

Business Services Leadership Diagnostic

Pathway to Best-in-Class Performance



RUSSELL REYNOLDS ASSOCIATES



About Russell Reynolds Associates

Russell Reynolds Associates is the most trusted name in global executive search and assessment. Through our 37 wholly owned offices, the firm's more than 275 professionals conduct senior-level search and assessment assignments in a range of industries for public and private organizations of all sizes. With its one-firm culture, deep knowledge of major industries and unwavering commitment to client service, Russell Reynolds Associates is uniquely qualified to help clients find the best leaders and to advise them on optimizing their talent. The firm's Web site is www.russellreynolds.com.

© 2007 Russell Reynolds Associates, Inc.

Business Services Leadership Diagnostic

Business Services Overview

We are in the midst of an unprecedented period of growth and change in the “service economy” with far-reaching, global implications as transformative as the industrial revolution earlier in the 19th century. Just as the introduction of the assembly line and mass production made the global manufacturing of discrete products possible, the Internet, a 24/7 skilled global labor pool and the specialization of outsourced business providers are allowing Fortune 500 companies and small businesses alike to outsource virtually all “non-core” operations. Once again, these changes are focusing attention on the small pool of future-ready leaders for roles requiring a rare combination of knowledge and skills uniquely suitable to this new marketplace.

Overall, we are seeing tremendous growth in highly sophisticated, technology-enabled “business services” companies that are replacing what was formerly viewed as internal “general and administrative” expenses. Business services companies are often focused on a specific function or process, such as human resources, finance and accounting, or marketing services. They are usually customized to the workflow of a particular industry, such as financial services, healthcare, consumer or industrial. Some particular areas of growth would include business process outsourcing, information technology services and healthcare claims processing.

This focus on efficiency in performing “non-core” administrative activities has given rise to the elevation of the role of Head of Business and Shared Services to a CEO report role in many large, complex companies. CEOs are turning to their Heads of Business and Shared Services to lead the transformation of their businesses.

The recurrent theme among these next-generation business services organizations is a trend toward the creation of increasingly sophisticated, technology-enabled platforms. These platforms are developed with deep knowledge in a particular business process, supported by a global labor force with a unified commitment to excellence in operations and service delivery.

Moreover, while business services organizations often seek executive talent with specific knowledge and credibility in their particular markets, the evidence strongly suggests that there is a common set of attributes among world-class business services leaders and, increasingly, a “single marketplace” for business services talent.

Business services leaders who have the proven ability to create organizations that strike the balance of people, process and technology in ways that attract and impress customers and that produce scalable, profitable businesses share a universal set of characteristics that distinguish them as best in class. Russell Reynolds Associates in partnership with Cambria Consulting, a thought leader in corporate competency analysis, has developed a diagnostic framework for assessing business services leaders. Based on interviews Russell Reynolds Associates performed with more than 10,000 business services leaders during the past 10 years, the framework’s best-in-class characteristics fall into two areas:

Knowledge and Experience

The following “hard skills” are achieved through work assignments and educational training:

- Industry Knowledge
- Functional Knowledge
- Technical Aptitude
- Scope and Scale
- Geographic Responsibility (domestic, continental, global)

Personal and Performance Competencies

The following “soft skills” are achieved through situational experiences and are organized into the following four leadership groupings:

- Strategy
- Team Leadership
- Execution
- Influence

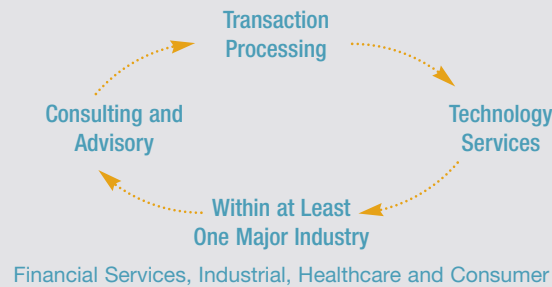
Knowledge and Experience

The majority of business services leaders had early career paths through an industry segment that is either people, process or technology driven:

People-Oriented Industries	Process-Oriented Industries	Technology-Oriented Industries
Examples: <ul style="list-style-type: none"> • Consulting and Advisory • Staffing • Infrastructure • Engineering 	Examples: <ul style="list-style-type: none"> • Transaction Processing • Payroll and Benefits • Merchant Processing 	Examples: <ul style="list-style-type: none"> • Hardware and Software • Applications and Infrastructure
Environment: <ul style="list-style-type: none"> • High Margin • High Touch • Low Volume 	Environment: <ul style="list-style-type: none"> • Low Margin • Low Touch • High Volume 	Environment: <ul style="list-style-type: none"> • High Margin • High Touch • High Volume
Customization Collaboration	Standardization Performance Results	Automation Scale Innovation

Business Services Best-in-Class Career Paths

The emerging leaders of best-in-class business services companies have transitioned through multiple industries and sectors. For example:



These leaders have a convergence of relevant skills and experience as well as the personal and performance competencies that are most relevant to successful business services companies.

