

Reading the Tea Leaves: Will Your GBS or Shared Services Model Survive?

By Deborah Kops

There is no question in my mind that, without GBS or shared services models, the initial fallout of our current pandemic would have been much worse. The model proved that a distributed workforce could be productive, that bills could be paid and cash collected, and spikes in HR administrative tasks could be effectively managed. But now that model continuity is no longer in question, what is next for GBS? Will it thrive, merely survive, or go underground until the pandemic is over and next generation business models pop up?

Now I don't have a crystal ball, nor have I recently dusted off my Ouija board. But when you have been in the market as long as I have, you start to see markers repeat themselves in new contexts. As they say in the financial services industry, I make no claim that past performance is an accurate predictor of future results. But all of us are looking for signs relative to what our 'GBSNext' will look like, so current events and, importantly, our perceptions of their implications, take on increasing importance.

Bear with me, friends. This is what I'm seeing at the bottom of my teacup.

You are on a winning streak with GBS if:

- **GBS has been called out as a hero:** Stories abound of GBS or shared services operations that have gone above and beyond to keep their businesses running and effectively dealing with new challenges in the face of unprecedented disruption (after all, the model has had a head start; we know how to operate in a distributed model). It's hard for the enterprise to dismantle when GBS as an operating model is a key component of enterprise resilience.

- **Finally pull, not push:** Suddenly you are experiencing your first major business pull. Your business partners are calling you, not vice versa, and if you don't respond within a few hours, they send emails and texts. GBS has a once-in-a-blue moon opportunity to achieve the scale that has been elusive for so long.
- **Toilet paper, anyone?** You are in a defensive industry with substantial spikes in volume that are expected to help your company weather the downturn. You are strongly positioned as an effective enabler and not a model to mess with...at the present.
- **At the table:** GBS is a visible and valued member of the extended leadership team, and your leader is well-networked into the top echelon of the company. The model has a resilient, agile brand, and whenever there's an enterprise event, GBS is at the table.
- **Becoming a bigger cheese:** Your boss has been given more and more responsibility, likely taking on functions that can be incorporated into a GBS model. Think workplace, engineering or even IT. There's now an opening to become a comprehensive business services platform.
- **Cooking up new scenarios:** Your senior GBS leadership has a seat at the inevitable restructuring table, helping the organization harness every capability that you've built—program management, change management, automation, transition.
- **Skin in the game:** Your CEO has been on record to the markets saying GBS is his/her ticket to ride, talking up the resiliency of the model through good times and bad. It likely makes it harder to pivot if s/he has staked his success on a GBS-fueled operating model.

It could go either way if:

- **White shoes are in fashion:** One of the big consultancies may just have been hired to guide so-called 'business transformation.' With luck, they have a comprehensive remit, understand the value of GBS and have consultants who know how to spell 'global business services' on the team—that's a great outcome. But if their focus is slash and burn, the outcome for GBS could likely be quite different.
- **Just starting your GBS journey:** Your GBS is just now in formation, and it's seemingly hard to backtrack on the program. But if the powers that be start digging to understand the actual cost of transition and the ROI, can figure out a way to stop transition without too much damage, and see disbanding as collateral damage in a bigger survival play, it may be difficult to sustain.
- **You're a servant:** If your model is focused on single tower shared services, your operation may be better positioned than if you are part of an integrated business model. Likely you are reporting directly to a function that values efficiency and effectiveness. However, if politics are in play or the overhead is ripe for slashing, processes could be repatriated to the so-called retained team.
- **Suddenly slogans:** Your company is using the crisis to reinvent the business and is aggressively sloganeering. Management is sending a clear, consistent message to the team when it bandies about catchphrases such as "emerge stronger" or "better tomorrow." These slogans can drive the enterprise to rally around a rethink the business, or —horrors—they mask a major business contraction.

- **Off into the sunset:** Your boss suddenly announces his 'retirement,' and you find you have to start all over again explaining and justifying the GBS model to a new leader. If he or she's been a fan, at a minimum business as usual is the likely outcome. But if you've crossed him or her previously, all bets may be off.
- **Shedding assets:** Obsessed with cash, enterprises will likely ramp up divestitures of operating units deemed noncore. With a loss of scale, GBS models may not be seen as sustainable, and be downsized or refocused. There is also a silver lining in an enterprise program to sell off assets; GBS may be seen as highly valuable and a good opportunity for sale or commercialization.

Be concerned if:

- **What have you done for me lately?** Your GBS model is mature, and has hit its targets, with no obvious pathway to substantial, quantifiable advances in efficiency and effectiveness. The enterprise views GBS as a "business as usual" play rather than a transformation tool; an integrated model is not adding quantifiable value; and corporate leadership perceives that there are no barriers to repatriating service delivery to sending functions.
- **No pocket money:** The corollary to the previous bullet, the organization has been starved for investment, and can't move the dial harnessing the power of analytics and automation or moving to end-to-end delivery. As a result, the next rung of value creation is all but impossible.
- **What went up unfortunately came down:** If your company is in certain industries such as travel and hospitality, volumetric changes in the business have decimated your operations. Leadership is too worried about survival to think about the benefits of a business services model; therefore, it disbands the model with impunity.
- **Do as I say:** If GBS is not a key participant in the organization's restructuring initiative, that's likely not a good sign. Absence suggests GBS is thought of by the enterprise as a servant without embedded capabilities so critical to business survival, as opposed a critical transformation lever in challenging times.
- **Ready for retirement:** You and/or the majority of the leadership team are tenured loyalists, a tempting target from a cost standpoint to lay you/them off. Under the guise of taking early retirement after decades of performance, key leaders are 'encouraged' to leave; with leadership gone, the company feels free to fiddle with the model.
- **Pushed hard up the value chain:** You and your organization have almost exclusively pushed a value creation brand, perhaps sublimating the more compelling mantra of agility, efficiency and effectiveness which is critical in a 'cash is king' context. As a result, management sees you as a visionary or strategist, not an operator, when the latter is critical to getting through the crisis.
- **Always in a skirmish:** You've been fending off power plays for some time, battling the finance director who thinks she can "do shared services better", or the ops leader who's been itching to get his hands on the real estate portfolio. Understandable fear of the unknown and need to control drives an impulse to grab control, and top management, obsessed with survival, stay out of the fray, and let the chips fall where they may. Protecting the purity of a target operating model is the last thing on their minds.

- **Shared pain:** The company is making cuts in personnel willy-nilly across the board, sparing no division nor function, even if a unit such as GBS holds the keys to agility, recovery, and growth. Enough said.

If past is prelude (think back to the Great Recession), I would weight GBS and shared services' chances for thriving as pretty high. After all, assuming that the pundits are right, the attributes of a GBS model are what business so sorely needs now.

All business models are contextual, and no two futures will be the same. Look at these markers—and others—to see what your GBSNext will look like.

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