

Annual Shared Services and BPO Conference 2013

Shared services in merging markets
- treading a new path



Introductions

Mattijs Backx

Vice President Global Business Service Centers,
JTI

- 13 years experience in leadership roles at \$15B+ multinationals
- Industry experience in building and/or operating SSC in 10+ locations around the world
- JTI
- Office Depot
- Deutsche Post World Net
- Lufthansa

Elias van Herwaarden

EMEA Service Leader, Global Location & Facility Services, Deloitte

- 23 years experience in corporate location & restructuring
- 80+ shared services engagements delivered
- Deloitte
- Andersen
- Netherlands Foreign Investment Agency
- Price Waterhouse – Plant Location International



What will you learn today?

Practical guidelines to set-up shared services in Emerging Markets

- The “fearsome” locations
- Case study Russia
- Case study Middle-East and Africa
- Is it worth the hassle?



The fearsome locations

Why you may fear them



Geo / Political / Macro-economic factors

- Political / social (in)stability
- Inflation
- Natural hazards

Human resources

- Language skills
- Work culture / practices very different from Western
- Limited possibilities to capitalize on corporate brand

Infrastructures & accessibility

- Unclear / questionable infrastructure (roads, airlines, telecom, office space, ...)
- Distances and congested road infrastructure
- Power interruptions
- Little class A office space, often at high cost

Operating environment

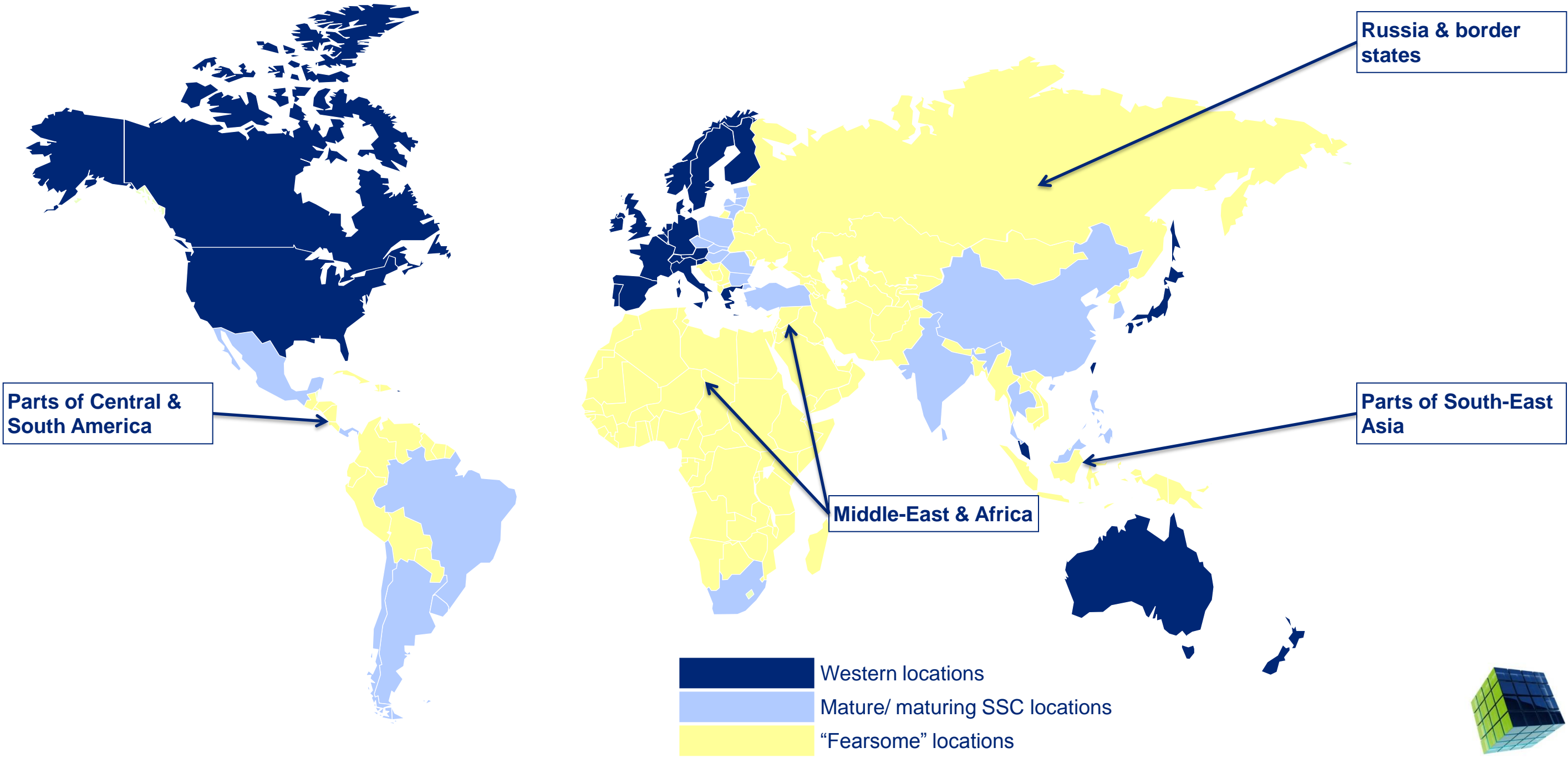
- Crime
- Local authorities, recruitment agencies, real estate providers – more / only geared to manufacturing and domestic companies

