THE IMPLEMENTATION OF SHARED SERVICE CENTRE – A CASE STUDY OF KNOWLEDGE TRANSFER FROM AN INTERNATIONAL IT COMPANY TO A GLOBAL LOGISTICS ORGANISATION

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Introduction

The research paper explores the scope and conditions for a global mid-sized logistics organisation (LOGfirm) to develop a shared service centre (SSC) footprint, facilitating the optimisation of costs, resources, and services to serve clients better. The research is underpinned by primary and secondary and utilises a qualitative research design.

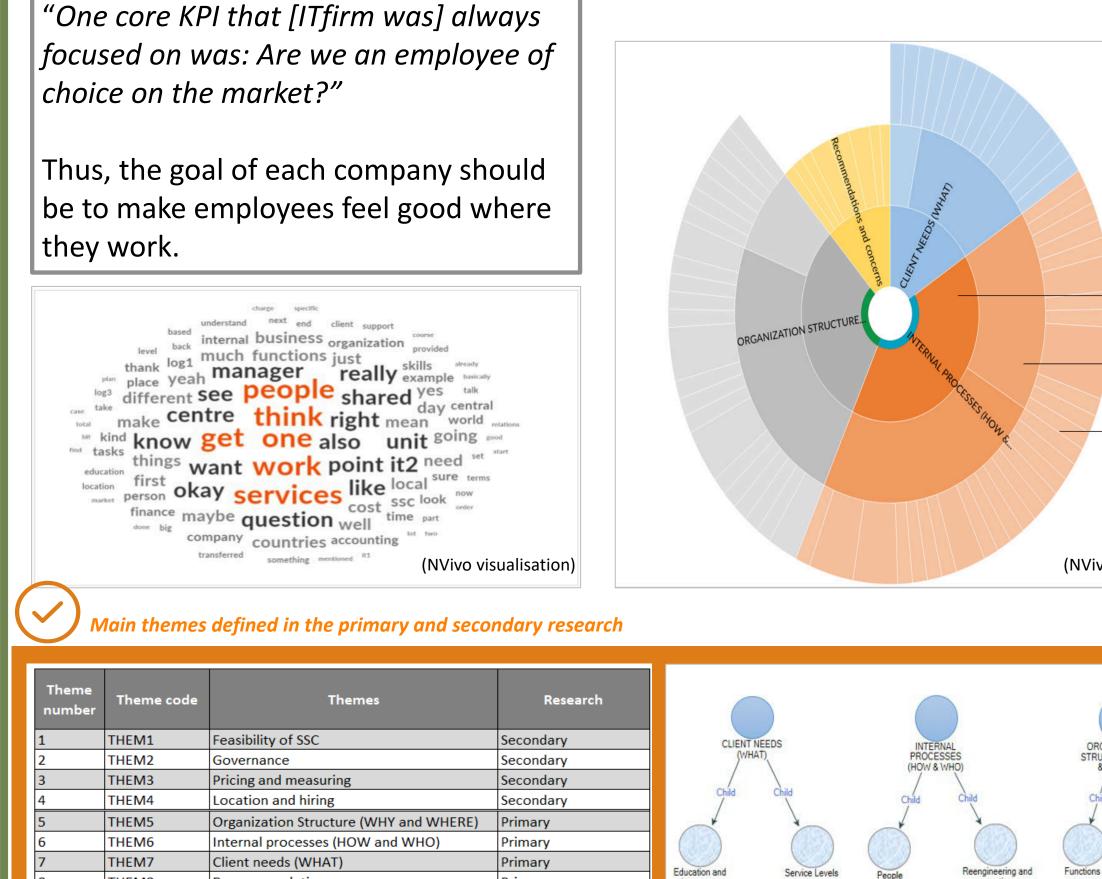| Topic		ITfirm	LOGfirm
Industry		Information Technology	Logistics
Size		International company	Mid-size company
Legal form		Public company	Private company
Headquarters		US	Europe
Number of employees rounded		200 000-300 000	1 000-10 000
Main drives of SSC		Increase effectiveness and efficiency	Increase quality of internal services
		Decrease cost	Increase employee's satisfaction
		Improve / decrease price point	General standards in the group of granting continuity
Main concerns of SSC		Change of service provider to SSC not visible to the external client	External customer satisfaction at least at the same level as before

Different
Similar / same

Research objectives

Research question: "What is the scope and conditions for a mid-sized LOGfirm to develop a SSC to better serve clients and optimize resources as a reaction to the increased competitiveness facing the logistics industry, driven by the Covid-19 pandemic?"

