



July 2024

Global Business Services Rewards 2024: How Does Your Organization Stack Up?

Key findings from Sourcing Change / Everest Group
GBS Rewards Survey

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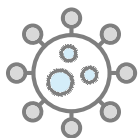
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Introduction



Has there been a **COVID effect on compensation** or did “normalization” change the reward structure?



Are **supply and demand** factors impacting compensation for certain roles?



Are **compensation expectations** in line with reality?

Are good GBS leaders so few and far between pushing up their compensation? There continues to be a considerable amount of speculation about Global Business Services (GBS) and shared services compensation. Some leaders believe that changing companies automatically guarantees a hefty uplift in reward. Others believe that the pockets of North American-based enterprises are far deeper than their European or Asian counterparts. There is an expectation that rewards are tightly aligned to the scale or maturity of the operation.

For the second time, **Sourcing Change, now in conjunction with Everest Group, has taken the pulse of the industry’s**

rewards for high-impact GBS “make it happen” roles. Unlike typical corporate compensation surveys—a valuable tool in the arsenal of every HR department’s compensation and benefits function—we correlate factors such as maturity, extent of globalization, scope, and operating model with compensation, deriving a more nuanced view of the GBS rewards landscape. Used together, the data should give leaders and their enterprises a critical tool to manage what the industry increasingly considers the number one imperative: talent.

This summary report presents key findings about what’s driving the current rewards structure.



Why is taking the pulse of GBS rewards important to leaders and their enterprises?

To state the obvious—the pandemic’s implications on talent changed the attraction and retention calculus for all enterprises. And, early on, GBS and shared services roles were not immune from the “Great Resignation” and “Great Retirement.”

But today there are other factors at play in our industry. COVID-19 created a context where internal business services models have gained a new level of legitimacy; closing the books on time and showing the enterprise how to work globally has done a great deal to create unprecedented organizational acceptance of the model, if not a pull for more scope and scale. At the same time, enterprises that

have been sitting on the GBS sidelines are now doubling down on investment in internal business services platforms.

There is another factor at play since the pandemic: GBS models are now being recognized as sources of what we call “enabling” capability—the critical capabilities that not only fuel the success of GBS operations (i.e., automation, program management, experience management, change management, analytics and resource management)—but are sorely needed across the enterprise.

In light of these factors, obtaining a snapshot of the market’s rewards structure is critical to ensuring that GBS organizations attract, reward and retain the right talent.

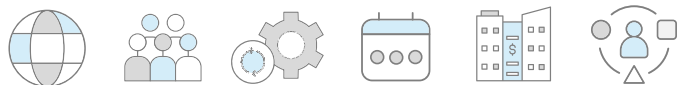
Methodology

This study focuses on the reward structure of high impact or “make it happen” roles—those critical roles that drive GBS or shared services value. These include the ranking leader of either a GBS or shared services organization; key regional and functional roles such as operations leader, site leader or functional services leaders (e.g., HR shared services); and key expert roles such as global process owners, transformation, PMO, and digital innovation.

In winter 2024, GBS leaders of 36 enterprises, primarily global in remit, responded to a confidential online survey about their operations and rewards structure, focused on the primary components: base salary, target annual bonus and target Long-Term Incentives (LTI). Responses were requested in ranges and in US Dollars (USD). Given the diversity in the structure of their organizations, not all respondents provided data on each role. In some cases, functional or expert roles are combined; respondents had the latitude to select the role that they deemed most closely aligned.

Who participated?

The following graphic gives a sense of the diversity of respondents.



