

## Background

### **Background: International Accounting**

#### **The situation:**

Back office operations supporting the global operations were all in HQ in the United States. While some countries had financial staff, the majority of business financial services were supplied from this HQ group.

#### **Problems:**

Processing expense and budgetary costs for this unit were skyrocketing (over 20% a year).

The operation is very people intensive and is seen as highly inefficient (by management, the workers in the unit are frustrated too, and the “internal customers” are clearly not satisfied with the quality and timeliness of the work).

One measure of the problem is that the regions and local countries vociferously complained about the charge backs from the unit. Better services could be gotten locally, for less cost.

Internal interviews and a questionnaire uncovered backlogs in work, especially in answering customer inquiries. Audits showed proof problems, and records did not match. There was high turnover and poor training of newer staff. Errors were increasing, and adding a quality and compliance staff did not seem to help at all.

#### **Actions:**

When the problem was first raised, the internal OD team conducted a series of interviews with management and customers. They suggested that the employees take a survey to assess motivation and identify problems from their view. The survey used was a Job Diagnostic, derived from the work of Hackman and Oldham on job enrichment. It measured the five classic elements: task significance, variety, and identity (along with autonomy and feedback).

The survey was mailed to the employees' homes so they would not feel threatened, but no announcements at work were made. The return rate was so poor, several meetings were held (by management without a consultant) to explain why they were sent and what they were hoping to do. Given all the problems and concerns raised at these meetings, the internal consulting team was asked to hold team building sessions. They did, and the same issues were raised—everything seemed to be back at square one (which, essentially, it was). This time, however, the questionnaire was explained and time at work was given to fill it out. With 100% participation, the internal staff was able to see that restructuring the work would improve and address most of the “complaints” raised by management and the workers.

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Workflow was mapped and it was discovered that many of the problems arose from a “functional” structure: each specialty function doing work and feeding it into a coding and routing group. Questions came into the coding and messaging group (part of routing) who could only check on the numbers and had no expertise to understand the real issues. They would call the supervisors of the functional units who would then involve the compliance and quality people to investigate, frequently taking weeks to get back to the message center with a definitive answer (usually the problem was already resolved, but the customers hated getting the explanation weeks after the resolution occurred).

The operations were restructured around market/geographic groups. The specific jobs were realigned to comply with the tenets of Job Enrichment with a complete customer focus rather than a functional expertise bent. This worked well, but improvements were still needed. Measurement was instituted to help focus on service quality and improving productivity. This worked very well, but personnel problems were still rampant and cooperation was low.

Staff levels were decreased, but expenses were not!

The head of finance has asked you, as an external consultant, to evaluate all that was done and recommend how to proceed. He is ready to fire everyone and distribute the functions to the new region offices just to get rid of his headaches.