

Breaking free

As more organisations look to outsource their finance functions, how do they ensure that they have the right accountancy skills in the right place?

For many years, the key driver in the trend towards outsourcing business processes has been cost reduction. But as outsourcing in all its forms – business process, shared service centres (SSCs), offshore, nearshore, multishore or hybrids – have developed, so the demands placed on functions have grown and evolved. So has the development of skillsets within those functions kept pace?

According to HfS Research, finance and accounting is the function that enterprises are most likely to want to outsource in the next year, and the second most likely area for increased outsourcing. In addition, the finance and accounting business process outsourcing (F&A BPO) market has great potential for growth, particularly in high-end, value-added services such as financial planning and analysis.

Deloitte also confirms the trend. In its latest global survey on SSCs, finance continues to be the process area most frequently transferred. The survey reveals that cost reduction is the area where organisations saw either a positive or significantly positive impact (91%). Interestingly, 63% also saw either a positive or significantly positive impact on developing new talents. Some 35% of the business units within these organisations had opted in to an SSC to achieve higher quality, while a quarter said they did so for improved talent. But of those that opted out of such an arrangement, 28% said it was because of poor quality. So while there are indications that outsourcing can improve access to talent and quality services, concerns still remain over standards.

EXPECTATION GAP

According to Tony Osude, ACCA head of global relationships and services, demands for cost reduction and increased levels of quality are creating an expectation gap for 'buyers' of such services. 'A CFO is looking for greater efficiency, but set off against this, they are looking for a greater degree of insight,' Osude says. 'And despite the fact that they are looking to reduce costs, they are also looking for a certain level of quality.'

To resolve this conflict, Osude believes there is a need to invest heavily in staff, creating a strong employee value proposition that will facilitate mobility and enhance career choices. He points out that it is entirely possible that the major outsource providers could become the next big accountancy training and career ground, alongside the traditional role played by the Big Four accountancy firms. 'Practice firms are typically the biggest employers [of accountancy trained staff], and the outsource sector is going to become number two. There

is the need to ensure the work is challenging, rewarding, well recognised and provides people with the right breadth and depth of experience.'

SOFT APPROACH

But such developments will require investment – not just in technical skills but in the softer skills of communication, management and business partnering. 'Competency is "I know how to pay a bill", but capability is much broader,' says Deborah Kops, managing principal of consultancy Sourcing Change. According to Kops, capabilities include service orientation, process mastery, knowledge and career management, commercial understanding, risk and relationship management. 'There is a clear correlation between customer satisfaction and capability,' she says. But there is always the risk that an outsourced function becomes 'out of sight, out of mind' as far as the training budget is concerned. 'If you have a good contract, the only way that a service provider can deliver is to make sure



View from: Sri Lanka

JEHAN PERINPANAYAGAM FCCA, JOHN KEELLS

Sri Lanka's largest listed conglomerate, the John Keells Group has interests in many sectors and, in 2005, set up InfoMate, a captive financial SSC. The initial objectives were to optimise the use of SAP, implement best practices across multiple entities, standardise processes, and enhance corporate governance and controls, while the long-term vision was to provide business process outsourcing to other organisations. InfoMate now provides payroll services to several external companies in Sri Lanka, and accounting services to external companies in Sri Lanka and Europe. Jehan Perinpanayagam FCCA became the centre's chief operating officer in 2006 and was subsequently promoted to CEO in 2009. 'The technical skills of our 90-strong team have increased, even as InfoMate's range of services and clients has increased,' he says. 'We have gradually moved into more high-end accounting functions and this exposes our staff to the higher end of the spectrum. Typically, we start with very basic accounts payable transactions, but over time our people are exposed to the full range of accounting functions.' In terms of soft skills, the team has been trained in client handling, migration of new services, project management and continuous process improvements. 'Importantly, the traditional back-office staff members now carry out front-office functions, and they deal directly with clients, handle queries, review meetings and market new services,' Perinpanayagam says. 'They have become customer facing!' Training includes mentoring under a team leader with gradual exposure to client meetings, combined with traditional classroom education. Individual training needs are identified through annual performance reviews. 'Our senior team is trained in project management in an intensive programme,' Perinpanayagam explains. 'Then there is targeted training on business process outsourcing-specific areas such as NASSCOM-certified BPO team leader and quality analyst programmes, and Six Sigma. Soft-skills training includes presentation skills and business communication. 'In the future, I can see Sri Lanka becoming a destination of choice for accounting services. Sri Lanka has a rich talent pool in accounting, an aptitude for numbers and good quality.'

