Service centers: analysis of challenges at different developmental stages

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RESUMO

Objetivo – Relacionar os diferentes graus de maturidade de Centros de Serviços (CS) em empresas multinacionais com os desafios que este tipo de arranjo enfrenta.

Metodologia – Com abordagem qualitativa, foi feito um estudo de casos múltiplos com coleta de dados via entrevistas semiestruturadas, com gestores de três empresas multinacionais, sediadas em SC no sul e sudeste do Brasil. Sobre a transcrição das entrevistas foi feita análise de conteúdo, com base em quatro categorias pré-definidas a partir do referencial teórico.

Resultados – Os resultados mostram que os desafios emergem conforme o grau de desenvolvimento do Centro e estão relacionados com as categorias analisadas. Alguns desafios são recorrentes ao longo da existência do CS, outros apresentam menor relevância inicial e depois crescem em importância, enquanto outros decrescem em complexidade ao longo do tempo.

Contribuições – Como contribuição teórica, além da proposição de análise em três etapas, se evidenciou a importância de examinar um CS levando-se em conta o seu estágio, conjuntamente com os desafios inerentes a cada momento. A perspectiva de que um CS evolui com base em tensões e soluções demonstra a dinamicidade e complexidade do fenômeno estudado. O estudo também estimula e orienta os gestores das organizações que planejam um CS, ou que já o possuem, a alinhar esforços com as ações necessárias para lidar com os desafios de cada estágio e, assim, potencializar o uso de recursos e obter melhores resultados para o CS.

Palavras-chave - Centro de Serviços. Estágios dos Centros de Serviços. Gestão Organizacional.

ABSTRACT

Purpose – To link the different levels of maturity of Service Centers (SCs) in multinational companies to the challenges faced by this organizational arrangement.

Design/methodology/approach – Using a qualitative approach, we conducted a multiple case study with data collection, via semi-structured interviews, with managers of three multinational companies, based in SCs in southern and southeastern Brazil. The interviews were recorded and transcribed, and a content analysis was made based on four pre-defined categories using a theoretical framework.

Findings – Results show that challenges arise depending on the Center’s level of development and are related to organizational structure; cost reduction; customer relationship management; and processes. Some challenges have always occurred at SCs, others are not relevant initially, and then become more important, while others decrease in complexity over time.

Originality/value – As a theoretical contribution, in addition to proposing a three-stage analysis, this study demonstrates the importance of examining each with its specific challenges. The understanding that a SC develops based on tensions and solutions demonstrates the dynamics and complexity of this phenomenon. The study also encourages and guides managers in organizations, who are planning a SC or who already have one set up, to align their resources and work with the measures needed to deal with the challenges of each stage and maximize the use of resources for better results at the SC.

Keywords - Service Center. Service Center Stages. Organizational management

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1. INTRODUCTION

Results maximization is a constant quest at multinational companies, to such an extent that those with multiple branches adopt strategies to reduce costs and to eliminate redundancies, because its size can generate duplications and replicated structures (QUINN; COOKE; KRIS, 2000). Redundancy alone brings undesirable risks and costs such as lack of standardization, imbalance in the structure and failures in the execution of transactional processes. With regards to costs, the existence of replicated structures and parallel execution of similar activities uses resources that could be allocated to investments, research and development, or to improve financial results (BERGERON, 2003).

As a solution to this problem, they may possibly choose to centralize some of its administrative activities in a service center, in an horizontal integration. Centralization emerges as one of the first options to eliminate redundancies in organizations (BANGEMANN, 2005). In general, the activities that can be centralized are considered non-core, while the core activities of the company continue to be carried out in the branches, either production related, logistics oriented or even services (SILVA; PEREIRA, 2004). When removing support activities (non-core) from the branches, they can focus on operation, its primary activity, that which generates profits for the company. Over 75% of companies that have appeared in the list of the magazine Fortune 500 established models of shared services in order to achieve superior performance with reduced costs and service enhancements (RICHTER; BRUHL, 2017).

Since Service Centers are structures created with the intention to improve the performance of organizations to which they belong (RICHTER; BRUHL, 2017), and that there is evidence of increased use of Service Centers by multinational companies (RICHTER; BRUHL, 2017), exploratory research on the challenges faced by Service Centers in their different stages of evolution becomes relevant, given also that there are few studies that portray this theme (CUNHA, 2011), specifically in Brazil (FERREIRA; PHILYPPIS JR, 2019). The researches help to understand the phenomenon and advance the theory, as they help to clarify the mechanisms, elements and constructs related and relevant to the construction of knowledge on the subject.
It is with this purpose in mind that the objective of this research was to relate the different degrees of maturity of Service Centers (SC) in multinational companies to the challenges that this type of arrangement offers.

By its own nature, Service Centers (SC) are structures found in complex organizations, whose complexity is reflected in the challenges that managers face either in the early stages of a Service Center, during its implementation; or when it is already consolidated; and finally, also upon maturity, with seniority characteristics, alternating tension and solution moments (BANOUN et al., 2016). Therefore, this work aimed to contribute to the expansion of studies on SC regarding the structuring of the different typifications of its stages of evolution, relating them to its challenges specifically categorized in the factors: organizational structure; cost reduction; customer relationship management; and processes.

2. LITERATURE REVIEW

2.1 Service Centers

The size of an organization is related to the adoption of a Service Center (SC). Schulman et al (1999) commented that the company's size and its impact on the potential for costs savings indicates that there is a minimum size for adoption of a Service Center that will allow the volume of transactions necessary to bring the planned return. Just like the size influences the decision to adopt a SC, the organizational structure also impacts such a decision. Those multinational companies working with a highly diversified products or services portfolio oftenly adopt a divisional structure that leads to decentralization, with units focused on specific products or services, where each of the units is run as a separate business, with regards to its operation (CURY, 2005).

In the late 80s, the option for the Service Center model became the main choice when the indiscriminate practice of outsourcing proved to be deficient in some cases and the SC model overcame the limitations and restrictions present in the reengineering processes (BERGERON, 2003). To Mezihorak (2018), the concept of shared services challenges the classical notion of outsourcing, and could be described as a type of internal outsourcing and, in its ideal form, implies in centralization and standardization of all or at least a large group of a companies’ administrative and support activities. The determination of the reallocated activities remains within the organizational structure of the company, in the SC, but its
position and its relationship with the rest of the company have typical characteristics of outsourcing.

For Bergeron (2003), a SC can be defined as a semi-autonomous business unit that has several support functions and relates to internal customers and internal support providers. According to Banoun et al (2016), the SC is a modular structured service platform, with tangible and intangible resources used to facilitate the interaction and use of resources. One of the goals with a SC is to eliminate undesirable redundancy (SCHULZ et al., 2009). However, this leads managers of a SC to seek its growth in a long-term basis, with the development of their own abilities, leading to competition for control of processes with its internal customers (MEZIHORAK, 2018).

