The key influencing factors for the successful construction of a Financial Shared Service Center

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Keywords: Financial Shared Service Centre, Key Factors

Abstract: This article starts from the Financial Shared Service Center, first briefly describes its development process; then describes the advantages and characteristics of the financial shared service center; after that, the author summarizes the 5 key factors that affect the construction of the Financial Shared Service Center through a summary of the literature read. Some prospects for the future of the Financial Shared Service Center.

1. Introduction

With the popularization of artificial intelligence applications, sharing models have gradually emerged and penetrated into all aspects of life. Various terms derived from the sharing economy have appeared on the stage of life, bringing about tremendous changes to our lives. The birth of a large number of sharing economies has integrated social resources to a certain extent, so that the efficiency of resource utilization has been increased reasonably, and the matching of supply and demand has been improved. Under such a sharing background, group companies began to seek new organizational structures and management methods to adapt to the sharing boom. How to strengthen group companies' financial management and control over subsidiaries and process units, how to effectively reduce corporate financial management costs, and cut expenditures for companies has become an important issue facing large corporate groups. The emergence of financial sharing, as a new type of financial management model, quickly attracted the attention of many enterprise groups, and helped enterprises achieve their goals efficiently and quickly.

Financial sharing service is to rationally integrate and classify various resources of the enterprise, and provide basic tasks with high repetitiveness and general technical content in the enterprise. Provide unified and standardized processing services, and separate management business and technical requirements. To achieve the goal of reducing operating costs, high work efficiency and reducing the waste of human resources. The financial sharing center is to centralize basic and repetitive financial tasks and conduct standardized processing to improve the processing efficiency of corporate financial services and reduce corporate risks to ensure the company's own strategic development, decision-making, and departmental control.

2. Development History of Financial Shared Service Center

In the early 1980s, financial shared services first appeared in the United States. Nowadays, more and more enterprises at home and abroad are beginning to focus on building financial sharing centers. The specific development process is shown in Table 1. The first company in the world to establish a financial sharing center was Ford Motor Company. Subsequently, some large multinational companies such as General Electric in the United States and DuPont Group also established their own financial sharing centers. So far, among the world's top 500 companies, 50% have implemented or are implementing financial sharing centers, and as many as 80% of Fortune 100 companies have established financial sharing centers. In 2005, ZTE became the first company in China to establish a financial sharing center. In the following year, companies such as Changhong and Huawei followed suit and began to establish financial sharing centers. In 2008, China Telecom set out to establish its own sharing center. In the past ten years, Suning, Baosteel, Midea, Alibaba, and Sichuan Changhong have successfully established financial sharing centers.

Table 1. The development history of financial shared services

Year	Goal	Development History
80's	Pursuing low cost	Ford established the first financial sharing center in the early 1980s, and then DuPont and GE established similar financial sharing centers
90's	Pursuing optimized management of processes	HP, Doyle, IBM and other companies have adopted shared services
21st century	Pursuing the management of capital flow	Most of the Fortune 500 companies in the United States, most multinational companies in Europe, and Chinese companies such as ZTE, Sino-British Life, Ping An, Haier, and Changhong have established shared financial services

3. Features and Advantages of Financial Shared Service Center

3.1 Features of financial shared service center

standardization. The Financial Shared Service Center uses information systems and other technical means to uniformly standardize and standardize the work of enterprise groups with high repetitiveness and low technical content, so as to achieve high corporate operation efficiency and ensure basic business quality.

Scale up. After the company reorganizes its functions and integrates resources, it unifies all its businesses into the financial sharing center. The Financial Shared Service Center reuses advanced equipment such as information technology and ERP systems to centralize and unify a large number of workers and accelerate the completion of the same business to achieve the integration of financial management and business management. Comparing horizontally, the financial sharing center processes a high number of businesses per unit time, achieving economies of scale.

Servicing. The financial sharing center is an independent individual. Although it is established by the internal organization of the enterprise, its service objects can be other enterprise groups inside and outside the enterprise. The financial sharing center actively provides help and services to customers.

