
Position Paper

Corporate Service

Providers Look Ahead:

Becoming Accountable and Strategic

by André John Haddad

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**If our department is seen as
“overhead,” its end is in sight.
There are alternatives.**

Providers of corporate services—ranging from Information Systems, Human Resources and Finance, to Internal Audit and Communications—are facing an exciting challenge: how to become a full partner in their organization's mission and be a full contributor to the bottom line. In other words how to become accountable and strategic.

Most organizations function in difficult and sometime complex environments and conditions. Those muted sounds of frustration, discontent and even exasperation are caused most often by changes assaulting citizens, organizations (like your own), employees as well as management – every single day. With the advent of a greater communication mass, changes are generated at an even greater pace than ever before imagined. As a consequence of this turbulence, managers struggle to be pertinent and irreplaceable.

Like many corporate service providers, we are being challenged to meet the ever-growing set of expectations and needs of front-line units. Despite our best efforts to improve, we have come to a juncture where significant changes are required to our processes. Although we still believe in a continuous improvement approach for our function, we now understand that a certain number of step changes are obligatory and urgent.

Surprisingly, the changes proposed and discussed in this document are not in themselves new challenges, although for some mature organizations they will generate much resistance. But most people relying on corporate services are insistent that improvement changes must be implemented as soon as possible. Top management and operational leaders are on record as anxiously waiting for them to happen! The changes we are talking about involve variety of services, quickness of delivery and quality of products.

What awaits us (and is of real concern) are the passages the organization as a whole will have to go through in order to implement the very changes we want and need. As we all know, change happens quickly. The passing from one state to another is quite another thing: it involves both invention and letting go – of what we know, of what we are comfortable with, of what many identify with.

Consequently, corporate service providers must play a vital role during these passages, leading the changes, becoming a real partner with the rest of the organization, developing a vision for its future and achieving the objectives set. We are responsible for making the changes happen and for facilitating the transformations people will have to go through.

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- Contributions to future discussion papers: we are interested in incorporating additional experiences from different organizations. If you would like to contribute a description of your experience, please contact us.

Getting Connected and Interactive

Our experience today shows us that internal service units are, in fact, in a transformation mode, mainly because of:

- structural shifts in the work force
- connectivity in the workplace
- increases in the demand and speed for services, and
- a clear dissatisfaction with the status quo.

These mutations in the workplace can and should be seen as powerful motivators for change.

The transition can also be seen in corporate service-provider management: they realize that staff leadership responsibilities and accountabilities in certain fields of expertise cannot be delegated, in whole or in part, and that every employee, regardless of their professional assignment, must actively contribute to the organization's mission. The challenges today are to maintain high levels of expertise, or at least acquire it, and to re-design the very nature of corporate services.

In the meantime, the difficulty facing management today is to deal with the increase in operational requests and the need to respond to larger organizational issues with clear answers about the future. Corporate service providers will need to shift from being managers of administrative functions to being builders of asset portfolios and expertise.

Power shifts will be seen at three levels in the organization. They will reflect new accountabilities related to business models created, in part, to deal with the speed of information, the connectivity between people, and global competition. These power shifts will redirect, reshape and, in some cases, re-design the way we deal with and connect with management, fellow employees and customers.

	From	To
<i>Organization</i>	Decide	Promote
<i>Manager</i>	Implement	Coach
<i>Self</i>	Receive	Decide

New Direction

Ultimately, corporate service providers are in competition with other organizations: in a market where talent is somewhat scarce, employment opportunities numerous and career expectations shifting, our strategy must include the creation of a work environment and working conditions that will make your organization an employer of choice.

The focus will be on managers and professionals whose "stock value" will increase over time. The objective is to stay ahead of the market in order to retain staff and maintain commitment. We can describe these resources as high cost, high maintenance, high investment, high risk, and with a high return. Sophisticated self-management systems will be required. We are talking here about highly customized treatment of employees.

Corporate Services is bleeding from a thousand cuts.

Since 1990, corporate service providers from both the public and private sectors have been experiencing problems that have a striking similarity. The problems, issues and their patterns became clear when the demand for services increased significantly. Simultaneously, the demand for quick information also grew exponentially while individuals, work units, and even organizations, were getting connected.

In order to face new performance and financial challenges, a significant number of organizations undertook a series of structural changes involving, in most cases, their human resources. Many organizations quickly moved to reduce the number of employees, outsource what they could, and pushed people to do more with less. Few organizations knew about or re-designed their work processes – thus generating what today we call "workload" and "life balance" issues.

Aside from the predictable reduction in human resources and the introduction of new technologies, most organizations also shifted gears in terms of their philosophy of how work was divided between functions: decision making and control over key transactions involving people migrated to operational managers. In their zeal to support the people responsible for achieving the organization's mission, some corporate service providers dele-

gated – consciously or not – some of their decision-making responsibilities and increased some of their operational activities. As a by-product, little by little, some lost role clarity, a clear vision of their future and, most importantly, their accountability to senior management for strategic issues.

We witnessed a multiplication of service units, positioned closer to the “action,” or to employees with a mission to facilitate and accelerate the tempo of decisions. Some of these units were designed with the help and support of service providers, while other units sprung up on their own. As a result, the pressure to perform better and faster forced corporate service providers to explore, to some extent, more fundamental and strategic issues.