For Bergeron (2003), the structure of a SC is semi-autonomous and aims to fulfill four main objectives: to promote efficiency; to generate value; to reduce costs; and to improve services for the corporation's internal customers. Schulz et al. (2009, p. 9) researched thirteen different authors, defining the main characteristics of a SC: consolidation of common processes in order to reduce redundancies; support processes delivery; it is a separate organizational unit within the group; it is aligned with external customers; costs reduction; focus on internal customers; and it is operated as a business. The concentration of support activities in a Service Center can also bring advantages for multinationals in the transfer of knowledge that occurs in two ways: if the headquarters is in an emerging country like Brazil, the most common form of transfer are the expatriates. If the headquarters are in Europe, USA or Japan, the transfer occurs through best practices (ROCHA; BORINI, 2011).

Every activity provided by a SC to the business units is measured through a Service Level Agreement (SLA) that dictates the terms used to measure one service. In its research, the Institute of Engineering and Management (IEG, 2017) reported that "97% of Brazilian centers use the Service Level Agreement", thus establishing a measuring system almost unanimous. Milner and Olsen (2008) describe five parameters for evaluating activities: scope of services; attendance deadline; performance levels; price or cost of the service; and feedback mechanisms that will be used.

Among the common points mentioned by authors such as Bergeron (2003) and Milner and Olsen (2008) is the need to charge for the service provided. Player and Lacerda (2000) warn that the Center should not calculate its internal cost to provide the service, and instead should calculate market standard costs to set competitive values. Looking only to the inside, a
SC may miss its own inefficiencies, while looking to the outside enables an attitude that embraces competitiveness aspects for the organization. This allows improvements in accountability and communication between the SC and divisional units (Bellucci 2015).

2.2 Evolution of a Service Center

The methods used to analyze the evolution of a SC can vary according to the objective, perspective and factors chosen. One way of analyzing the evolution process of a SC is proposed by Banoun et al. (2016) who showed that the Service Centers go through phases of tension and solution between those involved, which leads to a progressive change in the logic of interaction between SC professionals and their internal clients.

Banoun et al (2016) point to the alternation of moments of tension with periods of increasing stability in the agreements between those involved. A tension can arise because of the opposition of two different views. These different views in a SC are: mechanistic view when those involved focus mainly on technical aspects; customer view when customer satisfaction is privileged; the vision focused on established rules and norms; and the vision where everyone seeks the participation of all stakeholders, through a democratic process. To resolve the tensions between different worldviews, there are three main paths: enlightenment, local agreement and commitment. Clarification occurs when the parties find a common purpose that resolves the conflict. The local agreement is a fickle arrangement between two parties that move between two different views and is usually an explicit agreement that arises after a negotiation of limited scope. And compromise is a form of lasting agreement, so that a "common good" replaces any opposition between the two views and unites them. When there is conflict between the views, a compromise can also be found with the introduction of a third view that will become the common reference (BANOUN et al, 2016).

Another way to analyze the evolution of a SC is to look at the stages of evolution of a SC. Among the surveyed authors, only four address and describe these steps. In the study by Schulman et al. (1999) four stages are listed: mobilization, analysis, design and implementation. For Bergeron (2003) there are seven: recognition, feasibility study, decision, strategic planning, action, evaluation and growth. For Cury (2005) they are: diagnosis, planning and implementation. And Bangemann (2005) divides them into: pre-analysis, business case, design, implementation and optimization.
Four authors mention a common stage, one in which the Center starts operating. Three of them call it "implementation" (BANGEMANN, 2005; CURY, 2005; SCHULMAN et al., 1999), while Bergeron (2003) uses the term "action". Everyone describes this stage where the SC, having already been planned, designed or projected, comes into operation. Only two authors advance to subsequent stages of implementation, calling them "Evaluation" and "Growth" (BERGERON, 2003) and "Optimization" (BANGEMANN, 2005). The other two authors do not mention steps after implementation.

For this study, the typification indicated by a single specific author will not be adopted, but a typification that contemplates the three stages evidenced in the different researches (pre-implementation, implementation and post-implementation) will be proposed as a way to structure them taking into account the integration and interaction between them.

First, in the pre-implementation stage, the constitution of a Service Center by an organization is analyzed. This is a decision with impact to the companies, since it implies the opening of a new branch under the same corporate name, with the corresponding bureaucratic and legal procedures. The company will need to lease, build or buy a location for the Center; develop a long-term migration plan; hire or select managers from among its employees; plan to hire an initial team; communicate with its branches and enlist cooperation with the transition plan; plan the dismissal of some employees and the relocation of others; prepare the Information Technology resources that will support the operation, including the physical structure (hardware) and the configuration of the system that will redirect information that used to go elsewhere; provide for contingencies for all situations presented above; accurately describe its scope of action; and design a budget for the center (SCHULMAN et al., 1999). All of this must be done within a strict schedule, as it is likely that several changes associated with migration will involve irreversible steps or with high costs for reversion, such as systems shutdown or the migration of employees to the new location (BERGERON, 2003).

Before the implementation stage, it is necessary to decide whether the activities will be in the company or in a third party. The second decision is whether the center will be in the country of origin or abroad. The first combination, maintaining the process as its own and locating it within the country, allows the company to develop a strong concept of ownership over the process. The SC can be customized, to some extent, to the specific needs of the company and, even though it is an administrative unit, its primary objective is to serve its original internal customer. The second combination, maintaining the process within the
company while moving it out of the country, implies several sensitive issues related to language, culture, time zone and distance, and has a large part of its decision factors related to efforts to reduce costs (METTERS, 2008). The third and fourth possibilities are both based on the outsourcing of the process, whether inside or outside the country. They mean that the company hires a service provider to perform them in exchange for remuneration, through the fulfillment of requirements, which are the SLAs defined in the contract. In this case, it is possible that the material and cultural costs of implementation are higher (ELLRAM; TATE; BILLINGTON, 2008). Linguistic and communication barriers, lack of understanding of the contracting company's organizational values, and the time required for the outsourced service provider to learn the company process can have negative impacts (OATES, 1998).

For the implementation stage, Schulman et al. (1999) list four sub-steps: mobilization, analysis, design, and implementation, the last sub-step of which must be supported by project management, propose solutions to remove barriers and promote changes, define performance metrics and continuous improvement, and describe the global and virtual potential.

Bergeron (2003) lists five sub-steps for the implementation of a SC: identification; mobilization; consolidation; extraction; and encapsulation. In every sub-step, the HR leader has considerable responsibilities. He must work for the involvement of the new team; at the same time he must dismiss those who will no longer be part of the company; and he will help in the unification of the management structure (BERGERON, 2003).

For Cury (2005), in the stage of SC implementation, while the transitions related to the increase in maturity or seniority can benefit from continuity, representing an evolution in relation to the previous stages, the implementation stage represents a break with the previous moment. Sub-steps must be completed for the deployment step to be considered complete. However, given the complexity of a SC, it is possible that different areas are in different stages, as they have migrated at different times (CURY, 2005). The implementation represents a change in methods and processes and involves at least three stages: diagnosis, planning and the implementation itself.

