

# PERFORMANCE TRACKING & MANAGEMENT

## Building and Running a World-Class GBS Organization



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### Questions addressed in this article:

- How to select the critical KPI's - what principles should you use? (e.g., business relevance, etc.)
- What are the different approaches in segmenting different stakeholders of performance metrics?
- How to balance getting the right details vs. overwhelming the organization with metrics?
- How to link external outsourcing vendor metrics to a holistic set of measures?
- How to deal with KPI process or systems inputs that are related to GBS services, but not in its control e.g., input Master Data accuracy?

### How do you maximize GBS performance and reputation while delivering service levels?

Perception! That's a perfidious companion for every service leader. Months and years of diligently exceeding service levels can be negated with just one anecdotal issue. The only way to manage this is to diligently and continuously tell your story on performance management. Choosing what metrics to report and how to share your message is key to managing perception.

There can be several pitfalls along the way to building a strong equity for your GBS organization, most of which are tied to mistakes in setting up the right type of Performance Management and Metrics processes. Here's a few of those:

- **Not defining performance metrics E2E:** One of the most frustrating issues that a GBS leader can run into is to have exceeded all performance metrics that are within their control, but still be blamed for poor business outcomes because of processes or inputs that are out of their control. The best antidote to this is to define performance metrics E2E, including the parts that are not managed by GBS. Then, set performance measures for all, including processes or inputs that you expect from other organizations.

- **Unclear hierarchy of accountability:** Most GBS performed services are made up of sub-services. It is possible that the KPIs of these are occasionally in conflict – e.g., critical financial closing services need a higher performance of server availability than is provided in general by the infrastructure services KPIs. The way to address this is to differentiate between end-metrics (e.g., financial closing) which need to be on top of the hierarchy, and in-process (e.g., server uptime) which is a sub-process.

- **Mismatch of expectations between stakeholders, or between Payer vs. User:** GBS can occasionally get caught between expectation mismatches between what Business Unit executive leaders (payers) are willing to pay for, and their own people (users) who have different expectations. They need to be fleshed out by GBS and transparently communicated via its communications plan.

- **Lack of transparency or a communication story:** A high-performing GBS organization must have a clear and consistent story around its performance. This requires a deliberate and holistic communication strategy from GBS. This should include both senior client communication as well as a common standard communications plan and approach across GBS for breakdowns, events, planned outages, status updates, etc.

- **Fragmentation of many SLAs and metrics:** This makes information too confusing, technical, or irrelevant to business users and sponsors. Designing for a KPI architecture driven by E2E process measures helps you simplify metrics and focus communications on the user impact. Also, often it is hard for clients or end users to understand the impact of a GBS service announcement to services that are relevant to them. Adding a section such as “What you need to do” or “Why this matters” helps translate.



## Principles for designing the best performance management systems:

## Delivering world-class GBS performance

World class GBS organizations require the following five components to be in place:

- **Top-Down Balanced Scorecard:** The best way that a GBS leader can drive a culture and equity of a high-performing organization is to start with clarity from the top on what constitutes success. This needs to cascade from the GBS Strategic Plan or OGSM (Objectives, Goals, Strategies and Measures).

Each of these must be specific and measurable and formally aligned with all relevant stakeholders, i.e., not just to the CEO, but also relevant CXO and BU peers. Often identifying 4-5 groups of metrics that define success is enough at this level, including GBS cost savings targets, new value creation targets, large transformation project success metrics, CX metrics (both payers and users), aggregated service SLA metric, GBS organization health and governance metrics, etc.

- **Group performance metrics by stakeholders:**

Among the groups of KPIs defined above, it's important to recognize that there are stakeholders at all levels and in all organizational parts. These will be at corporate or BU executive level, (e.g., needing high level KPIs), service-specific levels (e.g., HR service KPIs for HR clients), user level (e.g., communications related to relevant service upgrades or outages). There are also internal GBS KPI review groups and vendors. You need to define E2E KPIs per GBS service line. Ensure that you incorporate vendor SLAs in it to roll up to E2E metrics.

- **Define frequency of review:** For example, this could be Client - quarterly, User - half-yearly, Op SLA metrics - monthly, Org metrics - annually, Internal controls - quarterly, detailed Operations - as frequently as is actionable. Financial - tracked monthly, but reviewed quarterly. You get the idea

- **Clarify accountability in line with “running each GBS service as a business”:** Ultimate accountability for complete E2E service must rest with the GBS Product/Service Manager. So, for example, while F&A closing the books SLAs may be dependent on other sub-component services – from infrastructure (SAP, Network, etc.), external BU transactions inputs, accounting process accuracy, offshore center performance etc., – the buck stops with the Finance R2R Service Manager.
- **Execute communication plan as a disciplined process vs. ad-hoc:** Roll-up all performance metrics and review at least quarterly with GBS LT and with all executive clients and CEO. Create communication standards on who communicates what, and to whom.

Net – there is a science to setting up the right performance KPIs and what to communicate to whom that goes well beyond the technology and process metrics. Get this right and you will master the art of managing perceptions.

