How to successfully integrate Shared Service Centers (SSC) recently joined together by M&As

As more major multinationals merge and acquire, the Shared Service Center operations being wedded in the process can face serious challenges. Six steps can help the SSC unions brought together by M&As and other global business service restructurings avoid being eventually rent asunder.
Vegas wedding—with someone you met only the night before. Of course, there’s no way to know for sure if such a hurried beginning is destined to end badly. And many is the regal wedding that took months longer to plan than the marriage itself lasted. However, whether the relationship is off to a rocky start or has been on the rocks awhile, six steps can repair the ties meant to bind the SSC and the enterprise into a single, seamlessly integrated operating entity.

There’s a huge difference between flawlessly planning and pulling off the perfect wedding and actually doing the hard follow-up work necessary to build a solid marriage, one in which the involved parties are “one” in their commitment to “make it work.” The same can be said of maintaining the bonds that join an enterprise with the Shared Service Center (SSC) operations that serve it.

Some post-M&A SSC staff integrations have been hurriedly arranged with all the forethought of a

Step 1: Accept the odds; then commit to beating them together

The typical Shared Service Center relationship runs three to five years. Not the best odds. As for beating them, you can take a big first step by admitting that all fairy-tale marriages are, well, fairy tales. Every healthy real partnership—even (especially) business ones—requires both sides to give at least as much time, attention, and respect as they get. Neither side can take the other for granted or expect the other to tend to every problem single-handedly. The relationship will last only if power and responsibility are equitably shared, with both sides agreeing to be “all in,” all the time.

Step 2: Start by seeking success in places you both know you’re sure to find it

Early in any SSC new relationship, there’s a stretch when positive results are easily realized through centralizing and consolidating common activities and standardizing main processes. Inorganic strategies such as M&A also add scope to the SSC, often giving additional opportunities to create synergies. The key at this stage is to seek success where you’re most likely to find it. This will build trust and confidence at a time when the new bonds connecting each side to the other are still fragile.
Step 3: Be ready to reinvent yourself so as the relationship changes, you can change with it

In some cases, this means selling the captive SSC operations or outsourcing their management to a business process management/outsourcing company. In all cases, creating a fully functional “extended enterprise” among component operations is a delicate undertaking. The success or failure of such integrations depends heavily on maintaining employee satisfaction. In a post-M&A world, integration begins with new and former leaders attempting to manage their rank-and-file employees’ first reactions. This situation can easily turn negative if employees feel blindsided by changes. Sometimes, employees from the acquired company see change was necessary and imminent due to flagging growth or missed targets. More often, nondisclosure requirements governing M&A activity for publicly traded companies will mean almost all employees have to be kept in the dark until the deal is done. In either case, after years of loyal service and hard work, top-performing employees might take all the secrecy as an indication that leadership did not trust them enough to share, or that managers stayed mum because they are planning to shunt the employees aside at some point soon. If you hold tight to the newlywed analogy, these employees are not unlike children from a prior marriage. Suddenly they must figure how to function as a “blended family” where at first no one on either side sees itself as better, and, in time, no employee sees the combined entity as having “sides.”

Step 4: Learn to appreciate what each side can give that the other can’t

Third-party organizations often have many new things to offer employees of the acquired organization as a result of their scale, customer focus, and commercial orientation. In our experience, the possibilities for personal and professional development, delegated ownership lower in the organization, and career possibilities within the new company (where your work may have metamorphosed from “backroom” to “core business” overnight) can bring high hopes and expectations to new employees.

Step 5: Show what can be done together that neither of you could do alone

Maximizing the opportunity available in the new working environment will significantly improve the satisfaction and commitment of the affected employees. Hiring key new talent, bringing them quickly into the organizational fold, and demonstrating the value of that talent to veteran employees will improve acceptance of change enterprise-wide. Integrating key talent attained via the recent merger/acquisition also ensures a more open attitude to change and a greater willingness to adapt to new ways of working.

Step 6: Communicate the solution and, through leadership’s example, cement acceptance of it

When attempting to communicate change, viewing employees as a homogenous group is common when, in fact, they are far more diverse than leaders initially see. Thus, leaders and integration teams should ensure as early as possible that they understand the demographics and motivation of all employee constituencies. Beyond explaining what will happen with employees, senior leaders must put themselves forth as examples of their company’s values and culture. The example
must show employees on the other side of the integration what makes the company they joined special, how they will be expected to treat its customers, and important similarities between cultures. Employees will go through many changes; therefore, repeating resonant messages from many angles helps. Steady exposure to several inspirational leaders also helps “change things up” yet stay “on message.”

When it comes to relationships, opposites attract, and, just as frequently, complement each other quite symbiotically. However, the new and different can be as anxiety-inducing to some as it is exhilarating to others. A clash between opposing cultures can cause considerable frustration when employees who are still relative strangers first attempt to cooperate and collaborate. An initial formal admission of cultural differences may seem sufficient. It’s not. Realizing lasting success means creating a combined integration team that can provide more in-depth insight and ongoing guidance about each side’s latent cultural behaviors and habits. That may sound like a lot of extra work, but when the goal is to form a more perfect union, there is no substitute for doing the hard work.

This has been authored by Jan van Leeuwen, Eszter Vigh and Luc Mauvarin.

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For more information, contact, gbs.solutions@genpact.com and visit, www.genpact.com/gbs

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