The evolution of a Center through the different stages is not measured in fixed periods, but by the progress towards the next stage. None of the researched authors specified deadlines for each stage or sub-stage to be performed. In several cases, objectives and events that identify the passing or completion of a process have been listed. Thus, the description of the sub-steps inherent to post-implementation does not locate such events over time, it only
describes them. To identify these events, signs should be sought in the processes and not over the years. Regarding processes, adding new ones is a characteristic of the post-implementation phase. While in the implementation phase a declared objective of the Center is to reduce costs, during the evolution of the SC new services might be added to its scope. For Player and Lacerda (2000), this phase after implementation is, therefore, characterized by growth, as new and more comprehensive functions are incorporated. Bergeron (2003) adds four other characteristic actions of this moment: a) reviewing the corporate culture and the organizational climate; b) correcting delivery times and SLAs; c) acquiring external clients and d) supervising change management.

The first action, reviewing the corporate culture, applies to both the SC and the organization to which it provides services. On the side of the divisional units, the environment of insecurity on the part of employees is due to the doubt regarding the maintenance of their current activities, as there is a fear that additional functions will be transferred to the Center; and also the fear that employees who are not relocated will be dismissed. On the SC side, the rigors of the implementation stage may have changed the focus needed for the activities to be addressed by the team as planned. The second action refers to the correction of delivery times and SLAs. The reality and demands may differ from what was planned and adjustments can be made based on feedback or benchmarking. The third action proposes that the Center should seek external customers, as the reliability built internally can provide the basis for services to be offered to the market, and these in turn contribute to continuous growth by exposing the Center to another environment. The fourth and final action involves supervising the management of change, which by nature evolves as the Center acquires maturity (BERGERON, 2003).

Towards maturity stages, a SC must be able to explore the most recent technology, while still delivering consistent results (BERGERON, 2003), regardless of the team size, as there is no direct relationship between both things. Performance measuring may be done both via SLA’s assessment, which are internal metrics, but also through external comparison, or benchmarking, which is the best way for a SC to look at itself with the external market’s eyes. When discussing benchmarking, Bergeron (2003) proposes metrics divided into three macro areas: processes, technology and people.
2.3 Challenges faced by Service Centers

The challenges faced by Service Centers are different according to their stage of development, and overcoming some of these challenges is characteristic of a change of stage. For Bangemann (2005), the transition from the implementation phase to the next stage is characterized by stabilization, having overcome any initial performance problems. One of the first challenges of a SC occurs in the pre-implantation stage and refers to the definition of which activities will be carried out at the Center, separating them into core and non-core. Stakeholders may not be willing to discontinue processes, resources or employees, so the act of defining which activities could be removed from divisional units tends to involve political factors in their discussion. This brings a component that must be factored into the decision, which may involve personal, subjective or unforeseen aspects, and a difficulty for the pre-implementation stage of the Center (OATES, 1998).

In the pre-implementation stage, there are also risks associated with deciding where to locate the SC, especially if services will be provided to other countries (BANGEMANN, 2005; SCHULMAN et al., 1999) and geopolitical considerations are mandatory for long-term planning. Also, before starting the implementation, the organization may decide that some activities will not be in the divisional units or in the SC - they will be outsourced, through the provision of services by an external supplier. Outsourcing of services to a supplier located abroad (offshoring) is the most likely alternative to generate savings for companies. Stringfellow, Teagarden and Nie (2008) comment that the attractiveness imposed by offshoring is closely linked to the potential for costs reduction, but this is also the one that imposes the greatest risks. For Weidenbaum (2005) half of the offshoring initiatives have failed. And, according to Stringfellow, Teagarden and Nie (2008) these failures occur due to the invisible costs created by the problems of communication and cultural friction.

A SC must show skills in partnership management and conflicts solving, and resolving such conflicts in the provision of services to its customers. There may be resistance from employees of specific business units to pass on activities to the SC and also problems with definitions of scope and responsibilities of the Center and the units served (PORTULHAK et al, 2013). Managing relations and links is necessary as they change, when old activities are deleted or changed. These links can be internal or external and their management generates the development of skills that are reflected in advantages and improvements in results for companies (SILVA; PEREIRA, 2004).
Some challenges can also occur during the implementation of the SC and in the post-implementation. Communication problems and cultural friction can occur between internal clients and the Center's staff. Such problems and friction can be measured and juxtaposed versus the level of interaction required to perform specific activities. That is: crossing the different combinations between high, medium and low similarity versus the high, medium or low degree of interaction necessary to perform a task, we have a scenario that points out which are the best combinations between similarity and interaction (STRINGFELLOW; TEAGARDEN; NIE, 2008).

When a company chooses to outsource or implement a SC, there are potential risks arising from the lack of control. Ellram, Tate and Billington (2008) warn that the organization must maintain its own methods to monitor the service provided, otherwise it risks losing control of the activities. Ultimately, the organization is unable to keep up with what is being done, when criteria, specifications or limits are not established for the provision of services, and it is not known what the exchanges are with the service provider or the Center. The company can define sufficient criteria to meet its requirements, while retaining control, reducing costs, and maintaining knowledge about the process necessary to promote changes, if it so wishes. This path is aligned with Oates (1998) and Bangemann (2005), who see outsourcing as a natural evolution, subsequent to the implantation and maturation of a Service Center. According to this line of action, the processes must first be removed from the units into a SC, where they are improved, but they remain within the same organization, with some control still internal (MEZIHORAK, 2018). For Maatman and Meijerink (2017), it is necessary to take into account the role of formal and informal control mechanisms of the processes and activities of a SC and how they contribute to maximize the expected results.

Redundancy allows the administrative areas of each unit to provide customized services for them (CURY, 2005). A service center provides standardized services that must meet needs from every division of the organization. This means that when moving from a multiple and redundant structure to a single structure, some divisional units may perceive a change in service, implying that these units must also adapt to work attended by a SC (SCHULMAN et al., 1999). For Portulhak et al (2013), there may be difficulties in standardizing processes that were previously dispersed in different locations, and that ends up reflecting difficulties with information systems and the need for an integrated management system. Power struggles can occur, and also issues with determining who will define the work
processes (MEZIHORAK, 2018), hence the importance of communication, and formal and informal relationships in establishing trust and determining the value of centralized services (MAATMAN; MEIJERINK, 2017).

Some challenges are not characteristic of a single stage of existence of a SC. They can occur at any time and can recur, happening repeatedly in the history of a SC. A challenge with such characteristics is cost reduction. The pressure for lower expenses is permanent and present since the project for the Center. The focus on costs reduction is mentioned widely in the literature on the subject (BERGERON, 2003; METTERS, 2008; SCHULMANN et al., 1999; SCHULZ et al., 2009). But the approach must allow the center to improve its level of services, while reducing its costs and not mere continuous reduction without performance improvement. Without this improvement, the cost reduction implies a drop in the level of services. To avoid the vicious circle of indiscriminate cost reduction, the suggestion of Player and Lacerda (2000) is to analyze in depth the services provided by the Center together with its internal customers, with transparency and details of the costs of each activity. Thus, divisional units can understand the classification of their activities in terms of cost, what burdens they are creating and which activities can be revised, simplified or even eliminated.

