



A new organisational model for accounting and administrative services!

In order to rationalise their services, finance management teams are choosing between outsourcing to Business Process Outsourcing (BPO) companies and setting up internal Shared Service Centres (SSC), often referred to as “captive centres”. They can also adopt a hybrid model, half way between these two solutions: insourcing under management. They maintain control of their SSC, but with more flexibility.



Troy Abkarian, director

KLB Group is a specialist in the implementation of company and public sector projects. Whatever the development, production or transformation project, KLB Group ensures its implementation by rapidly mobilising a team of experts of various functions (purchases, supply chain, quality, engineering, information technology, finance, etc.), with a unique mix of design, execution and operational know-how. KLB Group has more than 600 collaborators spread across 4 continents. Troy Abkarian is the Director in charge of the commercial development of the implementation of finance and accounting projects for KLB Group.

Décideurs. In what way does insourcing under management constitute a new model for accounting and administrative services?

Troy Abkarian. The financial management teams of large groups have all launched transformation programmes to increase the productivity and the quality of their accounting and administrative services. Two schools of thought are pitted against each other. The partisans of outsourcing have transferred the responsibility of their processes to BPO (Business Process Outsourcing) companies, including IT systems, and often the operational teams. Those who oppose outsourcing have preferred to create Shared Service Centres, grouping together services previously split across different sites and legal entities, and to maintain control in order to achieve the productivity gains themselves.

Even an internal one, a transformation does not go without incident. The processes transferred, insufficiently detailed and precise, are not fully mastered by the pooled teams. A signifi-

cant proportion of the teams refuse to be relocated. The workload is badly managed. The use of interims increases staff turnover and demotivation. These operational issues make improving the results of the SSC a hazardous affair. That is why companies today are opting for a hybrid model, half way between the entirely internal and traditional captive SSC and BPO. The hybrid model consists of creating a SSC with an external operational partner whose teams work at the company's locations and with its tools. This highly flexible approach allows companies to adapt to organisational changes in the short, medium and long term.

« A hybrid model associated with the Lean Office allows for high objectives to be achieved »

Décideurs. Are the problems of human resources management better addressed with insourcing under management?

T.A. By calling on an external operational provider, the companies which wish to pool their accounting and administrative back office give themselves time to think. They benefit from a complete service, from the recruitment phase, to training and the transfer of competencies, to the running of the operational activities of the SSC. They can anticipate and manage human resources issues during the project lifetime.

Décideurs. How is the transfer of competencies ensured?

T.A. One of the most critical phases of this type of project is the transfer of competencies from the sites and subsidiaries to the SSC. It is, on the one hand, essential to have detailed standard operating models and, on the other hand, to comprehend the peculiarities of each subsidiary. This allows the external target teams in the SSC to get off to a running start. This phase requires the utmost attention as this type of project generally has significant social impacts. Using an external company which specialises in the provision of accounting and administrative services allows the company to assure this transfer phase on a technical level as well as in human terms.

Décideurs. How does one manage such a service?

T.A. Once the activities have been transferred to the SSC, weekly and

KEY POINTS

The main advantages of insourcing under management:

- More time to manage human resources issues
- Optimisation of the process capture phase and of the mastering of processes
- Managing the accounting function in full transparency
- Flexibility of the SSC accounting organisation in order to easily adapt to changes of scope
- Improvement in the quality of accounting production as part of a process of continual improvement

monthly reviews are essential. They help operations to run smoothly and allow the company to have visibility of the external teams. The weekly and monthly reviews are governed by a contract of provision of services between the company and the external provider (Service Level Agreement: SLA), and the creation of Key Performance Indicators (KPIs). The company and its external provider thus have a shared vision of the operational road map and of the activity monitoring, in complete transparency.

Décideurs. How does this model allow groups to adapt more easily to potential changes in scope?

T.A. The hybrid model allows companies to easily alter the scope of the shared service centre's activities and to work their way up the value chain, notably in the "purchase to pay" cycle. The "receipt" phase, a mere grain of sand when it is not well handled, is also properly managed. It also allows companies to integrate other support functions, such as purchases, human resources, and to better respond to organisational changes within the group: complete internalisation of the SSC functions, the division into subsidiaries as the group's strategy evolves, sales or acquisitions of subsidiaries, etc. It also makes it easier to increase the geographical scope of the SSC.

Décideurs. In the long term, how can companies improve the quality of accounting and administrative production?

T.A. The Lean Office is particularly

effective for SSCs. For example, the accounts payable process resembles to industrial production line processes. It is therefore logical to take inspiration from lean manufacturing to improve this kind of process. The results are excellent. These methods, combined with visual management, also allow waiting times in the account closing process to be considerably reduced. All waste is identified and eliminated. The Lean Office also allows the quality of the accounting function to be improved and the productivity objectives, fixed at the start of the project, to be achieved. On average, we note that the hybrid model, associated with the Lean Office, improves the satisfaction rate of internal clients by more than 23%.

Décideurs. Is insourcing under management the model of the future?

T.A. Associated with the Lean Office, this hybrid model half way between the internal captive SSCs and BPO is rising in power and impresses with its flexibility and its performance.

Based on our success and our operational know-how, we are determined to promote it and to accompany finance departments in their implementation. By adopting this model, the finance function can focus on its high added value contributions, such as management reporting, controlling, driving performance, and spreading their perimeter of activities. Our ambition is to allow the finance function to become a very high value-adding business partner. ●