Key partners	Key Activities	Value Propositions	Customer Relationships	Customer segments
Agents	Air freight / Sea freight / Rail freight / Road freight / Warehousing & Logistics / Supply chain mgmt	Multinational coverage / Tailor made solutions / Custom advice / Reliability	Personalised service / Dedicated assistance	**Size:** Small / Medium / Large
	Key resources Skilled people		**Channels** Multichannel: Face-to-face selling / Calls / E-Commerce / E-Warehouse / Agents	**Geographical:** Global **Industries:** Automotive & Manufacturing / Electronics / Pharmaceutical & Healthcare / Food industry / Oil and gas; Mining / Construction & Distributive trade / Agriculture, Fishing & Foresty

Cost structure	Revenue streams
Cost per shipment / Other costs / Labour / Overheads	Price list / Contract price for custom products

Methodology

Using an Interpretivist philosophy, Inductive approach and Case study strategy, the research explores the desirability of an SSC model for the LOGfirm by observing the processes and organisational structure. The data analysis takes the form of a detailed discussion of the emergent themes and a cross-comparison of the primary (Participant observations) and secondary data. A research context prone to rapid change further supports the utilisation of adaptive qualitative research designs in business research.

"One core KPI that [ITfirm was] always focused on was: Are we an employee of choice on the market?"

Thus, the goal of each company should be to make employees feel good where they work.

✓ 3 layers structure

1st layer Themes
2nd layer Sub-themes
3rd layer Codes

(NVivo visualisation)

✓ **Main themes defined in the primary and secondary research**

Theme number	Theme code	Themes	Research
1	THEM1	Feasibility of SSC	Secondary
2	THEM2	Governance	Secondary
3	THEM3	Pricing and measuring	Secondary
4	THEM4	Location and hiring	Secondary
5	THEM5	Organization Structure (WHY and WHERE)	Primary
6	THEM6	Internal processes (HOW and WHO)	Primary
7	THEM7	Client needs (WHAT)	Primary
8	THEM8	Recommendations	Primary

(NVivo visualisation)

Literature review

The thesis was designed based on the requirements of my current employer LOGfirm. Those requirements need to be considered in the constantly changing environment. The literature review proved the abundance of resources about the SSC topic, which was supported by the primary research to consider the specifics of both research subjects and provide recommendations.

Feasibility of SSC
- History of SSC and general description *(Bergeron, 2003; Quinn et al., 1999; Bangemann, 2016; Soalheira and Timbrell, 2014; Janssen and Joha, 2008)*
- Overview of current situation in the market *(Silbering-Meyer, 2021; IFC, 2020; Deloitte, 2021)*
- Benefits of SSC *(Ioma's Institute of Finance & Management, 2011)*

Governance
- Organisational change in the finance SSC *(Seal and Herbert, 2013; Bondarouk, 2014; Yani, 2020)*
- The process of implementation of SSC *(Herbert and Seal, 2012; Oshri, 2012; Bantscheff and Britzelmaier, 2018; Deloitte, 2011)*
- Hybrid virtual teams *(Hoch and Kozlowski, 2014; Afflerbach, 2020; Griffith et al., 2003)*

Pricing and measuring
- SSC success factors *(Richter and Brühl, 2021; Marciniak, 2014 & 2013; Harrison, 2013; Lakshmi and Kumar, 2016; Borman, 2008)*
- Cost saving vs experience concentration *(Afflerbach, 2020; Strikwerda, 2006)*
- Price methods *(OECD, 2017 & 2020; Quinn et al., 1999; Bangemann, 2016)*

Location and hiring
- Conditions in different countries *(Marciniak, 2014; SARIO, 2019; Burt, 2018; The Irish Times, 2013; Koval et al., 2016)*
- Employees as assets in SSC *(Craike and Singh, 2006; Harrison, 2013)*

Analysis

Background

Constantly changing environment:
- Covid-19 pandemic
- Brexit
- Green initiatives
- Emerging war
- Globalisation
- Digitalization
- Virtualization

Need for research

Increased competition:
The logistics industry has faced growth throughout the pandemic, which drives the competition and forces the companies to work more effectively.

Goal of the thesis

"Follow others' lead"
To advise the LOGfirm to develop the current SSC footprint by utilising the knowledge and experience shared by the ITfirm.
(Source: Bangemann, 2016, p.37)

Supporting literature

SSC
is a "tactical technique" that can help companies attain a competitive advantage.
(Source: Soalheira and Timbrell, 2014, p.68)

Key findings

While conducting the secondary research, a critical review of literature from peer-reviewed articles, books and other sources established the pertinent issues that form the basis for the primary research. The full in-case and cross-literature analysis revealed the following themes and patterns of meaning.

These three themes combine to answer simple questions of:
- what are the client needs for SSC;
- who and how to set up SSC;
- why and where to set up SSC.