Location appeal

- No / limited proof of concept (other SSCs)
- Media-tainted perceptions

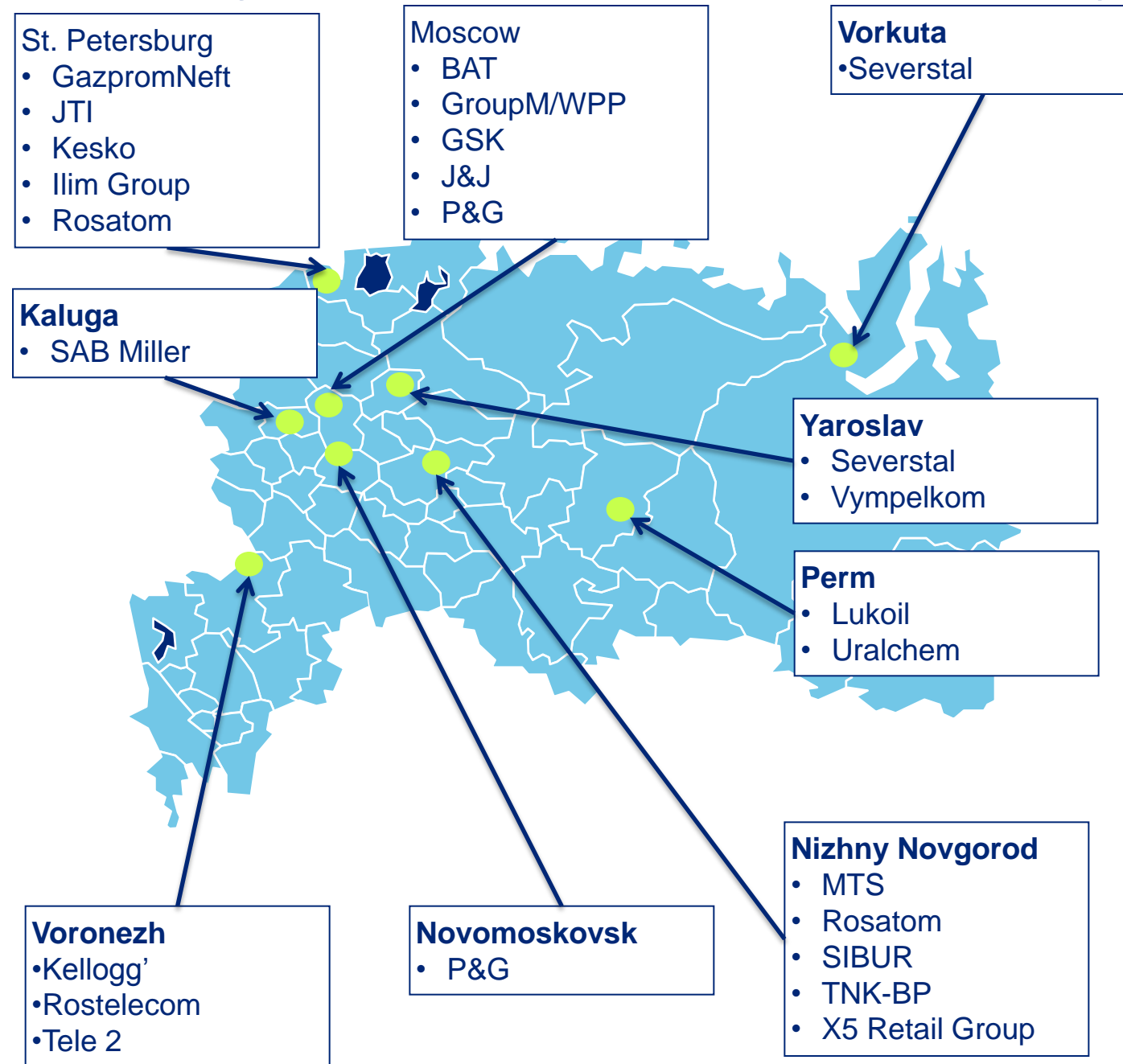


The fearsome locations



Case study Russia

Few foreign / international SSCs, many challenges



The 4 key challenges

- Operating environment
- English language skills
- Relative high cost
- 70 years of “No business”



B S C

NEWS

Case study Russia

JT International Footprint

- 2001** Initiated as centralization of Russia Accounting
- 2004** SAP Implementation
Integration in GSSO
International Customers (CIS, Romania, Turkey, Adriatica)
~160 employees
Classical finance scope *plus* Russia Statutory Accounting
- 2008** External Turnover 40%
Limited English
Lack of Customer Satisfaction (3 out of 5)



- Today** External Turnover 2%
100% English
Customer Satisfaction 4.2 out of 5
20+ resources provided annually



Case study Russia

Operating environment



Case study Russia

English skills

English Day

Every **Tuesday** – speaking English only!!!

“Make your English skills increase...
...Don't let your chance be missed”

- Speak world language
- Be in touch with your colleagues
- Be open for market
- Feel comfortable yourself

Initiator

Vanneste Fries

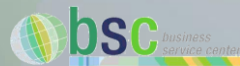
Improvement team

Bocharova Oxana

Gorbatenko Tatiana

Kuznetsova Julia

Yuschenko Yuliana



English Day #1. Telephone English



When the phone rings in English, don't be afraid to answer it! The fear of talking on the phone in a second language will disappear if you practice often. The hardest part about using the phone in a language that is not your own is the fact that you cannot see the other person's eyes, mouth and body movements (body language). Although you might not be aware of it, in face-to-face conversation you lip-read and watch for smiles, frowns and moving hands. Listening to someone on the telephone is like doing a section from a taped recording in class. The only difference is that you have to talk back!

Below there are **practice session**, the some **words and expressions** that we use for telephoning and a **quiz** for you to check your understanding. And remember, practice makes perfect! Ring, ring...

Use the phrase below when you answer a call:

Thank you for calling BSC St.Petersburg. Lisa speaking. How can I help you?