Truly global

67%

have a global geographic remit

Owning up to landlording

50%

operate a blended model (both process owner/landlord)

GBS or shared services for some time

58%

have been fully operational for over 6 years

Outsourcing headcount limited

38%

have fewer than 10% of FTEs outsourced

Harnessing the power of partners

64%

are running hybrid operations

Majority of companies participating quite large

58%

>10bn US\$

Broad range of GBS operation size

28%

have less than 600 and 39% have 1,000-5,000 staff

Broad industry representation

But skewed to CPG, Retail Trade, and Chemicals

Still on the maturity curve

Less than

42%

claim to be fully mature

Diversity in corporate HQ location

The majority

67%

based in North America, with 33% in Western Europe/UK

What did we learn?



Even with a small sample, we are able to derive a number of insights about GBS rewards. Much of what you are about to read supports commonly held industry wisdom; other insights may come as a bit of a surprise. Again, we cannot sufficiently emphasize that these insights should be considered directional only.

First, let's take a look at GBS organizations as a whole.

- 1 Internal proxies for rewards remain the norm.** Enterprises continue to benchmark GBS rewards against internal roles for several reasons: first, they want to ensure that there is parity in compensation to allow for internal career movement, and second, they have no consistent external benchmarks on which to rely.
- 2 Organizational construct varies considerably,** impacting rewards. Just by looking at the data, GBS's rich structural variation is obvious. Some GBS organizations align by region, others by function with the remit of the global process owner still in evolution as GBS organizations embrace end-to-end operations.
- 3 Limited commonality in roles across the GBS organization.** It is difficult to level set rewards for the management and expert roles at the top of the organization due to variation in structure and definition. It is important to remember that there is no common job description for enabling roles, leading to variation in both content and scope.
- 4 Onshore leadership still prevalent.** Few GBS organizations in our sample reported locational diversity in leadership roles; as a result, the majority skew to onshore (North American, Western Europe/UK) locations, impacting rewards.
- 5 Generally beneficial to be based in North America.** Usually, but not always, North Americans enjoy higher rewards when considering the usual components of compensation—base salary, target bonus and target long-term incentives. The same is true for other roles, solely based on salary.
- 6 Leader compensation not driving rewards for the rest of the team.** There is no apparent correlation between reporting line and reward, except for the leader.
- 7 Location key rewards driver.** The majority of GBS organizations correlate compensation to align with local conditions.

And about those GBS leaders

We focused the majority of the analysis on GBS leader rewards, firstly because of the sample size, and second, to ascertain whether patterns in rewards structure were driven by leader rewards. This is what we learned:



Leaders generally “happy campers.” Dissatisfaction with rewards is not the norm in GBS as reported by the leaders participating in the study. Overwhelmingly, 81% of leaders believe that they are appropriately compensated.



Reporting matters. Where the leader reports definitively impacts the pocketbook; the closer to the CXO level, the better.



Context impacts reward. Whether it comes down to maturity, scale or other factors, there is a definite positive correlation between industry and rewards.



The bigger (the more mature the model) the better. There is a direct link between maturity and scale and rewards.



Moving around not necessarily the ticket to more. Contrary to common industry opinion, changing jobs as an expert is not necessarily the pathway to higher rewards when compared to those who come up through internal ranks.



The rest of the GBS team

Before we dive into the rest of the GBS team, it's helpful to share some of the context we were able to derive from survey responses. While we can develop conclusions about what drives rewards for the GBS leader, when it comes to other roles, connecting the dots is not so easy. Let's explore why.



Organization structures vary: One of the stories in the data, albeit from a small sample, is the variation in respondents' structure. While some organize by region, or increasingly by end-to-end processes, a number of GBS and shared service organizations still organize by functional tower. Enabling or transversal GBS roles are by no means unilateral in our sample.



Location key driver of rewards: Although other factors are in play, by far the major driver of rewards of GBS teams is location—a key lever in the arsenal of GBS value drivers. This is not surprising for two reasons. Remember one of our key takeaways: internal compensation benchmarks drive rewards? This is crystal clear when it comes to the difference in reward by location, as evidenced when lower cost locations, such as Eastern Europe and India, are in play.



