we currently do so we move towards a profit organisation then simple re-charge organisation that we are at the moment.’

Another respondent (17%) foresaw value creation as an ability to increase the company’s profitability:
'At the moment we are working hard on the profitability model. So not to just to focus purely on market share; obviously it is still a big factor, but if we can build in the profitability model to that, then even if we lose a little bit of market share our profitability is higher so in terms of importance for shared service centre that's one of the key drivers that we are focusing on now.'

Both responses are partially in line with the statement interpreting value creation as an entities ability to create revenue (Porter, 1985) and profit (Bowman & Ambrosini, 2002). The responses confirmed that for the participants exchange value is more important than use value.

The next participant (17%) interpreted value creation as a necessity to move up the value chain by concentrating on higher value activities and eliminating transactional processing: ‘We are moving our, what we called ‘processing’ out to lower cost location (...), meanwhile what we look at in Dublin, is to move up the value chain and become a true business partner hopefully offering a lot more value.’ In addition the respondent underlined that this would be done by taking on board activities related to profit and loss statement as opposed to activities related to balance sheet: ‘most of the balance sheet was done by us, most of profit and losses by the country controller left local, bit by bit we are working our way through that now.’ the response is in line with the

The answer received from the fourth participant (17%) was similar to the response from the previous one. He/she understood value creation in broad terms he/she mentioned: ‘Bunch of things really, manage risk effectively, is keep focus on doing things more quickly, velocity, deliver things of high impact.’ The respondent explained also that lower value-added activities were already eliminated from day to day duties were being outsourced.

The next participant (17%) interpreted value creation as: ‘constantly pushing the definition of what should be done in shared service centre, constantly staying relevant, and constantly being on the go to the customers and provide something that they didn’t expect.’ The respondent clarified further that his/her customers often assert that it is impossible to carry out some of the task outside of the country from the one central location. The respondent’s aim is to prove them wrong, when offered the chance.

The remaining respondent (17%) explained that value creation is closely related to the concept of evolution stating the fact that not so long ago Ireland was a manufacturing
economy whereas it transitioned to the high value service economy: ‘lower cost, it will inevitably go off shore that’s the evolution of any economy’. The participant clarified that Irish-based shared services are not a low-cost option but rather a strategic decision, and as such become important to corporation and stated: ‘all the time you are looking for longevity and you are looking for constantly reinforcing the significance of the Irish centre versus the peer centres around the world, it is a constant challenge but I think it is something that the Irish economy and the Irish business environment is quiet strong in doing.’

The majority of responses (four out of six) show similarities to the theory of Van Denburg and Cagna (2000) who suggests that the transfer of knowledge base professional services (Van Denburg and Cagna, 2000) can enable real value creation. However the same responses are contradictory to the theory of Schulman et al., (1999), which suggests that value within shared services is created by enabling management in other business units to concentrate on achieving their goals and targets by collecting their non-strategic processes into one unit.
Conclusions

“In literature and in life we ultimately pursue, not conclusions, but beginnings.”

(Sam Tanenhaus)

The aim of this research was to examine the evolution, the value creation and the role that debate over the organisational structure has on Irish-based shared services organisations. The findings of this research paper suggest that Irish-based shared services organisations are a focal part of the multinational corporations and that a majority of those are aligned with the business strategy and corporate objectives. However, in order to increase the benefits of shared services, companies should develop the strategy concentrating purely on them.

General information regarding participating companies revealed that the majority of shared services organisations taking part in this research are led by males. The fact, that all of the participants work for the same organisation for more than five years with two working over fourteen years suggests that they have a good knowledge of, and experience within the business they head up. In addition the research revealed that when they started their work within shared services many of the participants were not really aware of the untypical role shared services play for development of business for multinational corporations. Therefore, the leading roles should be offered to candidates with experience within shared services organisation.

Both primary and the secondary data advocate that shared services organisations are implemented by very well established companies as well as start-ups and organisations in the beginning of their life cycle. All of the researched organisations represented different industries suggesting that there are no limitations as to which companies should implement shared services. However the secondary research suggests that the most efficient are shared services implemented by the large multinationals. It is crucial to mention that no company should embark on a journey to set up the shared services solely because their competitors have done so. Organisations should only contemplate setting up shared services if the cost benefits analyses show substantial economies of scales and cost savings.

Moreover, the answers to all of the research questions were obtained.

RQ1 - How has debate over the organisational structure influenced, shared services in Ireland?
The objective of this question was to evaluate how on-going debates over the organisational structure affected shared service in Ireland. Indeed, the business literature and the primary research suggest that development of Irish-based shared services partially arose from the debate over the organisational structure. Subsequently answers obtained to structure related questions confirmed that for the majority of respondents shared services replaced to some extent decentralised structure originally typical for American corporations willing to expand their operations internationally. The research revealed that in the beginning creation was mainly driven by the benefits offered by centralisation as opposed to both centralisation and decentralisation. Although there are several differences between centralisation and shared services it has been noted that sometimes those are difficult to distinguish between even for the people managing shared services. The line between shared services and centralisation is in fact very thin especially if the shared service organisation is supported by the regional or corporate headquarters. This may lead to a decrease of responsiveness to the local needs and concentration on supporting HQ as in the normal centralise model, which in return may lead to reluctance of other business units towards shared services organisations. Therefore, the organisations should be aware of this risk and promote the SSOs as a separate and independent part of the business providing identical services to all business units.

Furthermore, there is no doubt that contemporary shared services organisations combines benefit of both centralisation and decentralisation.

The research revealed that as a result of the above benefits and the advances in technology, organisations decide to begin their international journey from shared services often supported by regional headquarters. As the concept proved to be successful both, well established and rather young companies should expand the scope of their shared services to other functions such as marketing, sale support or inside sales.

*RQ2 - How did Irish based shared services evolve since their initial development in Ireland?*

This question intended to assess evolution of shared services in Ireland by looking at the functions and services initially offered within shared services and functions and services offered currently.

The research revealed that shared services organisations have operated in Ireland since the beginning of the nighties and that those evolve since their initial introduction. When the concept emerged there was a poor understanding of shared services however this changed
significantly mainly due to the fact that the concept proved to be successful and Ireland is the base for many shared services organisations.

At the beginning Irish centres offered mainly transactional, finance related functions such as accounts payables, receivables or intercompany processing. The scope of functions has grown since then; however some of the transactional processes have been taken out from Irish centres and either shifted to lower cost locations or are being outsourced. The functions offered currently were identified as higher value-added and were not considered as one that can be serviced in SSOs. Some of the shared services remained purely finance centres but changed drastically the scope of offered services, eliminating transactional processes. The other centres apart from finance offer now multifunctional services, such as sales support, database administration, logistics or marketing. The research confirmed that additional benefits can be achieved by offering different services, leveraging the shared services infrastructure and achieving economies of skill and scale.

The growth and the development within the technology industry increased the scalability of shared services. The technology and the globalisation enabled placement of sales division or marketing department within shared services organisation.

The research confirms that technology has largely enabled evolution. The researched SSOs operating one instance of the same ERP evolved faster than those working with the support of few different systems. This occurred due to the fact that companies currently engaged in implementation of mutual ERP drifted away from the shared services organisations strategy and concentrated on successful implementation of the new system. Evolution in terms of the offered functions may be more challenging for the companies operating on few different ERPs due to the difficulties in terms of standardisation that can be encountered even in terms of transactional processing. However, those organisations should refine their strategy and try to identify other futures that can be offered within shared services regardless of the number of used ERPs.

Furthermore, the evolution of shared services organisations in Ireland is critical if those willing to remain relevant and provide higher value added services to their internal customers.

*RQ3 - What are the sources of value creation in Irish based shared service, both in the short term and in the long term?*
The aim of this question was to understand the sources of value creation within shared services and gain knowledge on how concept of value creation changed since the initial establishment of shared services in Ireland.

The data obtained from the primary research revealed that the main source of value creation is the pool of talent available in Ireland. People employed within Irish-based SSOs have admirable experience, are skilled, often multilingual and well-qualified. Although the positive effect of cluster is debatable from an academic perspective, it is clear that cluster drive some fundamentals, especially in terms of talent availability. Therefore, the companies simply looking for the cost reduction may want to consider the less popular location that offers cheaper, but possibly less ‘talented’ labour.

The research also confirms that the concept of value and value creation cannot be easily defined and was somewhat differently understood by respondents; however the study revealed that the majority of participants aim to create value by delivering higher value added, non-transactional functions within their organisations. Shared services organisations are often associated with transaction processing, therefore one of the primary aims for some of the participants of this research was elimination of negative nomenclature indicating that shared services organisations concentrate purely on low value added activities.

Initially the value creation within shared services in Ireland was brought down to cost reduction obtained from centralisation of certain functions in one low cost location. Although the focus is still on cost reduction, it is not a primary aspect for the companies choosing Ireland as the base for their shared services. What companies find more important are the range of services offered and the skills of shared services employees. Irish-based SSOs gained confidence of their internal customers, who trust them enough to delegate more and more complex tasks to them.

The companies with established SSOs need to revise the range of offered functions. The aim of this exercise should be identification of transactional, less-value added functions that can be migrated to lower cost location and the replacement of those functions with new, higher value-added ones such as marketing, sales support or statutory reporting. The exercise may help to identify the need for the establishment of the second centre in the lower cost location purely designated for the transactional processing.


Recommendations

‘The past is behind, learn from it. The future is ahead, prepare for it. The present is here, live it.’

(Thomas S. Monson)

9.1. Strategy for SSOs

The research revealed that there is often lack of well-defined after implementation strategy for shared services organisations. For years Ireland was considered as a low cost location and as such the development of shared services here was often driven by the willingness to save costs. In some instances the organisations overlook the fact that Ireland is no longer a low cost location and therefore the strategy for Irish centres should be redefined as some of the services offered by Irish centres can be provided for less in the lower cost locations or outsourced. Instead of concentrating on, difficult to measure cost reduction, organisations should focus on the value that Irish-based shared services can create and this will enable the real savings. The companies that look for savings should promote shared services organisations to other business units so one by one other more complex functions can be transferred from local businesses to shared services organisations. Well-established companies should be inspired by younger organisations and the benefits they achieve by having large scope of functions offered in SSOs. Furthermore, before implementing strategy for the shared services there needs to be a backing of senior company executives. Without the buy-in from senior executives including Chief Financial Officer (CFO) any attempts at developing a world class shared services will be smothered by the business units’ management reluctant to use SSOs. In fact corporate leaders need to be on guard against the tendency often expressed by the business units to rebuild local support organisations instead of using the SSO creating for example internal ‘shadow organisations’. In order to counteract such behaviour senior leadership must not only consistently endorse and promote the SSO but also monitor and enforce its use by business units. Equally important in implementation of shared services strategy is business units’ buy-in. The responsibility for realising shared services’ benefits lies with the business units, therefore it is crucial for them to accept and follow through the idea. When this does not happen the processes transferred to shared services may actually cost more than they did before. Therefore shared services leaders should promote positive relationship with the business units. In turn this will increase confidence in SSOs and the chances for the units’ support.
9.2. Increase of awareness

The research revealed that there is very little awareness, from both shared service employees and the employees of business units supported by SSO, regarding the true reality of the SSOs. The respondents confirmed that there is still negative connotation surrounding the nomenclature shared services and also with the role SSOs plays within the organisation. Shared services leaders were of the opinion that, although their SSOs had demonstrated process excellence, they continued to have to fight the perception that the organisations they manage were merely transaction processing factories, not creating a real value. As the research confirmed in the very beginning, SSOs were in fact all about transaction processing. However this has changed and in order to avoid stereotyping SSOs not only must we look for ways to constantly evolve, but more importantly be able to share their evolution story effectively. There are at least three different groups in which knowledge regarding SSOs should be shared and developed: SSOs employees, business units and corporate. Shared services leaders should start with the in-house knowledge management and begin with the promoting SSOs to its employees. The research revealed that cross training and social media are the two significant factors in this process.

Cross training not only increases employees’ knowledge about other parts of the business but will also boost employees’ motivation and their willingness to work more effectively. One of the respondents stated that cross-training is one of the best motivators during the time of recession when spending on labour must be minimised.

The importance and objectives of social media were not clearly stated during the research. Respondents who admitted using social media for communication with employees confirmed that although they use those to post memos and stay in touch with employees they have yet to see expected results. Social media is an extremely powerful tool that can have a positive or negative affect. It should be used with extreme care as there is a risk that some employees can overuse social media for personal reasons, resulting in a loss of focus and productivity. Therefore it is crucial that the objectives for social media is clearly defined and implemented carefully. This can result in an improvement of collaborative engagement within SSOs employees and enable continues improvement while offering employees a sense of satisfaction and trust. When implemented correctly, social media can contribute to leveraging collective knowledge, as it provides the most up to date opinions, which will eventually serve employees and management as organisational encyclopaedia.
The effective communication with business units and corporate is equally important. In order to assure that both groups are kept informed on the progress it is advisable to issue monthly newsletters advising on all projects SSO is involved in. It is also advisable to handle quarterly, monthly or fortnightly conference calls informing both business units and senior corporate management on the made progress and achieved goals. This will increase awareness of the role SSO play in support and development of business and will help deal with the stereotyped opinion every so often expressed by business units.

9.3. Performance management
As expected the research revealed that the majority of respondents have Key Performance Metrics (KPI’s) and Service Level Agreements (SLA’s) in place. Although secondary data confirmed those are the current, most popular instruments used for the performance measurement some of the studied SSOs did not have those in place. In addition the leaders of the remaining organisations expressed the concern over its effectiveness.

The main goal of SSOs is to provide the best services and the quality at the lowest possible cost. Properly used KPIs and SLAs should help to achieve those goals. SLAs should be used to identify the goals for the annual improvement, whilst KPIs help measure the progress thought the year. SSOs leaders should know and understand the specific purpose of both before agreeing on those.

In terms of SLAs it is crucial to remember that if they are not regularly reviewed they can become an administrative burden. It is also advisable that SLAs are developed jointly between the customers and shared services organisations. It is important that they are easy to understand, transparent and accountable.

Similarly KPIs should also be regularly reviewed to assure business relevance. The performance planning of each organisation needs to be unique and reflect its internal and external environment. It is advisable that shared services leaders constantly ask business units what in their opinion would be a valuable performance indicator, helping to better understand the SSO’s role. For SSO’s employees KPIs should be embedded in everyday use and be a part of a working experience. With such an approach the employees can focus on self-assessment, while the reason of possible flaws in performance can be easily identified by managers.
Self-Reflection on Own Learning and Performance

“Tell me and I forget, teach me and I may remember, involve me and I learn.”

(Benjamin Franklin)

10.1. Introduction

This chapter is fully dedicated to analyses of my learning style and the effect of MBA course on my personal and professional development. The chapter will focus on both, the challenges encountered during the research project and also on the learning experiences throughout the whole course. The aim of this chapter is to analyse the journey by examining challenges I faced and overcame along the way and also by explaining how the newly acquired knowledge and skills helped me to become a self-confident and highly-analytical professional.

10.2. Learning cycle

Kolb (1984) defined learning as the process whereby knowledge is created through the grasping and transformation of experience. Furthermore, the way in which we learn can be illustrated through Honey & Mumford’s learning cycle displayed below (figure 12) originated from the work of Kolb (1984). The cycle takes the view that since we learn mostly by doing things and then thinking about how we have done them; the learning sequence can be set out as a learning cycle (Mumford 1995).
The cycle is constructed in the way that each stage feeds into the next, so learning can begin from any point in the cycle (Honey, 2006). I feel that learning cycle developed by Honey and Mumford (1996) reflects the way I learn. In the case of my dissertation, my learning started with having an experience. I worked in shared services for the past three years, during which I have experienced many activities specific to shared services organisations. This resulted in reviewing and reflecting on my experiences and in effect conclusion that I would like to gain in-depth knowledge about this peculiar setting. This led to the final stage: planning, which in fact became also the first stage of the next learning cycle as I planned how I would go about researching the objective, where I would source my primary and secondary information, the timelines for achieving the work and the individual tasks that needed to be met in order to complete my goals. Having planned the work I then had the experience of researching the topic further and writing my dissertation. My efforts were refined due to the continuous reflection of my work during the dissertation, which resulted in more engaged research and more accurate analysis. As a final point, this self-reflection part has empowered me to express on and conclude from the experience and the learning gained through completion of the dissertation and the whole MBA course.
10.3. Learning style

Honey and Mumford (1992) described learning style as an account of the attitudes and behaviours which determine one’s preferred way of learning. They (Honey and Mumford, 1998) further identified four types of learning styles, consistent with the four stages of the learning cycle: Activists – Reflectors – Theorists – Pragmatists and the questionnaire they designed served as the practical guide to identification of my learning style. Figure 13 shows the diagram with the process.

Each of the four learning styles is characterized by distinctive preferences. For instance, **pragmatists** prefer to apply new knowledge to practice and check if it works. They like working in the field and enjoy feedback, coaching and link between task on hand and a problem.

**Reflectors** on the other hand reflectors favour to learn from activities that allow them to watch, think and review. They take time to reach the conclusion and like to use journals and brainstorming.

**Theorist** likes analogies, systems case studies and lectures, whilst talking with experts is normally not very helpful to them. In contrast **activists** prefer experimentation and challenges of new experiences to lecturing. They like to be involved with others and enjoy small group discussions.

The four learning styles overlap and are a result of composite of the learning from experience stages.

*Figure 13 - Honey & Mumford’s learning style*
The results of the questionnaire confirmed that I have a strong preference towards a pragmatist and activist approach. The results did not surprise me as I always am keen to try new things out and I like theoretical concept that can be applied in practice, whilst I tend to be impatient with lengthy discussions concentrating mainly on theory. I also like working with others and competitive teamwork exercises. I think it is important to add that since the very early age I enjoyed learning through activities what helped to develop my positive attitudes towards studying and being an exemplary student was always of paramount to me. The questionnaire not only helped me to determine my preferred learning style but also identified areas for further development. I have scored rather low on both Theorist and Reflector which I am planning to concentrate on and develop going forward; although having reflected on the overall MBA experience I feel that there is some evidence of my learning styles developing as a direct result of my participation in this programme. Although I am dominantly a pragmatist since the beginning of the MBA course I have exhibited some traits of theorist and reflector. For instance, I must admit that I concentrated and enjoyed listening to most of the lectures, what proved to be rather challenging during my undergraduate course.

10.4. Development of skills

I consider dissertation to be a cornerstone and the most visible part of the whole MBA programme, and I must admit that writing it proved to be not only extremely challenging but also beneficial in terms of obtaining new skills and knowledge. However I believe that I have learnt equally as much throughout the whole course. The programme helped me to understand the importance of the enterprise-wide approach to the business while by specializing in finance I managed to further expand my accounting experience. It has broadened my commercial awareness and helped me to realize the value my actions add to the company I work for. Understanding the value creation process facilitated me with ability to review processes as a whole rather than focusing on the aspect that concern me. Therefore I was able to improve not only the operational productivity but also the cross-functional communication and learning within the company. In return improved communication among the members of different teams created better working environment and contributed to rise of internal efficiency and targets being exceeded.

Moreover, I really enjoyed strategic management module. It proved to be very practical and gave me the ability to look at some of the major corporations from the strategic point of view.
Furthermore, the knowledge about ERP systems I have gained during international management module allowed me to understand the full potential and capabilities of the systems used by my current employer. I was able to identify inefficiencies of some of the manual processes used and by liaising with the system developers, introduce changes which enhanced productivity.

The programme gave me also the opportunity to learn and use the operation management, marketing and finance frameworks such as Six Sigma, JIT, PESTEL analysis or working capital management to name a few. I have found fascinating operations management’s frameworks and the fact that techniques boosting manufacturing efficiency can be as well implemented to majority of back-office functions.

The final project improved my skills in doing critical review of the literature, which I found very challenging mainly because the area I have entered was unstructured and in fact still rather new from the academic research perspective, what resulted in limited number of articles related to my topic. Moreover, I also learnt to approach qualitative research project and design and conduct interviews. I found the interview process very interesting, however in the beginning rather stressful mainly due to the fact that it was first time I had a chance to be engaged in such activity. I found a day spent visiting participants, conducting two or three interviews, and taking notes exhausting. But the thrill of making contact, of understanding somebody else's situation, of seeing things through their eyes, was enriching. Before, I have found it difficult to form and ask non bias questions, however during the thesis I have learnt discipline and to be consistent with my way of questioning; however I believe there is still place for major improvement in this area. I really enjoyed analysing the interviews because it allowed me to see how people were thinking, and I was able to step again into their world for a short time; however I found this technique demanding and time consuming and that is why I do not think I will be using this technique in the future.

Significant element of group work required for majority of subjects taught during my MBA course helped me realised the importance of teamwork and the needs of development in this area. It made me notice that performance of each team member is highly dependable of the performance of others and that one person in a group can negatively influence whole team and as such impact team’s results.
Different work standards, styles, cultures and timekeeping habits of other team members have been a source of many disagreements during this and the first year of MBA course. However it also showed me how properly managed diversity can result in the highest performance. During first year I have learned, hard way as problems always arose on or one day before a due date, that clearly defined responsibilities of team members are crucial to the team success. MBA course helped me also understand the importance of having a good relationship with team members. I realised that due to promotion of team-based environment actual interpersonal relations between team members are often overlooked in work settings.

10.5. Challenges

Two years ago I have enrolled to Master in Accounting and Finance in DBS. I have found this course the most suitable for my future career opportunities. Therefore when I found out that it was cancelled a day before it was supposed to start I was quiet disappointed. I have been offer the place on MBA in Finance course instead and I have accepted it, not sure what to expect. Looking from the time perspective I think the first challenge was to rebuild the trust towards DBS as an institution and find the true value in the MBA course. I must admit that it was difficult, as I am working in finance and the course focused mainly on strategic challenges of organisations and not on accounting or financial aspects. However now I understand that MBA course truly helped me to see the bigger picture especially when it comes to organisational environment. It also helped me to understand that there are many opportunities in finance apart from becoming accountant, which would in fact be more suitable for my skills and personality traits.

Although I have obtained my Bachelor Degree studying part-time and being in full employment and was well prepared for the hard work I have to admit that I was not really good at striking a balance between work, life and writing dissertation. I tend to be a perfectionist and as a result I spent too much time on the literature review; I was overwhelmed with the volume I read and ultimately only a fraction proved to be relevant. Nonetheless, at the expense of several late nights, I was pleased with the end result. Furthermore, my learning style had to be adjusted to meet different requirements of the program, which was focused entirely on self-learning rather than step-by step taught curriculum of an undergraduate course. The MBA program was definitely more demanding in respect to my time commitments and self-discipline, especially when my tendency to postpone is considered, however my working experience helped me to understand the
theoretical frameworks presented during the course of the program and reversely, helped me to apply these frameworks to the real-life situations and events. Another challenge was to write a dissertation in English, which is not my mother tongue. I have studied literature in Poland and I like writing; however I knew that writing in English is still challenging for me and that I had to make significant progress over the programme. Thankfully I am organised, curious and result oriented what helped me to plan my work that I was able to edit it several times before final submission.

10.6. Application of learning
I believe the taught course and most importantly, my chosen topic for my dissertation, helped me to develop sufficient level of understanding and skills in order to improve current operations and management of shared service I work for. The extensive research I have conducted enable me to not only identify areas which could have been improved but also allowed me to network with people with a similar work responsibilities. Moreover, As result of the research company I am working for has become a member of SSCForum, IDA supported organisation which organises workshops and seminars concerning shared services in Ireland. Since my academic journey is drawing to its end, I have also realized that having a cognitive stimulus in one’s life is very important to maintain healthy balance between work and private life. As learning style questionnaire helped me to identify that my ability to listen to lectures is rather weak I have decided to commit three hours per week to listen to OpenYale course. Since this new course is an online program, it will definitely be more challenging but I believe that I am equipped with necessary maturity and self-discipline to help me to endure and successfully complete it.

10.7. Conclusion
Josh Kaufman once said that ‘you can't make positive discoveries that make your life better if you never try anything new’. Although I have not planned to enrol for MBA course I truly believe completing it definitely helped me to discover my own worth and to follow the dreams I -was afraid to chase before. In today’s developed world information is free-flowing and limitless. The true art however is the ability to search and select facts that are accurate and use them to create value. I believe that MBA course not only taught me how to search and analyse the information but also how to apply the knowledge so the solution to the problem is the notion which brings value to others.
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Appendices

Appendices 1 - Consent form template

Summary of the research objectives.

The Researcher wants to evaluate how has shared services industries evolved in Ireland. The research objectives are:

1) To understand the role of organisational structure in deciding on SSO?
2) How have Irish SSC evolved since their initial development in Ireland?
3) What are the sources of value creation within Irish based SSC, both in the short term and in the long term?

I agree to be interviewed for the purposes of the student assignment named above.

The purpose and nature of the interview has been explained to me, and I have read the assignment and/or information sheet as provided by the student.

I agree that the interview may be tape recorded.

Any questions that I asked about the purpose and nature of the interview and assignment have been answered to my satisfaction.

Choose a) or b) (circle your choice)

a) I want a copy of the interview transcript to correct what could be unfair, inaccurate or indiscreet
b) I don’t want a copy of the interview transcript

Choose a), b) or c) (circle your choice)

a) I agree that my name may be used for the purposes of the assignment only and not for publication.
b) I understand that the Researcher may wish to pursue publication at a later date and my name may be used.
c) I do not wish my name to be used or cited, or my identity otherwise disclosed, in the assignment
I have explained the project and the implications of being interviewed to the interviewee and I believe that the consent is informed and that he/she understands the implications of participation.

Name of interviewer______________________________
Signature of interviewer____________________________
Date____________________________
Appendices 2 – Honey and Mumford Questionnaire

Learning Styles Questionnaire
by Honey & Mumford

This questionnaire is designed to find out your preferred learning style. Over the years you have probably developed learning habits which help you benefit more from some experiences than others. Since you are probably unaware of this, this questionnaire will help you pinpoint your learning preferences, so that you are in a better position to select learning experiences to suit your style.

There is no time limit to this questionnaire. It will probably take 10-15 minutes. The accuracy of the results depend on how honest you can be. There are no right or wrong answers. If you agree more than you disagree with a statement, put a tick by it. If you disagree more than you agree put a cross. Be sure to mark each item either with a tick or a cross.

1. I like to be absolutely correct about things.
2. I quite like to take risks.
3. I prefer to solve problems using a step by step approach rather than guessing.
4. I prefer simple, straightforward things rather than something complicated.
5. I often do things just because I feel like it rather than thinking about it first.
6. I don't often take things for granted. I like to check things out for myself.
7. What matters most about what you learn is whether it works in practice.
8. I actively seek out new things to do.
9. When I hear about a new idea I immediately start working out how I can try it out.
10. I am quite keen on sticking to fixed routines, keeping to timetables, etc.
11. I take great care in working things out. I don't like jumping to conclusions.
12. I like to make decisions very carefully and preferably after weighing up all the other possibilities first.
13. I don't like 'loose ends', I prefer to see things fit into some sort of pattern.
14. In discussions I like to get straight to the point.
15. I like the challenge of trying something new and different.
16. I prefer to think things through before coming to a conclusion.
17. I find it difficult to come up with wild ideas off the top of my head.
18. I prefer to have as many bits of information about a subject as possible, the more I have to sift through the better.
19. I prefer to jump in and do things as they come along rather than plan things out in advance.
20. I tend to judge other people's ideas on how they work in practice.
21. I don't think that you can make a decision just because something feels right. You have to think about all the facts.