Telephone Language:

Answering the phone	<ul style="list-style-type: none"> • Hello? (informal) • Thank you for calling BSC St.Pete. Jody speaking. How can I help you? • Doctor's office.
Introducing yourself	<ul style="list-style-type: none"> • Hey George, it's Lisa calling. (informal) • Hello, this is Lisa Madison calling. • Hi, it's Lisa from the doctor's office here.
Asking to speak with someone	<ul style="list-style-type: none"> • Is Fred in? (informal) • Is Jackson there, please? (informal) • Can I talk to your sister? (informal) • May I speak with Mr. Green, please? • Would the doctor be inavailable?
Leaving a message	<ul style="list-style-type: none"> • Just a sec. I'll get him. (informal) • Hang on one second. (informal) • Please hold and I'll put you through to his office. • One moment please. • All of our operators are busy at this time. Please hold for the next available person.
Making special requests	<ul style="list-style-type: none"> • Could you please repeat that? • Would you mind spelling that for me? • Could you speak up a little please? • Can you speak a little slower please. My English isn't very strong. • Can you call me back? I think we have a bad connection. • Can you please hold for a minute? I have another call.
Leaving a message for someone	<ul style="list-style-type: none"> • Sammy's not in. Who's this? (informal) • I'm sorry, Lisa's not here at the moment. Can I ask who's calling? • I'm afraid he's stepped out. Would you like to leave a message? • He's on lunch right now. Who's calling please? • He's busy right now. Can you call again later? • I'll let him know you called. • I'll make sure she gets the message.
Leaving a message with someone	<ul style="list-style-type: none"> • Yes, can you tell him his wife called, please. • No, that's okay, I'll call back later. • Yes, it's James from BSC St.Pete here. When do you expect her back in the office? • Thanks, could you ask him to call Brian when he gets in? • Do you have a pen handy, I don't think he has my number. • Thanks. My number is 222-3456, extension 12.
Confirming information	<ul style="list-style-type: none"> • Okay, I've got it all down. • Let me repeat that just to make sure. • Did you say 555 Charles St.? • You said your name was John, right? • I'll make sure he gets the message.
Leaving an answering machine	<ul style="list-style-type: none"> • Hello, You've reached 222-6789. Please leave a detailed message after the beep. Thank you. • Hi, this is Elizabeth. I'm sorry I'm not available to take your call at this time. Leave me a message and I'll get back to you as soon as I can. • Thank you for calling Dr. Mindin's office. Our hours are 9am-5pm, Monday-Friday. Please call back during these hours, or leave a message after the tone. If this is an emergency please call the hospital at 333-7896.
Leaving a message on an answering machine	<ul style="list-style-type: none"> • Hey Mikako, it's Yuka. Call me! (informal) • Hello, this is Ricardo calling for Luke. Could you please return my call as soon as possible. My number is 334-5689. Thank you. • Hello Maxwell, this is Martina from the doctor's office calling. I just wanted to let you know that you're due for a check-up this month. Please give us a ring/buzz whenever it's convenient.
Finishing a conversation	<ul style="list-style-type: none"> • Well, I guess I better get going. Talk to you soon. • Thanks for calling. Bye for now. • I have to let you go now. • I have another call coming through. I better run. • I'm afraid that's my other line. • I'll talk to you again soon. Bye



Telephone Tips:

1. Speak slowly and clearly

Listening to someone speaking in a second language over the telephone can be very challenging because you cannot see the person you are trying to hear. However, it may be even more difficult for the person you are talking with to understand you. Pay special attention to your weak areas (such as "Y" and "S" or "B" and "V") when you are on the phone. If you are nervous about using the phone in English, you may notice yourself speaking very quickly. **Practice or write down what you are going to say and take a few deep breaths before you make a phone call.**

2. Make sure you understand the other speaker

Don't pretend to understand everything you hear over the telephone. Even native speakers ask each other to repeat and confirm information from time to time. This is especially important if you are taking a message for someone else. Learn the appropriate expressions that English speakers use when they don't hear something properly. **Don't be afraid to remind the person to slow down more than once.** Keep your telephone in an area that is away from other noise distractions such as a radio or television.

3. Practice with a friend

Ask another student to practice talking on the phone with you. You might choose one night a week and take turns phoning each other at a certain time. Try to talk for at least fifteen minutes. You can talk socially, or role play different scenarios in a business environment. If you don't have access to a telephone, you can practice by setting two chairs up back to back. **The most important thing about practicing telephone English is that you aren't able to see each other's mouths.** It is amazing how much people lip-read without realizing.

4. Use businesses and recordings

There are many ways to get free telephone English practice. After business hours, you can call and listen to recorded messages. Write down what you hear the first time, and then call back and check if your notes are accurate. **Use the phone in your everyday life.** Call for a pizza delivery instead of going out to eat. Call a salon to book a hair appointment. You can even phone the movie theatre to ask for the listings instead of using the newspaper. Some large cities have free recordings you can call for information such as your daily horoscope or the weather. (Make sure that you aren't going to get charged for these numbers first.) Some products have free phone numbers on the packaging that you can call for information. Think of a question you might want to ask and call the free number. For example, call the number on the back of the cereal box and ask for coupons. You will have to give your name and address. Make sure you have a pen handy so that you can repeat the information and check your comprehension.

5. Learn telephone etiquette instantly

The way that you speak to your best friend on the phone is very different to the way you should speak to someone in a business setting. Many ESL speakers make the mistake of being too direct on the telephone. It is possible that the person on the other line will think that you are being rude on purpose if you don't use formal language in certain situations. Sometimes just one word such as "could" or "may" is necessary in order to sound polite. **You should use the same models you would use in a formal face-to-face situation.** Take the time to learn how to answer the phone and say goodbye in a polite manner, as well as all the various ways one can start and end a conversation easily.

6. Practice dates and numbers

You should also practice saying dates and numbers aloud. You and a friend can write out a list of dates and numbers and take turns reading them over the phone to each other. Record what you hear. Swap papers the next day and check your answers.