Near- and offshore location strategy not a factor for global roles: Even with a small sample, one observation popped out. Other than for regional roles, and a few select others such as global process owners, many roles are located in what we typically consider onshore locations. What's been at play here? Is there some traditional onshore/offshore thinking going on (e.g., judgment onshore/delivery offshore)?

Has the GBS leader historically wanted his or her key lieutenants in a proximate time zone? Is there an undercurrent in staffing that says proximity to stakeholders is critical? Is there a lack of understanding of the breadth and depth of global talent?



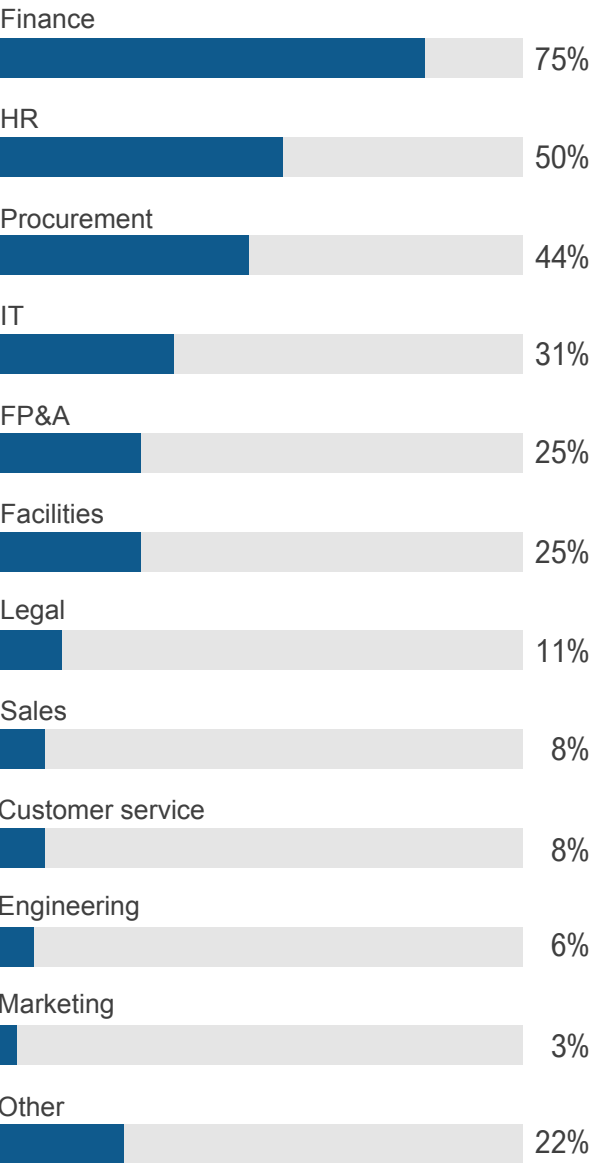
GBS roles not term of art: There is no one-size-fits-all job description across GBS organizations. Here's an example: one organization's global process lead may be responsible for design and quality, while another may take on delivery responsibility. Some GBS organizations may club together enabling roles such as change and transition management, while others place a different strategic emphasis and separate the role. Because the survey was structured as multiple choice with roles defined using common industry descriptors, we were not able to interpret the responses as to work content.

Before we take a deeper dive into rewards for the rest of the team, one caveat: because variable compensation is tightly aligned by region and role, we focused our analysis solely on average base salary. Further, because the sample size was not sufficient, we cannot solve for factors such as industry, maturity, and extent of globalization for these roles in this pulse.

Starting with the functional leaders

Functional alignment—perhaps suggesting that a number of GBS models are structured as consolidators of shared services—was detected in the majority of respondents, with 22% suggesting a different organizational construct without functional leaders (i.e., not applicable). Not surprisingly, most respondents have finance functional leaders, followed by the usual suspects: HR, procurement, and IT. However, even this small sample underscores growing GBS scope.

Respondents reporting functional leader roles 2024; n = 36



How do leaders' rewards by function stack up?

