World-class processes begin with the “right” process owners

There is an interesting secret within the biggest trend in service delivery, to help companies compete in volatile times. Although many companies embrace the concept of global process ownership, they are unwittingly missing the most important component—the right person for the job.
As global enterprises move toward global process standardization, many companies have appointed a leader who is accountable for each process and tasked with driving global standardization—often known as the Global Process Owner (GPO). However, these companies often lack the proper selection criteria. It’s simply not enough to appoint a knowledgeable process leader. Finding the right person to fill the GPO role is critical for effective finance transformation that leads to world-class processes. Finding that person starts with a clear understanding of the GPO’s function.

GPOs are critical for an organization’s journey to best in class

World-class finance and accounting services are built on a delivery model aligned to organizational goals and business needs. For some, standardization means a single roof with centralized services. For others, it could be a mix of global, near-shore, regional, and in-country resources organized to deliver the most effective services at the best cost.

There is one common characteristic of world-class organizations, however. These companies have given responsibility for end-to-end process capabilities to a single person who is directly accountable to the CEO, the COO, or the leader of a Global Business Services (GBS) organization.

The importance of the GPO role should not be overlooked. World-class global processes, whether finance and accounting, procurement, or any other end-to-end value chain, incorporate multiple foundational elements. They can include standardized, globally enforced policies, metrics that continuously benchmark performance to industry standards, technology that enables improved processes, and an operating model that matches skill sets to requirements and that accommodates fluctuations in demand. All of this is driven by a GPO focused on end-to-end performance, working with multiple stakeholders in harmonious collaboration to achieve a common goal. However, the GPO role is where many companies make their biggest mistake. That person must have the right skills, the right authority, and the right scope to create true world-class processes.

The successful GPO: Cutting through noise globally

The GPO’s job is to drive standardization and transformation, determine how to fulfill customer requirements, and ensure that the end-to-end process delivers on its goals of transformation and finance business process optimization. Companies can go badly astray if they ignore three critical factors that can significantly aid or hinder the GPO function.

First, the GPO requires clear visibility into a few key metrics for every significant functional corner—irrespective of who that functional group reports to. This requires the ability to dive deep into processes that have material impact on the most crucial business outcomes (for example, time-to-report), analyze where bottlenecks and leakages occur, and determine which metrics to measure the desired outcomes. Even when authority is split, the effect of each process on all the others must be understood; i.e., upstream and downstream dependencies must be clarified. In some instances, company policies can actually hinder efficient process execution, as in the case of an Australian company whose shipping policies contributed to orders sliding into the next month for payment, which led to Sales offering unauthorized discounts to entice customers to order early. A diagnostic of the end-to-end Order to Cash (OTC) process provided a clear view into the problem and enabled a more efficient process design.

Such holistic insight is priceless to the GPO responsible for creating smoothly functioning global processes. Analytics can span years’ worth of process and customer interactions, providing solid trend data that clearly points up weaknesses and strengths. Even without direct control of the delivery assets, the GPO can use this data to empower change by enlisting all parties to craft and implement an improvement strategy based on the analysis. This may include implementing...
targeted technology tools, redesigning processes, and instituting tighter policies and controls in one process or a dozen, an approach proven by our own Smart Enterprise Processes (SEP™) methodology. Using analytics in this fashion allows very precise solutions and adjustments, the positive effects of which will be felt across the entire organization.

can come only from the data provided by good analytics and reporting tools. Constant, reliable measurement of the proper metrics and KPIs is needed to benchmark and optimize performance on an ongoing basis. A formal GBS services organization facilitates the GPO’s function, providing specific skill sets, tools designed for the

Second, the GPO’s process function must be truly global. Does the GPO integrate processes across geographies and business units, or simply manage local processes under a global umbrella? Is the Finance outsourcing or internal delivery organization designed for seamless delivery, with standard global policies enforced by the GPO? Do those policies allow for local variations, and if so, who is accountable for them? A successful GPO overcomes the limits of local best practices by implementing better ones. This requires clearly defined responsibilities and hand-offs, from the C-suite down to the transactional level. The GPO must be empowered to conduct training and development activities across regions to strengthen performance.

Third and finally, the GPO is responsible for business outcomes even when he or she does not “own” the resources executing at the transactional level. This requires sufficient authority to influence the people who do own the resources and hold them accountable for their pieces of the process. The GPO thus requires real-time transparency into the process and delivery organization, which

process (such as SaaS AR platforms and analytics tools), and accountability driven by metrics.

If ever an initiative required “big picture” thinkers, global standardization is it, starting at the very top. We worked with the CEO of a global pharmaceutical company who appointed one of the company’s most influential business unit CFOs to spearhead the process standardization, creating a central authority with clear responsibility for achieving the company’s Finance transformation goals. This set up a framework wherein stakeholders could easily agree on objectives and outcomes, providing the stimulus for better cooperation and faster resolution of issues.

GBS-sponsored global standardization is designed to overcome the compartmentalized thinking so prevalent in more traditional Shared Service organizations that are functionally driven. The CFO, for example, typically has one set of requirements and issues; the CPO has another. Perhaps neither has looked at the entire scope of the Procure to Pay

GPOs can’t think small

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(P2P) process to understand the linkages between good supplier management, purchase order validation, and speedy invoice matching that will drive lower costs, faster payments, and better cash flow. One Pharmaceutical major was faced with a manual P2P process highlighted by low penetration of e-invoicing. By approaching process automation end-to-end and executing globally via the GPO role, this GBS organization increased vendor e-invoicing enrollment to 85% in the U.S. and 95% in the UK while reducing process cost by 30% annually and improving spend analysis.

Looking outside the box in this fashion is the GPO’s job. It requires not only process knowledge but also broad experience with change management and the authority to manage people, design processes, and implement technologies that support more effective service delivery. More importantly, the GPO can focus improvements across Finance and Procurement without being hampered by the agendas of an individual function.

**GPO: The first step toward global standardization**

World-class organizations typically drive effective finance process standardization at twice the rate compared to their peers—largely by leveraging GPOs armed with the right skills, authority, and sponsorship. By appointing a GPO and granting him or her full authority to drive enterprise standards, organizations are quickly realizing tangible effectiveness and efficiency benefits related to their overall goals for F&A transformation. Their end-to-end processes are delivered at lower cost, with faster cycle times and higher customer satisfaction. In contrast, companies that do not understand the importance of the GPO role may soon find themselves at a serious competitive disadvantage.

_This point of view is drawn from our article, “World-class processes begin with the “right” process owners,” published in Business Finance on January 27, 2014._

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