A few examples of emerging career paths for business services leaders that illustrate this multi-function, multi-industry, global, buyer and provider type career path include:

Hewitt Associates CEO: Experience from BISYS, ADP and McKinsey & Company

Fiserv CEO: Experience from H&R Block, American Express and Kenneth Leventhal & Company

Equifax CEO: Experience from General Electric and Owens Corning

BearingPoint CEO: Experience from Oracle, Accenture and Morgan Stanley

OSI CEO: Experience from Sears, General Electric, AT&T, Manufacturer's Hanover Trust Company and American Express

Personal and Performance Competencies

Independent of industry knowledge and experience, the top business services leaders all share strengths in the following 15 competency areas arranged into four leadership groupings.

Setting Strategy

Forward Thinking

- Scans the internal and external business environments and identifies ideas and best practices that create opportunity
- Identifies broad organizational and technological trends that have practical implications for the organization

Judgment

- Incorporates flexibility into planning processes and decisions
- Adapts behavior and management practices to different cultures, functions and/or businesses
- Understands the core competencies of the organization

Creative Problem Solving

- Approaches program issues or problems without preconceived ideas about how best to solve them, entertains and formulates “out-of-box” solutions
- Looks to other industries and technologies for solutions to current or potential issues

Diagnostic Skill

- Applies an overarching view of the global sourcing landscape to identify opportunities for savings and greater efficiencies
- Looks for solutions from other industries and technologies for their applicability to current or potential issues
- Identifies business processes that benefit the most from standardization and/or simplification

Executing Results

Driving Results

- Establishes self as the responsible owner of the program
- Sets aggressive but achievable goals and time frames, and holds self and others accountable for achieving them
- Stays focused on objectives in the face of resistance, diversions or competing demands

Setting Metrics and Standards

- Benchmarks self against the best in one’s own and others’ industries in standardization, cost reduction and streamlining of operations
- Develops processes to ensure quality or standards where there are no established procedures or guidelines

Making Data-Based Decisions

- Makes the tough decisions on issues that would otherwise stall progress
- Makes decisions based on business case analysis (e.g., internal rate of return, net present value, return on investment, payback period, safety, etc.)

Leading Teams

Managing Performance

- Holds everyone on the team accountable for doing what they have signed up to do
- Sets aggressive goals and time frames that challenge, energize and motivate the team
- Presses the team to meet requirements in the face of time pressures, customer issues or resource constraints

Managing Change

- Understands people’s natural resistance to change and personally intervenes to address their key concerns and issues and to reassure them about the benefits of change
- Handles reactions to threatening situations with sensitivity; operates out of fairness and full disclosure as key principles

Managing Talent

- Accurately assesses people’s strengths, limitations and technical/functional capabilities and matches them effectively to program assignments
- Supports people directly and visibly when they assume new and challenging responsibilities

Leveraging Diversity

- Understands, respects and leverages the values and working styles of other cultures
- Adopts the attitude of a “learner” when working with people from other regions and cultures
- Is able to adapt (versus adopt) practices and strategies and to seek alternative paths

Building Relationships and Using Influence

Focusing on the Customer

- Involves customers early to engage them in joint problem solving and to build support for solutions
- Establishes mutual expectations by identifying what is possible in a given situation and making realistic commitments
- Initiates follow-up with and feedback from customers throughout the process

Managing Relationships with Customers/Partners

- Identifies and advocates solutions that balance customers’ and business partners’ stated needs and long-term best interests with the organization’s business requirements
- Negotiates terms and conditions that best benefit customers but also solidifies longer-term relationships with partners

Influencing the Organization

- Uses examples of successful competitive practices to sell the benefits of alternative sourcing
- Persists to get buy-in from key internal stakeholders (e.g., CIO, CFO, etc.) and involves key line management in the details of front-end planning
- Overcomes internal obstacles to business process outsourcing by sharing credit and through business case demonstration of benefits

Leading Communication

- Communicates simple, compelling messages and a few key priorities that guide and focus the efforts of others
- Keeps stakeholders and team members continually informed of progress, difficulties and other pertinent issues throughout the transition process

Business Services Leadership Diagnostic

The Next Generation of Business Services Leaders

The leading business services leaders will have mastered the creation of organizations that are both client centric and operations/execution driven. It is likely that future leaders will have moved among businesses that provide a broad range of people, process and technology experiences. The next generation of leaders will have adapted to the demands of global/real-time delivery and “always on” client expectations.

Summary

During the past 10 years, the business services leadership function has evolved from a back-office, delivery-centric support role to a highly visible, client-centric leader of a fast-growing new business segment. As a result, business services remains a critical element of successful corporate functioning. Great business services companies fulfill the primary role for their clients of releasing capital that can be used to further drive their core business. Robust solutions need to be client centric, scalable, consistent and credible. The ability to build, manage and scale platforms and systems that deliver client service excellence will be a singular differentiating factor for growth. The successful business services leader will be able to anticipate market changes, as well as grow and scale the business across processes, systems, platforms, client segments and geographies. Communication skills are critical in order to align the resources and people to the business strategy. Last, the ability to measure and manage results will unify the organization and provide clarity to compensation, promotion and earnings.