1 Is there a difference by tower?

IT appears to pay more than traditional process tower roles such as finance and HR. That said, the narrow range of average salaries—except for IT—suggests limited differentiation by tower in average pay between respondents in this survey.

2 Does gender impact functional leader rewards?

It appears that gender often impacts compensation except for HR and facilities when representation is balanced (approximating 50:50).

3 Does reporting line impact rewards?

Although the sample is not large, the supposition has some credence: the closer the reporting to the GBS leader, the higher the reward structure.

4 What about location? Does it impact rewards?

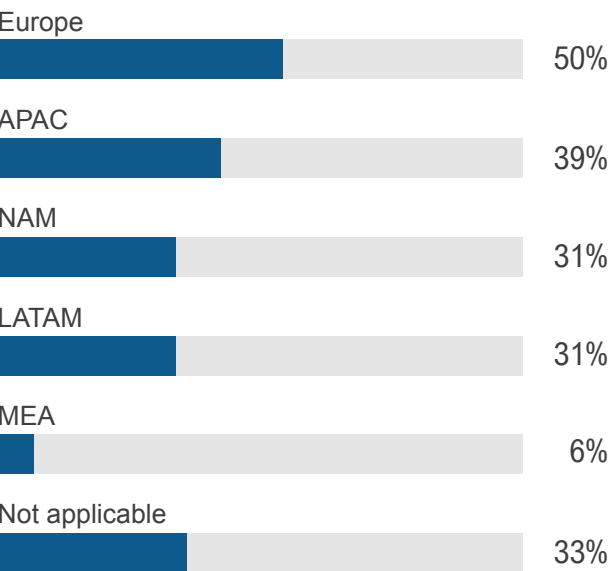
North America appears to be a better paymaster when it comes to HR, IT, and facilities tower leadership; conversely, procurement and finance leaders' base compensation is higher in Western Europe/UK. Notably, only finance tower leadership, FP&A and procurement have located leaders in both Eastern Europe and India. Again, because of the sample, the data should be considered directional only.

Regional leaders

How do their rewards stack up?

Across the 36 GBS organizations in our sample, 24 companies (67%) of respondents identify regional leaders as a component of their organization structure; 12 (33%) do not report having regional leaders.

Respondents reporting regional leader roles 2024; n = 36



Among those GBS organizations that do have regional leaders, Western Europe/UK regionalism is more prevalent, followed by APAC and North America.

Tell me more about regional rewards differences

Drilling down, as the industry would expect in a delivery model that pursues near- and offshoring as a cost reduction driver, location clearly drives reward. North American regional leaders enjoy a higher base salary, yet as is consistent with leader rewards, variable compensation is reported higher in Europe.

What about regional leaders' gender?

While the gender balance across the regional leader role is 3:2 (male/female) in aggregate, differences in

compensation by gender are distinct in every region. Except for North America, where female average base salary is higher than that of males, the gender disparity in pay is substantive.

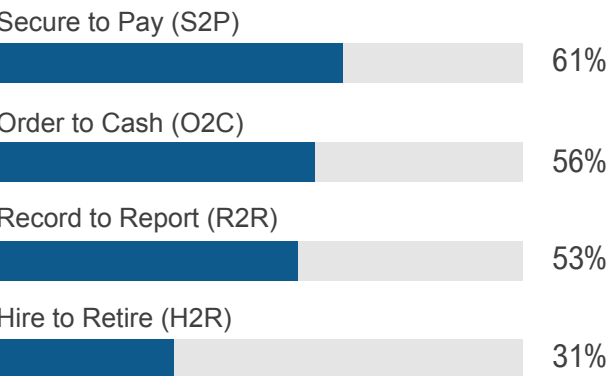
Global Process Owners (GPOs)

How do global process owner rewards compare?