22. I am rather fussy about how I do things - a bit of a perfectionist.

23. In discussions I usually pitch in with lots of ideas.

24. In discussions I put forward ideas that I know will work.

25. I prefer to look at problems from as many different angles as I can before starting on them.

26. Usually I talk more than I listen.

27. Quite often I can work out more practical ways of doing things.

28. I believe that careful logical thinking is the key to getting things done.

29. If I have to write a formal letter I prefer to try out several rough workings before writing out the final version.

30. I like to consider all the alternatives before making my mind up.

31. I don't like wild ideas. They are not very practical.

32. It is best to look before you leap.

33. I usually do more listening than talking.

34. It doesn't matter how you do something, as long as it works.

35. I can't be bothered with rules and plans, they take all the fun out of things.

36. I'm usually the 'life and soul' of the party.

37. I do whatever I need to do, to get the job done.

38. I like to find out how things work.

39. I like meetings or discussion to follow a proper pattern and to keep to a timetable.

40. I don't mind in the least if things get a bit out of hand.
### Scoring

For each question you ticked on the other sheets, put a '1' beside the question number on this sheet. Put nothing for crosses. Add up the 1s in each column.

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Theorist | Pragmatist | Activist | Reflector
Appendices 3 - Full transcribe of interviews

Interview A

Researcher: Welcome and thank you for coming and having this meeting with me today.

Interviewee A: Thank you; it is no problem at all.

Researcher: So, could you please briefly describe your current role and tell me how long have you been with the company?

Interviewee A: Ok, I'm with Company A since 1999. I joined shared services back in 1999; I have no idea what shared services was to be honest and then I spend good few years in shared services; then I left shared services part but stayed in Whirlpool, moved to the business with the controlling all our team sales organization, and then I came back into shared services and now I head up the Company A shared services for of EMEA.

Researcher: Perfect. Thank you very much and could you please tell me shortly about organizational structure of your company? Like the company as a whole and not just the shared services and how is it divided into selling divisions

Interviewee A: Ok, the way company works is that we’re a global organization split into regional teams. Now when you say global, you think that we run company globally, and there is a certain amount of global organisation there, but very little. We are very regionally run, so North America, Latin America, Asia and Europe. Than within the European region we are very functionally driven. So we have got our president, we’ve got senior VP for each function so we have a senior VP for finance, for sales, for marketing for spare parts and each one of those runs the division then very sort of structured; in the why which is very separate to each other but in theory one company so it’s very functionally driven.

Researcher: Ok, thank you. What were the main factors in selecting Ireland for organisation’s shared services’ location?

Interviewee A: Ok, I suppose it goes back; Company A set up back in the early nineeties so, mid-nineeties, 1995 they actually set up. But the decision to base in Ireland was back in 1994. The reason that we selected Ireland at the time was; number of reasons. One was the language, English speaking country, we are American multinational. Two that there was availability of languages in Ireland, so most of the European languages were able to be got in Ireland, either through people from the education through Ireland, or from foreign nationals coming to Ireland, either re-locating here or coming over to spent bit of time in Ireland. The huge factor was the education; highly educated workforce in Ireland. And then the, I suppose, probably the biggest factor was fact evident the last is the cost. Ireland was considered to be the low cost location in the mid-nighties. So it was a combination of all those things together, which one decision was made that Dublin would be selected as the base for shared services centre.

Researcher: Just an additional question to this one. Would tax incentives be any part of selection process?
Interviewee A: no, we are not using Ireland as a tax base. Not that to say, the lot of other shared services do, we have seen a lot of massive American multinationals come in and use Ireland for that base, but we haven’t. We have locations all across Europe and we don’t use Ireland as tax base. Not yet any way.

Researcher: Ok. And could you tell me before you set up the shared services in Ireland, were there any other shared services like in North America for example?

Interviewee A: No. This is the first shared service centre. The Company A has, or set up in Ireland. Our North American operations, are all located in one area, it is one big town, what is not shared services.

Researcher: Ok. What would be the reasons for relocating from Ireland, and what other locations would your organisation taken into consideration.

Interviewee A: We actually just gone through, we are at the middle of the major finance foot print at the moment. And I know one of your questions later on would talk about what in shared services; first we only have finance in our shared services centre, we are not multifunctional. We just gone through over the last two years a selection process, what we will do from the foot print base for finance, and we selected Ireland to be the location going forward. We want to keep shared services in, but what we done is we have gone to a, to two side strategy for shared services. What we have done is, two years ago we have set up our in house shared service centre, and out in India to set the Asian operations but we set up identical to Europe. It was set up out of Dublin, to make sure that it would be identical so it is set up in the way that it looks, it feels, the technology they use. What we did is, as a part of finance foot prints now, what we want to do is, we turning finance into centre of excellence. Moving up the value chain, and we will talk about value creation later on, and what we do is moving the transaction processing out to India, out to our Indian operations, but keeping all in house. We are not outsourcing any part of the finance organisation. So why would we moved, there is possibility that we would move in the future to the different location, if we keep standardising but the further up on the value chain we move, into first of all into European Centre of Excellence and then potentially and hopefully into the global owners of the processes so Global Process Owners, then I could see a location for shared services for many long years to come, if we don’t keep creating value and moving up the value chain Dublin would become to expansive and we would relocate to the low cost location, either that’s Eastern Europe, that’s Asia, Latin America, that what really depend on what the trend in shared service would be in a couple of years’ time.

Researcher: Perfect thank you very much! How long have you company shared services been based in Ireland and what regions do they serve?

Interviewee A: Ok, so we are based in Ireland since 1995, first shared service centre in Ireland. And we serviced the whole EMEA region. When we set up first, it was really Western Europe, even though that we got the European finance centre. We only really had operations in Western Europe, but once we expanded now to Eastern Europe and Africa, now we are serviced the whole of EMEA.
Researcher: Perfect, thank you! Could you please tell me a little bit about the structure of your shared services in Ireland?

Interviewee A: Ok structure is, ok structure is changed over the number of years. When we set up, back in 1995 we have set up in a process driven organisation, where you would have ok, you are the head of shared services but you are also have each process accounts payable, intercompany, GL, all had a process manager and then the process team sat the need for the team leads and accounts. So what would happen is that each team would very much seat by themselves so intercompany team would work together as a team, so the accounts payables, so the general ledger. And this worked very well because this allowed us to standardise across the organisation, so standardise and automate different processes, so allowed us to get synergies that we needed to get from the shared services organisation, it also allowed us to managed picks and drops where different countries would have different level of works at different time of the month; having one manager holding every country for that process. And that worked really well and it was great; however the issue we had with that was that our relationship with the countries wasn’t great. It was ok, but it wasn’t great, so what happened was that country control overtime, what we call finance people in the country, they want to answer to the question, they want to ring one person and get the answer not ring up and go: or that’s accounts payable, you need to ring John, John is not here but can you ring him up tomorrow. That not a way to provide the service. So what we did back in 2001, we changed that process into country teams. Where accounts payable, intercompany, general ledger, all sat in one team so say French team sat together, they worked as a French team, managed by the one manager across the different processes. What that allowed us to do, was to get the relationship with the country to the very very high standard. So not what we are getting, we had the process automated and standardised, now we are building on the relationship and the way we used to draw, create the four boxes, and if you can keep the relationship high you can keep the quality high, you can have very, very good working relationship with the country. but even if you have the quality very very good, but your relationship is bad you will never get very very good working relationship with the country. So this allowed us to have both, however the downside, because we are the country driven teams the standardisation that dropped in a way bit by bit; because there wasn’t someone driving standardisation across every country. So what we did was we put process alignment, people plus job that just made sure to keep the standardisation of the old version to the very high level. And that did how, but only to the certain extent, there was certain amount of fall off in the standardisations. Than we changed it again as we mature onto future, to the structure that we are now to the structure that is very much metrics driven structure; where yes we are back to our process teams, but it is now the combination of process teams and country teams, and they work quiet so metrics division. So we keep the relationship with the country, we keep the standardisation through the process, and hopefully we get the best of both words. So I think we have evolved all the time. I don’t think that we haven’t set one structure the whole way through.

Researcher: Ok I see. So you just improving as you go.

Interviewee A: Yeah, I think the maturity of the organisation allowed us to do that.
Researcher: Perfect, thank you. And you actually did answer the part of the next question because the next questions is about the, what services were delivered through shared service centre at the very beginning?

Interviewee A: So it has changed a little bit. Today, originally we set-up, the idea was to set up for all finance process across all countries. But what happened was originally was that we had one sponsor which is a CFO, and nobody else. So we got as far as, we decide to migrate by process, country by process. So we had accounts payable, intercompany, fixed assets and general ledger and we didn’t have accounts receivable. Our CFO moved on, we had no sponsorship, so the accounts receivable never moved. So that is changed again now, we have taken accounts receivable now as well. So we now had all the finance processes we didn’t have them at the beginning.

Researcher: Ok, and then, could before the establishment of shared services in Ireland, where these functions were processed before?

Interviewee A: I think it was local we had a finance team in every country and everybody looked after their own finances, and then accounts payable, accounts receivable, and general ledger.

Researcher: Ok, perfect yes. So we go again to the very similar question, just a little bit deeper, within those functions which you just described, which are being performed and process in your shared services centre, what are, what is being outsourced? Is there anything?

Interviewee A: Today we don’t outsource anything. We do have two sides strategy. Where we have some of our processing out in Delhi, and the higher end activities are based in Dublin, we are looking at the moment at the potential of outsourcing some of our statutory accounting and the tax process. But if that actually get outsourced, I don’t know.

Researcher: And would that be to Ireland or?

Interviewee A: It would probably be to one of the major providers or KPMG, E&Y, one of those guys, either they do job in Ireland or not I think it would probably be up to the structure that they have themselves as opposed to structure we have.

Researcher: So basically you will be talking with the guys in Ireland and they will propose the best solution.

Interviewee A: Correct I think the idea would be that, well the one of two things, we are looking at two processes: one we build the competence internally, in line with the support of a KPMG, or E&Y, or what we do we outsourced completely and give them the whole lot to do it. So we are in the middle of that debate at the moment.

Researcher: Perfect thank you. How are services being charged back to locations and divisions?

Interviewee A: it is a cost plus process. So we just put it up lift and it is charged back to general service admin so GSA
Researcher: Ok, thank you. How do you drive governance and consistency across your shared services centre?

Interviewee A: Ok, so, first of all is, even that we have our Indian operations, India and Dublin is seen as one operation in two different locations. So it is one process and two different locations. Connections between any other parts of the business as Latin America or North America is very little, it is nothing there. From the governance point of view what we do we have, as I said we have changed over periods of time, at one stage it was the process delivery manager, would be than responsibility to make sure that we have standardisation within the process. As we evolved we put in the process alignment roles, and those process alignment roles did exactly that. Keep the processes standard and governance; make sure that no steps outside. Now what we look at we have the service management organisation, which will govern how the processes work, any changes to the process, any new additions to come in new technology and seating with that management team you have the responsibilities for things like KPIs, Service Level Agreements, they will have the black belts from the CCO prices point of view or they also have the process owner, or end to end owner of the accounts payable, or the GL seat in that one team, so the governance seats there. We have already centralised things like master data, charts accounts management, into a very small governance team, so if you want to open a new account or you want to put a new customer or the new supplier, you will, all would have to go through this one centralised small team. so bit by bit we have taken away the span control to huge amount of people to only very very small select.

Researcher: Ok, what role does your shared service playing in management and oversight of internal controls? I think it is the second part of the previous question.

Interviewee A: We have our internal control team, which is separate to our service centre and seats in our HQ. And they are responsible for the different sox controls and internal audits as well so combination of SOX audits and internal audits as well. That team is completely separate to shared service centre, it is managed through completely different line we have VP globally for fraud controls for Sarbane-Oxley as well and internal control and this report, through that lines so not reporting into finance, and yet another part of business. They report straight into global VP who reports to our president globally.

Researcher: And what is your relationship with them? Do you report to them, or do they just check, it is like a control, like an internal audit:

Interviewee A: It is internal audit team, they check what we do; however they do play separate role. If there is any new processes or new technology coming in you need to have our internal control sign off. That part of the process. And they will audit, the new process, before you go live and after you go live. To make sure that we do still have the same controls, either from the SOX point of view and internal control point of view as well. So it separate to the shared service centre but it is alongside, we don’t report to each other.

Researcher: but you cooperate.
Interviewee A: we have to.

Researcher: There are different types of shared services business models. How would you describe your shared services? Multifunction?

Interviewee A: That’s where the companies are going is multifunction, we are definitely only finance. We do have other functions who seats within shared services building but based on small number I wouldn’t consider a multifunction as up to date. But hopefully in the future we will, so now we are just one organisation.

Researcher: ok. How would, like you talked a little bit about that relationship you have with a like employees of shared services centres have with the employees of entities they serve. And how would you describe this relationship now.

Interviewee A: I suppose, it is a good question. It is mixed, it depends of organisation and it is really individual thing that drives relationship, generally the relationships are better in the countries where there is a reliance on each other. It the countries where we don’t have reliance that’s been shadow organisation in place that didn’t taken out as part of the move to Dublin the relationship is quiet difficult. Because what’s happening is that staff left are locally checking a lot what’s happening within the shared service centre, a lot they doing is highlighting the issues any problems. But there isn’t reliance on each other to do things there isn’t the band with them, just keep checking what one party is doing and when both parties half-relining on each other in order to get the job done the relationship is usually very very strong. The second part then comes down to the individual, where people really want to work with the shared service centre, see the value of the shared service centre can offer then there is two way mutual need for each other. But it is a mixed bag, in some places it is very very strong and very very good, in another places it is a struggle, that’s for sure.

Researcher: Ok, some of the people basically don’t see the value the shared services would bring and don’t believe in the concept, although you are pretty established here.

Interviewee A: Correct. That’s exactly the way it is.

Researcher: Perfect. Thank you. What is important for your internal business units’ customers?

Interviewee A: Quality. High quality output. Need to be able to relay, because it is a financial process, ultimately what they want to do from the business point of view, the local controllers that need support the business they don’t want to spend time working on accounting problems, being fixed assets or payables or receivables, so high quality, timely accurate, and then us to build a relationship so they can, if needed they can put their hand up, needing extra information and they can get it quickly but I would say quality is the number one.

Researcher: Ok. What have been the benefits for your organisation of having the shared services based in Ireland?
Interviewee A: I suppose the benefits in Ireland, there is couple of things. One is that highly educated work force and the languages are easy to get, but what we have done over the period of time we have tried to eliminate the languages out of the process to the point that we don’t need a languages in a lot of accounts payable process. We definitely don’t need them in general ledger process. Receivables, we still do, because contacting customers, you need to be able to speak languages, but we got to the stage that languages that are needed are very very limited. Which is, it is a big drive from our side to do so, transferring to do in English. Sorry can we go back to the question?

Researcher: What have been the benefits for your organisation of having them in Ireland?

Interviewee A: so that used to be one of the benefits. The other benefit is from the global point of view Ireland is a very very cheap place to set up in, and so a cheap place to get out of. So if we ever want to back-out from Ireland, we can very easy, we can step, we can pack up overnight and move on, with a very very low cost, which is very attractive to the global organisation. So the benefits are still the same, to what they were back in the nighties. It is still not a high, low cost but still a high cost, highly educated workforce, languages are here, and there is real can do attitude in Ireland, that we can get things done at the very very high level, no industrial relationship issues, people are willing to work, people are want to work hard, people want to progress their careers. We also get a lot of talented individuals, who comes out of our organisation in Ireland and travel around the world with Whirpool, into much more senior roles. So there is a talent pool benefit there as well.

Researcher: Ok, just when we had our first, initial meeting you have that cost of a labour rose significantly within the first few years. Can you please tell me a little bit about that?

Interviewee A: The cost of labour did rise like. In the mid nighties cost of labour was very very low. Then through the late nightties, early 2000 cost labour grew dramatically. That was a combination of things, obviously Celtic Tiger drove a lot of it, but second a lot of shared services, a lot of companies came to Ireland to set up the shared services. So what then happened bit by bit, as more came in and offered another few euros higher than the previous people, you would find that the people working in accounts payables also getting paid a little bit more and the little bit more a lot of just new companies come in could afford to pay a little more. We were setting the price ourselves out of the market completely. So the companies realised this as a form, as Ireland that we can’t continue to drive salaries higher and higher and higher because we will get to the point that jobs won’t remain in Ireland. So companies realised that we need to stop that. Keep the cost base to the reasonable, the cost base was definitely higher, but our social cost of Ireland are not high, so as I said, the cost of setting up and getting out of it is very very low. And yes salaries have gone up but they are still not massively high. Yes they are high compared to the a lot of the Eastern European countries, and to Asia and to Latin America, yes but the quality of work and output you get for the overall cost is very low. Also to combat the cost and element of things, so what’s we have done is we placed a lot of reliance on standardisation and automation so we have actually automated a lot of the processes massively. We have taken, we gone from, we have the intercompany accounting process, which would take your pricing, and row material and
finished goods pricing of things, and that team would have started back in 1995, at about 35 to 40 and that would be replacement for the people in the countries, we moved that out to India last year, that team was left with 10. So over the period of, ok in last couple of years we got from 35+ to 10 people so the cost of the 10 would be a lot higher than 35 but the overall cost of this function has dropped dramatically based on the automations and standardisations here in Ireland. so yes the prices are going up, they are not any more of course, but the offset of that has been achieved in the greater then the cost inflation has been.

Researcher: Ok, thank you very much! How well has your organisation achieved the objectives of shared services?

Interviewee A: Good question, haha. I suppose we achieved the certain amount of them. That was recognised as part of the decision we took years ago to keep the shared services and move up the value chain in Ireland. Shared services were originally set out to save money. That’s what it was. The major factor was to save money. Then we looked at what location could give us everything we needed from the shared service centre. Have we saved money? Yes! The organisation currently, today, in today’s environment actually runs at the cost that is less than the cost that was in 1999. We have the cost base which is smaller, then when we set up. And that’s due to things like automation, standardisation and advances in technology that we have put in place. So from the cost point of view yes absolutely, which was the fundamental base budget. From the quality point of view, the organisation, as we build the organisation and we build the standardisation, as we build knowledge within people in Dublin, the quality has improved. We track ourselves through KPIs and Service Level Agreements and, we also do external audits on the quality as well, the things we do in external audit on our accounts payable function where we enable the company to go through our system completely over number of years, looking at the duplicate payments, reversing the payments, credit outstanding and not collected and any audits we have done on that has come up with the from, a duplicate payments process I’d say the quality the duplicate payments account was I think 0.0001%. So very very small I think it was something like hundred, eighty eighty hundred thousand over something like seven billions, so like it was tiny. So that’s the type of things we do to make sure that the quality is high at the right level.

Researcher: and mmm, so how do you measure your performance? You mentioned that you are using KPIs and how accurate do you find them?

Interviewee A: Yeah, I suppose there is two sides. We have Service Level Agreements in place with our countries, between ourselves and our countries. The way we look at it, if we ever have to refer back to our Service Level Agreement in order to resolve a dispute or a question or anything we feel that we are not doing a right thing. Because relationship between, you need to build the relationship between the country and the organisation we are shared services organisation we provide the service for the country but we also like to think of ourselves as process partners that we work together and making sure that everything is ok as to providing the service and becoming that service, complete service mentality. We need to have the service mentality, because we are providing the service but work better when we have a process partner relationship with the country. So if we ever have to come back to our
SLAs in order to refer to you should have done this in this period of time or it was done late or whatever is the SLA we always feel like we failed. Because we should have relationship part the quality is to have to high level of high I suppose high relationship with the country. Second of what we do we use KPIs we have always used KPIs as a base of measuring our high performance those KPIs are they both qualitative and quantitative as well. So we are measuring both side of things so it is very easy to measure the side with, like, how well you doing from numbers point of view, x number of invoices processed by this person, the number of errors and being first time match of invoice and things. And over time we have driven the level the KPIs were very very high standards, we hope to take that to the next level now by putting this to service management team, that we hadn’t have in the past, we have now implementing service management team, very much KPIs were driven by the functional managers as opposed to a separate team to drive the both sides of the KPIs. So how accurate are the KPIs yeah the issue the statistics, they lays and outlays the statistics, and the issue is that yes they can be manipulated at different stages but taken that you have the base to measure, consistently measure off from the same base, even if it slightly wrong you see the trend moving in the right direction or the wrong direction, if you pay your suppliers on time or if you not, you can mess around with I suppose with so many direct debts, that they always paid on time and this type of thing, but ultimately if you are measuring how many suppliers were paid late, and it is an absolute figure, rather than paid late or not paid late, so we have seen the to be really really helpful, yeah. You can debate about how accurate the KPIs are, and I think that’s gonna be always the case we work from the one instance of SAP our ERP system is SAP we have manipulated that system, we don’t have manila version we have changed it massively for what we’ve build, so sometimes it is difficult to get the information out of the system, that you would want to really drive the KPIs, having said that there is enough information we can get to drive the KPIs we want.

Researcher: Ok and just with regards to SLAs, you have mentioned that when you don’t achieve your SLA or the counterpart doesn’t that you fail. That this happen often or?

Interviewee A: Very rarely. Very rarely we referred to back to it. Now it is not that very rare that we don’t stay in India, that’s where the SLA said that support process but relationship is right the fact that you fall outside the SLA, you want to get them to make sure you get back within the volumes of the SLA. It does happen when the SLA is taken out we have, we sit down and we debate who’s fault it was actually that we didn’t stick with the SLA, but as I said it is a rare thing that we have to do that now. How often do we fall outside of the SLA, probably not so rare, and there would be many reasons why, and I think the idea, the better relationship we have ultimately we don’t blame each other to whose fault is we are outside we need to get back inside and that’s generally the way it works.

Researcher: Perfect! There is a common trend of the importance of delivery of value. What are your company’s top priorities to drive value from its shared services centres?

Interviewee A: Absolutely. I suppose especially in Ireland, the idea of driving the value is a major part of it. Originally when we were set up it was a cost proposition save money move to Ireland put everything together, take out the head count, and we save. Absolutely there was
no question. Over time, driving value for the business, moving up the value chain within the structure, within the finance for us, but hopefully we would take on more functions in the future, we have more than finance. At the moment what we are doing is, as we set up a two-side structure. We are moving our, what we called processing out to India, so that would be across all different areas. so we moved out accounts payable processing, and payments disposable are all gone to India, our intercompany accounting is gone to India, banking has gone to India, journal postings are all gone to India, we haven’t touched any receivables, we are keeping receivables at the moment but ultimately we probably we move out the cash application to India, as well. In the meantime what we expect, excuse me, meanwhile what we look at in Dublin, is to move up the value chain and become a true business partner hopefully offering a lot more value. First part would be in, taking on more controlling activities. We are finance organisation so traditionally what we have looked on back in the nighties and through the two thousand were that we looked after a lot of balance sheet processes. So when walk your way up the balance sheet, most of balance sheet was done by us, most profit and losses on by the country controller left local. Bit by bit we are working our way through that now, through the balance sheet, we own nearly 100% of the balance sheet, there are some accounts within the balance sheet not own by the sheared service organisation, and bit by bit we have worked our way up our selling administration expanses that we have taken all that over. So we now do all the analytics on the cost, with us driving the journals and all the accruals and prepayments out of the shared service centre, and now we are starting up the gross margin and looking at the cost of sales. The analysis of the amount of cost of sales and that’s the next step. So we walked up right through the organisation and effectively own the all P&L and balance sheet. But that’s I supposed, that’s the value chain creation. We are trying to create, we are centre of excellence we can offer the analytics of the controllership out of the central location and leave the local organisation literary just to support business. They should be spending 90% of the time supporting the local sales and marketing organisations and not worry about the finance processes behind. That should be all us. That’s what we are trying to do. Also now we hope to create the as I said earlier on, when we outsourced or keep it inside. If we keep it inside that would be out of Dublin would be take on the higher level activity, so the statutory reporting, we already have the indirect tax reporting we do VAT, interest stat, all of those things all are done out from our shared service at the moment, but we hope to move up and take on the statutory reporting as well. So hopefully taken on higher level and more value add activities that way we create benefit. And that’s for EMA, so the plan then is hopefully that we take and improve from the EMEA point of view that we can take over and become the part of the global shared service network forward we would become hopefully a strong partner then and take on some of the global processes so own receivables globally, own statutory reporting from the global point of view and that would be sort of 3-5 year plan.

Researcher: Ok so all your let’s say transactional processes would be moved to India as a cheaper location? And your transformational processes which bring the value and drive the change would be kept in Dublin?
Interviewee A: Yes that is the current. Hopefully bit by bit we move more and more to India some the activities that we do today around the US GAP reporting we should move it all to India, hopefully we be left in Dublin in few years’ time just a process ownership globally and take on any of the accounting work completely and move it all to low cost location.

Researcher: Ok, so when India become a very expansive location then you are moving again.

Interviewee A: correct. So, because we are able to pick up, we picked up effectively all of our accounts payable, disposables, intercompany accounting within just, about three months. They picked up and put it out in India. So if we get to the high level of standardisation and automation picking it up and moving it becomes very very easy. A key being the standard platform. Because when we set up our shared services in India, we set the up with the same as us. So the technology was 100% the same as ours. So when we moved out there they weren’t learning a new systems they were just taking on more of what they were doing and that would be the plan if you would go global keep the standard platforms, in the sense that if you it to different locations everybody is still working out of the same platform.

Researcher: So it is true that shared services are creating value through the low cost but also it drives the value. So it is, would you consider this to be a mix of the centralisation and decentralisation?

Interviewee A: Yeah, it is probably a little bit of both. And you know, ultimately the ideally a lot of those processes would be elimination of them. And we have eliminated a lot of processes through the automation, the system now does a lot of the checks for us, so bit by bit, and may even go full set, potentially at some stage we will go all way back around and go back to the country because there is so little activity left to do. I think we are long way of that, I think we will continue with the shared service centralised. Central shared service, but the global one which each location concentrating on the different process I think that’s what it would be.

Researcher: Perfect ok. And how would you improve your shared services journey?