3.2 Advantages of financial shared service center

Low enterprise cost .The traditional financial model requires that each branch and sub-department of the enterprise needs corresponding financial personnel. However, these separated financial staff do the same type of studio, or even the same basic accounting work. To a certain extent, this causes redundancy and waste of resources. After the financial sharing center is constructed, the group companies will concentrate on the financial sharing center for business processing, without the need for separate processing by the financial departments of each company. This reduces the labor and system costs of the enterprise group, and also reduces the personnel training costs of various branches. All in all, the implementation of financial sharing services is conducive to saving corporate costs.

Standardized business operations. The enterprise group has many branch companies and separate financial departments. When processing business information, different companies and different operators may use their own company policy standards to process data. To some extent, this will lead to confusion in information processing and financial fraud. After the implementation of the financial sharing service, the business of the group company will be uniformly processed online by the staff of the financial sharing center using ERP, electronic payment, data analysis and other methods. This can ensure the standardization and standardization of the company's processing procedures and help the group headquarters The company conducts effective supervision and strengthens its risk management and control.

High service quality and efficiency. The existence of the financial sharing center standardizes and subdivides complex tasks. There is no need to transmit information and data level by level, and enterprise work efficiency and data processing quality are optimized. At the same time, financial sharing services can ensure faster and more efficient service to customers inside and outside the enterprise, maintain timely and comprehensive communication, and improve customer satisfaction.

Promote the development of core business. Compared with the traditional financial management model, the implementation of financial shared services can give senior management and financial personnel more time and energy to focus on corporate development strategies and core business; while basic financial management personnel can seize the opportunity to conduct financial affairs Transformation, focusing on budgeting, decision-making, strategic analysis and other fields. At the same time, the data processed by the financial sharing center is open and transparent within the enterprise group. Once a decision is needed, the staff can directly analyze the data, so that the financial analysis field can create value for the enterprise.

4. Conclusions

Based on the above, this article believes that the following five factors affect the construction of the Financial Shared Service Center

4.1 Company strategy and mission

The company's strategy and mission are the basic guidelines for the company to implement projects. The company needs to clarify its role in the construction of a financial shared service center. When the enterprise group implements the construction of the financial sharing center, it is necessary to set expected goals and regular evaluation standards to determine the completion of the construction of the financial sharing center. The financial shared service center is a transformation and innovation of the traditional financial management system, so it needs to be integrated with the company's strategy during the implementation of the plan, and the company's strategy and mission are the principles of the pre-construction work.

4.2 Process management

The company unifies the internal and external processes to ensure that the personnel involved in the construction of the financial sharing center have the same goals as the external personnel of the project, and use standardized and standardized processes to ensure that the center's production operations are smooth and efficient.

4.3 Information system

The financial shared service center operates as an independent entity and requires a complete information system to provide support and protection for it. According to a survey conducted by Accenture, the most widely used technologies in financial sharing services include workflow technology, ERP, document imaging, data analysis and reporting tools, data warehouses, and electronic reimbursement.

4.4 Thought management

In the process of building the FSSC, the change of management thinking is crucial for the company. Specifically, it is divided into two aspects: the change of the thinking of financial supervisors and managers and the change of the thinking of employees. Building FSSC will change the company's organizational culture and financial management system. It requires managers to have a strategic vision and a high level of thinking. It is very important for self-recognition of this system and guiding employees to accept emerging management models. Most employees are affected by traditional management thinking. To adapt to the new model of FSSC, communication and guidance from leaders is needed. A large part of the staff will be transferred to other fields or departments, and only a few staff will remain in the finance department to operate the shared center. Those who transfer to other departments and those who operate the shared center will face unfamiliar businesses. They need to be guided to accept it in terms of emotion and thought.

4.5 Staff training

FSSC personnel training is also very important. The professional level, professionalism, and business knowledge of the workforce need training; in order to reflect the economic matters of the enterprise and understand the production process, the enterprise-level knowledge needs training; the work pressure is high, the repetition is strong, and how to self-depress and prevent mental illness needs training. Therefore, it is necessary to carry out multi-dimensional training in accounting, financial management, business operation, and comprehensive knowledge, so as to finally achieve a talent team with strong professional ability, strong style and broad vision.

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