Practice session:

Let's take a look at an example dialogues with the most common phrases and idioms that are used when telephoning:

- **Operator:** Hello, Frank and Brothers. How can I help you?
- **Peter:** This is Peter Jackson. Can I have extension 3421?
- **Operator:** Certainly, hold on a minute, I'll get you through...
- **Frank:** Bob Peterson's office, Frank speaking.
- **Peter:** This is Peter Jackson calling, is Bob in?
- **Frank:** I'm afraid he's out at the moment. Can I take a message?
- **Peter:** Yes, Could you ask him to call me at - I need to talk to him about the Nuovo line, it's urgent.
- **Frank:** Could you repeat the number please?
- **Peter:** Yes, that's , and this is Peter Jackson.
- **Frank:** Thank you Mr Jackson, I'll make sure Bob gets this ASAP.
- **Peter:** Thanks, bye.
- **Frank:** Bye.

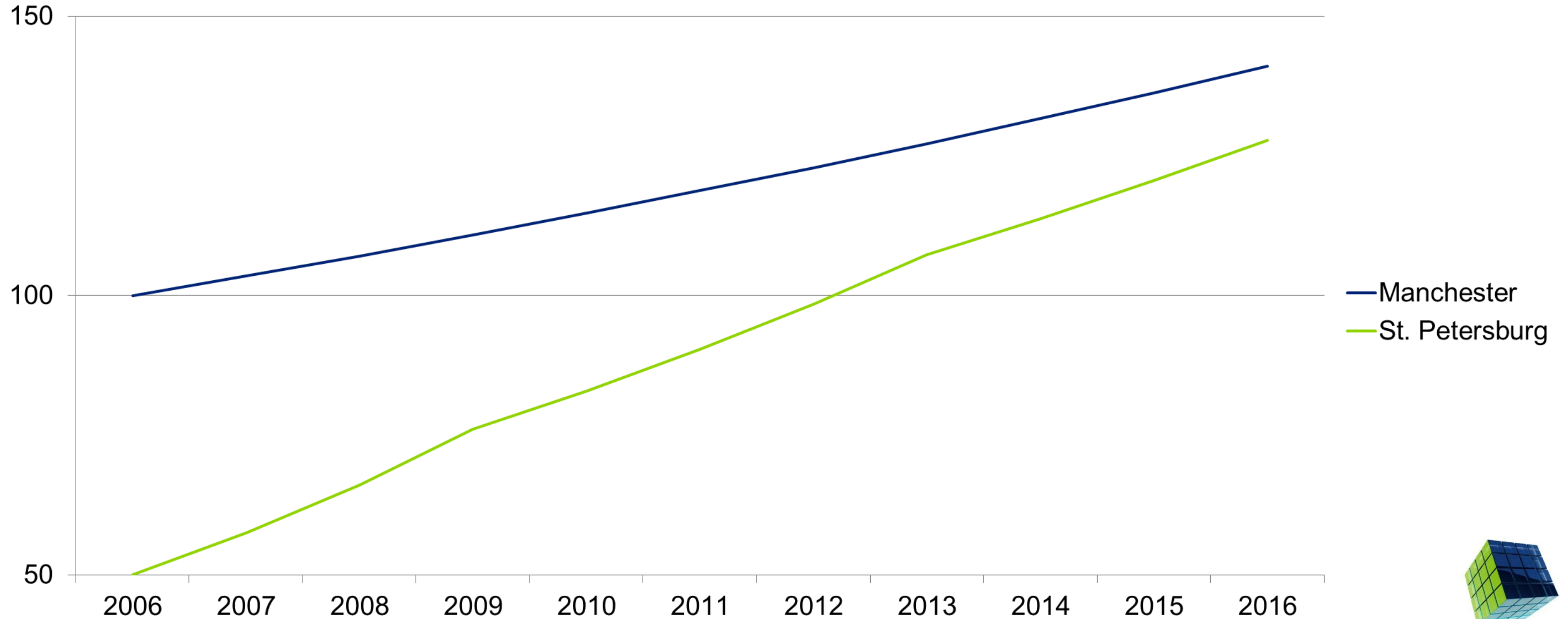
- **Leslie:** Hello?
- **Cameron:** Hi, is this Leslie?
- **Leslie:** Yes, Who's this?
- **Cameron:** It's Cameron here. Is Maria in?
- **Leslie:** No, she just stepped out for a moment. Can I take a message?
- **Cameron:** Yes, thanks. Could you ask her to meet me at the Capitol 4 movie theatre at 7 pm tonight?
- **Leslie:** Sure. Just let me write that down. Oh Cameron. Could you hold for a second? I have to take another call.
- **Cameron:** No problem.
- **Leslie:** Hi, Sorry about that. Now could you please repeat that information? I didn't have a pen handy.
- **Cameron:** Sure. It's the Capitol 4 theatre at 7 o'clock.
- **Leslie:** Okay, I've got it. Is there anything else?
- **Cameron:** No, that's great.
- **Leslie:** Okay, Uh-oh, there's my other line again. I'd better run.
- **Cameron:** Okay, thanks again. Bye for now.
- **Leslie:** Bye Bye