Interviewee A: Good question. Well, we made a lot of mistakes so definitely we gone through a lot of pain. I think the number one original mistake we made was to leave shadows organisations in the local countries. Some countries due to, for different reasons, we didn’t take the headcount out the country. Not in all of course because, we want them made the benefit, but in some countries we didn’t, and that was due to the different legal reasons, that headcount wasn’t taken out. This cost a lot of issues when we had a shadow organisation checking the same work that was done in the Dublin organisation, which only caused the issues, because every time the slightest thing goes wrong it raised up as being a major issue. And it doesn’t drive the reliance on each other; so we ended up having a really bad relationship with those countries driving new changes and standardisation were very difficult, but only you getting this is wrong, this wrong, it was never wrong when it was here. So that’s one of the things that I would definitely change, not allow the shadows organisations to be left in the country.
The other wrong we did was we picked up everything as is and we moved to Dublin. So we moved their systems, we moved the processes, so we ended up when we started in Dublin back in 1995 we had every country on different technologies, working of different platforms, different processes in the own local languages. If the money was there, you had the time to do it could allow not all of the standardisation in but some basic standardisation in first, and probably do it on, when you lifted out the country put the standardisation in some moves to the central location and then drop it in there in the new process. I don’t think, I wouldn’t if you first meant to teach all local people the new process and then try to shifted but do all at once, it would be difficult but what that would drive is couple of things. One it drives the standardisation which means that you shouldn’t bring it in and then goes into countries afterwards to standardise and automate. But what it also does when you take it out of the country it means the only people know how to do the new activity is shared service organisation. The old one organisation even when it is left behind, some people are left behind they don’t know how to do the new processes which means that you don’t have the all that’s wrong, that’s wrong, that’s not the way we used to do it. Crack it is not the way, because we changed them. So it would take away that whole ‘you do it wrong’ and put the reliance on. The organisations in the country don’t know how to do the processes but they need to understand them, but they never done it, so they can’t spend whole time giving out on the way it happens, but what they do they rely on you to supply the information, because they can’t do it themselves. So that’s the another one I would do to put that change, not on everything because we are too big, but certainly on the certain activates change it all. As you moving it to the shared service model is change so many, and there is probably your ERP system as well as ways of working. Definitely I would spend more time on building relationship with the countries at the very start as opposed to getting just the quality right. One of the parts we did, we spent long time trying to fix the processes and automation things and didn’t spent enough time building the relationship with the countries, definitely. Anything else I would change?? Yeah… when we started out we employed for languages, if you had a language we employed people, and the finance, the finance was the benefit as opposed to the language. I would definitely change it around and go back and employ for the finance knowledge and then if there is languages we bring the languages in as well. Because we end up, people highly skilled in languages, but they wouldn’t, we were training them and training them whole time in finance which is very difficult. So I would balance that a little bit more.

Researcher: But at least for the functions, because maybe like from my perspective when you were talking about the lack of the standardisation when you were coming to the shared service model, it means that this people, who were let’s say based in shared services in Dublin had to be in the constant touch with the organisations in the countries, so one comes out of another.

Interviewee A: Yes, but our business language is also English, so because we put on a lot of languages we didn’t drive the English base, so every time we spoke to the country in their own languages, which the countries liked absolutely there is no question; however everybody in the country from the finance point of view all spoke English. If did not have the languages
we would have drove the English base to that process, which would have drove the system to be all in English. But it didn’t because we left it all languages and that means that everything that went into the system was put in the local languages which meant that somebody else could not come along and pick up from somebody else unless they spoke the language. We have changed all that now and everything in the system is in English and not allowed to put into the system that’s not English. So it now allows us to move people around to different parts of the organisations much easier, but before if you didn’t speak the language you could not understand what was going to the system. You could use Google translate.

Researcher: That’s the very often used application. How are you leveraging shared services as a strategic asset at your organisation? What role is your organisation currently playing or what is anticipating to play in analytics? You have mentioned that you have a lot, well that one of the transformational functions kept in Dublin?

Interviewee A: Correct, so what we are looking at, at the moment, is that we have the enterprise leadership agenda, which is the global agenda for finance, is for the whole organisation, but then we have the finance leadership agenda, then we have the European leadership agenda. But on the global leadership agenda, shared services are one of the main topics to drive value globally for the organisation. The first step is Europe, so getting EMEA into a proper shared service function with the two centre strategy, and then the idea is to roll that out globally. So is that to have the global shared service footprint, the idea is also to first of all to put it in but the second of all move up the value chain in there as well. As I said, looking at the analytics side of things, looking at the controllership side, and in fact maybe at some stage taking away any finance left in the local organisation ultimately, but that’s bit down the line. So effectively your finance organisation is your shared service organisation. Which effectively would have take away anything that’s left locally and would make the major standardisation in the analytics done out of the central location. It would probably change all of the charging model and things like that, because people would look for the extra information which means you would charge out maybe on the hourly bases for any additional outside of the standard type of thing. But absolutely the shared services seen as not only cost saving money but also as a strategic part of, driving value for the company going forward as well.

Researcher: And you recon the evolving all the time?

Interviewee A: We changed, since we started back in 1995 we have continually change, everything is change, I think the only standard thing is that there is change, the whole time. And that’s in a lot of things, that also people, people change quiet a lot, processes change, standardisation changes and I think the technology is obviously changing all the time and to keep up with all of those things and drive the best process you have to keep changing them. I think the mind set from people who gone through shared service organisation, is that it’s changed, my day today is changes not to do the same way all the time. You drive people’s performance management is driven part of that is change, you will see that from the performance management process one of the key points on it is what standardisation have we done what changes have made during the year. Like the number one isn’t have you done
everything perfectly right, the number one is what changes or benefits have you brought from new knowledge to the process? Change is something that we drive through everybody it is part of the DNA of the company. And I think it is the mind-set that so many people have and want to have made work a lot more existing for people is to have this idea. Yes there is a still invoice to be processed, money is to be collected, month end accounts to be done, but it is always constantly looking for how can we change and become better and stronger and that effectively eliminates the work that is no value add.

Researcher: Ok! Perfect! Just the last two questions!

Interviewee A: No take you time

Researcher: what trends do you think shared services organisations will follow in the future?

Interviewee A: It is a good question, I think first of all shared services as a concept and the name will go. Most companies are trying to get rid of the tort of the shared services, because the connotation of processing factories, it is cost location most companies are getting away, spending a lot of money actually changing the way and getting this shared services and getting away. We don’t use world shared services anymore in our title. It is European Finance Centre we have the European one and we have the one in India, but effectively we will have a global once there as we go along GBS – Global Business Services is becoming a major name out there, because shared services concept really goes back to processing factory, but it has also driven towards finance, and I think a lot of organisations now want to become multinational so Global Business Services is the name that is emerging massively at the moment. So it is not just finance and it is not the old shared services it is a new way of working with the new processes and the new people and the new ideas. I think we continue to work in that direction as well. Multifunction I am not sure we have to see how far we go from that point of view but definitely from the global point of view this direction we walking and the idea of shared services that name will probably disappear. People that are now probably going to college or coming out of school; by the time they will go through this three or four years in college probably won’t know what shared services was all about. They will hear of Global Business Services they will hear of Finance Centres, a lot of people are putting CoEs Centres of Excellence as well so that probably the names just probably Centre of Excellence, so it can go across many many different functions as well like global business services so I think the idea calling somebody shared services I think in five ten years’ time you won’t. People won’t even hear the name shared services won’t be. It will be the name that we in the past, something that used to happen.

Researcher: Yeah definitely, according to my reading it is changing!

Interviewee A: It is difficult to change I know because invest a lot of money in setting up shared service. Centre and calling them shared service centre and driving the value you can get from them. But now to changed people’s mind-set interlay, which is difficult to big organisations that is not the old connotation of shared services that people sit there and bang away at the computer and they leave at five o’clock and then they come in the next day to do
the same thing. Those days have changed massively. Hopefully there is change, as I said the centres of excellence, GBS global business services to the main.

Researcher: So would you think, just to wrap it up, would that change be driven by increase of outsourcing in the next three to five years?

Interviewee A: It is a good question because outsourcing has pretty huge part in shared services so over the years a lot of companies have set up a shared service centre and then outsourced that shared service centre but then a lot of companies not that they all shout down their outsourcing part, but they put a lot of stuff back internally because you could see they drive a lot more value themselves then outsourcing. So the outsourcing I think will never go away. I think the outsourcing will always be there it will be interesting to see over the next few years if outsourcing increase massively where the outsourced centre really start driving the same value as your own captive shared service, which is difficult to do because they want to make sure they maintain the certain amount of income each year but they need to drive efficiencies as well. But internally if you can drive, seven, eight, nine ten per cent efficiencies as oppose to three or four per cents you will. It is hard to know I think the balance will always be there I think there will be the balance of internal and outsourcing. I don’t know how it will end up. I don’t think either will disappear. That’s for sure.

Researcher: Ok. Thank you very much for taking the time and talking to me it was a pleasure.
Interview B

Researcher: Welcome, thank you taking a time and joining me today and willing to answer to the few questions I have with regards to shared services so maybe we start if you could briefly describe your current role and tell me how long have you been with the company.

Interviewee B: Ok, so I am with Company B Medical Optics. I have been here for nine years. My role at the moment is Area Treasurer so I basically look after all of the regional treasury for my division outside of US, so everything in EMEA region Latin America and Canada. My role at the moment basically spans everything from cash management FX hedging global budget planning capital planning and all bank relationships and everything like that really, so it is kind of full treasury role.

Researcher: Perfect. Thank you. So could you tell me shortly about the organisational structure of your company, and here I mean how it is structured, by division, product line, regions.

Interviewee B: Yeah, so we purely structure by division and we are regional based division of our parent which is Company B Labs, we have three regional centres, one in US, which is our division HQ in California, here in Ireland and then another one in Singapore. We have three products. Three main businesses we have refractive business, refractive eye care business, the cataract business and the what we call the cornian market, which is just a pure eye care, so the eye care would be a products that are sold on shelves in store like boots, which would be say like solutions, blink, intensive tears, pure eye care products as well as and then our other products cataract and refractive would be involving lasig surgery, intraocular lens replacements. their procedures, their driven on by machines or laser machines, which I suppose are equipment placing in doctor clinics for example and then the sale of those procedures, in order to conduct you know intraocular lens replacement, cataract surgery etc, so they would be our two main business drivers and the eye care business a little bit flat for the last few years so it is not a great, we are working on it, but it is not a great performer.

Researcher: Ok.

Interviewee B: Is that enough?

Researcher: Yes, perfect. And what was the primary driver or business event that led to original decision to implement shared services?

Interviewee B: Ultimately a couple of factors one was I suppose a historical aspect to at this company, Company B Medical Optics the division that I work for now we spoon off Company X back in 2002 and Company X are only have the large presence in Ireland from manufacturing perspective, so at that point we, so for that reason. And then also for the other well documented reasons I suppose the preferential tax treatment, say the beneficial tax treatment, coupled with the a access to labour at reasonable level and the mobility of labour, a lot of people were traveling to Ireland from Europe we made it attractive commissionaire structure, so Company XX Ireland is a parent of all our European entities as such commissionaire entities so they would all feed up into Company XX Ireland from the tax
perspective. All of our entities such as France, Germany, they all sale our products on behalf of Company XX Ireland and as result they earn a commission on that sale. So the book the revenue goes directly into Company XX Ireland, 97.5% of the revenue goes into Company XX Ireland so all of our revenue all of that money is earned on Company XX Ireland so it was a big reason for us to maintain shared service centre here in Ireland as well as all of the other kind of usual, the bit of history, legacy, historical reasons, the shared service nature, so access to people, good people educated people. All of those kind of reasons.

Researcher: So basically, this is also kind of HQ, is it?

Interviewee B: Yeah. So we, Ireland would be regarded as regional HQ. We have, we operate division on a regional basis so the three regional sides. so we have a lot of offices in between, but we have three regional hubs, so Ireland is one of three, so we have one in US in North America, one in Asia in Singapore so Ireland will be a European, or the EMEA regional hub for the Company B medical optics division.

Researcher: Ok. So you have decision making ability here, because you are the main the whole profit, revenue come to here?

Interviewee B: So yeah, absolutely. so we have all of the various divisions, all of the various sections cover, we have got, you know, entire finance function, we have got legal, we have got technology, IT, we have got all of our commercial support business here, our commercial leaders are not necessary are all based here but we have got you know side leader a commercial leader here, who reports directly to the senior leadership team in the US, so yeah all of that I suppose strategic aspect flows through this office as well.

Researcher: Ok, and what are the main factors in selecting Ireland for organisational shared service. you actually talked a little bit about that.

Interviewee B: Yeah I probably answer that already but in the sense I kind of merge two together yeah again just the same. Access to labour, the whole financial shared service centre, IFSC, mentality, tax structures, commissionaire. That would be the main drivers for us.

Researcher: What would be the reasons for reallocation from Ireland and what other locations would your organisation take into consideration? In case you would be leaving.

Interviewee B: Yeah. I think at this point if we were to leave Ireland it would probably potentially to break away from shared service centre, if we were to leave Ireland we would probably end up going back into a kind of in country type set up. Rather than sticking with the shared service centre. I don't think that's gonna happen. I just think that would be one of the really only reasons why we might leave Ireland. Obviously there has been other countries especially in Eastern Europe, which have been emerging as potential new sides now for shared service centres, like Hungary, Poland, from the cost perspective again. Same ideas as here like the people, you know you got an access to educated people over there you know. cost of labour probably is a little bit less still I am not sure, but there would be a various reasons from the cost perspective that you may consider but I think from our perspective the only reason we would probably consider is if we were to go back to a kind of in country
solution, and that would be a sport of sales driven decision, to the certain degree, strategic sales driven decision. in order to see if we could actually, you know, increase our business by going back to 'in-country' solution rather than what we have here in sense of shared service centre. we don't think that's the case because you know we believe that via shared service centre we offer exactly the same services. we do have in country sales, you know, reps, people, able to visit customers, and then when those customers call us you know they are gonna speak to a you know French person, or a German person, they are going to dial a local number, so even if they are in france they dial a local number, and they will ring here and they will speak with a French person or a German person, or whatever, so we feel like we are offering the same solution. I know I am getting of the topic a little bit here, so we fill that we are offering the same solution. so we don't see any real benefit in breaking what we have now.

Researcher. Perfect.

Interviewee B: Sorry about that, that's the wrong question

Researcher: that's super. I suppose the research is about the structure, about how shared services evolved and if they bring any value, so the questions are kind of, well they may be very similar, they may be nearly the same, so that's no problem at all. so we are at the next question, which is how long have your company shared services been based in Ireland and what regions do you serve.

Interviewee B: So well the company, Company B labs, as in our parent company, who acquired us in 2009 they have been in Ireland since 1946, but Company XX as a division that I work for now, before we were acquired we were operating independently since 2002 so we as say spoon off the Company X. And Company X has been in Ireland for quite a long time I am not sure how long actually but the internet would tell us, but a so yeah we spoon, so Company XX spoon from Company X in 2002 so we form the company from there, so I suppose 2002 really. And Company B Labs has been in Ireland since 1946 and Company B Labs employs about 5000 people in Ireland. That would be an overall and then our division here employs about 200 of those in Ireland all based in shared service centre.

Researcher: So as soon as you split off the Company X you established shared services all that was established already in the other company?

Interviewee B: Yeah it was established to the certain degree in Company X, I think probably extended it to suit our needs a little bit more because we didn't have a Company X has sort of manufacturing plants, which we didn't we didn't have any manufacturing in Ireland, and Company XX doesn’t have any manufacturing in Ireland Company B does but this, that particular division doesn't have manufacturing within Ireland so we sort of build our shared service centre around that in the sense that we were purely kind of selling business rather than manufacturing business. Once we spoon off Company X.

Researcher: Ok, so the manufacturing, is happening somewhere else?
Interviewee B: Yeah our manufacturing is happening in, so we have got our manufacturing side in Spain, in Sweden, china and US. So yeah, so this division Company XX doesn't have any manufacturing in Ireland and it never did, just Company X.

Researcher: Perfect. Ok, thank you. Could you please tell me briefly about structure of your shared services in Ireland? You mentioned that it serves only Company XX business?

Interviewee B: Yeah, yes, so it does. So, I suppose our shared service centre here is more, it is both, it is full shared service centre, it compliance all of the all of the functions, it is probably I would say a commercially driven shared service centre, the reason for that is that we probably do the book of the people employed here and the book of work that is done here is focused on the commercial support business. so of the people in this building now, which should be a hundred and fiftyish, approximately they would be probably, I guess there would be about 60% of those would be supporting the commercial organisation in terms of sales support and customer support, and filed support and, or we call that technical support, technical service, so we have the kind of the order placement, invoice processing, servicing machines all over Europe. so they would make up the main part of the shared service centre here and then additional obviously then we have the financial aspect too which would make up the vast book of the rest, which would include AP and AR you know, accounting, finance accounting, treasury, payroll, and then ancillary service, ancillary functions after that would be, you know, obviously we got an IT support team upstairs, we have legal, we use SAP, so we have our SAP support function up there as well as data base administration, so DBA we call them.

Researcher: Ok. So at the moment you have, well you structure that in two ways, so the first one is purely supporting sales division that would be 60% of the staff and the other one is more like a finance and supporting the finance, but also a part of that you have IT, legal, Payroll, compliance, DBA.

Interviewee B: Yeah, DBA - that’s our Master Data Management.

Researcher: Ok, so it is here as well.

Interviewee B: yeah, it is here as well.

Researcher: And the SAP support, which is your information ERP system

Interviewee B: Yeah. So we use the single instance SAP right across our divisions so we have support function for that as well, because we doing everything that we do here is through SAP.

Researcher: Ok, maybe that's a little bit strange question at that stage, but so I understand, if you acquiring someone, well we all know that M&A were very popular before 2007 you would straight away put them into SAP?

Interviewee B: Yeah, Ultimately, in our previous acquisitions we have always worked to integrated them into SAP as quickly as we could. More successful in some than in the others,
but yeah. So we have, if we come back to some of our acquisitions, Visex for example, was one of our big ones, yeah we integrated them into SAP almost, you know, as quickly as we could. so we got them set up an SAP in R&D, the company code was sign the SAP code and then we kind of got them into SAP. so yeah, so yeah we do trying to integrate them into SAP as quick as possible.

Researcher: Ok, to standardise the process obviously.

Interviewee B: Yeah exactly

Researcher: Ok, thank you. Could you please tell what were the services delivered through shared service centre in the very beginning.

Interviewee B: It hasn't evolved, well it did evolve but it hasn't change that much. So probably very similar, so always had, we spoon with SAP, so in the very beginning we had treasury, finance, customer service. Yeah so I suppose the finance function was probably the bigger aspect, AR, AP, Payroll, Statutory reporting. yeah so they would probably be the, that was probably how it was at the beginning kind of very early days, certainly build up the commercial organisation quite a lot since then.

Researcher: Ok, I see. So payroll as for this division, or as the payroll for everyone in the region you service.

Interviewee B: Payroll here is changing a little bit now; historically payroll would have covered everybody in the region, for the Company XX, for our particular division. So our shared service Centre payroll guys would have been covering the payroll for, basically all Company XX countries, within where we have our employees, within the region, within EMEA region. Is changing a little bit now, and so some of our payroll migrated into overall Company B payroll. That's the, I suppose that the cost saving, you know synergies, I suppose at the end of the day in order to have that kind of centralise unit uploading files, payroll files, so that is changing a little bit at the moment. But historically, yes we would have, our payroll function would have done sort of, everybody within the region for our particular division.

Researcher: Thank you very much and could you please describe how were those services delivered before the establishment of shared services in Ireland. You were saying here that if there would be any possibility of shifting the shared services somewhere it would coming back to the decentralised structure. Have you started from shared services or were you decentralised?

Interviewee B: Well, yeah, I don't know. I can't go back that far, but I think, in terms of, hypothetically speaking, before shared service centres it would have been like the treasury, would have been I suppose from my perspective one would retain as a corporate function we would not have necessary have treasury person in pre-pooling country. I suppose from the commercial organisation yeah we would have had, we would build it around the fact that every site would have a sort of a commercial team like sales support, sales, sales support, and they would also have a finance representation as well for the AP, AR, and for the information reporting or for the statutory reporting, and month end reporting. So I suppose we would have
to have I suppose, you know the pot of all of those representations in country. and you would expect as result having more employees than you possibly need then for the shared service centre you have got everybody under one roof as a result you can probably minimise, at least rationalise your employee numbers because everybody is here, people are able to do and cover more and work I suppose if they are under one roof rather than having one of everything in every single location

Researcher: Yeah, I guess for this part I will have to do better research online, because you are not aware of what it was exactly this is only hypothetically speaking

Interviewee B: Yeah unfortunately

Researcher: that's perfect thank you! So what functions are performed in your shared services now, within those functions which processes are in shared service and which are being outsourced.

Interviewee B: So well, the functions are again the same as this one here, so probably refer to those. We are not outsourcing anything at the moment. In terms of third party outsourcing at the moment we have a little bit outsourcing support from the divisional perspective with our SAP. But it is purely facilitation for our bank statement uploading and things like that. But it is not a really outsourcing that one. So we really are not outsourcing anything at the moment.

Researcher: Ok, perfect. How are the services being charged back to locations by your shared services, are they ,being charge back or is it only commission you mentioned before?

Interviewee B: So we have the commission structure. So they do earn money based on that. We also have I suppose the funds flows, so the incoming funds which goes through the entities and they treated as interest bearing notes, basically so at the moment, so as the customer for example pays money in Germany that goes into bank account in Germany, it swipes up to Ireland and that money that goes from German to Ireland is treated as a loan. It is a lender-depositor balance so they are earning interest on that. As well as them we have what we call, calculate management fees. so the management fee would be calculated I can’t remember exactly how we calculate it, but we paying management fee quarterly back and forth which would sort of account for the work done in terms of shared service centre personal basically.

Researcher: Ok so with that you get 97% of the sale but apart from that you charge the separate entities management fee.

Interviewee B: Yeah, so is kind of, you know, it’s that settles separately, it varies depends of the actual size, because some of them are more problems with them than with another.

Researcher: Ok, and how do you drive governance and consistency across your shared services.

Interviewee B: Well now days we have a pretty, it is a buzz word at the moment but Quality QA I suppose, and compliance. so we have, our compliance is now a corporate function, so
we have compliance office here on side, who reports directly into our parent in Chicago in Company B Labs. So I suppose they drive the governance from the compliance perspective, quality would do the same from the business perspective for all our product lines. In terms of governance then we have, I suppose, you know, I suppose all the relevant tools and checks in Sarbanes-Oxley and all of those kind of fun things. We are very policy driven organisation, so we have pretty much got the policy for everything, so you know our training and our, I suppose the on boarding of people would be always focused trying the policies and obviously we are internally audited to those policies every year. So ultimately then our, I suppose our governance is sort of managed in that way. But mostly through the compliance. Just because of our, more because of our type of the business that we are with, import export business. Whereby we have sort of have to closely monitor what’s coming in what going out. In that respect, the compliance aspect to it.

Researcher: I suppose your processes and policies would be standardise then for the markets

Interviewee B: Yeah, to certain degree, they would be standardised, we would have, because we are ordering, because of our, we have obviously we got distributor warehouses and logistics sort coordinated across Europe so as result so we sort of have to have European standardised solution, because products are being shelved and housed and not necessarily on site but in this, and shipped obviously by kind of this logistic companies whereby we have certain, because we are medical devices, we got certain, we have quite a lot of regulations how our products should be stored and transported in terms of refrigeration and things like that so we would definitely have the sort of standardised type solution or standard policy, or standard format on how we do this things.

Researcher: What role do your shared services play in management of over side of internal controls?

Interviewee B: Probably, you know, I don’t think it would be the overstatement to say that we would be kind of the role setter in the sense of you know because we are shared service centre, we know notice here when, we notice the weaknesses here we notice the strengths to it as well, but any kind of operational weaknesses are kind of you know, they are realised in house so as result we would probably push back, we would push back in order to have those controls tighten back so I think that shared service centre here plays pretty key role in that something. Because we are at the co-face, basically, we sort of see what the weaknesses are, and we can then, as a result we can correct it from there.

Researcher: Perfect, and there are different types of shared services business models. How would you describe your shared services?

Interviewee B: I don't understand that one there.

Researcher: Well, I suppose after speaking with you. Because we may have like finance only, purely finance shared service, you may have shared services who have bigger they served all different functions, then you can have business process owners, there is lot of different type of shared service. from what I got from speaking with you and for me it is a little bit like a
being a shared services you are also a head quarter so you have a lot of decision making abilities.

Interviewee B: Yeah. I would sort of regard us; I think I said it earlier, sort of commercial I suppose a commercial and commercial support function. We are literary supporting the business, are we still recording?

Researcher: Yes.

Interviewee B: Yeah, sorry, so we are kind of commercial support I suppose the commercial and commercial support business. so we kind of support the whole business for the EMEA region, so I would, well we wouldn't be specifically financial shared service centre, I think we would be a kind of, I suppose the whole income shared service centre as we have all functions represented here.

Researcher: Multifunction, ok perfect, thank you. How would you describe shared service employees relationship with entities they provide service for?

Interviewee B: Generally quiet good. and being relatively frank about it honest about the whole thing is that obviously we got people in country for example, you know, people are working in kind of local offices, and they may be frustrated a little bit that the people here are kind of not as accessible to them as they may like I sense that they may not be setting at the next desk, so we do have some sort of not strength, I suppose we got to manage that a little bit and they would probably prefer that people representing their particular country's entity would rather be in country, they would rather have them in country in all kind of working together, so there would be an occasional resistance I suppose resistance may be a strong kind of word, but I will use it any way, occasional resistance to kind of management structure here and kind of a local management in a kind of a local office so generally relationships are good, again it is usually help by the fact that we you know that our strategic carrying process in sense that we have a kind of strong linguistics as well as sort of capability in the SAP. again the SAP link is Helps dramatically, because we are on the same instance of SAP this things can be worked on very quickly we don’t have multiple systems to manage, so it does help from that and then making sure I suppose the comfort factor, I suppose them speaking, ringing from France for example and speaking to French person or whoever French speaking person who ever that might be it does help in order to sort of maintain the relationship

Researcher: Ok and I assume that you are kind of acquiring some of the service, because you started with the treasury function, finance, customer service and then it has expanded so you have payroll here, legal, IT so this means that those functions are being shifted from the local entities or?

Interviewee B: To the creation degree, they being consolidated here so the only thing we have in countries are kind of things that we need, so we need the people on the ground for you know for things like tender contracts, I suppose that there are commercial staff there as well, we pooled over all of our finance so we don't really have any finance person in our local
offices, or in country offices anymore so we pooled off, everything that could have been pooled out under shared service centre has been done and we are maintain literary administration staff and sale staff kind of down there in order to you know facilitate tenders, things like that, from the business continuation perspective that are required down there. now we have had some other changes, in the sense that we have moved you know some of our, some other things that you know, in the shared service centre that might have been bigger five or six year ago may be slightly smaller now, like tens of our SAP support for example we have gone I suppose and as people have sort of through natural nutrition as people maybe have left here they may be re-hired that person in more key market, for example they may have put some support into the business, was necessary and that was basically the business driven decision, just to sort of say listen we need some support here, for SAP you know for system maintenance or wherever it may be, but they would be a sort of strategic decisions that would have been taken on ad hoc kind of basis. it would be, is not to say that specifically driving one thing here one thing there it just the way the decision come at the moment but mostly our commercial organisation is where we are really focused on and building it and advancing it at the moment so sort of you know that I guess I said earlier on three commercial hubs US Ireland and Singapore focused the very much is on building those to sort of proper sort of rock-solid regional hubs now and using a shared services centre facility to do it.

Researcher: Ok, thank you. And what is important to your internal business units customers?

