Global process ownership as a concept

Developing a governance model that seeks to assign process ownership throughout an organization to single-point owners — known as global process ownership — is a relatively new concept. Appointing key individuals across an organization with process ownership for a specified business line is a strategic approach that holds the appointed process owners accountable for building, standardizing and maintaining processes throughout that business’ operating model structure. This responsibility includes end-to-end strategic and transactional processes related to finance, operations, people, technology, data and performance management throughout the organization. Global business process owners report directly to the central global process owner (GPO), who is usually a C-level executive.

Assigning the right senior executive as the central GPO means selecting an individual who is close to the organizational structure and has broad visibility, knowledge and influence across the organization. Moreover, that individual must be focused on achieving enterprise-wide goals through process improvements and should be able to align stakeholder strategies with the best possible global business solutions. Empowering a GPO requires that the executive be provided the means to mandate process improvements, controls and transparency from the top down. This type of governance approach must allow for oversight of and accountability for:

- Continuous improvements
- Process management
- Performance management
- Identification of pain points
- Breakdown of barriers

With such oversight, the new infrastructure can help break down functional silos across an organization. This calls for the establishment of a process ownership steering committee to create a governance model structure that will promote relationships between the central GPO and global business process owners across the enterprise. Such a structure provides clarity and transparency around key process issues, complexities and solutions.
Industry response

Global process ownership is a relatively new concept for banking and capital markets organizations. Finance executives generally describe their global process governance model as “developing” as a result of recent trends. As companies expand their global presence, processes become more complex, segregated and diverse within the enterprise.

There are plenty of challenges for GPOs. As organizations begin to consolidate and standardize processes under the leadership of a single-point owner, many questions must be addressed.

- Does the GPO possess a deep understanding of the organization's structure, enough to influence change?
- What standardized measurement should be used for complex process improvement initiatives and outcomes across diverse departments?
- Where do you begin when it is difficult to establish a GPO framework because of a large number of legal entities, sizeable FTE headcount and multiple operations locations?
- How are diverse global, regional and local cross-border GPO processes defined and managed?

Benefits of a global process ownership structure

The benefits of establishing a global process ownership model are numerous. The new level of accountability enables process owners to drive improvements through a single consolidated channel. Process owners across the global organization are connected through the centralized GPO and made aware of the issues and solutions decided on globally. As functional silos are broken down, process improvements become a centrally focused goal instead of a single department’s project. Proven strategies that succeed in one area can be clearly communicated, replicated and standardized in another functional area or even throughout the enterprise. This leads to greater transparency and clarity around the total cost and investment involved in creating and maintaining given processes (and the related technologies associated with them). This type of governance model allows cross-business line and enterprise-wide communication and collaboration to thrive.

A global process ownership model emphasizes performance management. Process owners continuously promote process improvement by measuring and monitoring KPIs and benchmarking. GPOs also work to align all strategic initiatives for people, policies and technologies across geographies.
Industry preparedness

Despite these challenges, executives are beginning to find solutions to increase collaboration and communication across borders and make strategic decisions with global implications. Key stakeholders, including CFOs, global controllers, COOs, CIOs, the front office and external and internal audit, all consider global process optimization an important discussion topic. Adding value enterprise-wide starts with realigning the organizational framework to empower process owners to prioritize and make performance improvement decisions that are vital to the growth of their business. When transitioning to a global process ownership model, an organization must analyze certain key points. Table 1 depicts GPO best practices for a finance operating model and provides a list of pivotal industry best practices and key considerations that financial organizations are currently debating.