Case study Russia

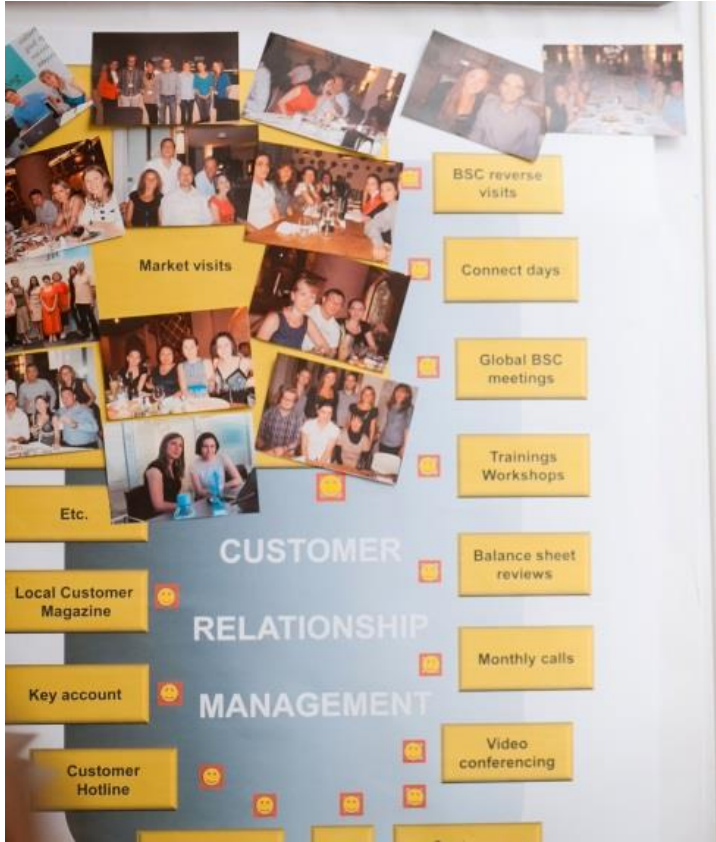
Relative high cost

Indexed Salary and Fringe Cost in USD (*Manchester 2006 = 100*)



Case study Russia

70 years of “No business”



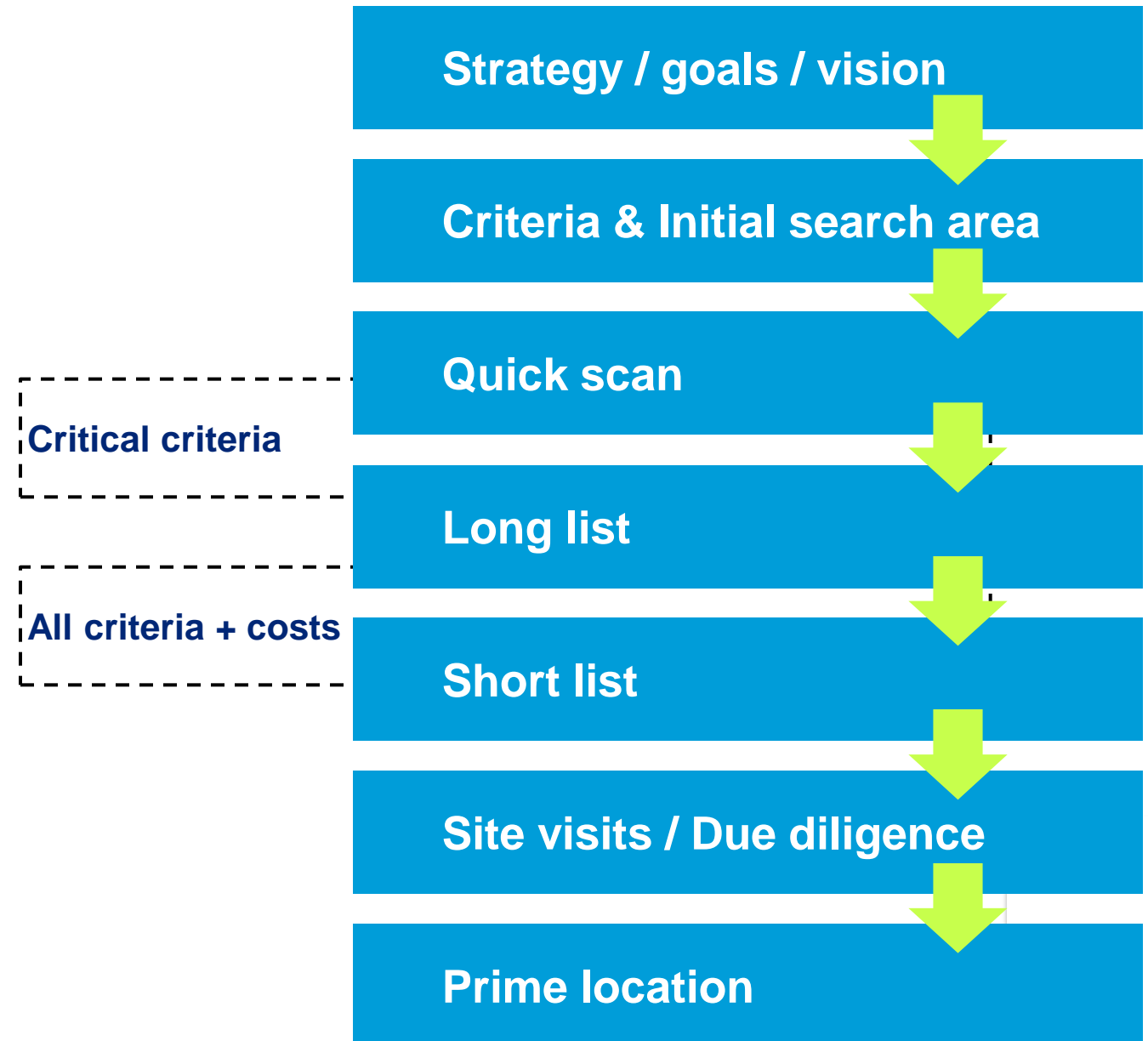
Case study Middle-East & Africa

We used Deloitte's framework and methodology

The framework

- Be clear about the drivers for establishing the SSC and the KPIs before you start a location search
- Conduct detailed As-Is review - on processes and in-country organizational / HR capabilities
- Thoroughly formulate location criteria (critical / important ones) that impact KPIs
- Do not take any location for granted – consider all options from the outset
- Conduct robust location analysis, involve key executive stakeholders
- Visit the locations (many times) with multi-disciplinary / multi-hierarchical delegations
- Speak to many local parties
- Objectively assess risks and how to mitigate them

The methodology



Case study Middle-East & Africa

The starting point

Strategy

- Increased standardization
- Improved services levels
- Improved control environment
- Talent pool for the region
- Platform for future growth