Another timeless challenge for a SC is the management of people, whether at the time of selecting who will compose the service center work teams, or in matters related to remuneration, performance evaluation, career and talent retention. Bergeron (2003) already warned of the dangers of a failed people management, causing poor quality of services, difficulty in retention, health and safety problems for professionals. For Cunha (2011, p. 161), the characteristic of the activities of a service center is to be standardized, repetitive, inflexible and with little room for innovation: “the chances of having an environment of boredom and feeling of inferiority exist and the great challenge is not to let these elements become institutionalized in this environment”. To avoid such a situation, it is necessary to invest in people management, contributing to the satisfaction and productivity of the professionals allocated to the SC.

The challenges mentioned are shown on table 1, with its authors:
Table 1 – Challenges Faced

| CHALLENGE                                                                 | WHEN IS IT CRITICAL | AUTHORS                                      |
|---------------------------------------------------------------------------|---------------------|----------------------------------------------|
| Determining which activities remain at the units and which will be migrated into the SC | Implementation      | Oates (1998) and Mezihorak (2018).          |
| Deciding where to locate the SC                                           | Implementation      | Schulman et al. (1999) and Mezihorak (2018).|
| Risks related to offshoring                                               | Implementation      | Stringfellow, Teagarden and Nie (2008) and Weidenbaum (2005). |
| Cultural borders; complexity; infrastructure; time zones; legal matters; governmental matters; safety and security; climate; and currency | Implementation and Post Implementation | Schulman et al. (1999) |
| Providing standardized services for non-customized customers              | Implementation and Post Implementation | Schulman et al. (1999) |
| Communication issues and cultural friction                                | Implementation and Post Implementation | Stringfellow, Teagarden and Nie (2008) |
| Lack of control while outsourcing                                         | Implementation and Post Implementation | Ellram, Tate and Billington (2008) and Maatman and Meijerink (2017) |
| Costs reduction                                                           | Always              | Bergeron (2003), Metters (2008), Schulman et al. (1999) and Schulz et al. (2009), Cunha (2011). |
| Revising the costs structure with the internal customers                 | Always              | Player and Lacerda (2000)                   |
| Managing people at the SC: selection, salary policy, performance evaluation, career management and talents retention. | Always              | Bergeron (2003), Cunha (2011)               |

Source: compiled by the authors.

Finally, Schulman et al. (1999, p. 51) already warned about ten different challenges a Service Center may face: cultural borders; complexity; infrastructure; time zones; legal matters; government matters; stability; safety and security; climate; and currency. When listing these, the authors referred to international Centers, providing services to more than one country, which of course is not the case for every Center.

3. METHODOLOGICAL PROCEDURES

Given the objective of answering the question about how the different degrees of maturity of Service Centers in multinational companies are related to the challenges a SC is faced with, it was considered that both the qualitative approach and the case study method (multiple cases) would be relevant choices for carrying out the research. The qualitative approach is a process of reflection and analysis of reality through methods and techniques for
a thorough understanding of the phenomenon studied in its historical context (OLIVEIRA, 2011). And, according to Yin (2015), the case study is indicated when one wants to investigate a contemporary phenomenon (case) in depth and in its real context. From these initial choices, it was necessary to follow some steps: to establish the study questions, the unit of analysis, the criteria for choosing the cases (companies with SC), the criteria for choosing the respondents, defining the collection and analysis instruments of data, to build a logical plan for the research, as enunciated by Yin (2016).

This way the questions presented are related to the three different stages proposed (pre-implementation, implementation and post-implementation) that a SC can pass and the identification of which challenges are linked to which stages. Hence the need for multiple case studies to be able to analyze SC’s at different stages, such as exploratory causal cases (GERRING, 2019). With regards to the unit of analysis, it was defined as organizational. As inclusion criteria in the cases to be analyzed, it was defined that they would be multinational organizations; that had a SC located in Brazil; and that they had different times of existence. As exclusion criteria, any SC with a single function, such as IT or HR was not included, as they do not provide the necessary coverage. The criteria defined for the choice of the interviewees were: to occupy a leadership position, in supervisory, management or direction positions, to be responsible for teams within the Service Centers, and to have at least three years of experience as a manager. Thus, these interviewees were configured as key informants for the research, as they have strategic information on the creation and implementation process of the SC and were present at the main moments of the SC. The data collection technique chosen was the semi-structured interview, with the elaboration of a question script. And the data analysis chosen was content analysis as it is a technique used to produce inferences from a text to its context in an objective way.

Given the experience of one of the authors with Service Centers and his relationship with different companies that have this type of structure, companies were considered according to the established criteria and three of them that met the requirements were chosen. In each of them, the profiles of the SC members were analyzed and the key respondents were also chosen according to the established criteria. To summarize the characteristics of the companies chosen and the interviewees, Tables 2 and 3 were prepared.
Table 2 - Characteristics of the SC where data was collected

| Interviewee | Company - SC stage       | SC Age | SC employees | Customers (branches) |
|-------------|--------------------------|--------|--------------|---------------------|
| 1           | Alpha - Pre implementation | -      | 630          | 570                 |
| 2 e 3       | Beta – Implementation    | 3 years| 600          | 200                 |
| 4 e 5       | Gamma - Post implementation | 20 years| 300          | 16                  |

Source: compiled by the authors.

Table 3 – Interviewees’ Profile

| Interviewee | Company  | Current position       | SC Experience | Previous Experience        |
|-------------|----------|------------------------|---------------|---------------------------|
| 1           | Alpha    | SC Director            | 20 years      | SC Manager                |
| 2           | Beta     | Sourcing Functional Lead | 3 years   | IT, Projects, Sourcing    |
| 3           | Beta     | SC Director            | 15 years      | Finance, Sourcing         |
| 4           | Gamma    | Senior Logistics Manager | 19 years | Controllership, Export, Logistics |
| 5           | Gamma    | Sourcing Coordinator   | 19 years      | Sourcing                  |

Source: compiled by the authors.

For the interviews, a script was developed with guiding questions for the semi-structured interview. From these questions, more specific questions were asked for each interviewee, according to the sequence of reports and types of data reported. The roadmap is presented in Appendix I of this article with an indication of the literature on the main challenges (organizational structure and people management, cost reduction, customer relationship management and processes).

After the interviews were concluded, the texts were transcribed and the content analysis of the categories was carried out. Based on Bardin's proposal (2016), the analysis was carried out observing three moments: pre-analysis; exploration or analysis; and inference/interpretation of the data. The first moment is characterized by the selection of the material to be analyzed, that is, the corpus of analysis. The second step is the exploration and analysis of the material, identification and separation of the sections and relevant terms, confirming or not their classification within the pre-defined categories. And, finally, the third moment, which is the interpretation of the identified data, their interrelationships and points of contact and relations with the theoretical foundation, where the previously defined categories were confirmed with the field research data, with no new category emerging from the analysis performed.
4. RESULTS AND DISCUSSION

The company Alpha was in the pre-implementation phase and its SC was expected to start its activities in mid-2018. It will have 630 employees, serve 570 Brazilian units or branches and is located in the south of Brazil. Its SC will be structured with the following areas: Finance, HR, IT, Support and Purchasing. The company Beta started implementing its Service Center 3 years ago. The moment of implementation is called by the interviewees of migration, it was carried out in stages, in which a number of units deactivated their functions in the branches and these were then activated in the Center. The Center has 600 employees, serves approximately 200 units or branches in Brazil, and is located in the southeast region. Its SC consists of the following areas: Finance, HR, IT, Purchasing, Facilities and Logistics. The company Gamma started implementing its Service Center about 20 years ago. Its SC has 300 employees, serves 16 units or branches of the company in Brazil, and is located in the southern region. Its SC is formed by: Finance, HR, IT, Supply Chain and Security.