<table>
<thead>
<tr>
<th>Components</th>
<th>Best practices and key considerations</th>
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<tbody>
<tr>
<td>People and organization</td>
<td>• Build a strong team with a new mindset to optimize processes and eliminate process inefficiencies and redundancies&lt;br&gt;• Hold frequent executive steering group meetings to resolve problems&lt;br&gt;• Promote clarity of data integrity throughout end-to-end processes&lt;br&gt;• Involve HR to help with change management</td>
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<td>Processes and policies</td>
<td>• Develop a deep understanding of the current state; otherwise, changes cannot be implemented&lt;br&gt;• Define the target state and establish a plan to standardize processes&lt;br&gt;• Ensure processes promote high data integrity standards&lt;br&gt;• Require accountability for performance delivery&lt;br&gt;• Determine sophistication of regional shared services and off-shoring options</td>
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<td>Technology</td>
<td>• Recognize that technology is key to implementing “fix and lift” changes&lt;br&gt;• Decide whether to use in-house or vendor systems&lt;br&gt;• Implement the same ERP platform across business units globally to aid standardization and off-shoring efforts&lt;br&gt;• Align changes to reporting and general ledger performance improvements with technology solutions</td>
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<tr>
<td>Performance management and metrics</td>
<td>• Use performance metrics to show process change is needed&lt;br&gt;• Apply the six sigma process to help identify value-added processes&lt;br&gt;• Measure cost/benefit in the first phase of GPO implementation&lt;br&gt;• Strategic vs. transactional&lt;br&gt;• Process change vs. transactional vs. labor arbitrage&lt;br&gt;• Use metrics to identify:&lt;br&gt;  • Data quality issues&lt;br&gt;  • Stability of infrastructure&lt;br&gt;  • Systems processing analysis&lt;br&gt;  • Track metrics by performance scorecards and communicate results to stakeholders</td>
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Implementation approach

Global process ownership is not one-size-fits-all. Various factors, such as the organization’s infrastructure, the degree to which functional areas are centralized or decentralized, and the level of sophistication of global processes, will determine how an enterprise successfully builds its global process ownership model.

An organization must determine its objectives for the entire enterprise. This involves prioritizing process improvement initiatives throughout the organization. For example, financial institutions have expressed their desire to standardize complex processes across geographies and time zones to shift resources to lower-cost locations. Right-shoring (outsourcing) is a specific solution to transfer people and processes in functional areas to lower-cost areas and simultaneously maintain or increase process efficiency and effectiveness. To achieve this, organizations must standardize processes by developing integrated global process taxonomy.

Among other key finance-related processes that can be transformed and unified across boundaries to promote process efficiency are record-to-report and inform-to-manage reporting functions. The most common end-to-end processes covered by finance-reporting functions include:

- Balance sheet account management
- Reconciliation, direct charges
- Allocations, product control
- Planning, budgeting and forecasting
- Treasury and tax
- Cash management operations
- Credit risk operations
- Client profitability reporting

Conclusion

Through globalization and expansion, silos formed and created independent, narrow processes and technologies across business areas around the globe. Banks are now primed more than ever to undergo a global transformation of governance infrastructure to align processes, people, technology and enable optimization by eliminating ineffective, obsolete and redundant methods across their business units’ operating models. Implementing a global process ownership model will begin to break down silos by identifying and standardizing high-performing and value-added processes throughout the organization. The effort starts with establishing the global process ownership model by holding key process owners accountable for driving changes within a highly competitive landscape. To begin the transition into the future state, organizations must:

- Establish an infrastructure to ensure top-down support – with an executive sponsor, a cross-functional steering committee and process owners
- Assign the GPO closest to the organizational structure the largest role and deepest involvement in the process – a single key owner with high credibility who serves as a change agent and a gatekeeper to whom all other business GPOs directly report
- Empower GPOs by granting the authority to drive improvements, ensure adequate controls and hold the organization accountable
- Communicate the role and authority of the business GPOs, and the business case for change at all levels
- Ensure the business GPOs partner to drive functional excellence across the end-to-end processes
- Confirm that the business GPOs work with the sponsor and steering committee to resolve conflicts
- Drive visibility and continuous improvement through metrics and best-practice targets
The effort starts with establishing the global process ownership model by holding key process owners accountable for driving changes within a highly competitive landscape.
EY has surveyed and met with executives from global finance organizations within banking capital markets regarding GPO efforts – we bring our industry perspective to each project. We have also initiated a GPO campaign roundtable targeting the needs of global finance organizations within the sector. The first roundtable focused on the record-to-report process. After receiving exceptional feedback in response to this roundtable, we were asked by clients to continue facilitating such events on a quarterly basis. As a result, we also plan to roll out similar EY events across the insurance and, possibly, asset management industries.
How EY can help

EY has a team dedicated solely to the finance transformation solutions needed to implement the future state GPO model. Our understanding and knowledge of your current-state landscape and future-state requirements allow us to help you prioritize and implement your transition into that GPO model. We have assisted clients globally with finance transformation initiatives through such solutions as:

- Change management
- Shared service centers
- Finance assessments
- Process re-engineering
- Target operating models
- Finance operating models
- Vendor management
- Finance function reviews

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SCORE no. CK0881
1501-1379987 NY
ED None

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