When considering these insights, readers should remember that work content can be a major driver of rewards. In some GBS organizations, a GPO advises and warns; in others, the GPO has full end-to-end delivery responsibility.

Sixty-seven percent of survey respondents state they have GPOs in their organization structure, for a total pool of 72. Of these, the breakdown by process is as follows:

Respondents reporting Global Process Owners 2024; n = 36



Are GPO base salaries comparable?

While there is some difference in reward by process (R2R GPOs enjoy the highest level of base compensation followed closely by H2R, O2C and S2P), the gaps are not material.

How does GPO base salary compare process-to-process by location?

Almost across the board, higher salaries are most often enjoyed by those based in North America.

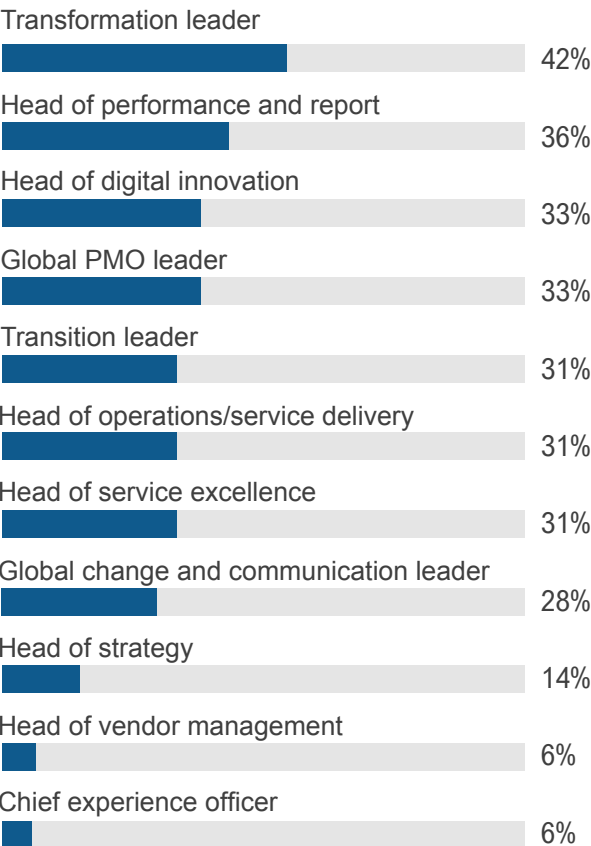
What about the rest of the GBS roles?

When we dive down into the rest of the GBS roles, focused on the professionals who enable performance and change across the GBS portfolio, our respondents' organization charts become more varied. Keep in mind that some GBS organizations group roles; because the data was strictly gathered from a self-reported survey vehicle, we are not able to parse roles. Further, some roles, such as change management or vendor management, may serve a GBS operation from another enterprise organization.

Unlike others on the GBS organization chart, these roles may focus less on pay-for-play. While bonus and LTI compensation are usually part of the rewards package, variable compensation is often less influential in driving rewards for these roles. It is also important to factor in the impact of internal proxies on total rewards.

The breakdown of enabling roles among our 36 respondents is as follows:

Respondents reporting enabling roles 2024



The distribution is not overly surprising; most GBS organizations are in perpetual transformation, either of a function or their delivery model. And with the advent of AI, including a head of digital innovation in the GBS organization chart is following the trend. Likely, the number of respondents with a head of operations is directly correlated to the number of organizations that are structured by function. And, although the majority of respondents profess to have a hybrid model, it might be expected that a higher percentage of organizations would have vendor management in their management line-up. Surprisingly, the percentage of those reporting to have an experience officer is low. And with the increasing adoption of hybrid models, surprisingly few report heads of vendor management on their organization charts.

What is the salary range for these roles?

