

Building Global Shared Services

An Interview with Denice Kronau,
U.S. Chief Financial Officer and Head of Global Shared Services, Siemens Corporation



Denice Kronau

EDITORS' NOTE Prior to joining Siemens in 2002 as the President and CEO of Siemens Shared Services in New York, Denice Kronau gained international experience in finance, IT, and audit at various multinational corporations including Diageo, Kraft, and Philip Morris. She worked for 14 years in London, Munich, Paris, and other cities. Kronau is an advocate of greater work/life balance and has taught nonprofit organizations how to become more commercially successful. She has also taught inner-city kids about the "power of work" and is writing a book tentatively titled *Being the Leader You Want to Work For*.

COMPANY BRIEF With global headquarters in Munich, Siemens AG is one of the world's largest electronics and engineering companies. Founded 161 years ago, the company has 430,000 employees in 190 countries and is a leader in medical technology, power generation, factory automation, transportation, lighting, building technologies, and water technologies. With its U.S. corporate headquarters in New York, Siemens Corporation (www.usa.siemens.com) employs approximately 70,000 people in the United States and Puerto Rico.

What does Global Shared Services provide, and how strong has the business been in that segment?

We provide services within Siemens for Siemens. It is a global business. We have 7,400 employees, sales of €1.2 billion, and our services

range from accounting and finance to human resource services to IT services to procurement, mobility, and logistics. We pay one out of every two employees in Siemens, and within the next two years, we will pay every employee.

We were a start-up business within Siemens. When we built Global Shared Services, we started with a defined portfolio of services, delivered from different centers around the globe. At our start-up, the existing centers were processing about 40 percent of Siemens' total volumes. Since then, we have acquired more internal work, moved it to Global Shared Services, and optimized the work based on industry best practices. In the past 18 months, our market share has increased significantly, particularly in key areas like payroll and accounts payable.

One of your priorities is to become one of the top three global shared services organizations in the world by December 31, 2009. Are you on pace for that, and how will you achieve that goal?

We will achieve our goal by delivering on our vision: "Great to work with. Great to work for. Great for Siemens," and we are on target. From the prior fiscal year to this fiscal year, we've increased the savings for our customers by 20 percent on a year-over-year comparison. Savings are one of the key ways we measure value for our customers – "Great for Siemens" – and by definition, what makes us world-class.

Another measurement that can prove we are in the top three is employee satisfaction. "Great to work for" means we have happy employees. It is very simple: Happy employees give our customers a much better experience. We have established many innovative employee programs and take periodic checks to make sure these programs are working and that our employees are engaged. If employees are enthusiastic – and our recent survey results indicate that they are – then we are well on our way to being one of the top three global shared service companies in the world.

Another factor is external recognition. We ask if our peers think of us as world-class. We are often invited to conferences to tell the Siemens story and to share what we have accomplished.

In addition to your current duties, you have assumed the role of Chief Financial Officer for Siemens Corporation in the U.S. How will that affect the way you focus your time, and will you still be overseeing and involved in the Global Shared Services business?

Absolutely. The Global Shared Services business is actually quite complementary. When I first started working in the '80s, CFOs really had to do everything themselves. All of the work related to the financial records of the company was done within the finance department, headed by the CFO. Often, the sheer volume of this work prevented the CFO from the projects he or she wanted to do with his or her colleagues in marketing, production, and sales. Now, the CFO has the advantage of getting accounting [and other] services from a shared services organization and being able to place 100 percent reliance on the quality of the work. CFOs need to have assurance that the work is happening correctly, in a well-controlled environment, but they don't need to actually do it themselves. I understand how shared services works and I have confidence in it. This will help me find time for other priorities.

In terms of focus, it all comes down to the excellent management team we have in place in both roles – Global Shared Services and the finance team in the U.S. My personal management style is very inclusive, so the senior managers on both teams know our strategy, direction, and challenges and because of this, are very capable to deliver against our goals without operational oversight from me.

This is a very good thing, because the U.S. CFO role is quite a big job. I will have to step away from the day-to-day operations of Global Shared Services. But I think the balance will be achievable, and in my quest for a little more work/life balance, I hope to not be working every hour I'm awake.

You have a relaxed way about you. Is that how you are, or do you hide the stress well?

That is really how I am. I walk around calm because I am calm. I don't panic when things go wrong because my philosophy is: "Together we'll fix it, and if together we can't, then we'll get someone in to help us." I've never seen that getting all riled up delivers a good outcome. It makes my stomach hurt and, frankly, it immediately makes people defensive. Once that happens, you block their ability to come up with the right answer, because they're afraid. When someone is screaming at me, I look at them and think, "I'm not sure why you think screaming is going to bring out my best behavior. Honestly, I'm going to avoid you in the future because this is annoying." I don't want to be someone people avoid in the future – that's not helpful in my job. I think it's easier to stay calm. ●