4.1 Organizational structure and people management

The organizational structure comprises teams in the form of areas, departments or functions; its interactions and relationships (QUINN; COOKE; KRIS, 2000), leadership and routines related to people management, such as selection, performance and career evaluation. In the company Alpha, still in the pre-implementation phase, interviewee 1 talks about the formation of the SC team: “When you are going to set up a center and you are able to bring in people, it is always good. And the ones I saw that didn’t have the profile, I hired in the market”.

This strategy for recruitment and selection is in line with that adopted by the company Beta, which also formed the team with internal professionals in addition to hiring new ones. When mentioning the new knowledge brought by the market, interviewee 2 corroborates what Cury (2005) said in the sense of changing the team's focus. The knowledge of the new team member potentiates the necessary change of focus for the team that will work in the SC, in contrast to what happens to the team members who came from the previous structure of the organization who need to adapt to a change in their routine because they know the processes. There was also the benefit of changing the focus within the activities themselves since, instead of being generalists, the teams were able to work with specialization of their
knowledge. Bergeron (2003) assesses that, in order to carry out activities in a decentralized manner, the necessary specialization is not adequately achieved.

Interviewee 3 says: “Beta comes out of a completely decentralized model where each business unit had its operation and had control over its operation from the beginning to the end”. Such multiple structure and size are factors that encourage the creation of a SC and enable its consolidation (SCHULMAN et al., 1999). Regarding cost reduction and team composition, interviewee 2 points out an efficiency gain with the natural exit of people (turnover) over time: “[...] we brought 1/3 of the market, 2/3 we preserved, and now we are reducing the team according to the natural turnover”.

The need to live with the change in culture was described by Bergeron (2003) as one of the nine factors that cause stress for the SC team. Together with a higher degree of uncertainty, both in the leadership style and new reporting structure, it can have a negative effect on the team, so interviewee 3 comments on the importance of leadership to: “bring security to the team”. The implementation involves the migration of internal employees and can generate resistance from leaders of the organization who are opposed to or who have objections to the Center (SCHULMAN et al., 1999). When assessing the political character of the implementation of a Center, interviewee 3 made the following observation: “So, the business unit deals with the loss of power over those functions that migrate to the center” (interviewee 3).

Facing the loss of power and resistance of the leadership to overcome it and to proceed with the implementation of the Center, two different strategies can be adopted, according to Schulman et al. (1999). The first is the “rapid deployment” and implies changing the reporting lines in the organization immediately - even before the physical movement of the teams. The second strategy is the “deliberate approach” where migrations are carried out in stages, with careful and well communicated planning at all levels, in order to garner support, identify flaws in the process as they occur, and make adjustments as needed. As a disadvantage, this strategy requires a longer transition period.

When commenting on the formation of his team, interviewee 4, from Gamma, observed: “exactly six years ago it was a fully outsourced area, and when I took over management my challenge was to try to internalize this lead, because we had a very large turnover of people, and a complexity of activities “. Outsourcing has the potential to bring many results, but there are specific cases where the implementation fails and must be
reversed, with the organization returning to internalize the processes that were outsourced to a supplier (BERGERON, 2003). In this case, the reversal of outsourcing was followed by the incorporation of the new team to the SC. Even for a consolidated and mature SC, the acquisition, incorporation or merger of new units can bring a challenge which is characteristic of the initial stages of implementation, as occurred with Gamma with the need to integrate its ERP systems. The interviewee recognizes that, due to the need to operate with different systems, he is going through a moment similar to the implantation of a new Center, although the SC is 20 years old.

Interviewee 5, also from Gamma, described a challenge related to the management of his team as follows: “As our team is very lean, the burden is heavy, so the daily challenge is to try to keep these people engaged, motivated, so that everyone understand how important each one's work is so that together we can achieve a result ”. These words show the challenge at a stage well after implementation, where the initial stimulation of migration has already been exhausted, the workforce is consolidated, the team is stable in its formation, but the employees begin to show signs of exhaustion and low self-esteem (BERGERON, 2003). Interviewee 5 continues: “It takes demonstrating, communicating, bringing all the information for these people to understand where their work comes in; and also to keep these people motivated to be able to work together and achieve the objectives and goals of the SC”.

These reports show some issues related to the challenge of managing people in a SC, such as the selection of the best profiles to compose the work teams. According to Bergeron (2003) and Cunha (2011), it is necessary to make a careful management of people so that, further to achieving the desired performance, preventing people from feeling discredited or neglected, with no prospects for growth.

4.2 Costs reduction
When commenting on the challenges of costs reduction and its strategy to achieve the goals, interviewee 1 from Alpha explained how he is planning the Center's operations, separating between two activities carried out in the SC: transaction processing and professional services. These activities are quite distinct from each other and are carried out in two virtual substructures within the SC. The first is at the Scale Center, and benefits from the scale and standardization provided by the Center, which concentrates the transactional volume of the entire organization. The second is held at the Expertise Center and seeks the best
practices, generating value and valuing knowledge, similarly to consulting, according to Quinn; Cooke and Kris (2000).

One of the initial reasons for implementing a SC is to reduce costs (BANGEMANN, 2005; BERGERON, 2003; PLAYER; LACERDA, 2000). Multinationals with multiple branches can benefit from the elimination of redundancies and a greater power to consolidate their operations by bringing them together in one SC. For interviewee 2, from Beta: “[...] as a company is dispersed within its structure, we have a lot of challenge to [...] remove the local supplier, [...] reduce the number of suppliers” (Interviewee 2). The consolidation of activities in the case of the purchase of materials and services falls within the scope described by Schulman et al. (1999): consolidation into a single team allows for leveraging negotiating power, since the buyer is now negotiating on behalf of a larger organization, rather than a single branch. Supply consolidation is also possible, looking for suppliers that serve multiple units. This allows for better price and payment conditions, contributing to the organization's results. The elimination of redundancies allows a smaller and more efficient team and the reduction of costs can also be obtained in the formation of teams, prioritizing or not the permanence of people with more time in the company, aiming at retaining knowledge, but in return, they have higher salaries. This question is related to the complexity of the activities that will be developed and how much they demand knowledge of the business.

The planning carried out in the pre-implementation stages aims to ensure that there will be no interruption of the organization's activities in the implementation. According to Bergeron (2003, p. 47), "the main risk is the disruption of services, and the consequences thereof". Thus, the guarantee of being able to provide continuity to activities gains relevance over other concerns, including those related to performance. Although consolidating the supplier base is important, it cannot compromise operations. This can be identified in the speech of interviewee 2, from Beta: “Although I am buying from more solid companies, this demands consolidating my purchasing area (...). And we did not have this greater planning, which created some kind of discomfort. Not only in price, but in lead time, etc.” (interviewee 2).

