

## **Outperform with Finance Shared Services**

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### **Finance Shared Services – An Enabler of the Organizational Strategy**

For a finance shared services center to be an enabler of the enterprise-wide strategy, it is extremely important for the shared services to have complete visibility to the enterprise-wide processes to the extent they pertain to the CFO's world. So, shared services organizations should be leveraged across the four domains within the CFO's world, whether it is Source-to-Pay, Order-to-Cash, Record-to-Report, and decision support activities.

If we look at global organizations, which have mature shared services footprint, you will see that they leverage shared services organizations way beyond routine mundane operational activities like Accounts Payable processing, Accounts Receivable management, and things like bank reconciliation.

Today, shared services organizations deliver services which are much more strategic services that go up the value chain, things like month-end closings, statutory reporting, tax compliance, regulatory compliance so on and so forth. So very simple, you've got to give your shared services organization complete visibility on end-to-end accountability of managing your processes.

### **Tracking the Efficiency and Effectiveness of Finance Shared Services**

So, efficiency and effectiveness are the two key parameters that every shared services organization has to try to improve upon year-by-year. Let's talk about efficiency first. Efficiency to my mind is a productivity metric. It's all about increasing the number of transactions that get processed per person per month. It's all about throughput. It's all about increasing the productivity of your employees, reducing the cost per transaction. When you are tracking efficiency, you are tracking turnaround time, so that's all about improving productivity.

If you talk about effectiveness, it is all about impacting business outcomes. How can you help your organization reduce cost of capital; how can you help reduce payment fraud; how can you help reduce the days sales outstanding. So, effectiveness and efficiency are two critical matrices that need to be tracked every year.

### **The Role of Best Practices and Technology Automation for Finance Shared Services**

Best practices and technology are again two very important levers that a shared services organization has to improve its effectiveness and efficiency quotient. Let's talk about technology first. Technology is important. Technology-led automation is important because it helps you to reduce your dependence on the people factor. It helps you to scale. If your business is going to double in three years, as the CFO you will definitely not want to see your finance back-office team double in size as well. So, technology helps you to scale. Technology also helps you to iron out

manual or error-prone processes. Technology will also help you to improve controls and also improve audit trail within your environment. So, technology is extremely important.

Now, talking about best practices and process excellence, it should be the endeavor of every shared services organization to benchmark their processes with the best within their peer group and best practices and process excellence is important because when you depend on processes, you are again eliminating your dependence on people. A situation where there is process excellence – those situations, those environments would typically imply better controls, improved audit trail. It also result in fewer hand-offs, better control over exceptions, better process documentation so on and so forth. So, best practices and technology automation are two very important levers that every shared services organization must make full use of.

### **A Continuous Process Improvement Program to Strengthen Finance Shared Services**

If you look at the shared services environment, every shared services professional is challenged with delivering more with less. That's a constant struggle one has to face day in and day out. Basically, you are expected to deliver higher productivity, better quality, reduced turnaround time with fewer resources and many such constraints. The only way you can meet the expectations of your internal customers is by embarking on a program around continuous process improvements. What you really need to do is embed the culture of Six Sigma, Lean and Kaizen within the DNA of your organization. Every shared services organization must invest in resources that can implement these Six Sigma initiatives across your operational processes.

When you implement these initiatives like Six Sigma, Lean and Kaizen, you are basically eliminating process redundancies, you are eliminating wastage and you are making sure that on the process maturity curve, you are as world-class as possible.