E-book:

Shared Services: Managing Risk and Finding Opportunity in a Remote-Work Environment

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Shared Services: Managing Risk and Finding Opportunity in a Remote-Work Environment

Some crises confirm your strengths; others uncover vulnerabilities. For the shared services sector, the COVID-19 pandemic has been a blend of both.

Most shared services centers (SSCs) had contingency plans ready when COVID-19 struck. They shifted to remote working, reduced capacity, implemented new collaboration tools, and adapted processes as best they could to meet changing conditions.

That enabled them to stabilize operations in the short-term, but the long-term effects of changing so much so quickly are starting to surface.

Almost overnight, the centralized, cohesive teams that SSCs had established over years transformed into groups of isolated individuals working from remote locations. In many cases, cost containment required headcount reductions, or participation in programs like the UK's furlough system.

Breaking established workflow, implementing new tools, establishing new processes — while also reducing headcount — has hit the sector hard.

- **Some SSCs are grappling with a loss of experience and institutional knowledge. The immediate need and urgency of lockdown measures meant organized knowledge transfer and transition training simply wasn't possible.**
- **Others who reduced hours are attempting to achieve full-time output with part-time capacity.**
- **Technical issues have complicated the transition from old reality to new.**

The result is an environment for invoicing errors and erroneous payments.

Businesses create or engage shared services centers to gain from efficiencies, the pooling of hard-to-find skill sets, and the cost savings that result. If SSC capabilities in those three areas are degraded, so is their unique selling point (USP).

In this e-book, we'll explain how recovery audits can help shared services organizations protect their value proposition and sustain efficient operations.

COVID-19 Pandemic's Long-Term Impact on SSCs

Most businesses underestimate how much information about **company systems lives in the heads** of a few long-term employees

Loss of Institutional Knowledge

SSC teams are now working at – or even beyond — full capacity. In the long aftermath of the 2008 financial crisis, many shared services businesses were already running extremely lean. When COVID-19 landed, there wasn't any excess capacity left to unleash.

Now, along with reduced capacity from layoffs and furlough, SSCs also find themselves losing vital institutional knowledge — that they possibly didn't know they needed. Most businesses underestimate how much information about company systems lives in the heads of a few long-term employees — the people everyone goes to whenever anything out of the ordinary pops up.

That informal store of knowledge can include system capabilities, the necessary logic to complete certain transactions, workarounds developed to overcome system limitations, how to troubleshoot potential errors, and a good overview of the system's full network of connections and interrelationships.
In this situation, the inefficiencies that arise from manual systems can quickly snowball.
In many SSC organizations, there are still accounts payable processes or projects managed primarily by spreadsheet, and sometimes those are maintained by a single owner.

Losing that person even temporarily could create a loss of information critical to specific work. If errors occur as a result, the people left to handle the work can be forgiven for working semi-blind.

COVID-19 Pandemic's Long-Term Impact on SSCs

Many SSCs discovered that the **connectivity infrastructure wasn't robust enough** to support the exponential jump in individual user traffic

Technical Issues

The sudden shift to mass remote working has exposed other complexities that crisis plans couldn't fully anticipate.

Variable broadband speeds and access have affected various geographies differently. In some regions, fast connections were widely accessible. In others, that wasn't the case. Many SSCs located in Eastern Europe discovered that the connectivity infrastructure wasn't robust enough in their local communities to support the exponential jump in individual user traffic.

In the early days of COVID-19, this caused significant slowdowns and reduced productivity for home workers. In India, some communities unaccustomed to having so many people working from home weren't able to consistently supply enough power when patterns of peak electricity demand changed.

When employees could connect to company systems, many discovered that they weren't optimized for a large sudden surge in external connections. Staff also had to quickly duplicate their workstation set-up at home, requiring the purchases and configuration of more laptops, docking stations, and monitors.

In some cases, employees took their work desktops home with them, but many of these machines had only been set-up for wired LAN connectivity and didn't have wireless adaptors. Those needed to be ordered and installed.

Given the range of technical ability in most teams, IT departments were also under added pressure to assist and support new home workers to get them fully operational.

All these issues had to be recognized first, and then solutions found to fix them, all in a very short period of time.

COVID-19 Pandemic's Long-Term Impact on SSCs

Collective knowledge sharing and informal collaboration that takes place in a centralized team are hard to quantify — but **very visible when it's absent.**

Finding New Ways to Work Together as a Team

Under normal conditions, SSCs work towards continual improvement: finding new efficiencies, saving time and cost, and eliminating errors. Those priorities have become badly diluted under COVID-19.