Interviewee B: I guess the same thing that would be important to any customers in sense of a fast effective service, you have obviously here you know in the shared service centre we have our own customers within the organisation who we are trying to serve as sort of efficiently as we can, so you know, because we are on, I guess I can’t stress enough the kind of convenience of being on the singe instance of the SAP model because we are on that, most of the staff can be you know, is done on that, so they just expect that we would have the same service level that you would have for the third party or your end user customer in sense of you know efficient handling the usual kind of just kind of you know comradely, or whatever you want to call it, just to make sure that everything run smoothly and that we don't kind of create kind of division or any kind of politics, or any kind of distress within the organisation by sort of some people having a haven’t take sides or anything like that. is that make sense?

Researcher: Yes! What have been the benefits to your organisation of having shared services based in Ireland?

Interviewee B: I think that yeah, ultimately the idea of having shared service centre we always had a good, we always had a very strong workforce, we have kind of, over the years have taken the advantage of have a very good pool of people to choose from, obviously over the last few years the people are leaving jobs a little bit less, so our kind of natural retention level has fallen drastically so that one of the advantage of the recession, and that we have a kind of, we've always, in Ireland, we've always had a kind of a very stable teams, like people would come and go but the core of the teams are always been stable so I feel that's the benefit
of you know having a shared service here obviously we have our whole tax structure based around this, which we can't hide from the fact that is one of the big incentives overall

Researcher: Perfect thank you and how well has your organisation achieved objectives for shared services in Ireland

Interviewee B: Very well, very well...I think, yeah I think so, I think pre 2007-2008, we were moving in a very positive direction, we were kind of growing sales year on year and as result the shared service centre would have becoming busier and busier and busier and building and growing since then obviously our business has not been performing as well. and life part of our businesses are based on disposable income, like if you think, laser surgery is kind of a something that is you don’t necessarily, if you don’t have to do you may not necessarily go and spend the money to do it. so we have had to take that the economic hit and as result that had an impact on our growth and advancement over the years but I think that despite that we still sort of building shared service centre even over the last number of years and it resulted in kind of you know certain amount of hardships for people but the company is still kind of performing is still meeting its obligation and we are still keeping our employees for the most part, they are still here, so I think in overall we are meeting our objectives, that all I can give on that one.

Researcher: That's great! And I suppose the tax incentive help as well.

Interviewee B: Yeah absolutely that one of the key, that would be the key, you don't like to say it at first but yeah absolutely our tax structure is how we build our businesses paramount, you know maybe everybody saying it but the reality is that it is.

Researcher: Ok. And how do you know that objectives are being achieved in shared services? Do you use SLA and how effective do you find them?

Interviewee B: Yeah, well we do, we do have sort of I suppose we do have service level agreement to the certain degree, I am just looking and maybe it would worth to answer those two questions together.

Researcher: Yeah

Interviewee B: So just I can back in to it, because it is probably easier to answer 21st, so in terms yes we measure performance and yes we use KPI and we, so the KPIs are reported by unit within shared service centre. so we have sort of AR KPIs, Database management , you know, all of the various functions report their KPIs, they all based around statistics that, or requirements that set, for customer support likes obviously for example the number of calls dropped, number of errors, than from the AR perspective it is based around cash allocation and collection targets, so all of those KPIs are I suppose are managed through again SAP and through telephone system we have functionality to recognise what directly recognise what our stats were, in sense we have got sort of concrete systems where we can pull our stats out and sort of say, right we have our calls dropped to this through our phones, so we have a fully integrated telephone system now, so obviously to facilitate all of the various sort of lines so we can, any kind of calls that have not been picked up, because our customer support teams
were too busy, they get recorded automatically SAP would tell us about errors and all of those kind of things so we have the hardware and the infrastructure in order to sort of help us provide us KPIs. We have service level agreements, not necessary kind of formal, service level agreement right across we are doing some cases, but you know we have obviously the links between commercial organisation and finance for example we have requirements there in terms of reporting, so obviously everybody understands the limits and the parameters that goes around you know as we come in to the quarter end, while our quarter end closes the finance function that comes with that so like, I don’t know if we have a formal SLAs, but we sort of operate on SLA basis. that service level is basically sort of agreed or rolled out rather then, you know we have an overplayed agreement which set out all of our conditions, requirements, recommendations, needs, but we don't necessarily have service level agreements or individual service level agreement for function or unit, if you know what I mean.

Researcher: Yes, but everyone knows what it is however it is not official.

Interviewee B: Yeah absolutely, so everybody understands you know every team understand what their ultimate targets are each month and in terms of dropped calls, missed calls, or cash allocation, or collections. They all, everybody understands it what expected of them, there is no shocks there when the KPIs are reported at the month end.

Researcher: Perfect, ok so we go the next question. There is a common trend of importance of delivering the value, what are your company top priorities to drive value from its shared services centres.

Interviewee B: Well at the moment, and I was thinking of this one earlier on, I think we have a huge focus on our commercial organisation now in terms of actual business and driving sales, one of the big one for us at the moment is profitability. we are trying to build the model of profitability to ensure that some of our customers, some of our bigger customers provide us less profit and merging than some of our smaller customers, who would order a lot less and just pay well, not like a bigger customer, at the bigger companies that expect things for maybe for the year or maybe they expect bigger discounts.so at the moment we are working hard on the profitability model, to see you know, not just to focus purely on market share, obviously it is still a big factor, but if we can build in the profitability model to that so even if we lose a little bit of market share our profitability is higher so in terms for importance for shared service centre that you know, that's one of the key drivers that we are focusing on now and all of the functions are involved in then obviously, especially you know the commercial organisation, the commercial support and treasury here and finance in the sense that we are identify to the certain degree the customer who would be, you know just have a look at the trends and basically see customer who are flat in terms of profitability in terms of those who are not and trying to build that model in our systems so that we are actually working that we are you know everything, credit control, limits, credit limits to our order taking is all kind of aligned you know in order to drive the business and drive sales rather than just drive market share.
Researcher: Ok, perfect, and how would you have improved your shared services journey?

Interviewee B: Shared services journey, well like I can probably talk all day about this, but I think that overall you know, I suppose, consistency of people, consistency of your leadership team, is pretty key, so if we were to looked back over the years, losing some of our key leaders at times most sort of costly to the certain degree to the shared service centre because it set us back a little bit, and you know, slowed thing up a little bit. we have, I think consistency of people is very much key the I suppose in the ideal world we would have had more opportunities for advancement for our core people over the years so that we could have facilitate them remaining within the business, rather moving to another company and seek search over promotion effectively, but it is just a nature of the business that we have got so many people that you can’t necessarily offer advancement through promotion to everybody but this company has worked very hard, and this is something what we have been doing for the last couple of years, and focus this year, in term to deliver a little bit of advancement or to facilitate a little bit of advancement through a, kind of assignments to different functions and things like that, so people can build up their experience so we are trying to facilitate the employees and this is something what we have been doing to improve our shared service journey, rather, we currently doing, facilitating people to get more exposure to cross functional units trying to be a great place to work, because we are a part of the great place to work, I don't know, if you heard of great place to work, but we are a part of it any way and we do quite well there.

Researcher: Yes I did, and excellent!

Interviewee B: So things than changing so flexible work policies, core hour’s policies, some things we work on at the moment. Trying to offer flexibility to our employees. So they come in a little bit earlier or a little bit later to facilitate their work-life balance. Things like that, which we kind of do in order, should have improve the overall health of shared service centre rather than anything else. so the keeping your people happy to the certain degree because you know, as we go through, and we sort of build up the commercial, put that drive on the commercial business in order to kind of drive our sales and drive our profitability that we have people on hand to do it. Again sort of one or the other aspects to this, which is something that you know we could probably do better at, in terms of our recruitment in a sense of it is quite difficult you know in this day, in this current climate to get kind of requisition for head count approved, even if they are replacement at requisition. you know one thing we could do at that is to demonstrate the importance to this centre of people needing to be sitting at desks you know specially if people leave, having those people replaced, you know, that would be one of the core improvements we could make it as well. but most of that is driven around the people, and trying to facilitate the people that we have as much as we can. identifying sort of key people as well sort of working on your, what we call our key talents, in order to make sure that those people keep kept challenged, you know things like that. That’s probably the most important.
Researcher: Ok. And how are you leveraging shared services as strategic asset a key asset at your organisation? What role is your shared services currently playing or anticipating to play in analytics?

Interviewee B: Probably you know is definitely aspect to it, probably not as much as you know we might like in sense of this, there are certain things that you know, at the end of the day, we are working a functional office and we don't necessarily have the resources at the moment, we kind of sort of dive in to all the analytics, so we do still tend to get a lot of that cascaded from our overall a kind of senior leadership team, but I guess we do, we can like, its definitely we do leverages as a strategic asset, we sell our shared service centre concept. you know we have a, we bring people here, we have a sort of a training lab upstairs were we can do kind of training for doctors, we bring people here, we promote shared service centre so it’s, so we do we do I suppose we do leverage as an asset. The reason we are out here is that we have a lot of space and we have the ability to bring people in, let them see what we do here. So as result of that I think it is pretty strategic asset. you know and we have invested, the company have invested in our shared service centre, even abbot, when they took us over, continue to allow us sort of investing in our shared service centre even though that Company B don't, because there is so much of manufacturing they don't have a shared service centre concept necessarily. They have some financial shared service concept around but you know Company XX is a little bit unique to the Company B organisation. but they have continue to allow us to sort of to invest into certain degree even during the last few years, when thing have been tough, in order to sort of build our shared service centre and keep it as a strategic piece of the business because that how we sell it basically.

Researcher: Ok, and what trends do you think shared services programs/organisations will follow in the future?

Interviewee B: I don't know, I mean, am a little bit worry that we may see a sort of a downward curve in the shared service centre, I think we may see more outsourcing. if you remember back to the, late nighties, probably before that's when I came in to it, but some of the, you know there was more outsourcing back than and it sort of went to more into shared service centre curve and I sort of feel that we are possibly going back towards to some outsourcing now, especially in regards to certain areas, like credit collections. So I would be a little bit worried that the trend may follow towards slight decrease in the, I suppose the overall comprehension, the overall functional level of the shared service centre, I hope that's not the case, because I think they are pretty, I think they are pretty successful of what they are, in the sense that, if you have the right environment for shared service centre, I think they work very well. So that's kind of, I suppose that’s where, that’s where the trend is at the moment, not saying that we are showing any sign of it at the momentum shared service centre is here, it is working, and there is no changes anticipated for it in the sense of, just to kind of keep to build, building it you know as a really commercial support help.

Researcher: Ok, and how you expect you organisation to change the use of the shared service and outsourcing in the next three to five years.
Interviewee B: Well, I say it again, really I think I don't expect huge change, I expect that we will continue to focus like I say, you know just continue to focus on that sort of commercial financial, however I think there will be, there is a scope there for some outsourcing, I think it is inevitable that you know we may be able to realise some sport of cost savings or synergies by certain amounts of outsourcing but I think that they key functions here wouldn’t be at risk of that. I think you know quite simply, the key functions here are recognise as a key functions so they won't change necessarily so I would expect that shared, I wouldn't expect a huge, if we came in three years I don't think the model would look overly different.

Researcher: Ok, but do you think, I suppose you think there is a lot of trust in your shared service, do you think they will be expanding or?

Interviewee B: Yeah. I think there is a facility of a sort of certainly a, it would be a worthwhile exercise, and it is something what has been provisionally looked at already, to look at the possibility to having an overall, to potentially companywide shared services centre, using some sort of green field site, I suppose everybody looks at it from the same point of view, sort of finding a location and the site that have access to good people, has access to all the infrastructure ports, all that sort of stuff and I think that's definitely something that would be, that curve should be looked at from our organisation not just necessarily at the divisional level but at the wider level and from the corporate perspective. I think that it is something that is a very interesting to a lot of people, certainly from the cost perspective, because I think it would definitely, you know, it would realise a lot of cost saving in a long term, just purely by centralisation factor alone. yeah, so I think all along we have difficulties there obviously with kind a manufacturing and the certain amount of sort of things that, that would be difficult but certainly, certainly from a core financial-commercial support staff basis, I think it would kind of a very big case to sort at least consider the possibility of more overall shared service centre.

Researcher: Do you recon what would be the location?

Interviewee B: yeah I expect it would be I don't know exactly, but it would a an out of town location, it would be a sort of big site ;with access to you know, again, access to the infrastructure and again access to people and housing, the kind of the same ones. so it would definitely be a non- city centre location it would a one site location or at least one area location.

Researcher: I mean by the country, so you would stay in Ireland, yes?

Interviewee B: Oh sorry, sorry. Yeah! I expect we would stay in Ireland. From our perspective we are highly invested in Ireland. it would be unlikely that we would go out, unless we would go and sort of merged with another shared service centre, in another European country, but that doesn't look likely, because we don't have that many.

Researcher: I see just one more question, just to support the questions before. Because you have mentioned that there was, is an approximately person working hardly here in shared services and when you were starting what was the head count back then, any idea?
Interviewee B: At the very start?

Researcher: Yes.

Interviewee B: We started with twelve, I think about twelve it is growing steadily up until, it grew steadily between 2002-2008 - so I suppose we started with about we started with say maybe, I don't think I actually know, we started with about fifteen and then we quickly recruited I suppose the customer support team so they grew quiet rapidly we moved reasonably quickly in the first couple of years, in terms of head count, probably right up to the kind of the fifty to sixty mark. so then by 2004 we had about 65 people and that grew aggressively until 2008 and that's been relatively flat ever since we have not that many people coming and going and we have some additions that quality team been added that compliance officer so I suppose by 2004 we had about 65 by 2008 we were probably up to about 120 or so and probably about 150 now. so we had a steady growth. I don't think that we ever been in situation that we had a decline in numbers even through the last 5 years

Researcher: Ok and do you add selling division to your current structure or do you serve to all of the selling divisions around the Europe.

Interviewee B: Yeah.

Researcher: At the moment it is all of them. There is no division that is being facilitated by themselves.

Interviewee B: Just manufacturing plants to the certain degree have a lot more in house. You know facilitate the support, but we still support them. Manufacturing plants possibly are more standalone than the rest. But other than that everything is compassion by the shared service centre.

Researcher: Ok, and you started with one selling division, only Ireland selling division and then you went to acquiring more?

Interviewee B: No, no, so we always had sort of our structure from spin off, we didn't make acquisition in terms of our markets, but always had you know we always had, the structure that we have now, the commissioner structure with all of the entities we had that since day one. So we didn’t start just with Ireland, but we kind of build on it through acquisitions

Researcher: Ok, perfect! Thank you very much for taking the time and meeting me.

Interviewee B: Yeah no problem.
Interview C

Researcher: Good morning. thank you very much for meeting me today

Interviewee C: Good morning

Researcher: and taking the part of this research project. We just go to the questions. Could you please tell me briefly about the position you hold and how long have you been working with the company?

Interviewee C: So I have been with Company C for about 14 years now. My current role is the director for operations for the Dublin Service Centre which supports about 17 countries in Western Europe.

Researcher: And do you provide only the services for the Company C or also providing services for other companies?

Interviewee C: No. so the service centre, or the business service centre that I am responsible for is entirely internal so we basically, the way we describe it, we are running the Company C business for Company C. Alright without the all external clients.

Researcher: And could you please tell me shortly about the organisational structure of the company. How is it organised?

Interviewee C: So in essence within Company C there is sort of a two main, there is sort of, if you wanna call it there is three main groups. The first two on the selling side as we have what we call sort of operating groups and those are divided into different industries and the across the operating groups we have what we call core-cross platforms, and those core-cross platforms are backing capability. So you have people with various capabilities working across different sectors, but also people working sort of horizontally down the sectors. And the sectors could be for example finance, it and all these type of things. So we break them up into the five different sectors so that's sort of on the selling side, on the internal side you have got your typical sort of enterprise functions, an enterprise is the area that I work within, obviously because we are supporting internal clients. Company C being our client internally.

Researcher: Thank you and Company C is here for a quiet a while and what were the primary drivers of opening global shared services centre over here?

Interviewee C: I think we opened the service centre, we opened shared service centre in 1998. I sort of joined 9 months after that. I have been here for a while. I think like for the most of companies one of the key drivers was the corporate tax rate and that is clearly one of the drivers, but to be quiet honest that is being one of the many, I think the reason why Company C has stayed and Company C has grown in Ireland is being availability of resources, time zone and all of those type of things. And I think that if you look through I seat on the comity of the IDA shared service centre forum, as I think you know, and if you just look at the number of companies that have set up operations here the more companies that do is better for all of us. Because you sort of increase the pool of talent that you have to be able to pull from, if you know what I mean. I think companies have always can still people from each other but I think that as a pool increases as well the level of talent increases. So does the skills within which of our shared services.

Researcher: Ok thank you very much. And what were the main factors in selecting Ireland as a location.
Interviewee C: I think it is mainly that. The things like corporate tax rate, the things like availability of resources. The way I, I think for me the bigger, when we talking about 1998 shared services looked completely different to the way does now. And shared service in Ireland it looks very different than to now. And I think the key thing for us, when we started off it was shared services mainly about centralisation. Whereas now it is very much about the value add, risk mitigation and all those things. When you recruiting because you want to centralise the function. Your recruiting plan is very different for recruiting for risk mitigation and all that type of things, you know. So I think when we started off in 1998 we had a lot of transactional processing. Sorry it is getting a little bit into evolution as well but it answers the question that you are asking now. so in 1998 when we were dealing with centralisation we had lot of transaction processing in. our accounts payable was here, our time and expanses processing, so a lot of, sort of very transaction processing type roles. around of the 2007 from the Company C perspective Ireland stopped being a low cost location we were one of, at the time we were of about 7 or centres, shared service centres for Company C we had now grown to around 10 in our corporate service centres so what did, we took the decision ourselves in Ireland to move some of the transaction processing to our lower cost location ok and at the same time trying to constantly sort of up skill ourselves. And that when we are talk about, the reason why are still here, is because you know, the work my team does, I have about 180 people reporting into my organisation. The work that we do is complex; the work we do is not transaction processing anymore. So I have people setting on my finance team for example that are that they do statutory accounting for Germany, or for France or they do tax, all of those types of things. When our external auditors coming to do auditing. Most of the field work that they do is in this building irrespective to where is the stuff actually done, so which country we supporting my apologies. so what I constantly say to my stakeholders and to people that ask the questions, when you doing transaction processing you can use Google translate, you can have cheat sheets, you can have somebody that just knows the little bit of basics, about language and you get away with it, right. looking at accounts payable invoices, not a lot of different stuff on that, you know what I mean to be quiet honest what you can't figure out by Google translate you can find somebody in the country and get away with it you know. When you trying to understand the statuary accounting rules and you trying to understand why country may do this versus that and there is the element of flexibility. when, part of my other team is, I have speech writers that seat as part of my team as well so it is not finance, I do finance, marketing, all that type of thing. Again when you have somebody has to write the speech for somebody it is not good enough to take that they just know the language. They need to be from that culture and that's why the operations in Ireland are so successful because we get people from countries, I am myself, I am from South Africa, I am not from Ireland. About 50% of my team are Irish, another 50 are non-Irish. And we specifically call staff for that.

Researcher: Ok. Thank you very much. So it was availability of multilingual?

Interviewee C: Yes people, from the countries, and not just a people who can speak languages, if you know what I mean.

Researcher: Yes, thank you very much. And you mentioned the relocation from Ireland, and the main reason was basically that Ireland becomes a not low cost location as it was in 1998. And if I can ask what other location did you relocate your transactional functions.

Interviewee C: So our service centre is based in ten different locations, but not as many countries. We have a centre in Chicago, that was the first one to open I think in 1996. Ireland was the second one to open, then we have one in Argentina, we have a one in Prague. We
have few in India; we have one in China, and one in Philippines. So that’s locations. And the Philippines are the cheapest of the locations but as a newest centre so really have a lot of work to do to establish them to establish track record and all of that type of thing as well.

Researcher: Ok, perfect. And how have your company shared services have been in Ireland, sorry you already answered that I am sorry. Could you please tell me briefly, actually we touched that as well about the structure of shared services and this one specifically.

Interviewee C: So we basically although we are based in Ireland we are not linked to a local structure are linked to global structure. So I report to European Lead, so basically I report to head of shared services for Europe which obviously cover Dublin and Prague and she reports to Global Shared Services Lead who is based in India. And that's our structure basically. It is quiet flat from that perspective. similar we have regional leads that basically reports up, so all the operation directors report to regional lead, so regional lead reports to head of shared services.

Researcher: Ok, perfect thank you. Could you please tell me what were the services delivered though shared services in the beginning? So finance?

Interviewee C: It was to start of it was primarily finance. You know, we only broken to, we have only separated finance into the finance and the operations sort of later on as we became more experienced. so we would have introduced things like CRM, so your customer relationship management, and again bearing in mind that your customers are primarily internal, right as supposed to external, but would also had vendors as being, you know reporting through the CRM function as well. It was only later and the few years later that we started sort of diversifying and including you know varies other operation support things like service management which was introduced, from there was marketing support, than HR, so we have a broad spectrum now, but in the beginning it was primarily finance.

Researcher: But also vary basic finance you would call it? Or transactional finance like accounts payables and receivables

Interviewee C: Yes. In 1998 shared services globally wasn’t particularly well known in my own opinion it wasn't particularly well know, and I think at that stage as well we had to go out and convince the countries that we could do this and that we could do it cheaper. there was no major driver to cost in those days either so what it really was, you know, a case of us having to gone and sell our service to our internal clients yet to the other Company C to for example to finance directors and in those early days I mean if I can be honest they gave us thing they thought we couldn't break, right, you know what I mean, it wasn't a lot of credibility we had to build the credibility they didn't give us anything that was complicated. They gave us things like accounts payable, and they kept a group of people to check what we were doing was done correctly, you know what I mean, and so it was really tough in those early days. I think when shared services became more sort of popular globally, and you know, and as Company C like every company had to start focusing on costs, and costs management, shared services become more sort of ok, let's develop, let's see how far we can go, but still it was view as very much transactions processing sort of centre, you know what I mean? And it is only through our own track record that we actually build up a credibility to start doing the complex work, you know what I mean? But I think that has been an evolution of a long period of time. I think we there now, we there to the extent that we now have a global mandate within finance to put roles here that are complicated we didn't have that before, that is the ultimate as long as I am concern, once you get that global mandate than you
know I think it becomes a lot easier, you know, to grow the services, but before then it is very much the sales role, you know, although it is internal, you know what I mean?

Researcher: Yes, thank you very much, and therefore what would be the services you offer now at the moment, you mentioned there statutory reporting and very complex finance.

Interviewee C: Yes. So it basically it's a we do all of our programs are in US GAPs so we do so we obviously do the US GAP for all of our countries. We do the statutory accounting to varies levels for all the countries we support so we have got the sort of spectrum the staff that we do. so for the UK and Ireland we do, it is about 99.9% of work is done here, whereas for countries at the other end of the spectrum for Germany and France for example we do a lot of statutory accounting but not all of it. we do VAT returns, its corporate VAT returns and that type of thing, and so it is VAT and tax for varies countries, we used to do the '....' support we moved that out basically its CRM service management and we do a lot of marketing support now. And marketing is to be counted, is our big growth area for me and it is area I am trying to pushing to try increase at this stage.

Researcher: I must say this is the first time I hear marketing as serviced in shared services.

Interviewee C: It is interesting that marketing support and a lot of this is about writing. It is writing proposals for clients, its writing articles for media, it is writing speeches, and all that type of things. So a lot of different writings we do we also do, we take it is probably the last area that you can probably still hear them here, take calls, we take calls that come through Company C.com website for various countries. so each country has its own sort of version of Company C.com website and it got contact number at the bottom all of those people who would phone that contact number would come through to this building. for, again for the Western Europe, right, and then we do, that's lot we do, events support, events management so when Company C sales group trying to set up an event, you know, being sort of IT forum, or whatever we would handle the sitting up the registration, sending out the invite, checking who is there, checking who we should send the invite to, you know what I mean, all that type of thing. and then if, sometime they even ask us to fly across to the country it’s in and actually handle the day as well, you know what I mean, and get the feedback of to its provider. we do a lot of event support here, and then we do what we call a proposal help, every time we doing a business proposal or sort of betting for some work a lot of the consultants will sort of give us 'I need this information in a nice fancy presentation please and we will do the right fancy presentation for them

Researcher: Very good, thank you very much and so like even concentrating on a marketing that was previously serviced in each country, right?

Interviewee C: Yeah.

Researcher: So ok that's it, and how are services being charged back to the locations or divisions serviced by your shared services.

Interviewee C: We got sort of two main charge mechanisms, so first one is cost plus, and the second one is, they basically provide us with the charge number and we charge that charge number. and then we would also put the sort of premium on them for our ends sort of costs as well so the majority the services we provide basically we charge them back on a quarterly basis we charge them cost plus, whereas what's happening in a lot of marketing functions is that we only charge for the work that we do, so that's a lot riskier for me, because obviously I have to make sure that the team are doing work, because if not I have to eat that cost myself,
right and I am a cost centre and not a profit centre so if we I am not charging work out than I will go under budget and budgets are heavily scrutinised my responsibility is obviously through my senior managers that report to me is to make sure that guys are constantly getting work in, right.

Researcher: Perfect, thank you. And how do you five governance and consistency within shared services.

Interviewee C: Globally or locally.

Researcher: No just locally, we can concentrate in shared services in Ireland.

Interviewee C: So I think again, the governance structure is the structure. So sort of within my area now I have four senior managers reporting to me. So I have two of them that look after finance and accounting and one of them looks after operations and the other one looks after marketing and communications, so those four basically. So those are mine direct reports. The rest, 180 reporting through them. I would meet with each one of them individually we sort of go through to be quiet honest I relay on them heavily to run the operation, I don't, I really seldom need to give them guidance on anything and that's what you would expect from your senior managers. from time to time they would sort of bounce and give me to approve things but for the most parts it’s to make sure that they operation is running smoothly, we meet once a week on a weekly basis as a leadership group, we would share ideas and that type of thing as well. In terms of governance that's really the way it is managed within my unit.

Researcher: And the consistency is?

