

## Creation of a Finance Shared Service Centre for a Major Financial Services Provider

### The Client

The client is a major Australian provider of wealth management products and services with a large dealer network and strong market positions across a range of product categories. The organisation comprises two strategic business units spanning wealth management and investment management and which are further divided into insurance, superannuation, customer service and distribution. The client has a presence in a number of global markets.

The client's Finance organisation was decentralised across most of the business units. Each devolved Finance department was managed by a financial controller who reported to Group Finance. Furthermore, the client was actively implementing a strategy of demutualisation and expected to list within 18 months of the programme's outset.

### The Challenge

The Finance operations were unwieldy and suffered from a number of challenges that resulted from the decentralised structure:

- The client spent significant resources in collecting and analysing its financial information. The information was not timely.
- A large proportion of the Finance staff (60%) was involved in low value, transactional processing that was duplicated across the business units eg accounts receivable, accounts payable, reconciliation. Most of this work did not require close contact with the customer.
- The client performed an excessive number of reconciliations because of poorly integrated and dated technology systems.
- The operations did not take full advantage of the benefits provided by technology that the client already had implemented
- The client had not leveraged its group purchasing power to reduce its cost base
- The client was slow in its reporting to the investor community

The impending demutualisation and listing provided the impetus to restructure the Finance organisation. The Vision entailed repositioning the Finance organisation as a value-adding, advisory centre rather than the prevailing perception as a back-office, transactional processing "factory". To achieve the vision, the client needed to minimise and centralise the non-value adding finance activities, select appropriate ERP technology and to retrain and motivate its staff for the new environment.

### The Approach

Our consultant was responsible for a team of 15 personnel and led the reengineering initiative. The team completely restructured the Finance organisation across the dimensions of people, process and technology in preparation for the more stringent requirements of a listed entity.

### Key Phases to Creating the Shared Service Centre

The restructuring was undertaken in three distinct phases which reduced the risk of change fatigue.

1. Centralise the Finance operations currently located in each business unit
2. Reengineer the centralised Finance operations
3. Select an appropriate ERP to enable the reengineered and centralised Finance operations

### **Strategic Diagnostic Review**

The engagement began with a strategic review of the client's corporate strategy and current operations resulting in a comprehensive business case that identified critical issues and opportunities for improvement. Our consultant managed the team throughout the review of Finance's processes, roles, culture, organisation structure and technology. Line staff was engaged continuously throughout the process to promote buy-in across the organisation.

### **Creation and Validation of the Operations Model**

On completion of the diagnostic review, the team conducted a series of visioning workshops to define a set of potential future scenarios for the Finance operations. The workshops developed the high level process models, performance metrics and implications for people and technology. The team defined roles and responsibilities for the new operations and an organisation structure that supported the new process owner roles. The organisation's current culture was assessed and a strategy for culture-change was developed as part of the operations model. A detailed business requirements specification for the new ERP systems was developed from the process models. Physical infrastructure needs (building, telecommunications, furniture, etc) were defined and a team was tasked with ensuring these were available when required. Again, client staff was engaged via numerous workshops throughout the programme.

### **Technology Implications**

Vendors were short-listed and gaps between standard "vanilla" functionality were assessed against the business requirements specification. Price and terms were negotiated with the successful bidder.

### **People Management**

The team placed a strong emphasis on obtaining the support of all staff. Persistent, two-way communication between the staff and the project team was used by the team to maintain a high level of awareness and buy-in to the project. A Communications Plan was developed and rigorously implemented.

### **Implementation Approach**

Once Implementation Planning was completed, a series of transition projects were defined which once implemented would deliver the end-end solution. Each transition project delivered a specific, value-laden outcome which produced a steady stream of benefits throughout the programme. Transition projects were coordinated by a purpose-built Program Office.

Conference Room Pilots were used to test the operations model and technology in an environment that simulated the real-world operations as closely as possible. A Post-Implementation Review examined the actual benefits against expected and identified key lessons for future improvement.

### **The Outcome**

The programme delivered an improvement in shareholder value in excess of \$26m. The programme ran smoothly and was delivered on budget and on time. Staff buy-in was obtained to the extent that retraining and redeployment occurred with minimal disruption to the business operations. Staff morale was maintained despite the reduction in staffing numbers and the relocation of staff to other work locations. The demutualisation was successful and Finance was able to reduce the time taken to produce the Annual Report from three months to less than half that time.

For further information about this case study and how we helped this client call us on 02 9439 7908 or email us at [enquiries@aqintus.com](mailto:enquiries@aqintus.com)