It is entirely possible that the major outsource providers could become the next big accountancy training and career ground, alongside the traditional role played by the Big Four firms

there is proper training and development of their people,' says Pascal Henssen, senior vice president and chief operating officer of business process outsourcer Genpact Europe. Henssen describes how Genpact works jointly with clients on the development of their people, operating as a 'virtual captive' organisation. 'We encourage the client to treat the team very much as an extended team of their own,' he says. 'Many of our clients involve the teams in reviews and we look to work on issues together. We even have clients sponsoring MBA courses for some of our associates.' So what will be the future trends for skill developments? 'We already have clients for which we do up to 90% of their Sarbanes-Oxley compliance work, we do management accounting and other high-end activities,' explains Henssen. 'That is great because it gives good career progression for our people. We make sure that we proactively invest in our people, because we know we will need them at a different level in the future.'

Philip Smith, journalist



View from: Malaysia

JASON CRIMSON FCCA, KIMBERLY-CLARK

As Kimberly-Clark's Asia Pacific shared services director in Malaysia, Jason Crimson FCCA is responsible for general ledger operations, product costing, fixed asset accounting, accounts payable, accounts receivable and financial reporting for various K-C entities in the region. 'Over recent years, many SSCs have invested in deploying robust training and development programmes that have benefited staff in building foundational skills and provided the "solid ground" required,' he says, adding that these have evolved into more advanced programmes. 'We have seen signs of a shift from providing pure transactional processing services to providing analytics-based or business-partnering-based services. The scope of services SSCs provide has a front-line trajectory, with SSCs growing in maturity and building a critical mass of core resources and talent that fuels ability to perform higher-value services. Such developments can, says Crimson, enable a broadening of career opportunities for SSC staff. 'The perception of SSC roles being "too narrow" or "not enriching" will be a thing of the past,' he says. 'But the expectation that SSCs will provide more analytical and business-partnering services to corporations means they need to leverage on dynamic career development plans to keep staff engaged and continuously learning.'



View from: Czech Republic

JINDRICH KAISER FCCA, MONSTER

Monster, the global online employment group, first established a finance shared service centre in Prague, capital of the Czech Republic, in 2007. It primarily serves its European operations, but now delivers ad hoc services to 25 other countries. Originally, the SSC provided all the main transaction functions – such as accounts payable, collections, treasury and billing – but services have developed to include more analytical, business partnering and managerial functions. The drive to establish a finance SSC centre followed the implementation of a new finance system across Monster and the need to operationally scale to the company's business model. 'One of our main targets has been to develop internally,' says Jindrich Kaiser FCCA, director of finance in Prague. 'We search among our own teams to fulfil outstanding roles and have a forensic focus on the administrative, human, organisational and technical development. This slightly different and holistic approach aids staff retention significantly. 'As more responsibility is taken on board there is a requirement for different skillsets. After initial development of the SSC, now it is much more about control and communication, working with auditors and local offices and being a business partner. In our experience, the local offices recognise this and start to approach us more for advice.'



View from: Ireland

JULIE SPILLANE FCCA, ACCENTURE BUSINESS SERVICES

'Businesses and CEOs are now looking to their SSCs to do more and to be more business relevant,' says Julie Spillane FCCA, EMEA and finance capability director at Accenture Business Services (ABS), based in Dublin, Ireland. 'As such, we are seeing greater involvement for SSCs in driving enterprise-wide projects, such as ERP design, implementation/optimisation efforts and leading global or regional programmes. Finance, analytics, business insight, change management, project/programme management and leadership and people skills are in very high demand within the SSC sector and we see them as becoming even more critical as the model continues to evolve. Talent management is an all-encompassing mindset that ensures we make sound decisions about attracting the right talent and ensuring we support our people. We make significant investments in technical training, but also in leadership development and performance excellence, right from the beginning of a person's career. SSC/BPO executives must negotiate a complex web of stakeholder interests to deliver on their objectives. Internally focused, the SSC/BPO executive must be able to motivate and lead their organisation in the pursuit of their objectives and to provide the leadership to enable the organisation to focus on and drive increased efficiency, effectiveness and customer service. Perhaps as important is the ability of the SSC/BPO executive to provide the bridge between the SSC and the business which it exists to support. Communication and business partnering capabilities are critical.'