When commenting on the potential benefits envisaged with the adoption of a SC in the organization, interviewee 3, from Beta, comments: “This costs reduction, when we talk about this global service center structure, [...] allows synergies and costs savings beyond the local one”. It was also described by Cunha (2011), predicting that in the pre-implementation stage,
the SC project should envision the possibility and the viability that, in a future moment, the Center could perform activities for other countries and regions and take advantage of synergies from an alignment of strategies with other SC’s in the same company.

Interviewee 3 also comments on the opportunities for cost reduction after decades of work in a decentralized manner, without standardization: “We have a lot of opportunity, due to the model that had been operating in Brazil for 50 years, operating completely decentralized, we have a lot of opportunity for improvement when we look at these processes. Interviewee 4 said that, at an advanced stage of maturity as is the case with the company, opportunities to reduce costs of products or services can reach a minimum limit and prevent further relevant reductions. This may mean that the company has reached or is close to reaching market benchmarking level for its costs, according to Cunha (2011). In this case, the strategy adopted by the company is to promote improvements to internal processes: “So, this is the time to reevaluate the process to try to reduce costs”. Thus, a mature SC is characterized, with a greater focus on process improvements than on cost reductions arising from negotiations with suppliers, for example.

Interviewee 5 points out the need to establish partnerships in strategic negotiations, an approach that requires a higher volume of business, because while the isolated negotiations of the branches may reach a limit, linked to the lower value under discussion, the larger consolidated volume of the organization may allow superior advantages. In addition, the strategic negotiation carried out by the SC has the potential to bring other gains, such as the use of technology, better availability of information and other benefits resulting from scale, as described by Bergeron (2003): they bring long-term cost reductions for the organization.

An important resource for developing cost reduction strategies is related to benchmarking. It allows an organization to know and compare its costs with market costs, and seek to achieve higher levels of competitiveness. Interviewee 5 commented: “It is important for the buyer to look for new alternatives, for him to benchmark the market. Because many times you don't need to find out something when you know it has already worked for the company next door”. In this case, benchmarking can be understood as a process enabler, which is in line with Bangemann (2005).
4.3 Customer Relationship Management

The practice of Customer Relationship Management (CRM) is present in the fact that a SC treats the other units of the organization as its internal customers (SCHULMAN et al., 1999). The activities that were formerly back-office are now entirely provided to clients and require a change of approach in the routine. About this, interviewee 1, from Alpha, referred to governance and mentioned two activities for his stakeholders: first, he brought four employees to the Center, called focal points, each representing a business unit of the company. The focal point participates together with the SC in the definition of SLA’s and these are regularly reported to internal customers. Bringing the stakeholder to the definition of SLA’s is in agreement with Bergeron (2003): an efficient and clear way to obtain results is to involve the stakeholder.

Transparency in accountability also proved to be an important point for interviewee 2, from the Beta company, and was understood as a gain for the company. He also commented on the change in the purchasing area, which started to work more focused on processes than in people, taking the personal aspect away from this type of activity. Standardization implies dedicated teams or people, and segregation allows different activities to be assigned to different managers, in order to improve the degree of service provided to the internal client. It is natural that, with these movements, there is some resistance in the organization, regarding the implementation of a SC. For the authors Quinn, Cooke and Kris (2000), the estimates of acceptance levels are divided into: 1/3 supports the implementation; 1/3 is ambiguous about it; while the last 1/3 shows resistance. The effort to alleviate the annoyance of the 1/3 opponent was made at company Beta, according to interviewee 2, through a proactive communication strategy: “We had to remove the buyer’s name a little bit from the process, but we didn’t restrain direct communication between requesters and buyers”. With this initiative, they managed to break the sometimes impersonal character of a SC. Such impersonality can be caused by the standardization of activities and by the service queue system with SLAs, which makes the internal customer have no personal contact when being served.

Bangemann (2005) describes that the design of a Service Center is, in essence, a problem of change management, and attributes 40% of the effort in the project to this aspect. Interviewee 3 confirms, mentioning the overcoming of some “barriers”, that this was a relevant aspect of migration and justifies this achievement with the results delivered.
Regarding internal customer satisfaction, the migration stage is critical to the success of the project, as failures in execution at this time can lead to a halt in activities. At this stage, the fundamental focus is on the continuity of the processes (BANGEMANN, 2005). Interviewee 3 emphasizes: “We managed to do all the integration part efficiently - we didn't have any disruption, we didn't have any major problems like shutting down a plant, halting production, stop selling anything”.

Another relevant aspect mentioned by Bergeron (2003) is to review the corporate culture and the organizational climate. It is relevant to be able to change the client's perception, once the turbulent moment of the transition to the Center is overcome, as described by interviewee 3: “We have a very strong understanding about what our client's expectations are, if they make sense within a global, local, regional and functional perspective”. The presence of acquisitions, mergers and partnerships is constant in the business environment of companies that have a SC in their structure (BERGERON, 2003) and this is another factor to be considered in the relationship with internal customers. Interviewee 4 comments: “With a team that has to manage 3, 4 different systems, completing an import process is difficult. So, there is a lot of improvement that we have to do to be able to reassure them about the service”.

For Interviewee 5, from Gamma, the challenges of good service to its internal customer are linked to deadlines: “Today we have a great difficulty [...] because of the crisis, costs reduction, and expenses are cut often. So, when they are released [purchase orders] everything becomes urgent”. The respondent confirms that, even in a SC that has existed for 20 years, the need to support the operation takes precedence over cost considerations. Emergencies, unforeseen events and other situations gain a critical character and the SC must “keep the wheel spinning” as stated by Bangemann (2005, p. 213).

4.4 Processes
The analysis here comprises four sub-themes: benchmarking; process improvements; indicators and SLAs; and use of technology. The adoption of benchmarking in a Center is not supported by Interviewee 1 of the company Alpha, he argues that benchmarking, bringing the best performance indicators in the market, does not have a positive effect in the initial implementation stage, as the Center's indicators will show naturally lower than expected numbers. During the initial implementation phase, the processes are being adjusted in order to
maintain the continuity of the operation. One of the criteria attributed by Bergeron (2003) to the practice of benchmarking is that it must be feasible. Thus, the impossibility of achieving a certain performance at this stage makes the use of this practice in this company unnecessary.

Interviewee 2 from the Beta organization informs that, as a result of the migration of activities to the SC, the service of an organization specialized in providing market information was hired, with the objective of carrying out benchmarking: “we don't want to be the best in every indicator, but it is our guide to try to evolve our work”. Interviewee 3 also mentions the use of an external entity for benchmarking purposes: “In addition, we participate in a service center study group, it is a SC networking, where we participate with 25 large organizations that have different [SC] models [...] and we exchange a lot of information there”. Only at a SC will the organization have sufficient volume and standardization to justify contracting such service. Just as when data is available, organizations can seek more accurate comparisons within the peer group of companies with similar characteristics, which operate in the same markets and have a similar size, allowing the comparison between their practices and SC (BANGEMANN, 2005).

