

GBS Location Strategy – The stone in the corporate shoe?

Lessons from the trenches

By [Elias van Herwaarden](#) – 18.11.2024

GBS assume ever more critical processes to corporate strategy, agility, margins and growth. Digital, Customer Experience, AI Deployment and Efficiency Gains are rightly front-and-center for GBS strategists and Site leaders. Formulation of GBS location strategy is but a third-tier priority for many. Yet, the decision on ‘where to locate what’ has far ranging impacts. GBS strategists must consider how locations can accelerate or hinder the GBS journey, lest their siting choices eventually become a stone in the corporate shoe.

Not a drive-thru

Take my word for it: I still come across GBS decision-makers that will spend more time on planning their next year’s family vacation than on selecting a site for their first or next delivery center.

With some serious mind-twisting I could advocate their approach. After all, there are over 3,000 locations worldwide that host GBS-like operations according to SSON Research & Analytics. You could conclude that GBS can work anywhere. Also: you will be lucky to find any authoritative reports on bad GBS locations. So what could possibly go wrong by getting the GBS location strategy question off your desk quickly?



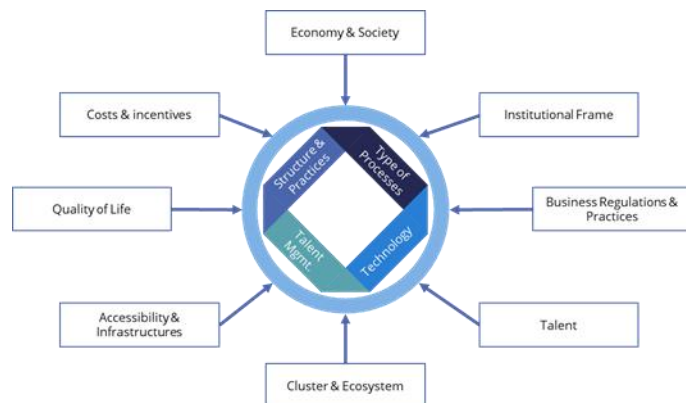
A lot. Having developed location strategy for over 130 Shared Services and GBS initiatives through the last decades, I learned that getting GBS location strategy right is not like going to a fast-food drive-through. Unless you are in for that quick, temporary fix.

What can go wrong

Reversing a location decision is difficult and certainly costly. So, the development of a robust GBS location strategy is key. Potholes along that journey are many. Let’s look at some of them.

1. Overlooking what can matter

Our teams typically analyze around 65 location characteristics across 8 categories when evaluating GBS siting options. They impact key site design aspects. Think of what type of work can be conducted, the possibility of deploying specific technology solutions, how to recruit, upskill and retain as well as organizational structure and ways of working. Ask yourself whether you have all the focal points for your decision properly defined and prioritized.



2. Following what others have done

Even if around 70% of location selection criteria are similar from one GBS project to the other, it’s the remaining 30% and “corporate DNA” that makes your project unique and warranting proper analysis. This means that heading for popular destinations or relying on bespoke GBS location rankings is no guarantee for success.

3. Underestimating the need for scalability

New GBS sites typically extend their reach beyond plan within 18 months of being established. Have you assessed whether your focal cities can sustain that growth?

4. Considering location last

There are mutual dependencies between GBS Vision, Target Operating Model and destination options. Location characteristics, for example talent/skills availability and real wage costs, will challenge the 'blue sky' business case for your GBS journey. It's smart not to consider location last. But what did you do?

5. Falling into the tunnel vision trap

Opinions of C-suite officers, stakeholders and exchanges with peers can lure you to limit your search area from the outset. The ensuing risk of missing out on real opportunities is significant. Just consider that 70% of the companies my teams advised ended-up successfully growing operations in locations they hardly considered from the outset of their site selection journey.

6. Relying on fragile data

There is an abundance of reports and tools that can help you to develop your GBS location strategy. Yet most of them are but about averages of averages, and not necessarily in sync with the latest developments locally. While potentially helpful to reduce the range of options to a manageable number, they are at best only fit to develop your first high-level business case. Resilient GBS location strategy requires tailored, forward looking datasets and thorough analytics, all-combined with experience-based insights on what works where.

7. Rushing the process

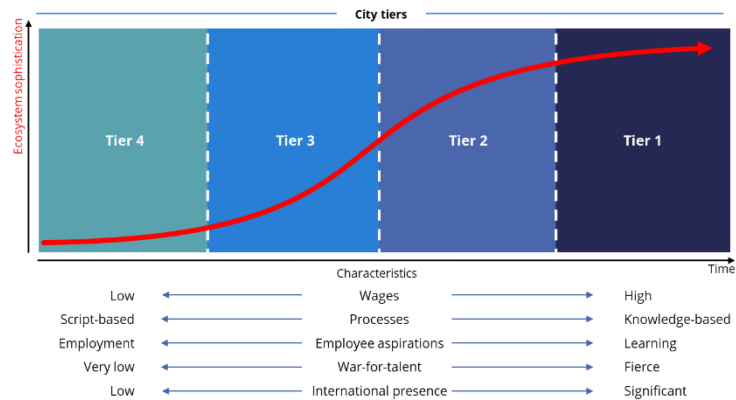
Setting-up your first GBS or rearranging a global GBS footprint will transform how your corporation conducts its business. The benefit of that transformation will crystalize out over quarters, if not years. Then why would you want to identify the locations to drive that transformation within a few weeks? In the bigger picture, and time-wise, location strategy development should run in parallel to GBS visioning and TOM scenario assessment. Meaning: no time lost.

Two fundamental concepts

When executed rightly, location strategy development is a structured process. Just like for other corporate strategy formulation, the trajectory itself is not about rocket science but more about a logical sequencing.

There are two concepts that are foundational to developing a successful GBS location strategy:

1. **Process and timelines drive location.** In other words: what you want to do by when determines what type of cities you should be considering.
2. **Locations are dynamic,** offering a different attractiveness for processes over time. GBS planners should ensure a location/process match for the immediate and foreseeable future.



Take aways for GBS strategists and Site leaders

GBS location strategy development is about:

1. Not relying on databases or rankings that provide generic "average-of-averages" location rankings or assessments.
2. Anticipating how your SSO/Site may grow in scope, and assessing whether a destination can support that.
3. Keeping an open mind, and not giving in to presumptions on the outset of location strategy formulation.
4. Elimination of deployment/process allocation scenarios and the locations that go with it.
5. Considering the umbilical cord between the location strategy development and other GBS/SSO workstreams from the outset of your journey.
6. Deploying a robust and transparent process to guarantee stakeholder support and a resilient solution.
7. Combining in-house teams that have organizational understanding with GBS location practitioners.