Interviewee C: The consistency is basically through, we manage consistency through things like, within finance and accounting it is quite simple, we got US GAP that we have to manage, we have got statutory accounting, we have got internal controls, Sarbanes-Oxley controls all that type of thing, we have internal audit, we have external audit, there is a lot of mechanism to manage finance and make sure it is done correctly. In an up for example there is things these Senior Accounting Officers, is a SAO controls as well. And those to be quiet honest give us a huge level of confidence that everything is going well. We do have SLAs that we sort of manage in all honesty we are actually right now trying to redefine those. we just gone through the review process with our key customers, and it is very evident when you go through these you going through another serious of reviews with them where all our SLAs are green right and our key customers kind of getting, yeah let’s move pass that, let’s get to the detail. Not all the SLAs, because the SLAs are meaningless to me at this point, they have been green for the last ten years you know. It doesn't tell me anything, right. So now get to the right so what are your risk what are your concerns, what are your goals and objectives for the year? So what we are doing right now, we are going through next size within finance any way, when we try to re-define what the SLAs and KPIs are. Because the one that I have right now are meaningless. They really are meaningless. We still produce them because we need to, because if we stop then somebody would ask a question. but what we doing rather we are meeting with each of the finance leaders and we sort of saying to them right gives us your list of risks, what keeps you awake at night? what are the things that you worrying about and lets once we got that list, we than make sure that our goals are tidying to that and then what we do we say right, let’s make sure that we are in the periods, or the next quarter we will come back to you with the report to show you how we can mitigate that risk, right, and that to be quiet honest is a lot more useful than going and saying that we are green on the SLAs. Big deal. So that's within finance. Within marketing and communication is a lot more
sort of tactical if you want, because it is very specifically focused on the project that we working on. So if it is delivery of speech, or if it is delivery of the presentation or whatever it would be very much focused on that. Each of us, each of the team are gold to look at the high quality and the high service. what I keep on saying them, because, a lot of my job is going around to team meetings and sort of talking to them, asking questions and answering questions and all that type of thing, and what I say to them is: we are only as good as our track record, right, if we wanna tell our clients our Company C customers clients, whatever you wanna call them, that we can do that complex work, we got be able to prove to them that the work we already have we are doing to the highest standard, right. I can’t afford for us to show the bad rating on the internal audit report, I cannot forth for them to pick up the problem where we hadn't made the payment, or we hadn't done something on the books, or external auditors picking up on the issue, you know what I mean I just, if that happens our credibility gets cut down and then our ability to provide value, and our ability to grow is immediately impacted.

Researcher: Ok. And do you use any SLAs or do you find useful SLAs for marketing.

Interviewee C: No, because marketing work that we do - finance we have one customer right it is finance director for the country and so you always working with that person, for marketing and communication you may have 100 and you may not have that same customer again for another couple of months, so really, so obviously that would report up to a marketing lead somewhere. But that marketing lead really doesn't wanna know what we doing as long as I am keeping his people happy, right. They are not particularly interested in looking at SLAs and reading it as long as we keeping people happy. so from time to time we will, we sort of doing interviews with the marketing lead, you know, so for example Marketing Lead for UK & Ireland is hugely impressed by the work that we doing, and is almost, sort of taken us out under his wing, and is, you know, promoting us to his people because again, the way that structure work is, we come back to selling organisation you have sort of the industry splits, but you have also growth platform splits, you have capability split. So not all of the people who work in marketing and communication report to that marketing and communication lead they could report to completely separate organisation globally. it is quite difficult and it is not quiet appropriate for us to be able to go to him and say, look I am doing all that great work, yeah whatever, as long as I am hearing good stuff that’s what I need to know, right. It is lot more difficult in marketing and communication, in operations and in finance it is very simple and we do have SLAs and KPIs, but as I said we are revamping them at the moment, but not so much in marketing.

Researcher: Ok, perfect. There is different type of shared services model. I specify, for example Whirlpool would only have shared services concentrated in finance. Your is multi-function? Isn’t it?

Interviewee C: It is multi even more sort of globally, globally we do, there are two other areas that we do, two large areas, obviously HR being one of them, I don't do HR support here, the HR support is done down in Prague, Buenos Aires, and China that what I am aware of. The other one is what we call, Client Financial Management CFM so and I don't do any CFM work here, basically the CFM is finance as well, but it is completely different arm of finance. These are finance professionals that support our consultants out in the field. So when you are out in the field you have, you won the deal for example and you providing the service to this client, or you doing this project for this client, you have got the budget, and then you have to build the client. So management of that budget, management of the financials around that, billing the client, making sure that all that feeds back into our ERP is all essential and is
not really a skill of the sell person, you know what I mean, so we have finance people who worked with them; and depending of the size of the deal will depend on the level of support that you get, so if it is the small thing you will get somebody situated in India, whereas if it is a huge client of ours it could be multimillion dollar contract, right, for example, than probably you get a dedicated support, right so you will get somebody setting with you, or may be in the other country, but you have one person, that would be High skilled and that person would do all of the staff from the beginning, so even the deal shaping, getting involved from the beginning right to the end.

Researcher: Ok, perfect, and how would you describe employees relationship with the internal customers I know you have mentioned that it has to be extremely good. They must have a lot of trust.

Interviewee C: Yeah, so basically, for us, the trust is one thing and you develop that trust through your track record, right, I think that most people this days are very sceptical, so you cannot get to somebody and say : trust me I do the great job for you. You got a show that you gotta do the great job. So the first element for us would be trust, and the second element for us is building our relationship. There is two things I say to people: look you almost want to be friends with the clients, you know what I mean, you almost wanna be in the situation where you would be ok to phone them on the weekend just to chat socially. That’s the goal, we not there with everyone, but that’s the goal, right. And I sort of say to our group as well, we need to be in the position that we telling that finance director in the country, what’s going on in his country before he knows it about it, right. That’s our goal and that’s how you build the trust, so than they know you not just the number crouching transaction processing person, you actually adding value. So we go to them and say, right, we will be aware for example of VAT rate change, or something along this lines, and we will go to finance directors and say VAT rate change is coming, if we are lucky, he will go: I didn’t even know about that, fantastic, right, so what we are doing about it and he will lay out plan. This is what we need to do, this is where we need to start, this the support we need from you, ect and we will add up the plan so that’s kind of the goal, right, and as I said in some of the countries we there, we had that relationship another countries we don’t, we still building it up and developing it.

Researcher: Perfect, thank you very much. So in terms of what is important for your internal business clients? Is credibility, could you maybe a little bit expand on that?

Interviewee C: Yeah, if you take the UK & Ireland, and this is probably a good example to explain that, UK introduced this control measure called Senior Accounting Officer, or SAO, right, SAO control and basically SAO controls in UK are particularly strict. What it means, is that finance director who signs it of the accounts and there are material mistakes, he could personally be fined, so it is personal fine and not a company fine; or he could go to jail, all right. Now those are in the UK, pretty much guaranteed that that’s gonna expand to Ireland at some point and to the rest of the Europe at some point, right, so those controls are coming. So in terms of that we need to be able to convince this guy that we can keep him out of jail, you know what I mean, so obviously it become very personal, right and that our focus. That’s our focus to give him that level of comfort that he can sleeps at night knowing that we are doing our job, right. So that’s why coming back to SLAs, which are green for the last ten years are not gonna help him, seating down and asking the question what keeps you awake at night, what are you worrying about, how can we help you, right, getting those questions, and going to him and being completely turns batch, if something is not going right, or is not going well, or it has been a mistake, we come clean straight away, we go to him and say, this is what happened, this is how we going to fix it, this is when it will be fixed and this is when we will
be updating you., do you know what I mean. So he is completely confident that he knows what’s going on in this building. Because it is completely different country, right.

Researcher: Perfect, thank you. And what have been benefits of having shared services based in Ireland?

Interviewee C: I think that for us is, the thing that I have mentioned earlier. Because we are cost centre, the corporate tax rate does not impact us at all, so there is no benefit of having shared service here. The corporate tax structure does not benefit me or my unit at all. But what does, is that corporate tax rate brings you know expansion in Ireland. It brings other companies in Ireland and that type of thing, and that’s provide the pool of resources; and to be quiet honest that say our key differentiator is that resources. That’s what separates us from other nine Company C Shared Services that I am in competition with, right. Because all of them they are my sister centres, they are also my competition, right. So the key for us is around the availability of skills resources and our track record. Those are two things that we have to quote.

Researcher: Excellent! Thank you. And how well have these goals and objectives been achieved? I assume very well, because you, constantly expanding.

Interviewee C: Yeah, exactly, yeah, yeah. At that stage we are highly regarded in our own organisation in Company C as being you know completely trust worthy, fantastic track record and delivery. One of our key customers, basically the way he would describe, Dublin: if you give something to Dublin, it will just get done, and it will get done well. I don’t know how they do it, don’t care, but just get done and that’s what he, that’s the reputation we have, and that the one that we have to uphold, because as quickly, it will take years, to develop that relationship, that reputation, that one or two mistakes and it is gone, right, so that’s the challenge constantly, to make sure that maintained, maintained or improved.

Researcher: Perfect. And you said that SLAs and KPIs are kind of useless at that moment; so in which we you measure the objectives and performance, are you still using the KPIs are SLAs?

Interviewee C: We are, but we are revamping them. So the term SLA and KPI is not useless, and you think that there is a place for it; the specific SLAs and KPIs we have right now are not particularly beneficial and we need to change them, to make them more meaningful for our clients. So what we are doing in the interim, we are going and sort of saying: right, again, if I use that UK example. I had a conversation with finance director, couple of months ago and I said: in the beginning of our fiscal year I said to him. What’s worrying you, what should we be focused on, where do you want me to add value, of the things that we are doing, what other things you want us to do differently this year that I didn’t do last year, alright, for me one of the most key words that we got to constantly focused on is relevance. If I am not relevant, than there is no particular reason to use me. So we have to continue to make sure that we are relevant. So one of the things he would, top of his list was SAOs controls, that’s what worries me, alright, so what we do is I say right fantastic, we take that away and I will come up with the plan that has objectives linked to every single one of them, to say that this is how we gonna make sure we gona keep you out of jail, ok? This is the plan. And then I go and present that plan to him. And he says: ok, yeah, fantastic, no problem. And in that plan there will be things like, you know, monthly check points, quarterly check points, right. So there are seven things that he wants to see monthly, that we doing, so I got back to him we have done it, well not me but the senior manager responsible for that area, would go back to him. On the quarterly basis, I will meet with him as well and we will go through, huge list of
things, usually he would actually come to Ireland so he can visit, meet the team, all that type of thing, we would take him through these, if he cannot do that we do that on tele-presence sort of with guests maybe; but very much it is sort of face to face meeting, even video conference, or face to face.

Researcher: It is very direct contact, you don’t benchmark one country against the other because that is not useful anymore, or?

Interviewee C: We don’t benchmark countries against themselves, for this type of thing. There are other areas that we would be benchmark. So for example, if you take T&E for example, you know people supposed to submit their Time Expenses but they forget, or they late or whatever, you can sort of get matrix which country is better than the other; and that’s helpful to the degree right, the finance director looking at, he couldn’t care less. He really couldn’t. Sometimes at the impact the financials, if the number is huge of people who haven’t submit their Time & Expenses, yes it could have impact the financials; but we would be reporting to him that any way, you know what I mean, but if he is missing 1000 time reports and Germany is missing 2000; he couldn’t care less, right. Is all about his country you know what I mean. We do it a little bit of ‘naming and shameing’. And sometimes it works and sometimes it doesn’t but it is mainly about the country.

Researcher: Perfect thank you. There is a common trend of value creation within shared services, what are your company’s top priorities to drive value from shared services.

Interviewee C: So the thing for us is, and we are going, we are quote that we use here we are doing the things in service centre today that’s six months ago people said they can’t be done in a service centre; and that again is the quote from our clients, and not only they can’t be done in shared service centre, they can’t be done outside of the country, right. So for me value creation is around constantly pushing the definition of what should be done in shared service centre, constantly staying relevant, and constantly being on the go to the customers and provide something that they didn’t expect, do you know what I mean, so and it doesn’t have to be every single month, right, that we wanna be able all to the key things up, are cost and risk, where can I drive down cost, where can I reduce risk and where can I impress my customer or my client. Those are things I want to focus on. Relevance is something that you have to do, if you are not relevant you are, there is no reason to use you. And if you are trying to grow, and you are not relevant, than you know, those two things are sort of contract, so for me cost risk and what to do to impress them, you know, and that might be a global project, it maybe something small, it might be sort of… client of ours going under and still owns us money, so you know receivables management team, contact them to say, they are contact them and say, when can we get that payment in, and we actually got it in, so fantastic, we have got the particular problem in the particular area. Some of our clients for example are understaffed; someone is going for maternity leave; somebody goes sick; whatever the case might be, and we are stepping to help; you know. No cost, no additional cost, we just do it; we get you through this period. Those are the type of thing, that we do to constantly impress, it is not always about delivering something hue, it is sometimes just about the combination of little things over time as well, that customer sees, or the clients sees.

Researcher: Ok, perfect thank you. And how would you improve shared services journey?

Interviewee C: Sorry how would you?
Researcher: If there would be anything that you would change; because you have been here from nearly very beginning. Do you think anything could be changed or you consider to be perfect.

Interviewee C: I think, no certainly not perfect, no! I think the biggest thing is, well I suppose, shared services when it started off, was unproven, right, if I can describe it that way. Whereas it now is a lot more widely accepted. I think shared service right now still has a negative connotation of transactional processing; and I think, the one thing that we are focused within Dublin, is trying to break, get midsection. And with the people who work closely with us, they know that what we do is not transaction processing; but every time when you speak with somebody; who doesn’t have experience of working with us: I didn’t know that you did that; that’s fantastic. I though you only transaction, process transactions so for me what would I do differently is, what am I trying to do is almost doing marketing for Dublin, marketing for high value shared services, recently I have been doing work with marketing and communication people. First meeting I had with them; they were unaware of the level of the work that we did here already, completely unaware. And I would expect them to be aware, so I mean I am looking at this and going: Jees, this is a huge opportunity for me there to do a lot more in terms of marketing what do, you know what I mean, so I look at this and going: oh that’s fantastic, that’s great, because now what can do, we go out really, sell ourselves more. This is a huge opportunity for us. And that’s the way I look at it. But I think there is a lot of work for me to do that. Company C is a big company, 270,000 employees, do you know what I mean, so there is a lot of misconception, a lot of misunderstanding of what shared services is.

Researcher: so you would like to increase this awareness?

Interviewee C: increase the awareness of the scope of the shared services. I think a lot of people still view the shared services as a centralised function and that’s it. That’s the value that you bring. Centralisation. Where we all know that centralisation is the first thing that you do from there you move to business, to shared services, from there you move to business services and that where we are adding the value and delivering the high quality, a high complex work. As right as you get to that stay three and beyond.

Researcher: perfect thank you. You mentioned a lot of high value functions, and what role is your organisation, shared services playing in analytics

Interviewee C: Analytics is the next big thing from the enterprise perspective. I think, we basically, again within Dublin we have kicked off a project, globally using analytics on our expense auditing. So obviously one of the thing that we have to do, is make sure that all of the expenses that are claimed and those are both internal and external expanses; so you know some of those trans-back to client some is not, is all internal cost. But all those expanses had to be audited in somewhere checking point to make sure that all of them are compliant with the policy and all that type of thing, do you know what I mean, as a global company we need to be very very sure that we are above question. Especially staff that is going out to our clients, so it is checked but it isn’t checked 100%. So one of the big projects that I have actually kicked off and I am a global lead for this project, is using predictive analytics to identify which clients we should audit. Which client we think are going to be not compliance, instead of auditing large percentage of the expanses, we can audit small percentage and actually identify that are non-complaint and either reverts them, say we are very sorry, you should not claim that, or get them complaint with the policy ok. And as I said we used predictive analytics to do that. Company C in Ireland, so this is part of our sales force, has
open, three years ago has open analytic centre; so we work with them; because we are not an analytics experts, so you need to be management scientist or the data scientist, or whatever the case may be to be able to develop this algorithms, and all that type of thing. So that’s we have done. That project has been hugely successful. And they deployed that for in three regions, Europe, US Canada and Latin America and I am now about to start going live with Asia Pacific as well, alright, once we have done that, we are pretty much deployed that to most of our geographies Africa would be sort of the next one, although we don’t have to many countries there. But that would the next one. So with the success of that project, we are now looking at the predictive analytics, so other tops analytics in a lot of other areas. So you know finance for example. There are loads of areas where you can use it analytics in. and what we are trying to do now, we are trying to establish, a sort of analytics hub in Ireland, that it would look after, still under our shared services , but it would look after enterprise analytics. Because the analytics we have, is all focused externally, so what type of analytics we can do for our clients, but we want to focus on internal. So how can we reduce risk, how can we reduce cost, a bit of forecasting, all that type of thing.

Researcher: Perfect, thank you very much! Analytics seems very interesting. I definitely have to looked up this predictive analytics.

Interviewee C: I did blog, I had to as a part of my course on innovation. I can send you a link for the blog.it is just short blog on analytics and innovation.

Researcher: Perfect. Yes please send it to me. I will definitely send follow up email to you, to remind myself about that. So just in general what trends, you think shared services organisation will follow in the future?

Interviewee C: So I think, the big, for shared service is about, constantly pushing the type of services that we can provide here. Because I think there is huge scope within that. And I think the shared services model works, right, and I am yet to see an area it won’t work. Every time somebody said to me it won’t work, we tried and it does, do you know what I mean; I think for us, I think shared services are about, we need to stop being so reactive. We need to be driving the change as supposed to reacting to the change. Taken on more scope of services that’s fine, and I think that’s important, and as I said to you, I don’t believe that there is any area that we can’t do. But it is not just about to take on more scope of services, right. What our customers are gonna start wanting, and if I would be customer of shared services, what I would be wanting is, yeah that’s fine, but what else you gonna do for me? How you going to improve my business? You know Company C is a company, if you like at what our watchers are, we make companies governance, we make those successful, we make them profitable, that what we do, alright that’s what shared services should be doing. How we make our clients, more efficient, more profitable, how can we do that, how can we add value? So it really is important for us to be able to go to them, our customer, and our clients with ideas, not just seat back and kind of go, instead of them come to us and ask can you do this, yeah absolutely no problem. We need to be going to our clients and saying we wanna be able to this for you. Analytics is a good example, right, we started that project. It wasn’t our clients coming to us and saying can you do this, we started, right, we had to fight to get it approved, right but as soon as you got it approved, now all of our stakeholders including our CFO, and again CFO, very very very senior person, right, wanted to know what’s going on with this project and what’s the benefits and all that type of thing. So that’s the good example of what we got to be doing now, we got focus, and yet that’s great ok. How we make it easier for our clients. Looking at the staff that’s going on in the world, one of the buzz words right, is be big data, it is analytics, cloud, mobility. All the areas within that we can add value too. The
big one that we are focused now is social media. Social media networks, how we can use the power of social networks, to enhance value that we create, right, and Company C has own internal things like Facebook and twitter, and all that type of thing, right. And we use that now, it is still in its infancy, it’s interesting but it is not yet adding the value I would expect it to add, and that’s we need to take it. For example I make sure that I post feeds up on our Twitter/Facebook account at least few times a week, right. It is a way of keeping my team informed on what’s going on, right, it is a good communication method. As oppose emails are, right, most of the time emails get at most 50% hit rate, right, so 50% people open that and another 50 won’t where is everybody gets this, as it gets this feeds in: yeah and people are calling back. So it is a lot more interactive, because now everybody is coming to you back and you learning from it. So how can we use social media to develop ourselves further too, to enhance our skills, to satisfy our clients and customers better too. And that’s the next question. I don’t know the answer to it yet, but that what we are trying figure out.

Researcher: So social media, analytics, is there anything else you would like to change or dive to shared service in the next three to five years?

Interviewee C: That’s what we know by now. Our challenge is what else, right. Because again I don’t want my unit to be reactive I want our unit to be proactive. Go there at it to our clients. So that’s what we know now, the question is what’s next, right. What’s going to be the next big thing.

Researcher: Perfect thank you very much for a taking this interview with me.

Interviewee C: No problem at all.
Interview D

Researcher: Thank you for meeting me today.

Interviewee D: My pleasure.

Researcher: I will just ask you few questions.

Interviewee D: And I will do my best to answer them.

Researcher: Thank you very much. If we could may be start, if you could briefly describe me your position and how long have you have been with the company?

Interviewee D: I am the Finance Director and the regional controller for Europe Middle East and Africa. And I have been with Company D since February 2007 in that role since I have joined.

Researcher: Ok, perfect! Thank you very much. If you could just shortly tell me about your organisation? I mean here whole organisation, what is the structure?

Interviewee D: Yeah again briefly and a lot of this is on the web and so forth. Our CEO is X. And he founded the company around fourteen years ago. Company D is an engineering company and X’s directs reports are engineers. Software engineers, hardware engineers. That their background and in terms of other stuff his reports, there is really only three people who reports to him who are focused on building a fantastic products for users, creating amazing experiences. They are Y who is our sort of our Chief Business Officer, he is focused on selling. Z the head of legal and also he has someone called R and R looks after our external relations, governmental relations our relations with media. So that’s Z. And my ultimate boss is X but you know then it is P, who is our Chief Financial Officer. So he looks after finance, he looks after our working in Fiber. There is the thing called Company D Fiber, which has gone live in Kansas, and we have the great plans for. And he also has the head of Human Resources department reporting to him as well. So when you think about it then there are multiple engineers of the staff but there is just sales, legal, finance, HR and the seven direct reports, so like engineers in various, you know what I mean. So that’s that. In terms of Ireland how is organised. We have over 2000 Company’s D employees here. I think 2300 Company’s D employees in Dublin. And 1600 of those are focused on sales. Something like 60 languages are spoken here. 99% of our customers is touch-less. If you want to advertise and if you want use adverts, you log on you give your credit card details you identify your key word, you put, you know it is an auction system. And again I am not trying to describe that, but that 1600 folks there are focused on selling and working with our customers and making sure that you know, between their business and what we can offer, what services we can offer that we optimise that. But that’s like, 1 or 2 % where there need to be a human interaction. We have hundreds of thousands of customers so you have to have a hundred you have to have fifty thousand people here if it was every day on the phone and stuff. So it is sales. There are over two hundred software engineers, and they are primarily focused on maintaining EMEA network infrastructure, of network equipment and service. Ok. Because
you know we have data centres in Ireland and across Europe. Things called POPs Points of Presence in multiple countries across Europe, Middle East and Africa. So when you do a search say, and the ways it happens in that mille-second that you get an answer, there is a huge infrastructure of data centres, POPs, etc. to support that and they work really hard to grow and build that infrastructure so that experience is a fantastic one. And then there is basically everyone else. Which is finance, HR, legal, folks that look after our facilities, security, logistics etc. and I shall tell you a little bit about Company D. In Company D when you look at our organisation, and this is like allograph on this for every sale, finance, HR, legal person we hire there needs to be an engineer hired. So effectively it is an engineering company, it is a technology company we want it to be, no matter how big we get, 50% of folks are based on working on building the things. Software, product, they are focused on building a fantastic things for the users and the other 50% are focused those selling those, getting the world out and supporting the business and the Company’s D employees. So that’s, then, so how it is divided into selling division. It is based on markets; it is based on how mature the market is. Our most mature market in the world is UK one, even more than US one. So you have markets like that and then you have markets like Kenya, emerging markets.

There is a whole range, effectively for sales Europe, Middle East and Africa is broken up into two areas, there is area called NACE, which is Northern and Central Europe, which is UK, Germany, the Netherlands, the Nordics, Belgium, Switzerland, Austria, and then there is the rest of scenario, which is Africa, Russia, Eastern Europe, France, Italy, Spain, Portugal. So they are the two, each of those are headed by folks, and folks are doing marketing on those two regions and there is the whole series of marketing officers across Europe.

Researcher: You having, all of the sales basically happen from here?

Interviewee D: That’s right.

Researcher: This is very unusual especially looking at the way other organisations would be previously organised, they would be very decentralised.

Interviewee D: I guess for one think you know. Company D lenses of the centralisation, because it is all based on-line. Also we strive to keeps things simple. Ok. What that means is with customers we have standard contracts, we don’t have, and we have whole finance team, that focus that we stick to it, we don’t do side deals, we have standard contracts, with the standard contract terms. We have founded this when we acquire companies there is a huge availability in sales contracts and if you are accountant that causes a huge issues with the revenue recognition and get it, it right, but it also creates a huge issues with your systems, with your ability to manage risk, your ability tom meet the terms of those contracts, because they are so variable etc. We don’t do that, so there isn’t really a negotiations around our contract terms they are standard our IP is our owned by the US, and 99% of our interaction with the customers is on-line that comes from here the ownership of the intellectual property is in Ireland, and there is a licencing fee, so I think it is not unusual I think it is pretty standard model a lot of companies would have this similar sort of model. Again I think Company D is a brand new company, younger then a Microsoft or Intel right, it has only been around fourteen years so what we doing isn’t anything wired or of the sky it is actually it is
actually quite simple, because we came pretty much straight in with that model, and it was a model based on the shoulder of other, US multinational companies the way they structure things you know, and obviously you know I don’t really want to go into the tax but that’s one of the reasons that we are here. Have you met with the IDA, have you met with the IDA.

Researcher: Yes, I have.

Interviewee D: Alright.

Researcher: I have met with F.

Interviewee D: There you go F, I know F, so he will tell you the reasons why companies come to Ireland, and you will see the things they call the four or five T’s. So he will talk about the Time Zone, Talent, talent is a huge thing, as I said we have 60 languages spoken here, and this is the reasons why we are in the centre of Dublin, we have been able to attract the brightest and the best from around the world to sell. So Talent, Tax is there, although I didn’t want to open with that, Track Record is another reason is another one. Again when was talking about the structure a lot of companies led away I mean digital where here, Apple, Intel, HP, Oracle IBM F will do better job with telling you this ones and then Company D was one of the first like, LL is also here as well, it was one of those internet based on line type of companies, and then you see Facebook, Twitter, LinkedIn, all having their EMEA head offices here, with I would imagine very similar type of structures because that the way the online business lenses it is a standard model. The one thing to pride ourselves is the ability to take a products and services and form this head office here to be able to ban, take the new reiteration of those and populate them across markets, across whole of EMEA, to be able to do that have a huge impact really a fast, high velocity you know. So that’s one of the reasons why we are here. So it is all of those things. In terms of, I will just narrow the way down here, it is 200 people in terms of accounting there is only 45 of us. 3 folks in Russia in Moscow and the rest, sort of 42 Company’s D employees and what we look at I think there is a questions here I am carrying away of myself. What we do is we look after to keep Company D legal in the sort of 40+ countries where we have legal entities. And that’s our job so if you want to do it, so there is no accounting been done for example in the UK or in France, or in Spain, or in Kenya and this is the power of shared service model that all of the accounting for all of those 40+ countries and multiple legal entities that’s done in Dublin, or control in Dublin or Moscow.

Researcher: And you would have like transactional process like accounts payable for example here.

Interviewee D: And that’s again, remember when in was talking about lean and different forms of waist, wrong waist, intellectual waist, ok. We don’t want Company’s D employees, I mean it is incredible important to pay the vendors on time, because it will close down you know you can close down the data centre if you don’t pay your electricity bill, but we don’t Company’s D employees doing that work, we would like to eliminate it, automate it make it leaner process so with that work we use Arvato financial services to do our credit cash and collections we use IBM to do our AP and P2P, we have a very successful partnership with
Accenture who in Bangalore, Buenos Aires, Warsaw who helped with our back office closing the books, reconciliation they help with some of our compliance work. And then for the professional services we use one of the Big Four in this case PWC to help. So for example when you got to Turkey right we use the PWC office to make sure we file our VAT, our corporate tax, they help us with our parallel books, they help with our statutory financial statements, because we don’t have a Turkey speaker and guess what there is an office with all of this specialties in Istanbul run by PWC and they will do, we will make sure we partner with them and we will do a good job to keep Company D legal. We don’t try to create the PWC Istanbul capability and competency in Dublin among the Dublin team. Our jobs is to partner with them make sure we are running a lean process, we getting value from, but ultimately that we are keeping Company D legal in Turkey so that’s kind of the model. Outsourcing professional services and that’s how effectively 35 ‘accountants try to keep on top of it. And if you try to do it yourselves you would be looking at 350 accountants and that would be something insane and they would only working like two weeks of the year full stretch, because that’s how long it takes to put CT return together for Turkey say, ok don’t quote me on that. I have no idea how long it takes to put that CT returns in Turkey, anyway. Ok

Interviewee D: What was the primary driver to implement shared services? It wasn’t my decision, it was and again this is one of the benefits of Company D being such a new company. When we set up we weren’t burden with the legacy, we burden ‘hey this is a €100 company’ we have finance teams in France, Germany, all our big markets we were so new we went from the base of zero revenue to very quickly being a billion dollar company and then beyond huge growth rates and so we adopted a shared service model pretty much from the gecko. Once we started there was like 5 people in our rented office in Dublin the intend always that shared service centre model and so that with no pains with more matures established company like Pfizer had to in order to create shared service centre in Dublin, which I think made their decisions in the late nighties. It is unravelling a lot of infrastructure and knowledge in multiple countries. We started with the shared service centres.