Interviewee 4, from Gamma, mentions the use of benchmarking through meetings in corporate entities, where companies from the same area discuss pertinent topics. He commented that: "We have already changed the internal process because we learned about the reality of another company". The use of the corporate entity for benchmarking, with companies that have similarities to each other, be it industry, economic sector or technologies, brings the intrinsic benefit of being able to provide updated information, as Bangemann (2005) points out the need to use only data that reflect the current reality for benchmarking. Interviewee 5 related the performance of benchmarking with the installation of a new purchasing system, where the initial objective was to reduce costs, but which, when operated, also showed process improvements, as stated by Vivek; Banwet and Shankar (2008) and Cunha (2011).

Regarding the adoption of technology and automation, interviewee 1 comments that “My motto here is to set up a digital SC. The digitization of the process is enabling several things [data verification, analytics, information for the business, decision making]” following the line described by Bergeron (2003) about a SC using the latest technologies to deliver results. The use of technology to increase knowledge is a basic premise (VIVEK; BANWET; SHANKAR, 2008). Technological advances characterize the Service Center environment, and
investment in IT is one of the ways to identify a mature Center (IEG, 2017). Interviewee 2 also mentions the use of process automation with robotics (Robotic Process Automation - RPA) both for global processes (such as Procurement to Pay) and for activities not covered by the global project that help to reduce time and gain efficiency.

When comparing the operations before and after the SC, Interviewee 3 of the company Beta comments that standardized procedures and tools have been established, this being a corporate strategy to review business and create “strong functions and each function determining the best way to meet the business requests”. And, a subtle dilemma for the Center's team is characterized here: it must, at the same time, serve the client, while ensuring compliance with the new policy. The two lines are not always convergent: with the internal customer pushing for better, faster and cheaper services, while politics, procedures and governance somehow restrict the team’s performance, as pointed out by Quinn, Cooke and Kris (2000).

With the evolution of SC services, new services can be added or the scope of existing services can be more comprehensive (PLAYER; LACERDA, 2000). This happened with the company Beta, according to interviewee 2, who commented on the dissemination and discussion of the Center's indicators, which is global: “[...] today we have a series of global indicators [that are] discussed [globally] and we participated in this discussion, and today we follow these indicators that are published on a global portal”. The synergy, alignment, discussion and sharing of indicators globally within an organization signal the presence of a Global Service Center.

The use of indicators is an aspect of the process that poses challenges for managers. Interviewee 4 informs, for example, that the company had reached a good level of indicators, but ended up backing up due to the implementation of a new IT system. With that, it highlights not only the importance of IT but also the severity of the impact of a system change. Thus, it is considered that even in an already mature, consolidated SC, an alteration of this nature may lead it to face challenges equivalent to that of a young or immature Center. Having indicators is mandatory for this interviewee, they are a fundamental part of his performance and, therefore, the company sought solutions in the market that would meet the complexity of the operation, reduce the manual procedures and provide more transparency in the information. Bergeron (2003) says that the application of IT to processes increases efficiency and reduces the demand on the team.
4.5 Discussions

When research is done with multiple cases, it is often necessary to analyze not only the findings of each case, but also to discuss the results between cases, as suggested by Yin (2016) with the idea of cross-case analysis after the description and analysis of each specific case. In this direction, this section highlights each of the categories found throughout the three stages or phases of the service centers.

It is observed that, with regard to the Organizational Structure and People Management, the main challenges are linked to recruitment and selection in the pre-implementation and implementation phases, where the organization must provide representation to the Service Center, bringing members from different company units, while providing a new profile, adapted to the new goals. It also seeks, in these two phases, the standardization of processes and activities, stability with the continuity of operations, and efficiency with increased productivity without the equivalent increase in staff. In the post-implementation phase, the challenges presented by acquisitions or new systems refer to the initial moments of the Center and the encouragement of an already mature team can be put at risk. Table 4 presents the highlights of the challenges related to organizational structure and people management in the three stages of service centers:

| STAGE            | CHALLENGES                                                                 |
|------------------|-----------------------------------------------------------------------------|
| Pre-implementation | Recruit and select for critical positions. Fill in key positions.             |
|                  | Bring existing employees from the organization whenever possible.            |
|                  | Select from the market profiles that do not exist within the organization.  |
| Implementation   | Bring representatives from all regions.                                     |
|                  | Show efficiency by naturally reducing staff.                                |
|                  | Search change in profile from generalist to specialist.                     |
|                  | Maintain stability, do not stop the units' operation.                       |
|                  | Implement standardization.                                                  |
|                  | Joining two profiles: knowledge of the organization and of a SC.            |
| Post-implementation | Overcome the problems generated by new acquisitions.                        |
|                  | Overcome the problems created by new systems and cultures.                 |
|                  | Keep the team motivated.                                                    |

Source: data from the research.

The elements presented corroborate Bergeron's arguments and with some of Cunha's findings (2011), collaborating both for the discussion of the challenges of structure and management of people and with the identification of when certain problems and challenges will be encountered. In the case of this category, more actions are required in the pre-
implementation phase of the people management sub-system linked to recruitment and selection. In the implementation phase, actions aimed at training and development are necessary, as well as for performance evaluation. In post-implementation, issues related to motivation, culture, organizational environment and career need to be better addressed.

On **Costs Reduction**, from the very beginning of the SC (pre-implementation or implementation), consolidation and standardization bring, in themselves, the potential to achieve costs reductions. The team must have competitive operating costs, as opposed to the old structures of the units that potentially have older employees whose salaries will naturally be higher. In the post-implementation stage, costs have already been optimized and improvements in service quality, partnerships with strategic suppliers and benchmarking with companies in the same industry and level (peer group) should be sought. Table 5 shows the main elements that are challenges for cost reduction:

| STAGE               | CHALLENGES                                                       |
|---------------------|------------------------------------------------------------------|
| Pre-implementation  | Develop a mix between center of scale and expertise             |
|                     | Seek digital approach from the start                            |
|                     | Generate business value                                          |
| Implementation      | Maintain continuity is a priority. Reducing costs is a consequence|
|                     | Consolidate and standardize                                     |
|                     | Build team with competitive cost                                |
|                     | Overcome a long history of decentralized operation               |
|                     | Implement global view                                           |
|                     | Provide control and visibility                                  |
| Post-implementation | Define cost reduction limit, improve quality and services       |
|                     | Develop partnerships with suppliers                              |
|                     | Benchmarking with companies in the same area                    |

Source: data from the research.

In this category, the findings of this research contribute to the understanding of the importance of adopting and using different technological resources as tools to obtain a reduction in the costs of a SC. In this sense, the findings reinforce what Player and Lacerda (2000) pointed out, but reinforcing the role of technology (especially information) in the process and the need to evaluate cost reduction together with quality and productivity in all stages of the SC.

