

ACCOUNTANTS FOR BUSINESS

# Talent management in a shared services world: 2012 survey



## ABOUT ACCA

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our 154,000 members and 432,000 students in 170 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of over 80 offices and centres and more than 8,400 Approved Employers worldwide, who provide high standards of employee learning and development

## ABOUT ACCOUNTANTS FOR BUSINESS

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ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

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This report provides results from one of the largest-ever surveys on talent management practices across the global finance profession.

It provides some simple data points on the current state of talent management activities from global finance functions that have adopted shared service centres.

Over 1,200 finance functions with shared service centres responded to this survey.

### FOR MORE INFORMATION CONTACT

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## 1. Introduction

When finance functions incorporate shared services, new questions arise in relation to talent management outcomes. Shared service models – no matter what their scope or how they are structured – can be a disruptive departure from the traditional, vertically integrated finance model. Finance tasks that were more tailored to an individual business unit are now standardised.

Relationships that were physical become more virtual. Career paths that were obvious become more ambiguous. Geographic and cultural challenges may prevail.

In June 2012, ACCA undertook a global survey of talent practices in finance functions with shared service operations. The aim of the survey was to gather some simple data points on the adoption and effectiveness of talent practices across the end-to-end finance function from shared services to the retained finance function.

Over 1,200 organisations responded, with almost one third representing companies reporting over \$3 billion in annual revenues. 15% of respondents were CFOs or finance directors.

## 2. Key findings

### 1. IT'S A BUSINESS IMPERATIVE: THE MAJORITY SEE IMPLEMENTING NEW STRATEGIES FOR ATTRACTING, RETAINING AND PROMOTING TALENT AS VITAL.

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Ranking the importance of implementing new talent management strategies on a scale of 1–5, 79% of respondents gave this a score of 4 or 5. Overwhelmingly, respondent organisations recognise the critical importance of reworking talent strategies to be effective in a finance model with shared services.

#### Implication

The development of new finance models across the world and the embracing of shared service delivery has raised new questions about how finance talent can be developed through a more globally distributed finance function and how knowledge transfer can be facilitated. Without coherent and effective global talent management programmes that connect shared services to the rest of the finance function, there is a risk that knowledge 'silos' will develop, leading to disparate finance cultures and poor mobility of talent. These factors undermine the aim of optimising the finance function.

### 2. MISSING IN ACTION: THE VAST MAJORITY OF ORGANISATIONS DO NOT IMPLEMENT TALENT MANAGEMENT PRACTICES ACROSS THE ENTIRE FINANCE FUNCTION

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A surprising 72% of respondents declared that either their finance functions do not implement talent management programmes across the entire function or that they are unaware of such programmes.

#### Implication

The key word is 'across'. To optimise performance, leading finance organisations must be able to tap into capability globally. The survey findings suggest that in most organisations talent is currently not mobile across the whole finance function. By implication, good talent remains untapped and pools of talent are not being effectively exploited. This means knowledge transfer is sub-optimal and ineffective in supporting finance optimisation goals.

### 3. COMING UP SHORT: WHERE TALENT MANAGEMENT PROGRAMMES ARE IN PLACE, THEY ARE MOSTLY SEEN AS INEFFECTIVE

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Only a minority of respondent organisations, 28%, said that they have a talent programme in place across the entire finance function encompassing shared services. Unfortunately, only 34% of these claimed that their programmes were effective. The majority, 66% suggested that their programmes are not very effective.

#### Implication

Ineffective talent management programmes fail to give a satisfactory return on investment. Employees become disengaged and retention of the best and brightest can be reduced. As a result, in a global business environment, ineffective talent management programmes isolate the finance profession. Not only do they render finance functions less attractive places to work, making recruitment and retention, especially in shared services centres, more difficult, but ineffective programmes create capability gaps.

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#### 4. NOWHERE TO RUN: THE KEY PROBLEM IS A PAUCITY OF CAREER PLANNING AND TRANSPARENT CAREER PATHS

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A clear majority, 71%, of respondents confirmed the lack of existence, or unawareness, of career paths supporting talent mobility across both the retained finance team and shared services operations. They admitted that there is little transferability of careers and low visibility of career options across the end to end finance function.

##### **Implication**

A lack of effective career planning and visible career paths has significant consequences for staff engagement. It also means that talented people believe that they are boxed in to career-limiting positions. From an organisational perspective, it inhibits effective succession planning processes. Without defined career paths, moving talented people across finance functions and geographical areas becomes much more difficult, or it is undertaken on an ad hoc basis. Critically, a lack of career paths across the function undermines efforts to develop the global finance leaders of the future who will need this breadth of experience, from shared services to the retained finance function.

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#### 5. GLOBAL-LOCAL APPROACH TO TALENT IS KEY

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The survey suggests that interventions through coaching, mentoring and training for local line management are critical as part of a coordinated global approach to talent across the finance function. This changes the tenets of talent design; previously designed and administered at the 'top' of the finance house, shared services implementation now requires deeper involvement of middle finance management on the ground. There is an overwhelming call for measures such as secondments, stretch assignments, and project opportunities to broaden experience and facilitate career movement between the retained finance and shared services teams to bring connectivity.