The collective knowledge sharing and informal collaboration that takes place in a centralized team are hard to quantify — but very visible when it's absent. Ad hoc information sharing, peer-to-peer training, and general collaboration that 'just happened' in the past had to be replaced. Automatic and flexible human processes had to be replaced with plans, tools, and schedules.

All of this puts a greater onus on managers to act as information conduits and over-communicate. More responsibility for assigning tasks, measuring productivity accurately, motivating employees, and ensuring information flow has rolled uphill.

Most SSCs have seen managers and supervisors spending large amounts of time on communication activities like Zoom meetings, conference calls, and one-on-one calls with employees.

Limited collaboration wasn't made any easier by issues with document access. Hard copy documentation persists in some sectors more than others. Most companies have embraced some level of automation, but look into the nooks and crannies of most SSCs, and some paper-based processes persist.

Work from home mandates under lockdown made it difficult if not impossible for all but a very select few to have access to hard copy information when it's needed.

How Recovery Audits Can Help SSCs Stay Efficient

Broken collaboration, fewer resources, new technologies, and the need to do as much — or more — with less, are all driving up the incidence of invoicing and payment errors.

That's why recovery audits take on renewed importance for SSCs under COVID-19. With so many factors increasing the chances for transactional errors, it's time to look at engaging in some form of recovery audit.

Audits are an effective way to bring in resources that can quickly support processes and provide best-practice oversight of accounts payable operations.

They can mitigate many of the issues arising from COVID-19 by reviewing all relevant invoice information and double-checking payments, vendor funding, available discounts, vendor compliance with policies, and a wide range of other areas that internal staff may not have time to manage themselves.

For example, a large retailer might be seeing a higher volume of sales, but watching margin eroded by higher costs and reduced promotional funding from suppliers.

A recovery audit can show SSC teams where margins have been impacted. It can also provide valuable feedback on error rates and root causes, setting the stage for proactive prevention rather than retrospective recovery.

COVID-19 has also brought new hard costs that need to be offset. Upgraded personal and company technology, PPE equipment, and physical changes to facilities all require unplanned expenditure that needs to be closely managed.

For retailers continuing to serve the public in physical locations, new costs could include new signage to direct traffic flow and ensure social distancing, or protective plastic screens between customers and employees.

The marginal costs of these will be higher as the supply chain providing them is unestablished and likely inefficient. That makes it even more important to recover any systemic leakage that could help offset COVID-19-related expenditures.

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The Value of Reliable Partners

Very often in business, it takes time to find out that something is dragging margins down. In a time when SSCs are operating amid so much disruption, there's a risk that lack of information is lulling them into a false sense of security.

Most organizations face a host of unknown unknowns. In a situation like this, you need reliable partners who can offer skilled assistance and fill in the gaps.

The pressure to operate under conditions such as short staffing, remote working, and broken collaboration has created an environment where invoicing errors will mushroom, as fewer people struggle to deal with a higher volume of work in less than ideal conditions.

Recovery audit can provide meaningful feedback and identify where significant leakage is happening. By measuring the scale of the problem and pinpointing the specific areas involved, recovery audits can also provide root cause analysis, leading to new controls that stop leakage from happening at all.

In that sense recovery audits are like the canary in the coal mine, an early-warning system flagging the first signs of trouble — but then going further and identifying the source and proposing a solution.

At PRGX, we often speak to our ability to dig deeper, reach wider and act faster. Post COVID-19 we're as committed to those values as ever.

After more than five decades in recovery audit, PRGX knows that change and uncertainty drive increases in invoice processing errors. We saw it during the Y2K furore and after 9/11. We see it today as SSCs struggle to adapt to the realities of reduced staffing and technical disruption.

Every shared service center has to make difficult decisions about what's essential. Recovery audit has to make that list. Almost every Fortune 500 company relies on recovery audits as standard practice. For businesses that haven't yet embraced them, time is of the essence.

Recovery audits must remain a priority for shared services centers. Don't cancel. Don't delay. Integrate them into your monthly or quarterly financial processes, and let PRGX help you see maximum value for your recovery efforts.

About PRGX

PRGX helps companies spot value in their source-to-pay processes that other sophisticated solutions didn't get to before. Having identified more than 300 common points of leakage, we help companies reach wider, dig deeper, and act faster to get more value out of their source-to-pay data.

We pioneered this industry 50 years ago, and today we help clients in more than 30 countries take back $1.2 billion USD in annual cash flow.

It's why 75% of top global retailers and a third of the largest companies in the Fortune 500 rely on us.

For additional information on PRGX, please visit: www.prgx.com

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