

The significance of the Shared Service Center Model: Applied on advanced business sectors

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Abstract

This paper examines the criticality of the employee services center (SSC) currently being operated throughout the Australian region. The purpose of SSC is defined as "The concentration of administrative and repetitive tasks of a company that are scattered around the different locations conducting basically the same job, into one area to achieve the organizational effectiveness priorities."

The companies investigated are, an airline company, bank, the beverage and confectionary company, and the parcel service company. All of them currently practice a world class, top-level practices SSC model. However, each company developed different model, for its concept, service coverage, even the terminology each use (e.g. the shared service center, employee services center, HR outsourcing center, service center, and etc.)

The benchmarking process in each company has been proceeded in the following order: first, the presentation on the SSC operation of each company, followed by the question and answer session, and finally an active discussion among the participants on the subject. It was found that most companies introduce and carry out the service center for the following reasons: to increase profit margin, for sales revenue growth, cost reduction, and to enhance customer expectation. Such service centers, as part of the requirement to develop a performance driven organizations, would

incur the following impact on the human capital: the need to affect and sustain the required changes, and need to work more efficiently and effectively. The field managers from each company put extra emphasis on such factors as, the full support from the top-level executives, the mutual understanding between the employees and managers, assigning the right people to right post with right job skills, standardization of all processes, documentation of all details, and finally, designing of the new jobs as attractive possible for employees voluntarily participate, to effectively organize and efficiently operate the service centers.

The SSC is a very first practical model, which is about to be implemented among Korean companies. Therefore it is extremely important for field managers to reflect and learn from the advanced cases, their pros and cons, to minimize risks and maximize its efficacy. Although more complete documents and information were not attainable due to the confidentiality policy from each company, the benchmarking method is still a powerful enough for the 'catechumen' to gain insights from the 'catechist'.