##### **Implication**

To be successful, global talent management practices must be adopted locally and made to work. Here the quality, aptitude and buy in of local line management in supporting talent development is critical. Local management are key to identifying and pushing good talent through the system.

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79% see implementing new talent strategies for finance as vital.

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72% do not have, or are not aware of the existence of, end-to-end talent management programmes.

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66% indicate their programmes are not very effective.

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71% believe that there are no defined career paths across finance.

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### 3. What's the business benefit of better talent management processes in finance?

#### **COST EFFECTIVENESS**

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Whether talented individuals are based in the retained team or the shared services organisation, new programme approaches will produce higher levels of engagement across the finance function, leading to higher retention rates and a higher return on investment.

#### **A BETTER UNDERSTANDING OF THE BUSINESS OF FINANCE...AND THE BUSINESS OF THE BUSINESS**

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The central challenge for the finance function is understanding and adding value to the business. As the heartbeat of the organisation, finance cannot operate in an isolated structure, failing to optimise its resources. Therefore, talent management practices must be coordinated across the organisation, enabling all professionals, whether working in the retained team or in shared services centres, to operate with the same understanding and to promote continuous improvement across finance operations. Better talent management practices also lead to better staff retention and knowledge development.

#### **GOOD TALENT PRACTICES COUNTERACT 'THEM VERSUS US' ATTITUDES**

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A disparate finance culture can be pervasive in finance organisations incorporating shared services models. With a holistic approach to talent development across the entire finance function, such attitudes can be mitigated.

#### **GOOD TALENT MANAGEMENT PRACTICES ENABLE TARGETED EMPLOYEE DEVELOPMENT AND HIGH-IMPACT INTERVENTIONS**

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A well-designed talent development programme can identify and give more focus to critical roles across the finance function, identifying shared services roles that can act as a springboard through the ranks of the finance function. In particular, focusing on experiential interventions will promote highly effective learning outcomes.

#### **NEW SOURCES OF TALENT IDENTIFIED**

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Shared services organisations should be yet another source of strong finance talent, developing a pool of skilled employees who can move seamlessly into different roles in the company. Unless the potential talent is visible in all finance locations, the finance function is missing an opportunity to make full use of the skills of its best people.

#### **GLOBAL FINANCE LEADERSHIP CAPABILITY**

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Tomorrow's CFO will need true global finance leadership capability. They may well start their finance careers in a shared services environment. Only a connected end-to-end global finance function can provide the appropriate career platform to develop the breadth of technical, soft and behavioural skills and capabilities that will be needed by the business.

## 4. What's the bottom line for finance talent management?

Competitive global businesses require strong globally connected finance functions. As they increasingly turn to distributed structures incorporating shared services, finance functions demand new talent management solutions with end-to-end capability. Therefore, talent management practices must respond, ensuring that employees have the right skills to fulfil new business imperatives right across the finance platform.

Finance career paths are becoming less straight line. The skills that finance professionals need to bring to their role are changing – globalisation, regulation, technology and business volatility – all are impacting the role of finance in the business and placing new demands on capabilities within the finance function.

The need for new capabilities does not stop at the delivery level. At the very top, the CFO role is evolving too, requiring a much broader range of capabilities in global finance leadership than those needed in the past. In providing an appropriate platform for these skills to be developed, a more connected shared services with the retained function model is required from a career path perspective.

What is the bottom line for finance talent management? Unless talent management strategies become more effective and attuned to the needs of the global finance function, the function will not have the capabilities necessary to create true business value in the future nor, critically, will it develop the capabilities needed of global finance leaders.

## About the authors



**JAMIE LYON**

Jamie Lyon, head of corporate sector at ACCA, leads ACCA's global research and insights programme on finance transformation, with a particular focus on finance effectiveness, the evolving role of the finance function, the emerging role of the CFO, finance delivery models through shared services and outsourcing, development of finance talent and the finance learning agenda. He regularly contributes to a wide number of accounting, finance and outsourcing publications and other media channels such as *Finance Director Europe*, *CFO World* and *Outsource Magazine*. Before joining ACCA he spent over a decade in industry working in finance for a number of FTSE 100 businesses in the UK and internationally.



**DEBORAH KOPS**

Deborah Kops is the founder and managing principal of Sourcing Change. Formerly a founding partner of one of the first global business processing outsourcing (BPO) units, the CMO of a leading offshore BPO, managing director of FleetBoston (now Bank of America) Services Group, managing director of Global Sourcing Transformation for Deutsche Bank and consulting partner at PricewaterhouseCoopers and Arthur Andersen, Deborah now works with leading companies to manage globalisation challenges. She is also a research fellow of award-winning analyst firm HfS Research, and a member of the editorial board of the industry-leading publication *Outsource Magazine*.

## What's next?

ACCA is committed to developing a roadmap for talent management as a result of the implementation of finance shared services models. Over the next year, ACCA's global finance transformation research programme will consider the following critical issues.

- What are the capabilities required in new finance delivery models?
- Where are the gaps in capability?
- What are the right interventions to establish and sustain global capabilities?
- What are the talent implications for hybrid and outsourced finance models?
- What are the implications for future global finance leadership?