Keywords: Shared service(s); Shared service centre; Evolved business model; Organisation; Logistics; Information Technology (IT); Employee attraction; Employee retention; Service enhancement; Quality of service; Customers; Hybrid teams; Covid 19-pandemic.
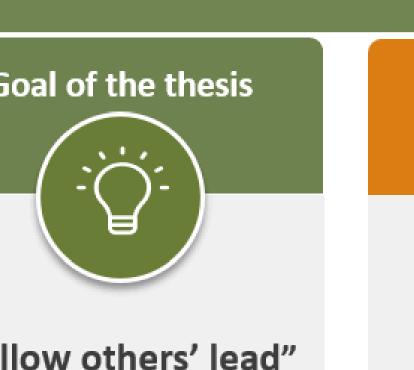
What — **Client needs**
- Transition to SSC should not be visible to the external customers
- Consistent service quality before/after SSC implementation
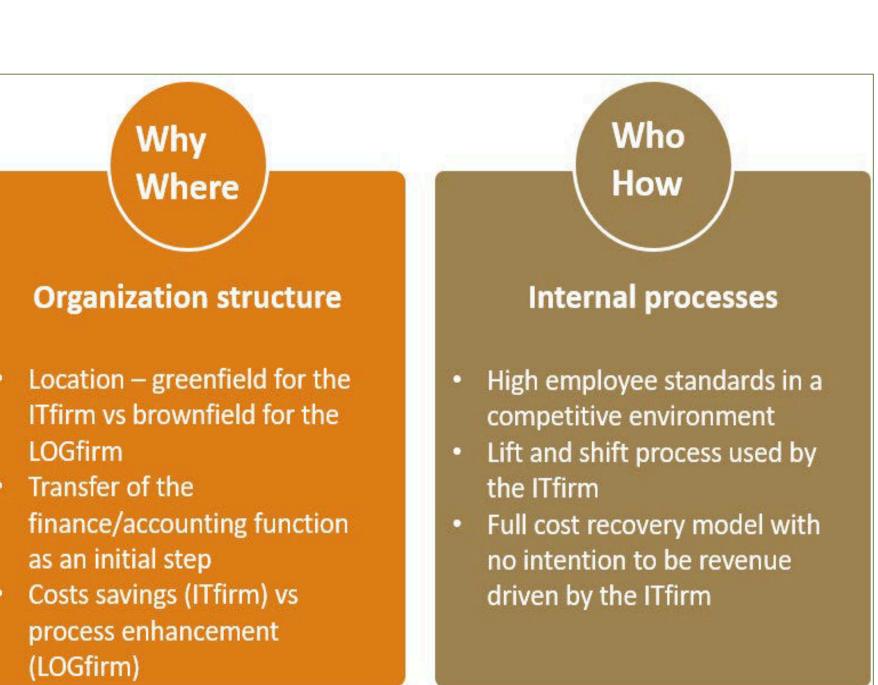- Education and language are essential for a company's success

Why / Where — **Organization structure**
- Location – greenfield for the ITfirm vs brownfield for the LOGfirm
- Transfer of the finance/accounting function as an initial step
- Costs savings (ITfirm) vs process enhancement (LOGfirm)

Who / How — **Internal processes**
- High employee standards in a competitive environment
- Lift and shift process used by the ITfirm
- Full cost recovery model with no intention to be revenue driven by the ITfirm

Recommendations

The secondary research finds that SSC could be a valuable tool for gaining a competitive advantage in the market. Initially, SSC organizational structures were limited to multinational corporations. However, scholars clearly state that this is no longer true as mid-sized companies appreciate the benefits of this structure. Moreover, given the advancement of technology and fluid economic environments, SSC's can evolve into more adaptive forms that can operationalize new business contexts and employee work paradigms such as working from home.

Afflerbach (2020) claim hybrid virtual teams are facing a growth in SSCs in recent years and are becoming a "common feature" of SSCs. The primary research suggests that leaders must have clear plans for adapting to new world of work paradigms; hybrid or remote.

"What to advise someone who wants to start the journey of establishing SSC?" The participants advise that the starting point should be a collaborative consultation with somebody who has undergone this kind of transformation. Additionally, it is necessary to consider what the future will look like for shared services and consider robotization and automation.

Recommendation 1
- SSC's performance measurements (SLAs, Balanced score card, SWOT, KPIs)
- Main KPI - "the employer of the choice on the market" (ITfirm)

Recommendation 2
- Talent attraction and retention (competitive benefit package including education)
- Hybrid virtual teams
- Cooperation with the universities (intern & graduates)
- Rotations within the company

Recommendation 3
- Service level organisation – an umbrella role, the overview role across the health of the multiple centres as a whole.
- Brownfield location in Bratislava, Slovakia as a location for the finance SSC in the LOGfirm.

Acknowledgements

References

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