Researcher: That’s what I have actually learnt from F he gave me completely different picture you know. As I said the research with regards to shared services is very new, because of that even this type of model that you starting from the shared services and starting from something that is very efficient instead of going to decentralise there is no literature about that. So it is interesting to hear about that from you and how that works for you. With regards to location we did cover that little bit

Interviewee D: A little bit and it really is a lot of all of those I like the IDA template of four or five T’s. it is Talent. And the reason that we are in the centre of Dublin, is that we want to attract the top talent from around the world. And when you coming to the capital city like Dublin, it is a small city but you want to be where the action is you want to be maybe able to walk to work, cycle to work, get the bus to work, and live locally and enjoy being in the capital city and everything that goes with it. So that’s why we are here rather in some, we are not like Intel where they you know between the Maynooth, Lexlip and the middle of what was the field and the only way to get there is to drive and you don’t get that. It is a very
different working experience being in the middle of the things here and so for those folks, a lot of them have grown up where they have this experience. You know it is a way of attracting talent, hello we are in this fantastic location, and it is interesting actually you even seeing that even in the States a lot of start-ups, they would have you know ten years and five years ago they would have got offices in parallel to Cupertino, Mountain View but a lot of them they renting an office space in San Francisco for that very same reason it is that people love living, the demographic they are trying to attract, like living in those cities, for that stage of their lives having that experience, be there and not having them commuting on the freeway to come out to us. So that’s kind of the same things and you see that for example with the companies like Drop Box started in San Francisco.

Researcher: Perfect thank you so location is covered. We did talk a little bit about the relocation and the reasons why Company D would outsource some of the services is basically to.

Interviewee D: We want Company’s D employees to do (...) work, we pride ourselves in attracting really fantastic individuals. And so we don’t want to disappoint them by saying this is a stack of the invoices you need to get through. And again, eliminate, automate, make the processes leaner and so forth. And it wasn’t always that way. When I have joined we didn’t have outsourcing so you have a Company’s D employees doing bank reconciliation, like two hundred banks reconciliations. We didn’t have the level of automation we have now. Hey guess what it was a start-up, you know. And you starting with handful of banks accounts and the suddenly it becomes hundred. So it was like: ‘Hey welcome to Company D’ this is your bank reconciliations. We have moved from that through elimination, automation and outsourcing. There isn’t anyone on the team doing bank reconciliations. Where go back six year five years and there were. So we get rid of it all and we had to, very quickly, as the business gets bigger and bigger, but when you are in the start-up situation you can find CFO ordering a photocopying paper. You know what I mean, hey we are cleaning firm you have to order a paper, we run out of the coffee ok I will order some or I would rather go to the Lidl and buy some, it is a natural progression, and that’s what we seen within the finance department base in Moscow and in Dublin,

Researcher: This change is occurring in every company I suppose, just in Company D from the start-up to where you are now after fourteen years it happens very quickly. That you did eliminated all of the transactional processes. It is sometimes difficult for other companies but I suppose the revenue growth.

Interviewee D: Also we didn’t, we partner with our vendors so there are, I pick up the Accenture. As I said the Accenture have tens of thousands of people working the business process outsourcing space. So we went through a long process to pick, a competitive process pick that vendor and then we worked with them and pick their brains around of what is the best practice and then we also changed some of the ways we were organised, so they align with the way we were going to partner with them in terms of closing the books, doing a reconciliation, and so forth, so for example we created, help us standardise our processes we created standard process towers and so again that was also, we had to do that, to partner
effectively with Accenture and again to help us simplify the thing and outsourced in the clean structure way.

Researcher: Perfect! Thank you. So Interviewee D could you please tell me briefly of the way the shared services looked when you started and what functions they offered and subsequently what they are offer now?

Interviewee D: When I joined six and the half year ago it was, you know obviously I wasn’t ordering photocopying paper right but there was sort of about twenty people on the team so the team only growth just a little of 50% 60%. But there was 20 people on the team, probably, not probably it was less structured and every one was doing a little of everything so folks were looking after their legal entities, the compliance and so forth and also the closing the books and doing the reconciliations. We didn’t have any outsourcing and then when you go before my time you had Company’s D employees paying invoices and so forth. So it just grew and it get to the certain scale, like look we don’t want Company’s D employees to doing this work, we need to partner with firms like Accenture and move that work to that BPO, the same with credit cash and collections pretty soon we realised we need to work with Arvato Financial Services as they have an expertise in it and globally we do that work and partnership with them.

Researcher: Perfect thank you. So how services are being charged back to locations? Are you still doing that?

Interviewee D: What question is that?

Researcher: It is question eleven

Interviewee D: We have jumped?

Researcher: It is only a guide and question8 and 9 were asked together, but please feel free..?

Interviewee D: Let me talk about ten, on eleven I don’t know. Going totally to the detail I don’t know. On eleven the majority of our entities are audited and we make sure that we have transfer pricing, we have intercompany contracts; we have services that charge back that’s put in places that transfer pricing. A lot of our marketing entities are on the straightforward cost plus and the percentage that mark-up is based on the OECD guidance so we are doing that way. But I don’t want to go into, it is x per cent blab la bla. In terms of functions that are performed in Dublin I really briefly will try to go through this: fixed assets, we have billions of dollars of fixed assets in the EMEA, one of the things is that it is a capital intensive business with all the servers and networks and equipment and so forth. The job is to account for those and safeguard those. There is a team to do that, there is a team that look after our sort of eighty legal entities across EMEA, we are making sure that you know that we file our statutory financial statements, we get the clean audits, we file our corporate tax, our indirect tax our, holding tax and we work very closely with our tax department in doing that. There is another team that is very much focused on closing the books and making sure that the close process goes smooth that we close the book in four day and that we are, that our reconciliation are really rare burst, because that’s the foundation of your books and records.
There is another team that is focused on acquisitions, Company D is a very acquisitive company and making sure that they get successfully integrated to the business from the finance perspective and not from the business perspective that we work with the business team. And then also ultimately when we don’t need them we get the eliminated and this is kind of waste agenda as well in that money hundreds, in the last couple of years well over hundred legal entities, probably around two hundred were eliminated and if we didn’t have that particular focus all of these legal entities would be still sitting around, incurring audit fees, tax fees, having money sitting on their bank account and just being waste. So that’s the big focus. We are also focus on the managing with our vendors being professional services, Accenture, and so forth, so that really critical and with our auditors Earnest and Young. So they kind of main bits so it is safeguarding our fixed assets, closing the books, is keeping all our entities in EMEA entities legal, is eliminating excess entities is integrating acquisitions, and it is managing our relationship with our external auditors E&Y and with our other vendors, E&Y is different type of vendor.

Researcher: Thank you! And how do you drive governance and consistency across shared services?

Interviewee D: There is four other regions really, there is APAC which has my accounts part based in Sydney, there is LATAM my accounts part based in San Paulo and there is team looking after US entities and there is a global controller. So we ensure consistency through things like desktops by having standard metrics pack, also you working with companies like Accenture we work very hard to make sure that things are simple and consistent but also organisationally by having Global and Regional Process Tower Leaders, so that’s effectively how we make sure that, we also have system thing we have one instance of Oracle, you forget about this things, aren’t you, they are so obvious. Wait the moment, but then you realise that some companies don’t have these. We have one standard general chart of accounts, and one instance of Oracle.

Researcher: One ERP through the whole company?

Interviewee D: Thought the whole company, all our entities are on that, one standard chart of accounts and one instance of Oracle. Things like that again ensure that things are you know we strive to keep it simple. The things are consistent and standardised. So if you are doing your reconciliation, regards where it comes from it should look the same and it is measure the same way.

Researcher: Perfect, thank you. And in terms of internal controls, you mentioned audit and the relationship with the external auditors and internal audit, what role does your organisation plays in oversight of internal control?

Interviewee D: We are accountable for maintaining low-pass internal controls and you have SOX and all of those things, so we do that, we have standardise dashboard where we check if things are on track we also do risk assessments and we partner those risk assessments across finance and also with the internal audit. And the other thing is we work really hard to avoid just you know what we are doing is risk assessment, focus is on managing risk, don’t just do
the assessment, think you done you look at the results of that assessment and then decide do you want to do something and if so, what you want to do to mitigate that risk and manage it. So that’s what we do.

Researcher: Perfect. And how would you describe your shared services business model?

Interviewee D: You know it is funny question, because I couldn’t even tell you what the different types of shared services models are. I know we are one and so I will let you figure out where that is on the spectrum. Rather than saying there is the five shared services centres models and we are type D. is that ok?

Researcher: Yes no problem. I suppose it is a very broad model because you have even internal sales here, and marketing you have mentioned.

Interviewee D: It is a bit like when I was talking about how you can make sure that things are clear and consistent and I nearly didn’t say that we are on the Oracle, chart of accounts and one instance of the Oracle as I said we strive to keep stuff simple, you know to do things quickly with high impact and so therefore we don’t have the multiple shared service centre scattered around in EMEA we are trying to keep it really lean. And that lenses ourselves to the structure we see at the moment, we are always pretty humble we are not pretending we have figured it out, we have our secret source it was open and learning but we are always conscious of fact that when you things with high impact high velocity and we strive for simplicity

Researcher: And can I just ask you out of this questions just about Russia, Company D has a huge competitor in Russia, and because of the different alphabet the Cyrillic you obviously are growing there if in your team is three accountants based in Russia. Which is a huge market, can you tell me a little bit about that?

Interviewee D: We are Super Ball in Russia. The bulk of the folks in Russia they are doing they software engineers, Russia as a culture is as you know, scientist and mathematics always been very strong in Russia which our leverage out of that by having some fantastic software engineers we have a growing business in Russia, I won’t tell you what a revenue is and how it is going but it is a competitive market we are not the number one we are not the most popular search engine in Russia. The most popular is XX so we have got very smart competitor there.

Researcher: Do you think you could acquire XXX at some stage sorry for asking

Interviewee D: you know what, look I don’t drive that strategy but no, what do I know, but I don’t see that happening, probably that wouldn’t be either healthy for the Russian market right you know, we just need to do a fantastic, and we are trying to do a fantastic job for our users in Russia, be relevant grow our customers base and I think for some of our offerings like maps, YouTube and so forth why shouldn’t we grow the market and compete. Company D isn’t really like about looking at competitors, and stuff like that, it is not our number one focus, our number one focus is our users right, so you put the user fist and then it is right, what our users want, simple interfaces, products that talk to each other one instance of
Company D, really quick results so that the focus, so we don’t have like strategies, that say ‘O XXX is doing that we need to do this’ no. Company D is the company that’s try to do fantastic things and have incredibly aspirational goals and so that’s our focus in doing those that our users love us basically.

Researcher: Perfect, thank you. I won’t put that in my thesis. I was just curious myself.

Interviewee D: haha Yeah. What’s happening in Russia.

Researcher: Because in most of the EMEA you would be a number one.

Interviewee D: It would probably be the favourite search engine yes and in that big market we are not. But that’s healthy too.

Researcher: Yes I understand thank you. And how would you describe your relationship with the entities you provide the service to? You said that there is two hundred legal entities.

Interviewee D: I think I said that globally we eliminated probably around 200, I think that now there is around eighty odd so in EMEA yes. Our relationship with entities…I mean there are entities, so we are accountable for keeping them legal and we are structure in the way that individual Company’s D employees have portfolio of entities that are effectively see let the CFO off there are on point to make sure that everything gets filed and controls are a boosted and that we really do a good job in that area.

Researcher: And what is important to your internal unit customers?

Interviewee D: It is interesting that because we are not if you are HR all of the Company’s D employees are peers you looking after, but our customers are ultimately the shareholder, our customers are also our tax authorities, our financial statements they need to be right because they are used by the media, so our customers are folks who working in that country, you know, these would be public document and Company D is increasing, our financial statements are of public interest. So there are our customers, the other departments are our customers, the tax department is our customers that we need to do a little job for governmental relations are our customers, so it is important that we a good job and keep them happy.

Researcher: Especially shareholders I suppose, because they would be ultimate

Interviewee D: Yes absolutely.

Researcher: What would be the benefits of having a shared services based in Ireland?

Interviewee D: Then I go to the five T’s that IDA saying. And the number one is talent and the Time Zone is cool as well. Does mean that four o’clock in Mountain View is logging on but it means that within three or two hours of working day we can interact with them and it does, you know you get some late nights but it is not every night a late night. So it is not like it is 8 o’clock in the evening and that folks in California are logging on, so that helps also and if you get in early or late you can have a call with Asia, with India there is a little of overlap,
that works well and the infrastructure here, Irish government and services are very pro-business and so that is again is a good place to do, to working.

Researcher: Ok, perfect. And just in terms of achieving objectives and using measuring instruments like SLAs or KPIs? Do you do that? And how effective is it?

Interviewee D: We have SLAs, not tones of SLAs because then they can become a kind of bureaucratic, and if you ever pulling out the SLA and saying: o you didn’t do this; you don’t want to go there you know what it means the things are failed, right? But we have a Key Performance Indicators and I will briefly talk about those around statutory compliance. So you know from the, commence of the field work to statutory financials being signed by Earnest and Young. We want that to be done in forty days and we have achieved that in the last few years. We only want it to be two audit adjustments from Ernst&Young and what I mean by that is that, when you think about it Ernst&Young come in, audit our financial statement which is everything the close process, our quarter end, the reconciliations, our understanding of the business etc., ability to work with legal, and really understanding the business and tax, and so we figured that if you have an audit and it comes out with fifty audit adjustment that means that something is wrong, your ability for example to twig US GAP and adjusted to local GAP, your ability to ratchet out on the materiality from the Company D ink materiality to the materiality do EMEA wide auditing too that’s relevant for the audit plan who is signing the audit opinion. So it is all about measure of that and the measure of, as I said early how well we keep the books on records. So it is almost like thank you E&Y for telling us the quality of work we doing, we look to be a maximum of two audit adjustments to the book here I found per audit. We also track over-runs, because that’s our measure of waist, so that’s it really so it is pretty straightforward. Time, quality, the number of audit things and cost of our over-runs so we track that.

Researcher: Thank you. There is a common trend of importance to deliver the value. What would be the priorities for shared services and your functions for finance to deliver the value?

Interviewee D: Bunch of things really, manage risk effectively, is keep focus on doing things more quickly, velocity, deliver things of high impact. So do things faster cheaper better is understanding the growing business, you know Company D is growing doing lots of different things so is understanding that, assessing the risk of that managing that. so these are the key things , where we can add value and the things like I said about the entities elimination where a lot of that work is project managed from Dublin I am really proud of that, is finding those sort of niches where you can really add value and partner with legal and the business and so forth thing, in reducing cost, doing higher impact velocity things.

Researcher: Ok, and how would you improve the journey? Is there anything you would change? If you have another chance?

Interviewee D: You know what I try not to look back and say, if only I did a b and c…you are living in the real world. It will be a little bit like saying if only I knew the lotto number. I am really happy in where we are, this is where we humble, right. We are really excited about every day. Of coming to work here and the stuff we can do. It is a fantastic place to work and
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Ilona Olszak

just keep doing what we doing. Focus on the keeping up with the business, knowing what’s going on. Delivering high impact velocity things.

Researcher: Ok just a last few questions. In terms of analytics, because Company D has enormous databases.

Interviewee D: There is like a Company D Analytics for our advertisers and customers they can use. And we have whole business intelligence team who are the experts in that field. Sorry, yes any way.

Researcher: So you doing analytics and it is a growing field I suppose. Ok.

Interviewee D: Yes.

Researcher: Perfect. And what trends do you think will all shared services programs fallow in the future?

Interviewee D: I mentioned that thing about really knowing your business and processes. Always looking to eliminate and automate and make things leaner. A things like value streaming where you identify where we actually adding value here so let’s do more of that and less of the other stuff, and then knowing your numbers and being on top of your data being able to analyse it and cut in slices is really important. But it always has been and I know it is causing a big data as well, and the tools are getting better all the time to be able to do that. But the tools just help you do a better job of knowing the business and getting the insides of getting so much data and do tones of analysis and still not do anything. So it is like white board syndrome where you can spend all your time writing things up on the white board, yeah you very smart you doing all that things but it doesn’t mean anything unless it translates into actions and doing something so you know we really strive to avoid that white board syndrome when you doing just successive analysis and analysis paralysis and you actually not doing anything but you got all of that wonderful documents and white boards and flowcharts. Is like with risk, you are always analysing it and you are not managing it. So there is a really urgency around doing things, so guess what if your wrong change it rather then you know we need more data or something. Company D isn’t a company just like, because that quest for perfect data it actually be an opposite of enabler, it can disabler organisation. So for example you know. We are on the very old version of Oracle. A lot of companies could be like we can’t do anything because we need to be on the latest version of Oracle. And it is no that’s not an excuse. Our credit data warezhpse use it because what can happen then is that right we need a new version of Oracle and that sucks up all oxygen in the company and takes twice as long, cost twice as much as its planned and in the meantime the business has moved on. And you were not doing your job you were just focusing on implementing newer version of Oracle. So we work hard to try to avoid that syndrome.

Researcher: So let’s say when you doing your acquisition so straightaway you putting everyone to Oracle?

Interviewee D: It depends on what you want to do with that acquisition. If you want to fully integrate that acquisition, if it’s like IP technology play so it is basically like, this folks here,
they are just fantastic, it is software engineers or whatever they created this amazing thing and we want to partner with them and the incorporate that into Android. So you know hundreds of millions of people can use that app. Then the company itself we wouldn’t be running the company the standalone and then say lets’ put them up on the Oracle or something like that. The job there is to protect IP make sure that folks in the team are successfully integrated and they can go becomes Company’s D employees and do amazing things. So only the handful of business that we are acquired and then run and absolutely with those we would look to put them on the Oracle and so forth. And again that takes time and you don’t want to disturb the business and distract the business, by saying that ‘hey rights day one and everyone switches offices and we move to Oracle’. The key thing is the business and growing that.

Researcher: It occurred to me very impressive because in our very small company with three and the half thousand employees around the world we have twenty seven different ERPs mainly due to the acquisitions and it is very difficult the whole integration and the fact that you have so many different systems.

Interviewee D: And that the whole thing about trying to keep things simple. And it is amazing how again if you are not focused on that suddenly you end up with all this legal entities you end up with all this ERPs, you end up with all this chart of accounts. Same thing about sales, you end up with all of these sales contracts, with all of this availability. And you can’t manage it, you can’t control it you can’t understand it. And it sounds simple to keeps things simple but it is actually very hard. It takes a lot of work. Anyone can make things complicated it is so complicated that it takes seventy five hours to explaining it to you. No make it simple so you can explain it in five minutes and again that’s what we strive to do we work hard on that.

Researcher: And what would you. Just a last question in terms of the change for your function within shared services, what do you think will change in the next three to five years. Do you think you may outsource something else?

Interviewee D: I don’t know, is a short answer. We just keep doing what we have been doing. I mean the business is going to grow and evolve and that’s the real exciting ride, and so we work hard to do a really good job to support the business and work with our vendors as well to sort of say right: how can you partner with us in terms of doing a fantastic job? It is somewhat opportunistic is somewhat pragmatic. In some ways is stick to our culture, keep doing what we doing don’t lose that is the key thing rather than oh you know strategy tactic first and second and culture third. No it’s that culture and if we stick with that and don’t lose sight of that and make decisions within that without approaching that mind-set open mind set strive for simplicity doing high velocity big impact things, doing a fantastic job for the business. Hopefully we make the right decisions and what we have in Dublin and in Moscow will grow and evolve and change and get even better and being even more fun place to work.

Researcher: Thank you for taking an interview.
Interview E

Researcher: Thank you very much for meeting me today I appreciate it. Ok so we start, as I have few questions to you.

Interviewee E: You Welcome

Researcher: Could you please describe to me your current role and tell me how long have you been with the company?

Interviewee E: Yeah. So I work for IDA which is the Irish government development agency for foreign direct investment, so I’ve been working here for 5 years. I’ve spend first 2 years work in on economy policy and a last 3 years I’ve been working as relation manager in business services a consumer contents sector.

Researcher: Perfect. Thank you very much. So how long have you been working with shared services organizations?

Interviewee E: I suppose, really for the last 3 years I’ve been working pretty closely with shared services centre and for last 3 years I’ve been sitting in committee for share services forum as well so that give me pretty much first hand, first-hand experience working directly with shared services company. Are you familiar with the forum?

Researcher: Yes little bit, but if you can explain more that would be grate?

Interviewee E: Yeah. That’s fine. So, I suppose in the partnership if you like with IDA there is, you know the industry led group set up for companies that have shared services centres, both nationals and multinational in Ireland called shared services centres forum, you know the website.ie, you can check that out. So I mean, that basically the group of forty to fifty multinational and domestic companies that have shared services, there are some public sectors that have shared services in there. All with the strong interest in the area of shared services. You know we meet once a quarter, we set the agenda, we have a day once a quarter that we meet up and talk about best in practice for different areas, whether be finance whether be HR, whether be inside sales and the generally what we do we have maybe a couple of study, couple of company presentations, you know we may get some industry experts in to speak and really it is just the networking session to kind, for the members to really keep up to speed with what’s going on with shared services what’s changing what are the new thoughts, you know and really and networking session when companies in Ireland can learn from each other and you know effectively improved their own centres.

Researcher: Ok, perfect! Thank you. Could you please tell me shortly about the organisations or multinational corporations you are dealing with? What is their structure? Are the divided by region product country? If we talking about Ireland is the majority of them investing in shared services or would be also other investment like sales divisions here or manufacturing site.

Interviewee E: yeah I suppose your typical multinational in Ireland will, you know, it will look at the couple of different aspects. You know, you have in Ireland a lot of, international,
or European or EMEA headquarters, so if you take the example of US company that is growing and has established itself in the States, you know, it will look and develop internationally. Europe will be the obvious market for it to dig it into. So then what a lot of companies would look at is where to locate in Europe to grow in Europe and to sell into Europe. And you know Ireland is always one of the shortlisted countries from which company will establish and grow its European presence. So typically what will happen is a lot of companies will set up the European headquarters for example, they will set up possibly the European shared services centre, you know they may have direct selling into Europe done from Ireland. Inside sales is the term you will hear more and more about and could easily be argued that it is a new component if you like of the shared services. The concept where from one centralised location in Europe you can sell mainly on the phone, limited amount of travel, but you can sell all around Europe. You will use the Irish skill base, you will use the Irish multilingual capability and you will sell to your France, Spain, Portugal Italy but all from one centralised location. No difference really then your finance shared service centre just the different operation, just the different function.

Researcher: Ok, Perfect! So what are the primary drivers that usually lead to the decision to implement the shared services organisations?

Interviewee E: I suppose, from the company perspective it can be a very much a desire to centralise a particular function, or a group of functions so you know, it depends then of the maturity of your organisation but if the decision is made if you like, let’s take the establish company, if the decision is made that they want to establish shared services centre they want to centralised those type of activities, you know. What they look to do, they will look to, they will look at their existing footprint, and then they will look what particular areas you know, can they centralise in one specific location. So you know Ireland would compete with you know, with part of the Eastern Europe, with Poland for example, Netherlands would be another example, the UK. And typically what would happen the company, when the company looks where to do that again Ireland would get on the short list, for the talent availability, for the multilingual capability, you know yourself the fact the ACCA is almost the standard here within accounting professionals, when perhaps in Poland it’s there is less people I suppose with that qualification so if you going to stick it with the finance example if you are going to look around Europe where is the best place where will be best in class to establish the shared services function and not just a looking at cost but focusing on the value add that function can have. The country where the skills if you like and the educational standard of the finance people out there you know is quiet high that’s going to be a strong attractive factor you know so that will play the part.

Researcher: This one is very similar what are the main factors in selecting Ireland for shared service, so you more less, you said what would be the main factors.

Interviewee E: Another point just to mention on that is the track record of other companies doing their shared services here as well. You know Ireland has a long history of shared services, going back to the 1980s you know and pretty much led by finance financial shared services, if you like, but as a country we build up very very strong expertise in shared
services and the lot of companies have come and tested the model if you like they evolved their own shared services centres and they continue to grow possibly with the different type of activities but the concept of shared services is getting stronger and stronger.

Researcher: So maybe if you could tell me a little bit more about the organisational structure of the companies, because when we first met you mentioned the new companies like Google, LinkedIn and that they established their HQ here.

Interviewee: well I suppose you know it is an interesting part for us how new emerging, new kind of companies 10 15 years old how they established their international footprint, and the way they look at shared services function as opposed to your quiet mature industries. The new bread of the companies if you like they don’t have legacy footprint all around the world they, so from their perspective they actually start off if you like as an internationalise with shared services it is not the case as with the mature companies they have centralisation all around Europe for example and then they have a huge amount of work in order to centralise that process where almost they will close down or reduce the size of the footprint all over Europe. The LinkedIns, or the Googles or the Twitters of this world you know and lets leave acquisitions aside for the moment because that will never be placed in further down the line. But the company which can start off day if you like as they look to grown in Europe, so the American companies, like a Twitter or LinkedIn looking to come to Europe they chosen Ireland for their European HQ, Ireland is going to be their platform for the Europe that where they going to selling. You know they have the huge advantage in fact that they can just grow from the starting point what will never become shared service centre. It may be called something else at the moment if you look at your LinkedIn, your Google, your Twitter you know what you will see they have an Irish Operation growing rapidly, they have inside sales for Europe, they will have customer support for Europe, and they will have finance for Europe. Google for example you know few years ahead in the process if you like would have statutory reporting and compliance and that would cover EMEA. So you have a lot of this functions that the companies can do from the starting point pretty much from day one they can do in Ireland. As these companies grow they will acquire more companies and you know and with them they will acquire legacy platform or the legacy position around Europe. But what they are doing in order to manage that process if you like those acquisitions and that type of statutory reporting if you like a lot of the time will be also done from Ireland. So the Irish expertise manages the acquisitions, and then manages the management of those acquisitions and how they decide whether or not they close some of those operations around Europe and bring it all to Ireland, or you know in a lot of the cases take for example company acquires the company in Germany that have, let’s use example like Yelp for example, so Yelp recently acquired the company called Qype, which is the online review site for Germany so Yelp had limited presence in Germany, so they have spent $50 million and acquired the leading peer company if you like in Germany called Qype so they will have a challenge now where is they will have to figure out, you know, they have made the acquisition, how do they integrate that process you know so for companies like that you know they will have to come to the decision on how to best manage that process, will Ireland play a role in that? Probably no doubts it is happening as we speak you know it is having
foundations in Ireland helps this companies to internationalise as they acquire companies as they grow. Building up centralise expertise and how to build those processes become a really valuable attribute to you HQ. So, your HQ in a lot of ways parallels as shared service centre companies. And for this companies, for this new breed of companies if you like you they are starting from shared services model, it may be called something a little bit different but it is a starting point for them as opposed to your mature companies that’s trying to radically to change their whole organisational structure to fit into the model.

