Switching to Shared Services: Challenges, Solutions

Shared service models have been making their way into the credit department for the past handful of years, changing up dynamics in the office, transitioning some companies to decentralized models and moving collections and accounts payable outside of the U.S. Companies continue to move to shared service models—for a variety of reasons such as budgeting, technological advancements, etc.—and making that transition proves to be a challenge.

During NACM's 123rd Credit Congress in Aurora, Colorado, panelists Brett Wegner of Cargill and Val Venable, CCE, led the session "Managing Shared Service Center Challenges and Best Practices," unpacking the hiccups and obstacles that come with moving to a shared service model—from a creditor's perspective and a customer's perspective.

"The first question as the decision is made to move any process to shared services is what's going to be the scope of work that's going to be in shared services?" Venable said. "Is it all of the work, part of the work, is it second-level collection—there have to be clear, definitive guidelines on what's to be expected for the group."

Wegner and Venable polled the attendees at the session, inquiring how many have switched to a shared service model. Nearly three-fourths of the creditors said their company had switched, bringing shared services from obscurity into the spotlight.

Members in attendance attributed many of the challenges with shared services to communication and relationships with customers. English-speaking companies continue to outsource services to countries like India and Costa Rica where the native language is not English, which members and Wegner agreed leads to language barriers and handicapped relationships.

Wegner said since part of his team moved to Costa Rica from North Dakota, developing relationships with the accounts payable side was no longer a practice in which his company takes part. Due to language and cultural barriers, the way his company worked with customers shifted.

Members of the audience said their customers reported dissatisfaction with credit and collections teams that outsourced employees to other countries, citing language barriers and adjusting to different time zones as difficulties.

"We went from collectors forming relationships with the accounts payable side to something that was very transactional," Wegner said. "And it wasn't for a lack of effort or ability, they just didn't feel confident enough in their English-speaking skills to be able to have those conversations and develop that rapport. They were all young, inexperienced collectors coming out of the university with finance degrees and other things, but it was just a very different space."

Should a company decide to switch some of its work to a shared service model, the credit department and others must then adapt to the changes.

Venable said the easiest way to make the transition relies on communication. Companies should communicate to their customers that some processes have changed, delegate clear and decisive roles to everyone at the company, and feel out the new changes with an opportunity for flexibility.

“The success stories are the ones where things are clearly called out, everyone knows what they’re supposed to do, how they’re going to be measured,” Venable said. “Again, I think it’s very important to have that there, but I think it has to be written in pencil so as real-life experience happens, we can adjust it.”

—Christie Citranglo, editorial associate