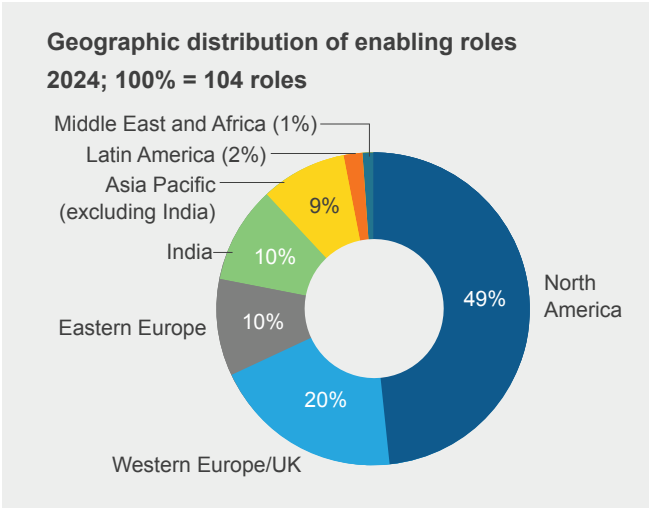
As can be expected, base salaries vary greatly, although those in more transformative roles such as head of strategy, transformation leader, operations and digital roles have a higher base salary, not adjusted for location. These roles perhaps reflect where GBS respondents are in their lifecycle—a heavy emphasis on change the business.

What about the impact of location?

Again, location appears to play an outsize role in base salary for enabling roles. We went in with the hypothesis that enabling roles are frequently located within the GBS headquarters country because of proximity to stakeholders and GBS leadership. And, while the sample size is small, the data suggests that there may be a correlation. As a reminder, 67% of our sample are headquartered in North America hence the correlation of the number of make it happen roles in that region.

Is there gender diversity in enabling roles?

Given the sample size, base salary comparisons by gender are presented for information only; it is not possible to suggest a trend as other factors such as industry, location, and scope are in play. Before diving into each role, overall, both males and females receive a similar base. And, correlating with the observation we saw with functional roles, we also detected higher compensation in roles where females or males are the exception, rather than the rule.



So what?

We've cut through a tangle of data; we realize that it's a lot to take in. Many of the insights we derived confirm what the industry already suspected when it comes to both GBS organizations and particularly their leader rewards—bigger and more mature is better for the pocketbook; top of the house reporting lines mean higher rewards; gender pay parity is near to par; and some industries are better paymasters than others.

GBS leaders are increasingly coming to the conclusion that talent—not process, not shiny new software, not finding the next best low-cost location—is what creates value for the enterprise. Besides being a benchmark for you and your team's rewards, and an interesting way to spend an hour or so, what's the “so what” out of this pulse? Here are three things we think you should focus on:

Do rewards reflect the value that GBS management create?

When dealing with your HR compensation and benefits team, be prepared to educate them about the work your team performs, and the increasing complexity of the capabilities required in your roles.

Will benchmarking GBS rewards against internal proxies create durable GBS talent?

