

Transition to Shared Services model delivers astonishing benefits

Margins were razor-thin, and fixed costs were high.

A hundred-year-old building products manufacturer was facing intense competition and market pressure. The \$4 billion company had over 50 manufacturing facilities and 140 wholly-owned retail distribution outlets. Processes and structure varied by location, making a quick response to natural business cycles impossible. The problems were becoming more critical, given the cost of oversight and the redundant management structure. As if that wasn't enough, a paternalistic culture made headquarter-initiated improvements seem like 'suggestions' to GMs and Plant Managers.

To gain efficiencies, corporate had sponsored many initiatives. These projects ranged from small efficiencies in the supply chain to the implementation of a company-wide ERP system. There were high hopes for the ERP system, but it suffered low adoption. Too many manual processes, taking extra time and resources remained. This highly visible investment had to deliver greater benefits to the company.

Leadership recognized the need for a broader and more inclusive project to create a strategic organizational redesign. The time had come to reduce headcount costs, leverage the ERP technology, and position the company to meet long-term goals regardless of market fluctuations.

Knowing that this would mean significant change, executives chose Clerestory to lead the work effort. First, determine the organization's best design and then plan an orderly transition to a new operating model. The analysis showed leadership that developing a model to support non-manufacturing functions would drive consistency, accountability, flexibility, and scalability in processes. Presented with the evidence, the executive team chose to consolidate the decentralized HR, Supply Chain, and Finance functions into a Shared Services model. The new model would support both location-specific and company-wide needs. It would also prove the value of standardization and enable strategic knowledge transfer.

Clerestory began by documenting current models and defined roles across the plants and company-owned distribution network to discover how our client might eliminate and consolidate activities. We also analyzed the HR, Supply Chain, and Finance functions to develop a new model framework by translating current activities into future processes. As a result of our gap analysis, our partner realized they lacked the internal processes and skillsets required to execute the project activities aggressively.

Despite this challenge, and with Clerestory's Organization Redesign and Change Management methodologies, we completed the process redesign and implement-

ed substantial changes with minimal disruption to the organization. We worked alongside our client's team members throughout the transition to develop their organizational change management skills. Sharing and teaching our methodology supports clients' long-term success. It also allows us to transition deliverables, including detailed analyses, implementation plans, customized recommendations to guide decision-making and achieve buy-in, and communications with stakeholders.

As a result of this project, Clerestory positioned the client to save \$22M. Our leadership and management also gave way to:

- Newly streamlined and standardized processes
- A Shared Services model that successfully removed transactional work from the plants
- An improved technology roadmap to increase adoption, accuracy, timeliness, and cash flow

The partnership allowed us to EMBEDSM transformational change management practices in the new Shared Services environment, improving our partner's profitability, efficiency, and resiliency.

\$22M

estimated savings
from design