- Scope: Finance
- Languages: English, Arabic, French

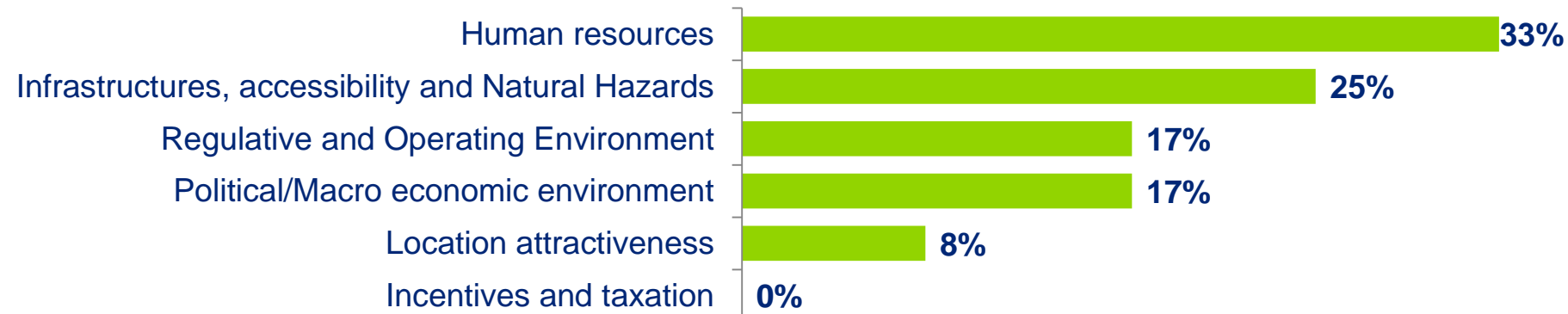
Criteria

- SSC location criteria
 - Critical: 7
 - Important: 33
 - Desirable: 24

- Specific criteria:
 - Remote bookkeeping regulations
 - Trade embargoes
 - Cultural proximity to business

Initial search area

- All market countries + Mauritius



Case study Middle-East & Africa

The quick scan

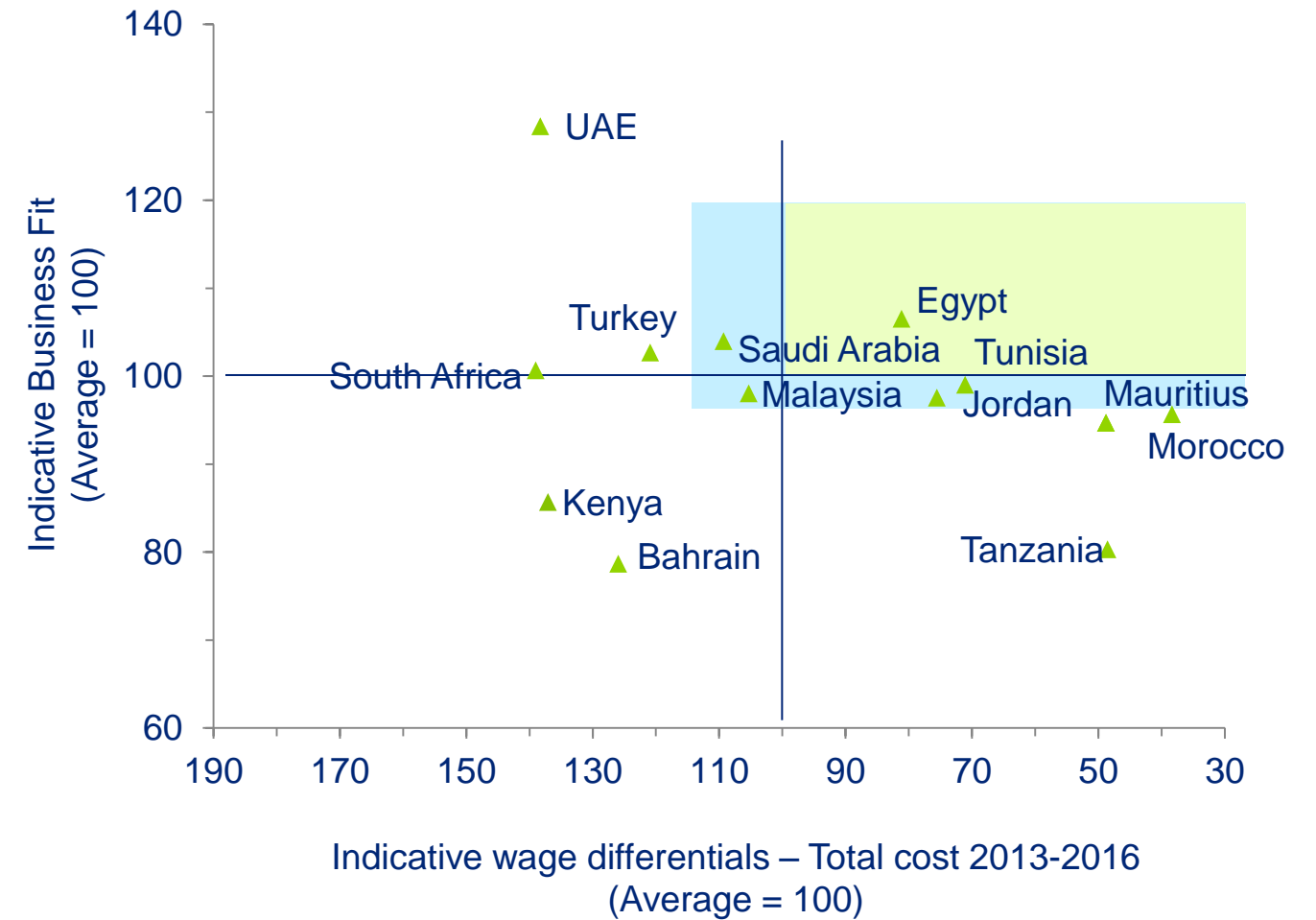
Our sequential filtering process	Out	In
Quality of Communication: higher than 75% of Russia's level	13	16
Political- and Security risk: higher than Russia's minus 25%	12	29
English and Arabic Language Skills: higher than MENEAT average	7	9
Skills availability: 6.667 Tertiary education graduates / year	1	8
Regulative environment: no restrictions to remote bookkeeping, no service-related trade embargoes	0	8
Access: direct connections to at least 40% of the MENEAT countries	2	6
SSC cluster stage: countries / cities should have at least an increasing number of lower / medium value add SSCs	0	6