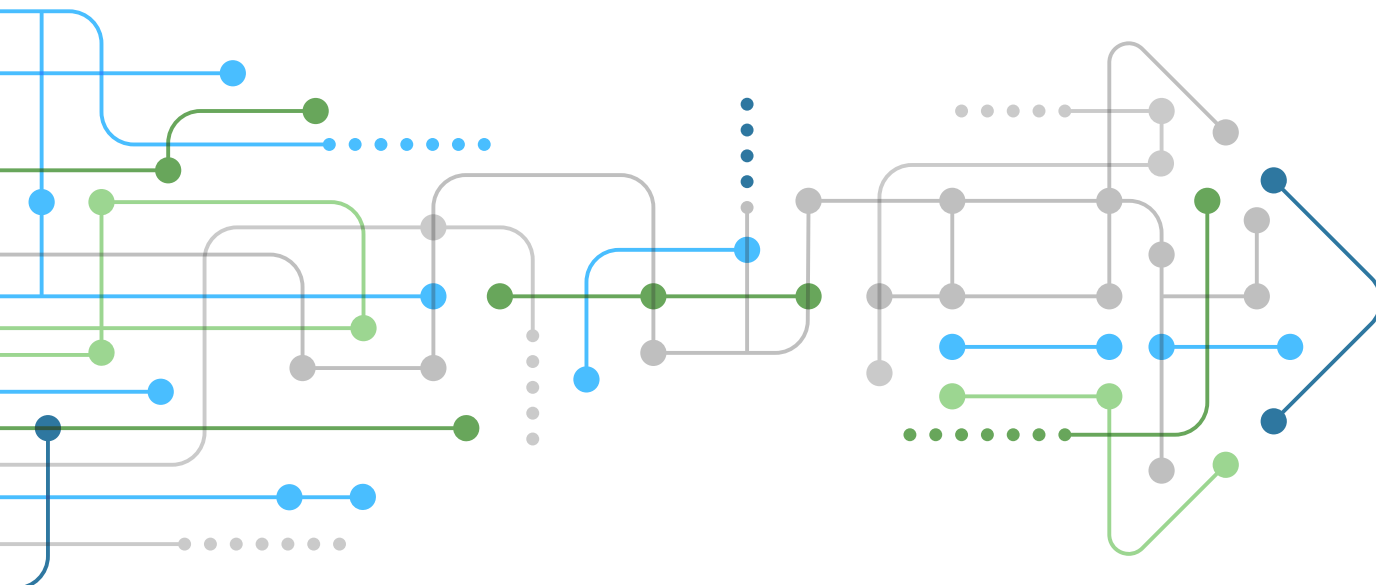
Pay close attention to your leavers—what they are looking for in career paths? what is the market willing to pay?—in order to make the case that GBS is now an identifiable career path, and its professionals are in demand and potentially more willing to change companies in order to advance.

Is GBS missing a big bet when it comes to tapping global markets for talent?

While throughout COVID-19 we talked about virtualized GBS, the data does not play out. Think about the rich lodes of talent in Eastern Europe, APAC and India, and assess whether your GBS organization is selling itself short by focusing on onshore locales for “make it happen” talent.

The beauty of GBS is that it's a relatively new organizational concept, not a hard-wired function. Therein lies the opportunity. As a model, the case can be made for more agility when it comes to attracting the talent that fuels its performance.

We hope you have found this pulse useful and that you participate in future studies. Together, we can help crack global business services organizations' biggest challenge: talent



About Sourcing Change

Our name says it all: we help leading global business and shared services organizations link strategy, model, organization, and talent to deliver transformation. Experienced GBS practitioners, we work with leaders who aspire to move beyond delivery and cost, rethinking how they enable change. As industry insiders, we connect organizations with the talent that can deliver.

Visit us at www.sourcingchange.com

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Everest Group is a research firm that applies research to people's day-to-day business problems. We help business leaders confidently navigate today's market challenges, driving maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Our problem-solving, forward-looking approach is designed around your journey, so you can make better business decisions.

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With over 28 years of business leadership experience in multinational high-tech environments, having lived and held executive positions on 3 continents, Janet has managed the

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Currently, Janet serves as President of Sourcing Change, LLC, which helps leading global business and shared services organizations design, counsel, source and connect the talent they need to deliver on the promise of transformative change. She is also a senior fellow at the Conference Board and Program Director for the Global Business Services and Shared Services Councils. In addition, Janet sits on the Advisory Boards of the Moxie Exchange, the Triangle Area American Red Cross, and an HR technology startup.

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In addition to her advisory role, she manages Everest Group's GBS/shared services membership offerings and drives the publication of insightful research and thought leadership on key topics of CXO interest. These include building Centers of Excellence (CoEs), driving structural innovation, implementing effective change management, leading digital transformations, and navigating the future of work at GBS, among others.

She routinely monitors key GBS trends across various industries and geographies, ensuring that her clients stay ahead in the ever-evolving business landscape.

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