As a result, having a world-class leader in the business services function has become critically important. Unfortunately, the pool of best-in-class business services leaders is too small to meet the emerging demand globally. Russell Reynolds Associates has incorporated the insights of Cambria Consulting to bring depth and rigor to this emerging profile, which serves as the basis for the development of the unique diagnostic model we now use to screen candidates for these increasingly key roles, affecting not only the business services entities but also their clients spanning every sector and geography.

Business and Professional Services Practice

Business and professional services providers are sharply focused on providing their customers with innovative service solutions that seamlessly integrate people, processes and technology. Driving this effort are top-tier business leaders who have a multicultural perspective, a strong awareness of industry trends, and proficiency in both technology and business processes.

Russell Reynolds Associates is a leader in recruiting these executives. We have a proud 20-year history of identifying business leaders for major business and professional services firms who have exceptional market knowledge, a reputation for innovation and a track record for delivering excellent results. We continuously work to find the best new talent for the next generation of services enterprises. We track market trends, network with industry executives and sponsor forums that bring business and professional services leaders together. Moreover, we collaborate with colleagues across our firm to bring a wealth of segment, functional, geographic and industry-specific knowledge to each assignment.

George Klemp

George Klemp is a founding partner and the President of Cambria Consulting, a Boston-based resource consultancy specializing in strategic talent management and organizational assessment. His 30 years of experience span engagements in a wide range of industries, with emphasis on financial services, manufacturing, consumer products and technology companies.

Americas

Atlanta

1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston

One Federal Street
25th Floor
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires

Ing. Butty 240 - 5° Piso
C1001AFB Buenos Aires
Argentina
Tel: +54-11-4590-2523

Chicago

200 South Wacker Drive
Suite 2900
Chicago, IL 60606-5802
United States of America
Tel: +1-312-993-9696

Dallas

8401 N. Central Expressway
Suite 650
Dallas, TX 75225-4404
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street
Suite 2200
Houston, TX 77002-2901
United States of America
Tel: +1-713-754-5995

Los Angeles

11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Menlo Park

2500 Sand Hill Road
Suite 105
Menlo Park, CA 94025-7015
United States of America
Tel: +1-650-233-2400

Mexico City

Torre Optima I
Paseo de las Palmas
405 - 4
Lomas de Chapultepec
11000 Mexico, D.F.
Tel: +52-55-5540-0119

Minneapolis/St. Paul

225 South Sixth Street
Suite 2550
Minneapolis, MN 55402-3900
United States of America
Tel: +1-612-332-6966

New York

200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

San Francisco

101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo

Av. Nações Unidas,
11857, 12° Andar
04578-000 - São Paulo - SP
Brazil
Tel: +55-11-3345-1414

Toronto

Scotia Plaza, Suite 3410
40 King Street West
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.

1701 Pennsylvania Avenue, NW
Suite 400
Washington, D.C. 20006-5810
United States of America
Tel: +1-202-654-7800

Asia/Pacific

Beijing

Suite 1320, China World Tower I
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6505-2688

Hong Kong

Room 1801, Alexandra House
18 Chater Road Central
Hong Kong
China
Tel: +852-2523-9123

Melbourne

15th Floor
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
Tel: +61-3-9-603-1300

New Delhi

A4, Tower A
The Qutab Hotel and Apartments
Shaheed Jeet Sing Marg
New Delhi 110 116
India
Tel: +91-11-4603-4600

Shanghai

Room 4504, Jin Mao Tower
88 Century Avenue
Pudong, Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore

2 Shenton Way
#08-01 SGX Centre 1
Singapore 068804
Singapore
Tel: +65-6225-1811

Sydney

Level 41 Australia Square
264 - 278 George Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo

Izumi Garden Tower 14F
1-6-1 Roppongi
Minato-ku, Tokyo 106-6014
Japan
Tel: +81-03-5114-3700

Europe

Amsterdam

World Trade Center
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona

Edificio Prisma
Avda. Diagonal, 613, 2ªA
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels

Boulevard St. Michel, 27
B-1040-Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen

Østergade 1, 1st Floor
DK-1100 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Frankfurt

MesseTurm
60308 Frankfurt/Main
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-480-661-0

London

24 St. James's Square
London SW1Y 4HZ
United Kingdom
Tel: +44-20-7839-7788

Madrid

Calle Miguel Angel, 11
Seventh Floor
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Via Appiani, 7
20121 Milan
Italy
Tel: +39-02-623-1121

Munich

Ludwigstraße 7
80539 Munich
Germany
Tel: +49-89-24-89-81-3

Paris

7, Place Vendome
75001 Paris
France
Tel: +33-1-49-26-13-00

Stockholm

Biblioteksgatan 6-8
SE-111 46 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw

Sp.z.o.o
Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich

Dreikönigstrasse 31A
CH-8002 Zürich
Switzerland
Tel: +41-44-208-32-35