From a purely organizational point of view, various internal customer-supplier concepts were introduced to manage the situation. The objective was simple: in spite of the growing complexity of organizations, people, work units and organizations had to work together. That was not negotiable!

The general feeling at that time was that if they couldn't work as a team, they would at least contract among themselves. While achieving this harmonizing objective, managers were always looking for quick ways and means to solve growing people issues. Very few managers had the luxury to study what was happening beyond the usual service requirements, the internal climate, and 360 degree surveys.

The lack of confidence and cooperation between staff and line functions was growing. The responsibility for delivering key product or service components was dispersed. In fact, some organizations lost some of their staff functions to operations for purely efficiency imperatives. The core responsibility (and the ability) of corporate service providers to prepare for the future was in some instances lost.

Over the years, the importance of corporate functions has diminished or, at the very least, been diverted to an operational spillway.

Beyond Staff and Line

Because many organizations need to satisfy a growing need for services from a multitude of internal and external clients, top management usually

feels the need to re-focus managers' energies on the company's core operations. The professional challenges lying ahead are numerous, growing and complex. Some managers feel that the impact of these demands on employees is unpredictable. Critical challenges involving front-line employees will surface as service issues. Other challenges generated outside corporate borders will be handled as production and cost issues. Because these challenges will impact every aspect of our working lives, organizations will need its people to be focused and well aligned.

When looking for answers to these challenges and, at the same time, alternatives to the 1970-1990 arrangement between staff and line functions, most managers would agree that going back to that construct does not appear to be an acceptable solution for anyone involved.

Something else is required.

What seems clear is that internal service units now share a set of characteristics that make them a new, under-utilized source of fresh performance improvement. Service providers are certainly ready for a dramatic change, both in terms of their strategic role and their direct contribution to the organization's future.

Customer-Supplier Model: Buyer Beware!

A seamless, user-friendly organization with customer-centric attitudes was the subject of many training programs, and still is in many organizations. Internal client-supplier roles are developed between functions to facilitate work processes that traverse silo-thinking functions. Horizontal thinking and process mapping produce a new understanding of the linkages required between different units and functions.

To eliminate silo thinking, some have discussed contracting with each other. New, workable relationships forged between employees, units, organizations, even management committees, release people from their silos – all in the cause of improving services. Many believe that these friendly pacts between units are a significant improvement over the traditional centralized, now decentralized functions.

The following issues are the object of analysis and debate:

- The radical realignment of the work of managers and professionals.
- New measurements of competence, performance and worth.
- How employees relate to each other, to their management, and especially to the organization.
- How new intellectual wealth is developed and paid for.

In the private sector, intellectual wealth is defined as the difference between an organization's market value and the sum of its physical assets plus business relationships built through the years. Obviously, in knowledge-based organizations, intellectual wealth weighs significantly on the balance sheet. Thus, in a learning organization strategy, the topics of development, engagement, compensation, attraction and retention are, to say the least, critical.

- The transformation of employees into custodians of their own future (in contrast with an entitlement culture).
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In fact, what happens outside the silos still permeates work units, even though we have put up walls of all kinds to control and, unfortunately, restrict the flow of information and ideas.

What service providers need most is to be connected to "their" outside. We witness few changes from within the silo, while outside, changes are happening exponentially. With each change that occurs, the ripple effect on service providers should either be used to re-focus, re-design or predict new challenges to be met. Too often we have resisted, refuted or relegated to tomorrow what outside trends are telling us – probably because of workload levels and the wrong mix of people processing the information.

Unfortunately, service organizations filter out outside influences to change through the very strategy they adopted to better serve the organization: the internal client-supplier relationship is a narrow-based philosophy that excludes and separates rather than connects and "synergizes" service providers to the total organization's mission.

Most service providers will admit that they cannot cope with a workload that consists of mounting service issues, information and facilitation requests. Increasingly, problems put forward for handling by service providers call for unique solutions that company policy cannot satisfy. This is no accident. Employees expect to be treated as individuals, receiving specific treatment. Line-staff relationships have become one-way, with submissive responses generating mostly lose-lose endings between functions. Few internal customer-supplier based relationships are quick, adaptable, able to predict new challenges, or perform to the satisfaction of both parties.

Because work units must contribute significantly to the organization's mission, the organization's corporate service functions and their staff are (consciously or not) in transition from a supplier to a partnership philosophy. To do so, they are going to have to become better connected both inside the organization and in their strategies to cope with outside changes and realities.

The gap between traditional service providers and their operational "clients" will widen if connectivity is not achieved quickly. Fortunately, our technology can permit real workable links between work units and the employees staffing them.

While the gap between suppliers and clients may be widening in some circles, it is mistakenly considered a workload problem and thus becomes yet another stress factor between those who need services and those who must provide it.

An alternative explanation for this phenomenon may lie in the fissure between where the organization is and where it should be structurally. The approach to customer-supplier relationships, which is the current basis for collaboration between units (one without conflict), is a formidable filter against demands for change, and thereby adds to organizational inertia.

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