



## Innovate. Because if you don't do it, someone else will - Rahul Malhotra, Senior Director Operations at Avis Budget Group.

SSCs have changed a lot or evolved in the past year. Here, Rahul speaks to us about what has changed, what companies can do to survive difficult times and what insights from the pandemic situation, can we carry forward into the future.

### **Q Last year has completely changed the work scenario across the world. What according to you are the changes that have taken place in SSCs recently?**

SSCs are the extended arm of the main organization. And 2020 brought an unexpected new environment. The primary change across SSCs is that we've all got great lessons on agility. The pandemic changed the order in which we all operate. And we've been pushed to find new ways of operating. Since we come under the mobility/ tourism sector we've been hugely impacted.

There's also been a lot of quick and erratic change in customer behaviour. For instance, in our case, people are now seeing that 'renting a car is a safer option than using public transport. And we must keep up with their needs, while following the new bunch of regulations. What it means is, SSCs had to quickly adapt and look for opportunities beyond what they typically used to do.

So, firms have started doing things differently too. There's a change in the way you approach or deal with clients. For instance, now companies may do things that are beyond what's obligatory as per the contracts – usually, if receivables that are due from clients are delayed, companies may immediately issue a letter or charge an interest for the delayed period, but now because of the situation, everyone has a bit of extension. So, the way we do business has a more humanitarian approach to it.

### **Q Despite the situation, AVIS is in the top 20 most admired Shared Services Centre of 2020 according to SSON. So, what strategies/ skills have helped you be here?**

Like many other organizations around the world, the Global coronavirus pandemic hit our business hard. Travel restrictions have led to a decline in the number of people hiring cars, but people are also seeing car rental as a safe, flexible and private alternative to public transport. We acted quickly and decisively to protect our people, customers and the business by reducing our fleet and aligning our headcount to the decline in customer demand through a series of permanent and temporary measures.

**Making changes early.** We as a sector, took a huge hit in our revenues, and we had to come up with a strong mitigation plan to adapt to the new situation. But I think as an organization, we started to make changes early. We didn't wait for any government regulations to be passed to start following rules. We went ahead and did what we felt was necessary. We immediately went ahead and posted a pledge of hygiene, where we assured customers of sanitized clean cars. Then as things progressed, we implemented a variety of safety and hygiene initiatives in line with the regulation requirements.

**Being transparent with employees** is another thing that really helped. We've always been an open organization when it comes to our employees. From the beginning we kept our employees informed of what was happening, whether it was cutting costs, or switching to remote office or even rightsizing. We always told employees the real reason why we have to right size. So, employees also see where we are coming from, and this is a good thing for any future relationships as well.

**Quickly adapting to the situation.** Luckily, we already had a lot of plans, and we were able to quickly come up with a process where our clients could return ordered cars through a contactless process using self-checkout kiosks. So, this facilitated social distancing by reducing human presence. And this really helped our business.

**Q What kind of strategies can SSCs rely on or use to carry out their business during or after the pandemic situation?**

Well, in any kind of situation, it is useful to **keep an eye on your cash flow**. Because this is necessary to keep the operations going on a day-to-day basis – like payment of taxes, employee salaries, inventory purchase.

Also take a look at KPIs. Try and **cash in on the receivables**. Look at what you can do to **work with your non-performing assets**. See if you can find a workaround with it or sell it if there is a cash requirement.

**Manage cost brackets** by using automation at its best. Automation can actually speed up work processes and reduce costs even if it means downsizing for the moment. And during a pandemic, all this has to be done proactively while trying to maintain customer trust.

**Q If there are sudden changes in the frontline business of a company, how much does it affect the SSC? What does the SSC have to do, to keep up?**

It affects the SSC drastically. SSCs can also be more agile than the frontline business. When there are changes to the frontline business of a company, it needs to be seamlessly supported by the service center operations. Because this is what helps the business run efficiently and effectively. When you make one change, there are always others that follow it.

For instance, during the pandemic, companies had to quickly adapt to working remotely or work from home. And when that happened, there was a need to keep the 'human social touch' alive among employees as they are not physically seeing each other at work. So, companies were ramping up regular online video calls to keep up the energy of service staff.

SSCs have to keep evolving and have to be extremely agile. SSCs are an integral part of the frontline business. Mature SSCs have the potential to drive the business in many ways by creating value.

### **Q How can an SSC make sure that they have a healthy cash flow position during a pandemic like this? Can you share some tips?**

Different organisations, have different cash flow strategies depending on their nature of work. And prioritizing cash generation can help. Based on my experience, companies can use a combination of tried-and-tested solutions like cutting variable costs, encouraging furloughs, managing inventory or focusing on receivables. Capitalizing on assets or working with low performing assets also helps.

It's also important for companies to assess any kind of latent risk to the existing client base and trying to work around it.

In ABG, on a group level, digitization is our key priority for next year; we want our customers to be comfortable driving our cars. We are aiming to provide fast, safe and easy vehicle hire, renting can be done through the app. Apart from car rental, we have other businesses - commercial vehicles, car-sharing, corporate leasing business – that's a growth protection for a company like ours. So, the boardroom doesn't just wait for the vaccine to arrive, they are planning what to do next. And that's what's going to redefine the future of the business support center in Budapest.

### **Q How has the pandemic changed the 'perceived image' of an SSC in a company?**

While the pandemic has allowed the workforce to become more resilient, there were still some companies that continued to struggle through the pandemic. Firms that were more agile, were quick to adapt and survived the pandemic.

Firms that were reluctant to go digital or were slow in their approach, had to quickly pull-up-their-socks. In these cases, the SSC became a sudden center of activity. And what was perceived to be a support function started acquiring more responsibilities through automation or process efficiency.

We are standing at very important junction: we can either continue to do things the orthodox way as we have been doing, hoping that we will return to the 'normal' we had in 2019; or, we take some decisions and steps to create a new normal. This is an opportunity for all countries in Central Eastern Europe or Russia discover what to do differently to attract establishment or growth of existing SSCs.

The question is, what do we need to do to attract more companies here. Why is this the right time now? When companies come out of the pandemic, they will be under tremendous pressure to save costs. One of the ways to save costs is to outsource or nearshore jobs to low-cost countries. There is a huge labor arbitrage benefit that is sitting right ahead of us. What we can do now differently is, we reach out to businesses and grab our share early on.

### **Q What are the lessons learnt from the pandemic situation and what insights can be taken into the future?**

**-Innovate. Because if you don't do it, someone else will.** For instance, there are more innovative ways of renting cars. And there are a lot of possibilities – self driven cars etc. and if someone else does it before us, we will be missing out. So be proactive.

**-Prepare for the future.** Even after COVID, customers are still going to be reluctant to give up all their hygiene habits or will expect certain regulations to be followed. So, as companies that are preparing for the future, we can look into it better. For instance, people would not want to go to crowded places or wait in long queues anymore. And companies have got to innovate to keep up with the needs. In our case, we are putting efforts in creating solutions for a wider industry that transforms into a world of driverless cars.

**-Automate.** Automation does not just reduce cost, but also improves transactional efficiency. When processes are complete with accurate data, the SSC starts to create value for the frontline business.