With regards to Customer Relationship, the initial steps point to the need to improve communication, provide transparency and governance, while the segregation of activities favors the organization of the internal customer itself, which must be attended to in a
customized way, according to careful segmentation, and not uniformly. The resistance of the internal customer, who lost power with the adoption of the SC, influences the relationship and the reaction indicated for such problem is to make the customer realize the value of the partnership provided. In the post-implementation phase, an eventual expansion of the organization, with acquisitions or mergers can reverse advances already achieved and care must be taken not to return to previous stages due to the existence of new internal customers. Table 6 shows the main elements that are challenges for the relationship with customers:

| STAGE            | CHALLENGES                                                                 |
|------------------|----------------------------------------------------------------------------|
| Pre-implementation| Establish proximity to internal customer                                    |
|                  | Provide governance                                                          |
| Implementation   | Improve communication                                                       |
|                  | Offer full transparency                                                      |
|                  | Perform activities segmentation                                              |
|                  | Eliminate ‘impersonal’ service                                               |
|                  | Promote stakeholder segmentation                                             |
|                  | Dealing with the resistance generated by the loss of stakeholder power      |
|                  | Remove antagonisms                                                          |
|                  | Encourage stakeholders’ perception of partnership                           |
| Post-implementation| Dealing with setbacks caused by new acquisitions and systems               |

In this category, the results point to a large number of challenges related to the phase of SC implementation, which is justified because it is in this phase that the services are actually provided, and there is interaction with the other client areas of each company. It is noteworthy that most of the challenges in this stage concern elements such as communication, relationship and power, which is close to the results found by Portulhak et al (2013) and Mezihorak (2018).

The challenges regarding Processes are quite different between the different phases. In pre-implementation and implementation, the use of benchmarking may not bring the expected results if a newly created SC is compared to the best in the world (world class), which can discourage the team. In the post-implementation stage, the use of benchmarking is mandatory, since the experience of companies of the same size and industry (peer group) can save resources and time in the search for new solutions. The increase in technology solutions allows the post-implementation step to progressively move towards a more tactical and less operational process; more global and less local indicators; higher standards of standardization
and new levels of compliance with standards and procedures (compliance). Table 7 shows the main elements that are challenges for the processes:

**Table 7 - Process Challenges**

| STAGE               | CHALLENGES                                                                 |
|---------------------|----------------------------------------------------------------------------|
| Pre-implementation  | Benchmarking at this stage is not indicated                                |
|                     | Aim for a digital profile to the center from the beginning                |
| Implementation      | Perform external benchmarking                                              |
|                     | Implement technologies                                                     |
|                     | Change team profile: + specialist +tactical -generalist -operational        |
|                     | Make massive investment in technology                                       |
|                     | Search for more global, less regional, less local SLA                      |
| Post-implementation | Search for benchmarking with other companies: agility, applicability        |
|                     | Maintain management of new indicators despite new systems                  |
|                     | Decrease operational load, increase compliance                             |
|                     | Invest in technology                                                       |

Source: data from the research.

The challenges related to processes are strongly linked to technology issues and, in this sense, a search for knowing what other companies are doing was observed, that is, finding an already tested and validated way of using some technologies and designing processes that appears in all stages of the SC, expanding questions raised by Schulman *et al.* (1999), for example, or by Portulhak *et al.* (2013).

Finally, it was found that the different types of challenges that arise during the stages of the SC generate tensions between the members of the work teams, of these with their leaders, of the SC as an organizational unit before its internal customers. And each tension generated by a challenge triggers one or more solutions that are being negotiated, whether with clarification, local agreement or commitment, as explained by Banoun *et al.* (2016), which brings a procedural and dynamic perspective for the analysis of service centers.

**5. CONCLUSIONS**

Given the objective proposed for this research: to relate the different degrees of maturity of Service Centers (SC) in multinational companies, with the challenges that this type of arrangement faces, it was possible to show that, despite different ways of analyzing and mentioned phases on the evolution of a SC, this work showed the relevance of considering three main stages: pre-implementation, implementation and post-implementation with their particular and common challenges. The results of the research showed that
organizations encounter different challenges at each stage of existence of their Service Centers, with the challenges having different forms and intensities. Eventually, some challenges will be absent in one stage, and then appear more pressing in the next, while other challenges are constant over time.

As a theoretical contribution, the present study consolidates the proposition of analysis in three stages, and which are they, from previous studies and according to the data found in the researched companies. Another contribution, which gives rise to new theoretical developments, is the evidence of the importance of understanding and analyzing a SC taking into account its stage, together with the challenges inherent to each moment. The perspective that a SC evolves based on tensions and solutions demonstrates the dynamics and complexity of the studied phenomenon, stimulating interest and new advances in this field of study that examine the constant interaction between the need for standardization and the changes imposed by the SC environment, internal and external. Another contribution was to update and detail some challenges for a SC already identified in the literature, such as the question of the importance of technology and people management and the challenges related to the proper functioning of a SC.

As a practical contribution, the results and discussions made stimulate and guide the managers of the organizations who plan to create a SC to prepare themselves, with alignment between their resources and efforts with the necessary actions to deal with the challenges of each stage of SC implementation. For organizations that already have a SC, this work contributes with elements for the analysis of the current stage, allowing the review and redirection of objectives and resources in a more correct and efficient way, in search of the best results.

As a suggestion for future studies, research could be carried out with a longitudinal cut to follow the same service center at different times of its evolution, and some questions could be deepened, such as: the use of technology and the increase of automation processes of a SC; the benefits and challenges of an international SC; communication tools and governance mechanisms in a SC, among others.
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Appendix I

Interviews script:

| CONTEXTUALIZATION |
|--------------------|
| Respondent’s gender and position? |
| Total time in the company and in the area? |
| At multinational companies, in which areas did you work? |
| Number of people under your direct management? |
| Center’s total time of existence? |
| Number of branches/locations of the organization supported by the Center? |
| Which are the different areas that comprise the Center? |
| At your company, how many centers are there in the world? Where are they? Are they identical? |

| ORGANIZATIONAL STRUCTURE/PEOPLE MANAGEMENT (BERGERON, 2003; OATES, 1998; ROCHA; BORINI, 2011; SCHULMAN et al., 1999; STRINGFELLOW; TEAGARDEN; NIE, 2008; CUNHA, 2011) |
| How did you select the team? Which are the challenges managing the team? |
| COSTS REDUCTION (BERGERON, 2003; PLAYER; LACERDA, 2000; METTERS, 2008; SCHULMAN et al., 1999) |
| Which were the main challenges with regards to costs reduction? What was the attitude adopted trying to achieve the goals? |

| CUSTOMER RELATIONSHIP MANAGEMENT – CRM - (BERGERON, 2003; CURY, 2005; ELLRAM; TATE; BILLINGTON, 2008; SCHULMAN et al., 1999; STRINGFELLOW; TEAGARDEN; NIE, 2008; MEZIHORAK, 2018) |
| Which were the difficulties faced to meet the internal customer’s requirements? What was the strategy adopted in order to comply to this demand? What are the new challenges? |

| PROCESSES - (CURY, 2005; METTERS, 2008; OATES, 1998; PLAYER; LACERDA, 2000; VIVEK; BANWET; SHANKAR, 2008; MAATMAN, MEIJERINK, 2017) |
| 4.1 Benchmarking |
| Do you use external benchmarking? |
| 4.2 Process Improvement |
| Were there initiatives to implement process improvement? When? |
| 4.3 Metrics and SLA’s |
| How do you manage metrics and SLA’s? |
| 4.4 Technology |
| Which were the challenges regarding technology and automation? |
| Do you plan to invest on it in the future? |