List based on filtering

Egypt
 Saudi Arabia
 South Africa
 Turkey
 UAE

Manual filter overrides

Bahrain
 Jordan
 Kenya
 Tanzania
 Malaysia
 Mauritius
 Morocco
 Tunisia



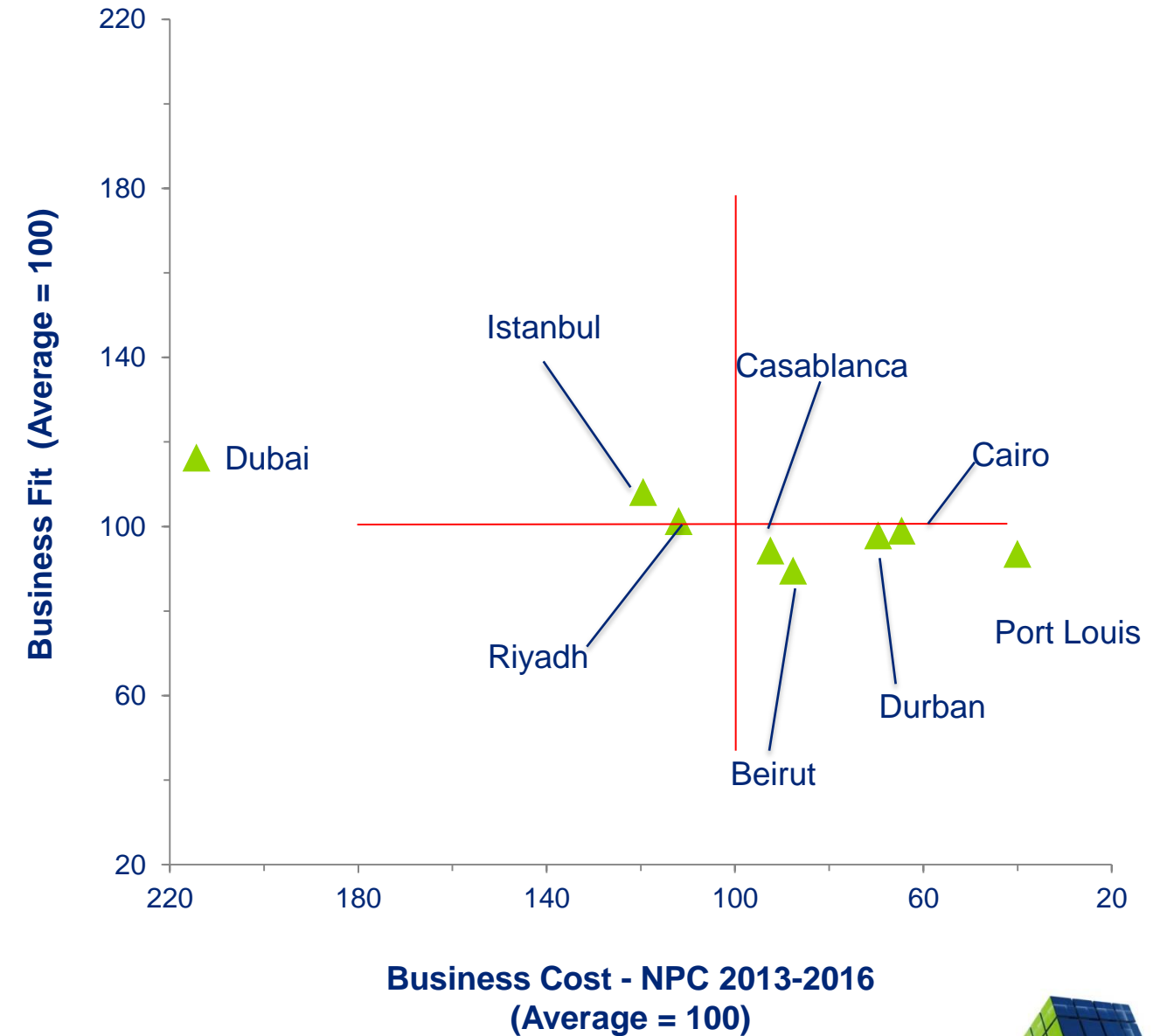
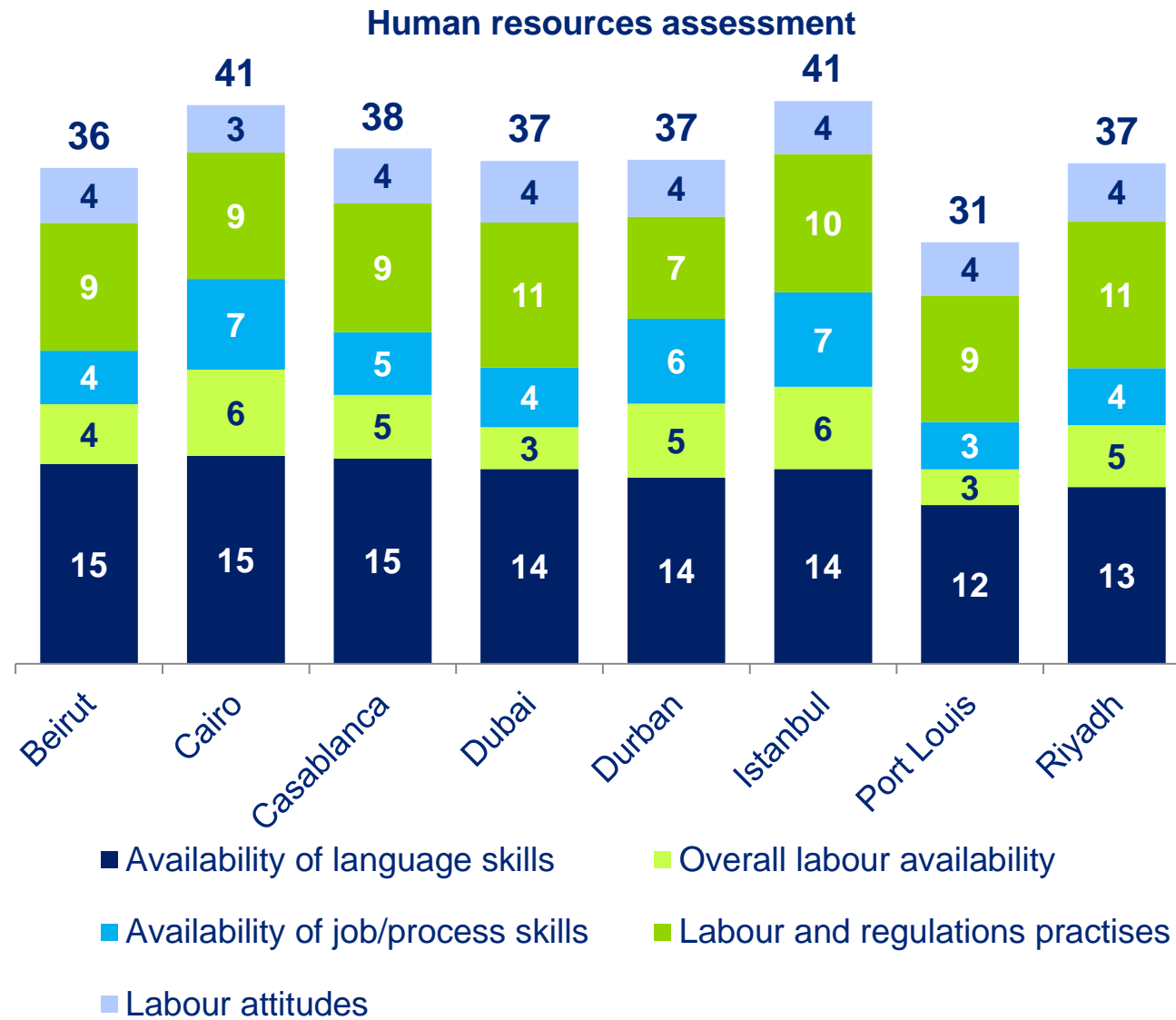
City selection
 SSC cluster maturity /
 Talent pool

