

Upgrading Your Organisation

Many companies seek to improve their organisation by focusing on several key areas including their business structure, operations, team, and technological set-up. We take a closer look at some effective strategies, which our clients have undertaken with Fiducia support.

Structural Options

Amid increasing competition from neighbouring cities, Hong Kong remains a popular location for **International Purchasing Offices (IPOs)**, since it provides the necessary infrastructure for a local team to take over sourcing, quality control (QC), and supplier management for all subsidiaries within a group. IPOs allow for better coordination of sourcing activities and the consolidation of purchasing volume. This is important for supplier relationships and price negotiations. In recent years, Fiducia has helped set up nearly a dozen IPOs, ranging from supermarket chains to FMCG products, to electronic and industrial components.

For companies with multiple entities in Greater China and higher levels of operational complexity, it can be advantageous to establish **Shared Service Centres** to centralise back-office functions, such as finance, HR, IT, and supply chain management. With everything under one roof, it is easier to leverage shared resources, facilitate central management, and ensure compliance. In many cases, these functions can be effectively outsourced to a service provider with in-depth industry knowledge, local expertise, and a comprehensive service offering. Forming strategic partnerships with a service provider such as Fiducia will enable you to focus on your core business while effectively tapping external expertise and achieving cost advantages via more flexible structures.

Another option is an operational hybrid of internal organisation and outsourcing: the so-called **Turnkey Solution**. This is a short-to mid-term outsourced operation where the service provider builds up the infrastructure, systems, processes, and personnel, with the aim to transition everything to the client at the end of the contract term. This kind of set-up is beneficial for companies that want to expand their operations in Greater China in the long-run.

Operations

To upgrade or change existing processes effectively, it is essential to understand the latest best practices, technology, and performance benchmarks of leading organisations. An external consultant can

deliver thorough reports and analyses of the market as a basis for your internal processes.

Once this foundation is laid, process review begins often in finance and controlling because it covers all elements of the company's value chain. This may involve enhancements in cash and currency management, billing and collection, accounting consolidations, financial analysis, and dashboard reporting.

A second focus area is procurement. We have seen a growing trend towards strategic partnerships with suppliers, consolidating orders at fewer suppliers and driving much closer and deeper collaborations. Some companies even implement co-location and co-creation strategies. Large corporations today take a more strategic and global view of their procurement functions, assessing their China subsidiaries against the global procurement framework.

Team

Given the crucial importance of attracting and retaining talent in developing an organisation's competencies, many companies in China, including a number of our clients, have undertaken initiatives to enhance their employer branding. This could entail offering competitive compensation, creative benefits, company policies conducive to work life-balance, and clear career paths.

In order to develop their teams, most companies offer a combination of in-house and external training courses and, in some cases, a coaching and mentoring program, as well. These programs are especially important for nurturing high potentials and equipping first-time managers for the next level of leadership assignments. Sometimes an external consultant is brought in to gauge the state of the organisation and identify skill gaps and training and development needs. As some gaps are difficult to fill locally, many companies still rely on secondment placements from overseas headquarters, which will help in skill transfer and communication of HQ expectations. To augment this, there is a strong growing trend of hiring professional recruiters to search for senior management or technical positions in Greater China.

Technology

In just a few years, China has developed into one of the most advanced digital economies in the world. Companies without some form of e-commerce and social media strategy will have a difficult time competing in the

Chinese market. Nonetheless, most foreign companies struggle to understand the country's digital dynamics and have yet to succeed in this fast-growing segment. Consumer behaviour and trends in China vary significantly from those in other markets and your digital strategy must reflect this.

In addition to regularly scanning the market for technological advances, many companies are also internally evaluating if existing investments in ERP, CRM, and other IT systems are delivering maximum benefits. Often an external consultant can help to break down internal barriers to achieve full adoption of systems. In addition, they can offer ideas for extending system capabilities, such as important features available in new versions, add-on modules, and external connectivity with key partners. For many companies the focus of IT investments has shifted from process standardization and automation to advanced planning systems and analytical applications to facilitate demand and supply management and support decision making.

Fiducia can help you review your China strategy and structure your organisation and processes, so that you can focus on your core business without worries. Email us at contact@fiducia-china.com to find out how we can help you.

Fiducia's Areas of Expertise

Area	Strategy
Structural Options	<ul style="list-style-type: none"> ▶ IPO ▶ Shared Service Centre ▶ Outsourcing ▶ Turnkey Solutions
Operations	<ul style="list-style-type: none"> ▶ Centre of Excellence ▶ Financial Management ▶ Global Procurement ▶ Supplier Consolidation ▶ Supplier Collaboration
Team	<ul style="list-style-type: none"> ▶ HR Business Partner ▶ Employer Branding ▶ Training ▶ Executive Search ▶ Secondments
Technology	<ul style="list-style-type: none"> ▶ Advanced Planning Systems ▶ ERP ▶ CRM ▶ EDI ▶ Analytics ▶ E-Commerce ▶ Digitalisation