Researcher: Ok. Perfect! I understand. When you think about that what would be the reason for them for relocation from Ireland? And what other locations would be taken into consideration for shared services?

Interviewee E: So when you mean relocation you mean.

Researcher: I understood from my research to date that there, the number of shared services in Ireland is decreasing; that there is not as many shared services is being open lately as it was let’s say five years ago.

Interviewee E: It is interesting and I would like to see the figures on that because you know in my opinion it would be different types of shared services now as opposed to. I would not say there is decline in the industry I would say more the industry have evolved, the industry broaden outs. As I said the likes of the Google’s, the facebooks the twitters, are these types of companies are being included? Possibly not you know, in the some of the research out there are looking at, a lot of the research as far as I can see it is looking at it from more traditional approach, where you have your typical finance shared services centre, that’s get to the level, it is very transactional based, there is constantly the cost pressures, there is constantly other locations that are popping up that can do it for cheaper you know the company may already have the presence like in a Poland or in Manila or in a Philippines and the Irish operation constantly competing with its sister location to maintain that business so you know for that lower transactional stuff you know Ireland is becoming probably a little bit less competitive, but I mean that almost naturally part of the evolution of the function, you know. Similar, if you like to going back to, twenty and thirty years ago, when Ireland was effectively a manufacturing economy. Now we transitioned to high value services economy. Now we transitioned to high value services economy. So we still have certain high level manufacturing, but you know, the lower cost, it will inevitably go off shore that’s the evolution of any economy, never minds the global economy, not mention global economy so I think in terms of shared services exact same situation applies. Lower transactional work will always be at risk in Ireland, but the important thing is that, although your lower level stuff is at risk and a lot will go and a lot has gone. As organisation, IDA perspective when work with the companies we worked constantly grow the organisations in terms of the higher value skills, you know let’s take the finance. Finance, there is a company that is beginning to lose operational roles, like transactions, basic transactional type of stuff. But if that same organisation can start things more, you know statutory reporting, compliance if you like for the EMEA region, you know that’s the value, the value that Irish operation gives to corporate is that coming with the stronger, there is no value in low value stuff and naturally it will go to the lower cost locations or on another site it will be outsourced to a
BPO. But what we constantly try to do is to drive value. Most of the companies that are in Ireland they are valuable they are very important to corporate and the more importance in it’s to corporate it stays put and less likely is to leave so as the lower end, more transactional types of functions you know teeter off if you like higher value activates are being added to the shared service centre. So all the time you are looking for longevity and you are looking for constantly reinforcing the significant of the Irish centre versus the peer centres around the world, so you know it is a constant challenge you know but I think it is something that the Irish economy and the Irish business environment is quiet strong in doing. It constantly looking to add value to the centre and the Irish management team is constantly looking to make their operations as significant as possible so they are part, and maybe it gets to one of the questions later on but shared services centre in Ireland isn’t low cost option, it is strategic decision to have an operating activity that add value. And that becomes key.

Researcher: Yes perfect thank you! So because Ireland is very focused on direct investment, dependable of the foreign direct investment that’s why there is a huge focus on value creation, and the fact that it will be difficult to move this functions to other locations.

Interviewee E: Yeah, very much! If you like the strategy is employment sustainability, you know and the employment growth so if you look at that, if you making the connection again to the manufacturing you know if Ireland only relay and our industry of twenty thirty years ago which was you know low skilled manufacturing you know clothing for example, we had a huge plant, Fruit of the Loom, everyone knows the case study you know, but we had down the manufacturing in Limerick you know, and the huge thousands of people employed in the industry, so if we didn’t up skill if you like, and continue our improvement as a country as a people in terms of education, in terms of skills and then also in terms of agencies like IDA, that are trying to bring multinationals that offers different types of employment that are looking for different skills you know, you are creating the environment where you don’t over depend on the particular sector of the economy where you becoming less and less competitive, you are constantly improving your skill your talent base as a country to meet the demands of the companies that will have long term sustainability. That’s the constant challenge but you know that’s the government policy, that’s what the organisation like ourselves you know, the business environment the companies that are here, it’s the educational system and it is all trying the best that it can to work with the same goal of the long terms sustainable growth and employment.

Researcher: Ok, perfect. Could you please tell me, actually we covered that in bits, but maybe if you could tell me once again a little bit of the structure of the shared services organisations in Ireland? You mentioned that they are changing?

Interviewee E: Yeah, you know I suppose the structure, you know when you start off with the case where, you know, do you wanna break it down by function, or how best?

Researcher: By function will be perfect.

Interviewee E: Ok, so the main shared service type function I think would be looking like your finance, your HR, supply chain management, you have inside sales.
Researcher: Ok, so that’s something new you mentioned.

Interviewee E: Yeah, it is not that it is new, it is more finding its home as a credible shared services type of activity, and technology is playing a key role on that as well, so you know, and what the other thing that is playing the key in that is the foreign countries like Ireland the number of native speakers, you know foreign living here if you like, that can effectively sale the product back to their own community if you like, being Poland, being Portugal, Spine, and you know the customer experience if you like you know the person can be two miles down the street because they conversing in native dialect and they are high skilled as well. What you find is, when we talk about customer support for example and inside sales being two as supposed the newer arm of the shared service centre. Typically what will happen, there will be done with the parallel with the direct sales team. And I suppose it is important to talk a little bit about is the fact that if you take a Twitter or a LinkedIn or a Google or Facebook, what they will typical have is that. For the UK market they will have a direct sales team based in London so you know now what they are doing, I mean you could, there is a lot talking in news about what’s Google team is doing in London, but you know there, you know the sales can be a broad word but what they will have is business development experts, based in country, in London I mean. If you look at the advertising, is where this companies are making its revenues from so all the big add agencies if you like, they are all in London, so you have to have the business development presence there, you have to meeting with these, so what they will do for the major agencies, and their top hundred, their top two hundred major clients, their coca-colas their Pepsis, their proctor and gamble of this world, they are spending millions and millions of pounds of euros on advertising you know this companies would have direct business development or the direct broadly speaking a sales team if you like, doing that in London in house, they may have in Paris, they may have in Madrid as well you know, but just to keep the UK example, so for those top hundred top two hundreds customers they have to have the physical presence if you like, you know. But for the customer two hundred and one for example and right down what you do then, you have your centralised sales function so know that can be done remotely, that can be done predominately over the phone or voice over IP, or a Skype call, that type of interaction if you like it doesn’t need to be face to face. It doesn’t need to be physically face to face it can be virtually face to face as oppose with some travel over to meet some key clients but the point is that you take your top clients, top agencies and you set up the office to meet their needs on the ground and every one behind that beyond that you can have an operation in Ireland that can sell to the rest of UK, the other phase of potential customers, if you like and they can do that from the centralised location, they don’t need to be on the ground in UK, they can do it from base in Dublin. And then the UK team in Dublin, can then sit beside a French team a Spanish team, Italian team, the German team for all those customers two hundred and one down so it creates then a combine approach to sales strategy or the customer support strategy into Europe, but you can have a limited presence in house and then much larger presence in the centralised location to really push that type of strategy.

Researcher: That’s something new and probably now it is only visible in hi-tech companies.
Interviewee E: yeah, and that’s the fair point. It is a lot easier to do in the hi-tech companies you know the nature of what they are selling the nature of the advertising models there, their product effectively, what their sales product basically is and also the actual technology they are using day to day, they can conduct the sale, they can close the sale pretty much over the phone, without leaving their desk, you know, whereas traditionally a lot of other companies they have to be more the feel agent type of the role and I think that is, it is more so in the hi-tech companies but I think you will find it for traditional companies it will become more and more the option, you know, because the technology is there to do it, I mean the Twitter, the LinkedIn yeah they are hi-tech companies they are selling technologies if you like a lot of the time their audience is quiet into that concept they work with a lot of agencies, a lot of advertising but there is more and more product being built in the around the fact that this very companies exist you know. Hub Spot for example would be nice one that’s the software as a service platform; you know that allows you know mainly small and medium size companies to manage all their communication with their customers with their target customers, from the one centralised software platform. So from one point you can manage your LinkedIn your Twitter, your company blog, and work on the search engine optimisation from centralised platform. You know, but that company exist if you like and it is selling a product, on the basis that social media and all type of other hi-tech companies exist but yet you know they can do their sale process they are not selling advertising, they are selling the actual software but it is product, but I mean they can do that completely in an inside sales type of environment as well. You know what I think you will see is you have your social media type companies, that are very easy going to be able to sell over the phone, you know, you have your companies that are providing products and services in around social media that can also do it, but then I think you can overtime will be able to put one step back to your more traditional service and your more traditional product type of organisations, that you know build on this to levels, before them factoring improvement technology and communication, I think it will start to have a, be able to have centralised sales type function as well. You will always have your field agents on the ground but those really major spenders, you’re really big customers, whether it will be in advertising spent, whether there will be in IT, whether there will be in finance it doesn’t really matter, but beyond that, you know once you can get multilingual capabilities, once you can get the talent to do it, I meant I don’t think there is no reason that you can’t centralise it.

Researcher: Ok, that’s perfect, thank you very much. So just coming back to the functions which we started on typical structure then we went to inside sales and actually confirms a little bit different evolution then I suspected. But coming back to the functions so previously the services delivered through shared, what where were the functions or services delivered through shared services centres delivered in the beginning?

Interviewee E: Well I suppose in the beginning yeah, it would be very much finance I think finance as a concept of shared services finance very much started it all off in some ways, you know. And it wouldn’t be I suppose quiet basic in terms of your accounts payable, accounts receivable, your order to cash, procure to pay type of systems. And I suppose it made sense, especially for a lot of transactional kind of stuff you know to have that type of activity,
almost like a production line type of setting in one location. So yeah I would think it certainly started off with that, you know as anything, industries evolves you know, I think it is kind of a human nature, you do something for certain time and after that you want to do something better, you want to do something new, something different, or also you want to do the same thing but a better way of doing a certain thing, you know so you look for efficiencies, you know, so I think the way that industry has evolved is that you become an expert at the particular area of it, and then you try to build you try to grow. And then you know I mean, you go from your transactional type of stuff, you know, the next thing you doing more kind of, you know, management accounting type of stuff perhaps. The next thing you looking at the compliance side of things, next you know, you are looking at ok we have got twenty different legal entities around Europe, that is a lot of statutory compliance, statutory reporting that needs to be done for different entities and all the time you build the special relation. So you know, we don’t want to do that in twenty different countries by twenty different units if you like, you know, there is a huge economies of scale by doing this in one centralised location and the expertise build up by people who have the knowledge to do it on the pan European basis. So you know and then, so finance even in its own right, I mean you could factor in your statutory reporting, your compliance, all in kind of finance side if you like but then you have got your supply chain management side of things as well you know, Kellogg’s for example would manage a huge proportion of their supply chain from Ireland. Coca-Cola would do the same, so you know. So what they have done in Ireland, they build up expertise in terms of how to manage the supply chain. If you think about it Coca-Cola and Kellogg’s like how complicated it must be to deliver product from the manufacturing point to the end user which is practically in every country in the world. So managing that entire process can be you know it is obviously a huge challenge, but there is a huge amount of skills associated with managing that process, you know a lot of companies that are base in Ireland they not all would be necessary manufacturing in Ireland, you know but would have very very high skilled supply chain management function here, that manages the entire process and works with the various vendors and other partners, but has the skills and expertise to do it on the PAN-European or it could even be a larger basis. You have got huge benefit if you like, think of the strategic importance of having a very very efficient very well run supply chain, that is centralised versus for company like Coca-Cola, company like Kellogg’s which you know would have activity pretty in the every country in the world, you know, there is a decision to centralised that type of function, you know, and probably it centralise in three or four locations around the world you know like Ireland may be responsible for Europe, for EMEA you know, but building this type of capabilities, the economies of scale are incredible of building of those type of expertise but also, so that could tick your box on your cost argument you know but also the skills and capability and the value add and the process improvements that, that centralised function can have, you know, is what, is where the real advantage is. The cost argument is great to the point, you know as we talk about the evolution costs take I think the different path in terms of evolution. There is always an element to cut costs, you always cutting costs lower the value chain if you like, I think that’s just a natural thing, so higher up the value chain you go, something like supply chain management, something like statutory reporting or compliance is high value stuff. So I mean the focus isn’t going be on cost there. It is on what value it adds in to the system. So when you are capable in this type of
activities, you become very very strategically significant to the parent company. And that’s I suppose what is all about to becoming strategically significant, you know.

Researcher: Perfect I think we can leave the functions and structure because you did confirm that you can, although you staying as a finance function you can still grow inside that finance function and then evolve constantly.

Interviewee E: Yeah! Very much.

Researcher: Could you please tell me and explain how usually the services are being charged back to locations? Any idea of that?

Interviewee E: Yeah, I suppose there is two main size of the coin. One I think would be the cost plus type of set up. So it is, effectively shared service centre is a cost centre, they may charge cost plus ten twenty per cent, whatever the mark-up on it is. So you know that would be a very common structure. But also I think you start seeing more and more of profit centres. So a shared service centre becomes a profit centre and that pretty, in the whole conversation about the value added element of the back of the equation, so you know, so the function that they are doing at the shared services centre, they are actually adding a lot of value, you know to the company, but also when that’s partner if you like with HQ type of activity you know, the company will every time try to leverage competitive tax rates. You know we have in Ireland shared services centre gives you a lot of substance to have HQ type of activity as well. In that example it make a perfect sense for your shared service centre to become much more part of the type centre as opposed to just a cost plus type of centre. This is a hell lot more value you know in having a proper HQ type of activity where you have more substance, where you have quite a strong shared services centre I mean and then it get thing about the value add, and the underlying of obligations in order to be tax compliance etc., you know it makes a lot of sense to build the shared service centre in partnership or in parallel if you like with the HQ as well.

Researcher: And even when you were talking about the inside sales for me that becomes a profit centre

Interviewee E: Yeah exactly, of course because you are obviously a revenue generation but if you can look at your more basic, but your more traditional type of activities is the focus cost or is the focus the value add, you know and as I said it is really a link to the HQ that really can drive as a profit type centre as well. You know companies would use different strategies, there is both are strong in Ireland, companies would have different rationalisation, targets to meet, and they would have different views on it, but both in Ireland would be quiet strong.

Researcher: Ok Perfect! And how is consistency and governance driven across shared services?

Interviewee E: It is an interesting question.

Researcher: Would you as an advising body, advice anything?
Interviewee E: it is a challenge, and it is I suppose one of the motivating reasons to have a shared services centre is to drive consistency and improvement. You know, one of things a lot of companies would say, when they are looking to centralise the activity. If you take a mature company that has quiet decentralised kind of country by country type of structure you know one of the reasons why they feel they need to centralise is the differences and abilities in service level in one country to another. So you know, what you want to do is drive the consistency across your business and strong positive consistency but you know also when you have customer base that you know looks beyond country A, country B country C, if you have well established supply chain, where you selling to multiple countries around Europe, you know, for example, and your business partners your logistics company who have very decentralised structure that’s the huge challenge. A lot of those end customers would like is to have is single point of contact, stop I don’t care I am supplying products to five different countries in Europe, I don’t have to talk to five different managers, or five different sales or business guys in each country I will talk to one person who will know my business and will talk with me on any issues that arise across those five countries, I don’t have to have those same conversation five times by the way I don’t speak French or German, so how we are going to solve this. In this type of example having a centralise structure where someone becomes a principle point of contact, they will have that expertise across those five different countries, you know, the customer benefits in that regard and there is a huge time saving, there is efficiencies on both side, you know, and you know that type of higher level service is becoming much more than normal. I think when you look at, globally is over the last five six years is that the customer support become paramount. Even if you look at I suppose, a backlash of some outsourced projects that a lot of companies would have done you know, a lot of companies have brought customer support, customer service back in house, you know they have gone, where they made huge decisions for the costs reasons to go to very very cheap locations to economies that didn’t really have appropriate skills to manage the western type customers. You know companies have made huge decisions either to bring customer service back in house or they partner with other outsources but I am sure, I am nearly sure to really improve that type of service so the trend as far as I can see, is going that customer service is becoming value add, is not becoming something that you just outsourcing and not worrying about because the importance if you like and the awareness of customers what their options are is becoming far greater and technology is making it very easy, you know you and I can you know if we want to buy something down the street tomorrow you can look at the five different users, you know the options and the availability of information is becoming much more stronger, so therefore the customer, you know these companies are looking at the customers out there, there were always value them but they were probably I don’t know it is fanny how you look at the modelling what’s happening now is that the customer becomes a key again and customers are driving the customers very much are driving the strategy. So some companies would create shared services centre you know and that shared service centre may be, European customer support predominately not because of the cost because the customer satisfactions is very important to them. So I think your question 8 and your questions 13 and 14 are kind of linked together so I am focusing maybe a little more on customer support side of it.
Researcher: If I understood you right the governance and consistency sometimes cannot be achieve in a lower cost locations, because the customer service as a function just taking as an example becomes a value added activity.

Interviewee E: We can leave it a little bit for later. I can see the difference now.

Researcher: Yeah they do link, 13 and 8, because we are talking here about the governance and consistency, whereas here how objectives are being achieved in shared services, but is that what you meant or.

Interviewee E: I suppose it’s, there is a certain difference if you like in terms, when you talk governance and consistency, that’s ok, it’s always going to be difficult to manage shared services centre. But in order to really have strong governance and have consistency the leadership team needs to become paramount, so buy-in from the leadership team is very very important. And in a lot of ways that’s how you drive the consistency you have to have your standards set out, you have to have senior management buy-in that this is good idea and that this is a value add idea, because if you set up a shared service centre just to get rid of the stuff no-one wants to do and you put it over there at the corner there is no motivation of process improvement there, you know, but when you establish shared service centre you have got a leadership buy-in, you have a senior management commitment and there, and the culture of process improvement and you know is created. And you have got and it all get back to the value add nature of it, so you know in order to add value I think you need a leadership and the senior management buy-in terms in that’s your remit, so you know, so you know, you look at ways for constant process improvement that’s part of your performance, so what you actually do you create culture in you shared services form, it is in you shared services centre a culture of this is a part of the business, this isn’t just something what no one wants to do, this is a value add element and we want a culture of entrepreneurship even, within a centre, and you know there are ways of doing things, looking for the greater efficiencies, you know, looking to see if there is any other, you know functions, or any other kind of work out there, that we could do and we can bring it here and we can take care of that, and then things you know you becoming consistent in the fact that the quality of what you do is good, you looking to win more business if you like, for a centre, and you are looking to improve centre, so you know. And the governance side is a strong management and it is a leadership support it’s a, that’s become key.

Researcher: Perfect! Thank you, what role shared services playing in management of oversight of internal controls, which is more less, what we talked about really in some ways.

Interviewee E: Yeah I suppose, I think it is very very important. If the centre isn’t part of if the centre isn’t obvious part of the company strategy, you know A it will get neglected, B it will feel neglected, and that’s the double negative. And so again you know the management, the leadership, the management support, you know visiting the centre, committing to the centre and looking to improve the centre. And looking for the centre to improve itself becomes really really important. And that’s one of the huge advantages having centre in Ireland. And that’s one of the things that corporate guides and what the local management
would say. And I think you will get the sense of that when you meet some of the guys that are running some of the centres, that they are constantly looking to improve themselves, they are constantly looking to drive their centres, but the importance of the leader, the site leader in Ireland to have that ambition is incredibly important, because if you don’t have that ambition you know, the centre will have a less and less value, the cost argument will become stronger and stronger and stronger and the Irish operations will close.

Researcher: Excellent. There are different types of shared services business models and how would you describe the most popular shared services models in Ireland.

Interviewee E: Yeah I suppose we touched on it a little bit before. You know, you can talk about the model being a mature, type of model versus a brand new model in terms of your traditional company, is very decentralised it needs to centralise this particular activities. Let’s start off with finance; we will see how that go, we may add a little bit of supply chain if we are very product focused, HR may be is an option. But you know, and we talk a little bit of new type of companies that are starting off you know in terms of the model this new companies would start off from the day one from the shared services centre. You know they don’t even necessary realise that it is a shared service centre but it grows into one, it starts off, and it will typically start off with the sales or the customer support type of function, because if you think about it a lot of new type of companies, you know, their most important thing that they can possible do now is to grow their revenue. You know they are not focused on profits, they are not focused on their focus is growing a revenue, growing their brand awareness and establishing what it is what they are selling. So your Twitter, your Facebook, your Google, the Google is probably a little bit different because the nature of the shared engine you know it is more obvious product if you like. But your Twitters, your LinkedIns you know the most valuable assets these guys have, is their audience. And Facebook the same, is their billion member you know, so as they look at how to best monetise that which is their biggest challenge if you like, you know the advertising works, but as they look to do that they will need to take the US as a market, they will need to take Europe as a market and maybe EMEA as a market and they will look to take Asia as a market, you know. And they can’t do that from America, they can’t come up with the really really strong strategy for Europe from America, they need to do that in house, they need to do that in country. So you know, they will set up their operations trying to sell it here, but then they will also need to create new products or a new types of service to try to generate the money to suit the European market but where better to do that then in heart of Europe. So you know it is another less obvious function that’s need to happen in terms of Irish, in terms of shared services centres, and its something else that this type of companies will have and a lot of them will have in Ireland. so you have your sales team your customer support team, but there is also, it is hard even to call it but it is a team that is there to really understand the market a little bit better and to understand how best to tap into that market, how best to monetise that market. Because you have got the situation where the product is evolving and the methods in which the client is acquire that product is really evolving and technology is playing such a huge role in that. So in getting back to the basics, you have got the major audience there that is just waiting to be, either they like it or not, they waiting to be targeted. So it is a, but again
it is very important for this companies to develop the market in market so when we talk about Europe as a market, you know you need to be in there. Why not be in Ireland in order to do that; for the whole of Europe, or even EMEA, so that becomes key.

Researcher: So what’s in your opinion is important for the internal business units’ customers? I know we did a little talk about the importance of a, it is a question 11, about the importance of creating the value…

Interviewee E: Its, I suppose I think from the first instance treating internal customer, as your external customers, becomes really important. If you go back ten, fifteen years ago there was huge strategy employed by the companies to focus on core product or focus on their core business and then the other functions, if you like, are less important. They are not about the revenue growth, they are not about the business development, so they become less important so they look to, they don’t nurture them as well, or they look to outsource them. That’s straight away giving a bad message within the industry, sorry within the organisation so you know, but it goes to ways so, you know, the service providers within the organisation, all those really important divisions aren’t anything to do with the core product so, if you take your core product, your product development and your sales you know, they key functions that you know that are customise, relevant to that, but then your another functions it is two way process. There are functions that need to establish their relationship side internally as well. You know they need to treat the internal people like the company treats its own customers. So you have culture of the customer satisfaction both internally and externally, and it is a mind-set, you know. When you working with peers within your organisation that are in the complete different division to you that, a very much a partnership approach is applied as opposed to a nagging, there is a hassle with this, why do I have to do this, you know that kind of way, that creates conflict. So I suppose getting back to it when it comes to internal customers, you know. It needs to be a credible approach to treating internal customers, in the similar way that you treat your external customers. But with that I think come a lot of awareness, and almost education within organisation that relevant functions aren’t always a pain in the ass, that they are. That they are actually trying to help you, to do your job better, and I think one of the key ways that organisations can do that is if the functions, if functions that aren’t core to the organisation, if they can add value to the core, they become key, because if they can’t add value to the core why not outsource them. So that becomes a key issue.

Researcher: Ok, Excellent. Thank you. And in general, and I guess it is something what we talked about a little bit the beginning, but what would be the benefits of having shared services based in Ireland?

Interviewee E: There are a lot of benefits. I think English language is a starting point, is huge you know. I mean you could say that English, we are the only country in the Eurozone that speaks made of English if you like. The English language and probably seventy, eighty per cent of foreign direct investment in particular is from US in Ireland. So the fact that we speak the same language that the guys in US. The fact that our time zones are as close as you can get to US. Let’s look at the English language and let’s look at the similarities to the United
States. They are very very important. You know, because again, when you get back to the shared services centres, that something what need to be managed and that’s something that comes quiet important to the organisation, so communication needs to be really strong and really easy between the centre and the head office, or whoever is responsible for that so, Irish American culture is very strong. Once get the other, very very well. It has been proven for the last fifty or so years how well they can work together. Look at the IBM, look at the Microsoft, look at Google. All of this major companies employ three four five thousand people each in Ireland. so there is obviously a very strong co-relation there it is working and it is working very well. That’s the English and the culture. The time zone is the really important as well. Because when you talking about shared services you need to be linked to US, but you obviously have to be linked to Europe. And then sometimes you need to be linked to Asia, so with pretty much the eight hours difference between Ireland and the Silicon Valley and the eighth hours the other way, you can really stretch the globe in one day’s work so I mean you look at the, let’s just say between eight and six in Ireland as being a working day, you can really have a conversation with the both side of the planet, which, and there is few locations where you can do that and the fact is that whether be Australia, whether be Silicon Valley you can have conversation in English with both, and it’s just, that’s just gives, just adds hell of the lot, also these, US guys, let’s take the East Cost for example it is a six hour flight from Boston, you know New York is probably not much different, you know, you can get an early flight, you can get hell of the lot done in that time, you know. And it is six hour flight, and particularly for people that comes from US. Six hour flight it is nothing. It is internal flight, so it’s, our geographical location and time zone, our English language, our cultural links if you like and our track record with particularly with the US companies is really really strong, the talent availability in Ireland is very very strong. In your own experience on the finance side, professional qualifications and all that you are pretty up to date on that. But that add to the fact that there is a really strong section of the economy working in the shared services so they are building more and more expertise which they will, go on work for different companies so there is a really nice employee base and strong management capability in the shared service industry in Ireland to attract more companies to come and more companies to benefit from that very strong talent pool. Add to that the multilingual nature that we have in Ireland I think in Google that latest there was a forty two different nationalities based in Google in Dublin, which is you know massive. But you know your typical shared service company could have between ten and twenty different languages and them all native speakers. There is few places in the world where you can get that with these now, there are always some languages that may be more challenging again, you know so the Nordic language which is German can be tough to get but you know to be able to offer ten twenty, even thirty different languages from one central location in Europe it is very very impressive. There are only some advantages. We could go on all day.

Researcher: So that’s what you say to your customers, yes?

Interviewee E: Exactly.