Beirut	Durban
Cairo	Istanbul
Casablanca	Port Louis
Dubai	Riyadh



Case study Middle-East & Africa

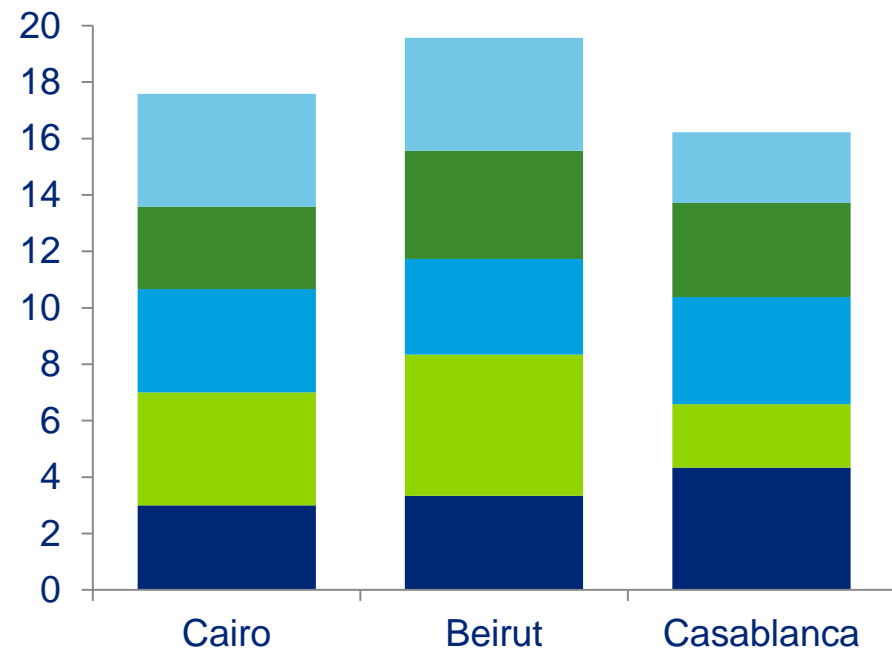
The long list analysis (excerpts)



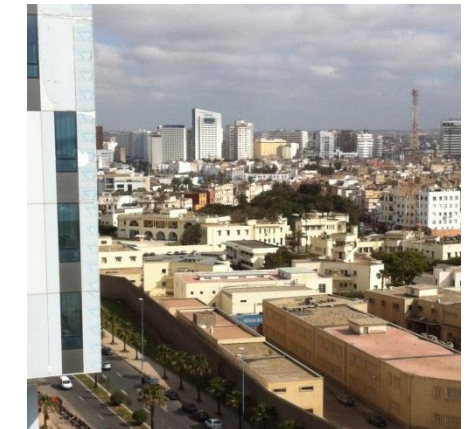
Case study Middle-East & Africa

The site visits

Level of confidence ratings



- Location attractiveness
- Regulative and Operating Environment
- Infrastructures, accessibility and Natural Hazards
- Human resources
- Political/Macro economic environment



Is it worth the hassle?



Q & A



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