



KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for

SHARED SERVICES



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Shared Services KPI Encyclopedia

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Shared Services

Shared Services

- Finance
- Human Resources
- Information Technology
- Legal
- Master Data Management
- Procurement

Shared Services refers to a group of centralized, non-revenue-generating operations that support multiple divisions, or lines of business, of the company. This centralization (i.e., employees grouped in a single, central location) of support services allows these resources to be “shared” across the organization, and are typically associated with lower costs, higher productivity and increased standardization of work processes and outputs. Shared Services organizations typically include Finance, Master Data Management and Human Resources. In some cases, Shared Services organizations may also perform Procurement, Legal, and Information Technology-related tasks as well.



Shared Services

KPI Encyclopedia

Cost

- **Expense per Shared Services Employee** – The total expense incurred by the company divided by the total number of Shared Services employees.
- **Shared Services Expense as a Percentage of Total Expense** – The expense incurred by the Shared Services Group divided by the total, company-wide expense incurred over the same period of time, as a percentage.
- **Total Expense: Shared Services** – The total expense incurred by the Shared Services Group over a given period of time.

Organizational

- **Management Levels: Shared Services** – The total number of management levels, or layers, in the Shared Services Group.
- **Shared Services Staffing Ratio** – The total number of company-wide employees divided by the number of employees working for the Shared Services Group at the same point in time, expressed as a ratio (e.g., total employees per Shared Services employee).
- **Span of Control: Shared Services** – The average number of employees working for the Shared Services Group reporting to each Shared Service manager.



Finance

Shared Services

Finance

- Accounts Payable (AP)
- Accounts Receivable (AR)
- Accounting & Reporting (Controller Group)
- Budgeting & Forecasting
- Expense Management
- Internal Audit & Compliance
- Tax
- Treasury Management
- Payroll

Human Resources

Information Technology

Legal

Master Data Management

Procurement

A Finance Department manages a firm's long-term and day-to-day monetary operations and strategy. Finance groups oversee incoming and outgoing payments, budget creation, cash management (treasury), accounting, financial reporting and many other tasks related to the finances of the company. Finance organization size varies based upon total company-wide head count, company revenue, industry, and overall business strategy.

Finance

KPI Encyclopedia

Cost

- **Accounting Expense as a Percentage of Revenue** – The expense incurred by the Finance Department's Accounting process (includes general, fixed asset and inter-company accounting expense) divided by the total revenue generated by the company over the same period of time, as a percentage.
- **Accounts Payable Expense as a Percentage of Total Revenue** – The total expense incurred by the Accounts Payable function divided by the total revenue generated by the company over the same period of time, as a percentage.
- **Audit and Compliance Expense per Employee** – The total expense incurred by the Audit and Compliance function divided by the number of employees working for the company over the same period of time.
- **Audit and Compliance Occupancy Expense as a Percentage of Audit and Compliance Expense** – The occupancy-related expense (rent, property tax, etc.) incurred by the Audit and Compliance function divided by the total expense incurred by the Audit and Compliance function over the same time period, as a percentage.
- **Audit and Compliance Outsourcing Expense as a Percentage of Total Audit and Compliance Expense**

Cost (Cont.)

- **Cost per Invoice (without PO)** – The total amount of expense incurred by the Accounts Payable (AP) Department divided by the total number of invoices processed by the AP Department that were not accompanied by a purchase order (PO) over the same period of time. Total AP Department expense should include all labor, technology and other overhead costs related to running the AP function.
- **Cost per T&E Report Processed** – The total cost (labor, technology, processing fees, etc.) related to processing and paying out travel and entertainment (T&E) expense reports from company employees over a certain period of time divided by the total number of T&E reports processed over the same period of time.
- **Cost-to-Income Ratio** – The dollar amount of operating costs (wages, occupancy, etc.) incurred divided by the total dollar amount of earnings generated, before interest and tax, for the same period of time, as a percentage.
- **Dividend Payout Ratio** – The dollar amount of dividends paid out divided by the total net income generated by the company over the same period of time, as a percentage.
- **Finance Compensation Expense as a Percentage of Finance Expense** – The compensation-related expense

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