Researcher: How is usually performance measured in shared services are you aware of that?
Interviewee E: A little bit, I suppose I would not have that knowledge deep within the organisations, but you know it is a challenge from the high level perspective you know I suppose if you take, you know a lot of companies lets thirteen and the fourteen together in some respects. You know a lot of companies would use your service level agreement and they will certainly provide some degree of standards and you know. But I think above and beyond that, companies are constantly wondering how to benchmark more effectively or how to improve. You know one of the advantages of our shared services forum is that regularly the guys will meet and they will kind of brainstorm, what are the best in class benchmarks, or how we, it is great for us to talk about the value how you quantify value how you measure the value, is value subjective, can you so, without having obvious results, there is a constant effort from the companies to try and capture what the value is and trying to explain, and yet your service level agreement will only go so far, but for the a lot shared service type of functions they are a way far too removed to show this. Because in the end of the day the service level agreement should be the basic you do, so above and beyond the service level agreement so that’s where the value is. Because you service level agreement is the basic you need to do to meet to keep the customer happy if you like. But above and beyond that, you know I said a lot of the forum, once a year we would have, one of the topic would be how do we benchmark, you are going to come along, aren’t you, so that will certainly come up in terms of benchmarking and measuring our success. It is easy for the sales guys to do it. Because in the end of the day, they have their quarterly targets they are meeting or not but you know. They will dig deeper and they will look at the constant improvement and that kind of stuff, but you know in the end of the day, things will always be quiet a back to some monitoring amount in some way, so for trying to benchmark, or trying to understand what the value is that you adding is, and I don’t think anyone solve it yet you know, so its watch the space one. But I think people have coped on relevant you need to add more value. And to add more value you need to work harder, you need to things differently and you need to be quiet open minded about the processes. So if you look at Ireland, versus Manila for example or Ireland versus India in terms of shared services, what a lot of people would say is that Ireland shared services are great because A they can do things better the they thought they could have been done and B very importantly they will spot problems and they will solve them. In Manila, in India a lot of feedback we get is that people are intelligent, they very strong, but the culturally they don’t have the culture of challenging the system if you like. The whole idea of doing something better, different it is not something they very comfortable with they used to kind of thought what to do and they will do it. The other frustrating thing that we hear back, is that when problem occur they may well spot them but won’t necessary report them. Something as simple as a demo point being in the wrong place, you know, we have got the payment goes out for a million and it is going out for the ten million, and the guy, the person that spotted the thing, they are almost to fearful, they are almost afraid to raise as an issue. And then what happens two three weeks later it becomes an issue. In the Irish centre, they will spot it and they will fix it, and you know that type of culture, that type of problem solving, that’s what the shared service centre need to do. And it is a huge challenge for other parts of the world, where they are culturally they are very very different. So it is always going to be quiet difficult.
One of the other things, and I suppose it is more at the customer side of things in terms of measurement is the likes of net promoter score, I am not sure if you heard of that. And the latest one that I heard about is called the customer afford. You know it is typically design for the companies, for their actual external customers. There is an argument to say that you can adapt the model, bring it to your internal customers. They are basically the ways to measure customer satisfaction, customer effort for example is interesting because you know it looks at, take for example the customer have the problem with it credit card or the ATM or whatever it is. And they ring the helpline and this and that. Customer effort would measure the amount of effort that customer needs to go to have their problem solved. So if that can happen by sending an email or getting and automatic response back with the new pin number bla bla bla. It is simple; the customer went to very little effort. But the customer sent an email, it wasn’t happy with the response then had to call someone and then was left on hold for a few minutes and then press one for this, then two for this bla, blab la next finally they got to talk to a person and that person either A can’t solve their problem over the phone, B solves the problem but doesn’t deliver the message to the point where the customer is satisfied that they are 100% comfortable with the answer. They will hang up and they will pick up the phone to call in again. And then they will have to go through the same process so again the customer effort is the amount effort that the customer must need to go to have their problem solved so the more effort the less satisfaction. They are easier to measure with your external customers it is always going to be difficult for the shared services centre and bear in mind these are shared services, the new type of shared services organisations activities. But for the internal customers and for measuring that value that’s and how best to benchmark. But one of the things that companies do, and you will get sense of this by talking to other companies, no one necessary has the solution, but you know if you can benchmark, are you gaining the understanding of what other people are doing and share ideas in that regard. You are not solving the problem but you are definitely improving. And the term continues improvement needs to be a part of shared service centre it need to be the ethos of it like.

Researcher: That’s very interesting, especially a new model of measurement, I haven’t heard of it. But I suppose it would be valuable even for the shared services at some stage. There is a common trend of the importance of delivering the value. i think we can skip that questions because we did talk a lot about that. What trends do you think shared services centres or programs will follow in the future?

Interviewee E: I think as we…do you want to talk about it in general or do you want to concentrate specifically on Ireland?

Researcher: We can talk shortly in general and then we can concentrate on Ireland.

Interviewee E: Yeah, I suppose, that’s fine. In general I think it goes from, if you look at the trend is kind of going from cost advantages to process standardisation to business value or the strategic value. So I think in terms of the trend and evolution they are kind of phases if you like shared services centres can go through. If you look at the Irish situation, if you look at you know what that means you know at the deeper level, our cost advantage has probably being eroded. There are lower cost options out there. They are constantly improving their
skills their value proposition, in some ways we are first movers advantage, but we are
certainly early movers advantage and the fact that we have had shared services for going of
thirty years in Ireland, so the Irish story has evolved, even process standardisation, I think we
have achieved as, from the Irish perspective we have achieved that, where we sit, if you like,
is in business value and strategic value. we talk a lot about value. I think from the company,
on the high level that’s the countries perspective from the company perspective then it
depends from the type of function that they wish to have in the shared services. As that
matures they will look at what the different areas. A lot of them will look to lower cost so
when you see the trend of less shared services companies coming to Ireland maybe that’s the
case, because lower cost advantage once, that’s where the focus is. Yeah they are looking to
the cheaper locations, when we talk to this companies, when they are looking to do this, what
we talk to them about is ok, but that’s fine for today, but where are you looking at your
shared service centre, where it is going to be in three or five years’ time. Companies tend to
have only short term view of shared services and you know in that short term view they are
looking very much at the cost. So what we are trying to do is we are trying to broaden that to
medium to long term view. Ok make it a longer strategy, because the longer the strategy is,
the less cost focus it becomes, because it becomes, ok well look if we are going to make a
shared services centre and we are going to grow shared service centre we are going to have it
evolve to important part of the organisation we have to think longer term, we can’t do all that
in certain, lower cost cheaper location, because the skill base won’t be there to grow it. Or
else, ok if that is the case let’s have a partnership approach where you have a  low cost shared
service centre for argument sake let’s say in Manila but let’s run parallel value shared
services centre in location like Ireland. the Irish operation can manage and can supervise or
manage if you like the manila base centre and become very closely with it but you can also
add the higher value stuff here and then when you do that two parallel, what you do that is
you have a blended cost model spread the cost for two locations. So benefit of that is you still
have the benefit of the lower cost, for more transactional stuff but you also get the benefit of
the higher value being in location like Ireland, so when you blend those two costs, you know
it is much more favourable outcome. So that another way of looking at those, you could say,
and that the certainly way the trends will go, because the cost will always be important as a
country Ireland we can never ignore it, because if we are not clever about it we can lose a lot
of those conversations. But if we can get into the conversation about looking, trying to
broaden the company view beyond for this solely be a cost decision focus on the value focus
on more blended type cost model and focus on where your centre be in three five years’ time,
looking at the what the Googles are doing here, looking at what Pfizers are up to, or doing
here and looking at how having significant shared service centre in Ireland, with possibly a
partner shared service centre in cheaper location you can really get the maximum benefit.
And that may be for the companies that are only, will be companies that have certain scale
that are require that but I mean you get to win on those side from that respect. And from the
Irish perspective we keep what is sustainable here. As oppose to the lower stuff which we
may for a year or two and lose any way. So you need to be smart about your battles you know
that kind of the way.
Researcher: Thank you. This is kind of similar but a little bit different because it concentrates on the change the use of shared services in Ireland in the next 3-5 years. I know we did touch it on other questions…

Interviewee E: I think more companies will start off with the shared services centre we talked about that before but I think that’s going to be a more natural fit. And as I said those companies won’t necessary view it as starting with shared services centres, they will be just doing what make sense. And simple as it sounds it makes important point because it does make sense to start off. Why wait until you are very very mature to do something that you could do from day one. I think you will see more and more companies set up shared services centres in parallel with the European HQ and those become the companies’ first entry into the European market, particularly for the US companies. But others, we talk to Asian companies, we talk to Australian companies with the similar strategy, the centralise point, to service Europe or EMEA. And that can work on both sides of the world as well. I think that’s going to be something.

Researcher: That’s for the new companies.

Interviewee E: Yeah, I think you know, I think what also will happen for the companies that are very mature, they will look to centralise as well. That decision I think will be led by customer demand, we talked previously a little about the different perspective if you like of the customer and meeting the customer need. I think the customer will demand you know they will demand I think the single point of contact, you know they will demand more and more specialisation skill and problem solving, they will demand barrier free country by country free, they won’t want to know about the country by country barrier, they view Europe as Europe, they only use the Europe, they don’t want to view Europe as 28 member states they want to view it as a single location particularly companies from the US. They don’t really get why Irish people and Polish people are different sometimes. Obviously we have a lot in common, but we are million miles apart and that’s the great thing we are culturally different but culturally we get on as well and that the huge advantage you have in Europe, but you know, it is really understand the fact that, you know, although it is one market, the knowledge, the skills, the capabilities, needs to understand whole market internally. And again it is why have, it is again selling, growing Europe from Europe as opposed of doing this remotely from the states. I think what also you will see is lower level, lower skill stuff leave. I think that unarguable, it is something, not ideal for us as an organisation, because with that comes job losses but what it means is that you constantly need to up-skill. For the areas that are at risk, and there are going to be lower transactional type of stuff that is definitely at risk and some of that will leave it will go to lower cost locations or it will be outsourced so for the people in those areas there is a constant need to up-skill. You know to do the next course, or to improve your capabilities so you know you got from the very transactional days role to a more senior role look at something at the compliance side, it doesn’t matter what it is, but you constantly need to improving what you do because the one thing that is staying the same doesn’t work especially in multinationals, especially not in the multinationals, you know. So we will lose certain functions like that but you know. You never going to say that that’s ok but that’s the evolution, it is the way it goes. If we were not
losing those ones, if we were keeping those ones we wouldn’t be benefiting from the bigger from the higher skill stuff. That’s not the evolution, you are going anywhere then. So you have to be aware of that. Something else I think is interesting is that as, and I think you will see it definitely in the next couple of years is that for the shared services centres that are here a little longer, but for some of the new ones that are set up, what is amazing about the new companies that are being set up is that they have no barriers they don’t have levels and levels and levels of management, they don’t have those challenges so they can make decisions very very quickly and act on those decisions very very quickly so what you will have is that a lot of shared service centres will become more centres of excellence, you know, and that would be everything from sales to strategy to finance you know to software development for European market for example. So the products that, even the Twitter, even the hub spots, a lot of this companies they have a product that works very well and sell very well in US but they need to adapt this product so that it works very very well in Europe for example, where the best to do it if not from Europe. You even may see the kind of the software development coming in to the shared service type of centre, which is kind of different. but the fact is that what those people are doing from one location is that they are developing a product or the service for the European market, you know so what’s the difference. And that is all tides in to the Centre of Excellence. So it doesn’t really matter what the function is, is the fact that they become very very specialise in the what they do and again it links all the way back to the value, the value for the parent. I think that one other thing to focus on is, and it may be the nice one for you to look at when you come to open day is analytics. And the role the analytics is going to play and I think it has a very natural home the analytics within the shared service environment. If you look at everyone from the Google to the Facebook, to the insurance company, to the medical company one thing they all have in common it is vast vast amount of data, you know and a lot if the companies they are doing data mining they are trying to understand what that information mean and what value is in that information, and how to use that information to inevitably drive revenue, to increase sales. So you going to have, there is a huge amount of work being done at the moment in analytics and it’s an interesting one because it means something different to a lot of, a lot of different companies have very different views on it. For our event I am going to sit on that one because I want to understand it a little bit better myself. You can talk to Google about the analytic or you can talk to Facebook, I think we know what kind of information they have is our personal information, but to the insurance company you know there is medical history there is whole other bow game of the type of information and there is a better products, more tailored products for the customers as the result of analysing all that data. There is a whole mine field of data and the whole mine opportunity in that data. I think that Ireland is quiet well positions, it is certainly looks like that there is a trend towards having analytics team and having analytics as an operating activity I think Ireland in terms of, from mediation, from UCD for example with one or two other universities of the scene they called CEDAR it is basically the analytics research institute and they are doing some exiting projects, eBay, PayPal are involved in, they are some cool companies involved in that there is a lot is going on terms of analytics in Ireland now and there are some companies that are actively doing analytics but it is still very very young and early days so it is very much evolving. But we did added to our agenda so if you look at the topics we are going to talk the next week on the
forum we have got statutory reporting, compliance, we have got record to report, we have order to cash, and we have analytics and that’s again that’s on the request of members. It is definitely one that’s gonna grow more and more but I hope it will start to be more define in the fact that it becomes more then the buzz word because it is a buzz word at the moment and everyone talks about the analytics but you know to get deeper into what it means I think that the jury is still out a little bit at the moment. I think a lot of companies as well, because there is an element of secrecy, because it is very much exploratory there is huge opportunity in it. Companies have seen it, I think Tyrone University and Institute have seen it I mean it is going to be exiting space going forward.

Researcher: Ok perfect. Is there anything else you would like to add.

Interviewee E: I think I have probably bored you enough for now.

Researcher: No it is perfect.

Interviewee E: I don’t know I mean I think you have pretty a lot to play back,

Researcher: Thank you very much having this conversation with me

Interviewee E: No, you welcome, you welcome.
Interview F

Researcher: Thank you Interviewee F for taking this interview with me today and also for being a part of this research.

Interviewee F: No Problem.

Researcher: Could you please tell me briefly about your role and how long have you been with the company?

Interviewee F: I am the shared service controller here in Company F in Dublin. I have been with the company just over five years, and also I am also a company director. So there three bits and pieces that’s go there. The role itself is to manage the finances of the shared service centre itself here in Dublin and to correlate the various data, statutory compliance and regulatory compliance data for the relevant authorities and the relevant jurisdictions. Our team provides also some support to other European entities, on other statutory accounting or projects from the finance point of view.

Researcher: Perfect. Thank you very much. And just about the organisational structure of your company. Like a whole organisation not only the shared services. How is it divided into selling divisions? Is it by product by region by country?

Interviewee F: Company F is divided from the reported stock exchange point of view by product. And they reporting to the US SAC is done on the product divisionalised basis. We then have multiphasic metrics that lies under that simple outward reporting design. So from the financial point of view internally within the company we manage by region and by country as well as providing information in the SAC reported format of the product divisions.

Researcher: Perfect. Thank you! And what was the primary driver or the business event that led to your organisation decides to implement shared services?

Interviewee F: Company F decided to implement shared services and to implement in Ireland as Company F expanded from being just US-company, to acquiring business in Europe primarily. Once that started I think around 2005 acquiring businesses in Europe, they put in place a shared service team to manage the payables and receivables as the first priority and then over time it has expanded to cover many other departments.

Researcher: Perfect. Thank you very much. Actually we touched that a little bit, but could you may be the reason of selecting Ireland as a location for shared services?

Interviewee F: I wasn’t here at the time to make that decision. But it would seem to be from the historic handed down information that the reason that they chose to set the shared services in Ireland is that they were looking at Ireland as an opportunity for the business in Europe. That they were looking at the models that the others pharmaceuticals and medical devices companies used and basically that led them to the decision that the shared service location should be in Ireland as there are highly qualified staff available. There is a strong availability of language skills, and string availability of graduates with third level qualifications that fit the requirements for shared service delivery.
Researcher: Perfect, thank you. And if you would think of relocation from Ireland. so first of all would you even think of that and if so what other countries would you consider?

Interviewee F: At the moment I don’t think Company F is thinking of relocating its shared services. it has many other priorities to address before it would consider relocating shared services. If they were to look at shared services in the other areas Company F has very strong basis in France at the moment from the sales point of view they have quite broad number of services there they may, if they were to relocate something, they could put shared services in France but it wouldn’t be a natural location for to find the divers language skills that they would need. If in the numerous years’ time they would think of where the shared services be or if the dynamics or drivers that have their focus now changed they might chose something like UK, or may be some Eastern European countries, but that would may be if many factors changed.

Researcher: Ok. Perfect! Thank you very much. How long have your company’s shared services been in Ireland and which regions do they serve?

Interviewee F: Shared services has been in Ireland since 2005, as tiny seedling and they served in the beginning mainly Europe, but since 2010 or 2011 we have also served some of the international markets in Singapore and China and a little bit of Australia support has been given from here as well.

Researcher: Perfect! Thank you very much. And could you please tell me briefly about the structure of your shared services in Ireland.

Interviewee F: The shared service in Ireland has long list of departments. We primarily have payables and receivables and risk, which makes-up for the largest team within our group. The second largest team then would be the supply chain and logistics team who have the management of all non-US supply chain for logistics for Company F worldwide. They also tend to the consignment goods, which is a significant management for our business as we provide many kits to hospitals etc. other services that we provide then at the shared service side are IT Projects, Global Business Support, finance treasury management. We also manage the cash pool for all non-US entities as part of that treasury management. We have office management, tax compliance, for our all non-US entities, we have HR for operations in Europe and for the Irish entities. And we have marketing executive in Italy as part of our team.

Researcher: Interesting. I wasn’t aware of the marketing in Italy as well.

Interviewee F: I forgot to mention that HR covers also Singapore and China.

Researcher: Thank you very much. That’s excellent information. So what were the services delivered through shared services at the very beginning?

Interviewee F: At the moment there is a wide spread but initially we had some payables, receivables, AP and AR. We had some financial management accounting, and that would have been our primary set of services in 2005. It expanded then adding on by 2007 we had
the HR, the tax compliance, the IT Project support, and then we would have added various other facets as went between 2007 and today in small steps. Most of the teams are one to three person teams, although we cover a lot of areas it is a nice a boutique size shared service.

Researcher: Perfect. Thank you very much! And do you know where the services were delivered before the establishment of shared services?

Interviewee F: Before the establishment of this shared services we hadn’t acquired business in Europe, so the business as we acquired them, some of them had finance functions within them and some of the other services would had been provided from corporate in US, so it was a combination of some work that have been on site in the business that acquired and some work that was done in corporate that was migrated into shared service.

Researcher: Prefect! Thank you very much and how services are being charged back to the locations.

Interviewee F: At the moment we charge services back to locations based on the time allocation. As we had a small numbers of team members this currently reflects the best let’s say for our cost on site here. We may look at more mature systems as time goes on.

Researcher: Ok, perfect! And how do you drive governance and consistency within shared service?

Interviewee F: Our governance is primarily driven through SOX regulations, our Sarbane-Oxley controls, our primary governance tools. We do of course have local governance regulations as well, but basically most of the local governance is also accommodate by achieving the general compliance with SOX regulations and general risk mitigation related to those identified control points.

Researcher: Perfect. What role does your shared services play in management and oversight of internal controls?

Interviewee F: We manage the controls for the tasks that are carried out at our shared service centre, we don’t manage internal audit within Company F. Internal audit within Company F is managed from our corporate head office in Plainsboro. We use a portal with all our internal controls documented there and we provide let’s say evidence and feedback and the record retention related to all those controls and check that we do perform.

Researcher: Perfect. And there are different types of shared services business models. I suppose this is a multifunctional shared services? It is not concentrating on single function, like finance for example?

Interviewee F: No, this is I looked at this questions and I kind of wondered I could answer as a joke. This is a very boutique shared services centre. We have a lot of multifaceted services provided by very small teams, which is not let say a norm in shared services. Mostly shared services are looking at taking very large volumes of work and pushing them through teams in the single location. Where we are actually providing more high-end analysis and high end
support in IT projects or tax compliance. Our AP and our AR, because Company F is mid-size medical technology company who wishes to be a multibillion dollar company we are not at the point where in a let say bigger environment than that. multifaceted probably, unless you give me several other options of shared service type.

Researcher: I suppose according to the literature on the topic there is only, well you can have a singular function, that only concentrate on finance or you can have a multifunction then at some stage maybe you can just become a profit generating shared service, which like for example Accenture, so they provide some of the functions to other companies and with this they become a profit generator. But I guess we are not there yet.

Interviewee F: Not at that level of maturity, but any sense of the word. But we do our best to be as big as we can for the breath of service that we can provide.

Researcher: Perfect. And how would you describe shared services employees relation with the entities they provide a service for?

Interviewee F: I think shared service employees within Company F here provide a very close relationship with the entities they provide the service for. They would see themselves as let’s say as answerable to those customers and providing a service to them. I think it is quiet let’s say a close environment. Because we are not enormous organisation we do have that opportunity to build that direct relationship with controllers of which individual entity that we support or with the contacts with the various different locations. Unlike say some of the very big shared service model, where they may not even know the name of the person in charge of the entity they are supporting. This smaller variety that we operate gives you opportunity to actually build relationship quiet closely.

Researcher: Ok. Perfect! Thank you. And what is important to your internal business units’ customers?

Interviewee F: For our internal customers the accuracy of the information that we provide and the timeliness of the service that are provided would probably be the two highest priorities that they would have at this point in time. As our company matures, I mean the priorities, you know, may change vastly but at this moment in time that’s really where the focus is. That they are getting accurate, high quality information in a timely fashion.

Researcher: Perfect. And what have been the benefits to your organisation of having Shared Services based in Ireland?

Interviewee F: The benefits that Company F would have in having shared services based in Ireland is that it has a strong working relationship with our parent company. It provides corporate governance onsite in Europe. It provides the management of cash and both collections and receivables point of view and payments. Because we also look at risk, we also let say provide governance to hopefully prevent us from working down path, we shouldn’t. The benefits have been that basically you get a corporate foot print within Europe and you get services provided in the time zone where are primary customers are rather the US team who don’t come on board until lunch time in the European working day. So at this level within
Company F’s growth that would probably be a primary gain that Company F has from this shared service centre. As Company F grows with the same level of resource here Company F should be able to add more and more within Europe, without having vastly expand it shared services and that would be a further benefit that it would get. But until we have one ERP system and various other things in place that ability to expand rapidly is probably limited.

Researcher: Ok. I understand. Thank you. How well has your organisation achieved its objectives for Shared Services in Ireland?

Interviewee F: I would say that shared services in Ireland has definitely improved the accounting and cash flow management within European entities. But we have a long way to go as the project tooth brain all acquired companies to one ERP system has been deferred the number of times and this has limited the effectiveness of our shared service centre. So once we have that matter addressed really there should be the huge gains.

Researcher: Ok, excellent! And just in terms once again of achieving objectives. How do you know objectives are being achieved in the share service? Do you use and SLAs and how effective do you find them?

Interviewee F: There are some SLAs in existence but we don’t have very rigorous systems of KPIs and SLAs in place. There is a generic agreement on what we deliver to entities that we work with. But this certainly is another area we will improve on over time.

Researcher: so the same is with the KPIs?

Interviewee F: There are some basic. There are some basic monitoring in place regarding the services that we provide and the task that are perform in the time manner for said activates. But this has, let say, not developed as far as it should in the shared service environment due to the fact that entities all remain on separate ERPs systems, that’s the matter that we are actively addressing.

Researcher: Thank you. There is a common trend of the importance to deliver the value. What are your company’s top priorities to drive value from its SSCs?

Interviewee F: I believe that top priority is to improve processes move to one ERP system and improve outputs that we give so therefore we can serve more entities with the same level of staff and level of investment from Company F as we currently do so we move towards a profit organisation then simple re-charge organisation that we are at the moment.

Researcher: Perfect. So you have mentioned few times the one ERP system. So you have lots of ERP systems I assume?

Interviewee F: Unfortunately as Company F expanded in Europe it did so through acquisitions. There has always been an open list stated desire that all Company F finance and process would be operated through one ERP system. From the general point of view that is one of the fundamentals for operating an efficient shared service model as processes then can be driven into completely generic pattern and all efficiencies can be gained by the points,
where, let say the transaction become stuck or inefficiencies occur. When you are on the multiple ERP system this becomes let say much harder task to achieve. So one ERP system is certainly our main priority, from the shared service point of view.

Researcher: Perfect. How would you have improved your Shared Services journey?

Interviewee F: Personally I would improve shared service journey for just implementing one ERP system in 2005. Sadly in the roles that I have performed prior to this role I have been with other highly acquisitive companies and in those regimes while it is very painful to take an entity, which you have just acquired and just force that entity to follow the processes of the new incoming company that have just acquired them I would personally believe that keeping everybody on the one ERP system, speaking in one language it means that you address all problems in alike fashion and you therefore bring let’s say you bring the outputs to the corporate table in the same way once you do that. That would be how I would have improved our shared service journey. I would have implemented that but I only joined the company five years ago so I wasn’t here from 2005, but I would have gone for the immediate let say, take a pain immediately and deal with it once you have got it on board rather than looking at the ideal and differing towards that ideal for the five years that I have been here. I think that they are on the path of doing this so I am looking forward to that.

Researcher: Perfect. I understand your pain. How are you leveraging Shared Services as a strategic asset at your organization? What role(s) is your SSC(s) currently playing – or you anticipate playing - in analytics?

Interviewee F: Our shared service centre provides only minimum analytics at the moment. We provide high end support in IT projects and tax compliance from financial analytic point of view we really are not leveraging the data. That would be one of the things that we can do in the near future and there is even with the multiple ERP systems there is a lot of data out there. The real challenge is that the multiple ERPs are purely configured and that extraction of that information is not straightforward end of things, so we have not in there but I do believe that it is something that we can do in the future.

Researcher: Perfect! Thank you! What trends do you think Shared Services programs/organizations will follow in the future?

Interviewee F: that’s the vast question. I think that will depend of the business segment that you in, as well as on the life cycle of the company or organisation that you working with, I mean, in everything there are trends so if you are looking at the IT companies they migrated to shared service quiet quickly then they migrated they shared service payables and receivables to low cost countries really rapidly. Pharmaceutical companies were trying to do that, pharmaceutical and medical device are trying migrate to really low cost processing in Asian countries left them with gaps with the information that they needed and they ended up brining back some of the processing to European entities that they had try to bring to Asia, so I think in every business model there are cycles and what will happen in the future will be driven by various factors, so I don’t think there is one answer to that question.
Researcher: Ok. And in terms of your organisation what change do you see for shared services in the next 3-5 working days, sorry years?

Interviewee F: three to five working days. Years, ok Company F wants to be a multibillion dollar medical technology company. It has the products it is based in the US primarily. It’s only beginning its journey international. It just touching of in Singapore and China. So I think the value that our shared services can bring to that entire expansion because within Europe not all Company F’s products are registered and are there for sale within European context. The services that are provided at the moment will allow for the expansion that Company F desires without any particular strain on the organisation I think shared service will be vital to that. the exact way that that would be and how much of this, the current structure that we have and what services we provide from her that will change and evolve depending on the decision makers that are involve in the change over time.

Researcher: Ok. Perfect. Thank you very much for taking interview with me.

Interviewee F: Lovely.