



Centers for Excellence throughout the UNC System

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Defining Shared Services and how it compares to other models

Meet Ms. Mollie Multitasker. Mollie has just been hired as the new Director of International Learning at a leading research institution and her first task is to change campus culture around study abroad programs. To engage the students, Mollie has a contact to bring in the renowned adventurer professor Billie “North Carolina” Jones to speak to campus about his travels and spark an interest in International Learning. Mollie’s multitasking has just begun. In order for Mollie to bring “North Carolina” Jones to campus, she must get approval from the travel office, purchasing office, HR, a contract signed by the legal office, and additional approval from here departmental heads. To complicate the matter, in each unit there is an expert who is rarely available and is the only person that truly knows how to handle necessary procedures. Mollie has eight weeks to make this happen.....

For many of us in Higher Education, Mollie’s scenario is very familiar. High volume transactions, specialty functions, and process specific activities create new challenges that could interfere with a unit’s ability to offer a desired service. Having duplicate processes, inconsistent procedures, and poor communication contributes to slower outcome delivery, inefficient employees, underutilized resources and waste. This interference ultimately creates unwanted outcomes for external clients, who are in the case of higher education, the students. Luckily, the shared services approach seems to be catching on as way to streamline processes, and create more cohesiveness units.

Shared services involve the concentration or consolidation of functions, activities, services, or resources into one stand-alone unit to provide functions, activities, services, or resources to several other client units within the organization (Bergeron, 2003). The effort to consolidate services is not new, but a shared service has a unique outcome driven construction and shared governance. Shared services place emphasis on being accountable to customer outcomes as opposed to simply responsiveness or efficiency (Miranda and Kavanagh, 2005). The chart below highlights key distinctions of other service models such as decentralized models, standardized models and centralized models with features of the shared service model.

decentralized models	independent departments with independent processes
standardized models	separate units working common processes

centralized models	single units that serve multiple units on a single function
shared service centers	shared key performance indicators, defined service level agreements and defined continuous improvement plan

In short, a shared service involves consolidating administrative support services across organizational units, to achieve scale and effectiveness.

Share services are sought in efforts to maximize efficiency, reduce cost savings, and offer units more opportunities to focus on customer needs. The most common areas of service sharing are found in human resources, information technology, and business finance functions. Shared services have been in the business world for over 50 years, and are now becoming more utilized in higher education (Dove, 2004). Schools such as the University of Kansas, Yale, University of Michigan, Cornell, and UNC Chapel Hill are just a few that are utilizing “Centers of Excellence”. Recently, shared services are being used in student services in higher education in areas such as advising, counseling, and housing.

In higher education, shared services are achieved in four distinct ways, intra-campus models, multi-campus models, consortium of independent institutions, or third party provider (Cooper, 2015). An intra-campus model may include multiple service centers on a campus in various units or academic disciplines. A multi-campus model may serve in a system where students may have various access points across a particular geographic region. A consortium model may serve where multiple institutions with distinct missions agree to provide students a host of options to pursue their academic interests. Third party models are useful when institutions lack manpower, resources or do not wish to deal with particular issues. Irrespective of the model, each has the goal of improving customer outcomes.

Shared Services Tool and Questionnaire

Determining the appropriateness of a Shared Services model can lead to many discussions, fear, and angst for employees within the organization. While the ultimate decision is not easy for leaders, organizations have leaned on metrics and a certain set of topics to help determine the suitable structure and path forward. From our research, and from discussions with leaders at UNC General Administration, North Carolina Central, UNC-Chapel Hill, and the University of Kansas, our team has identified 10 questions, all of which have a different value, to help determine whether a Center for Excellence is

appropriate for a specific University, Department, or function. These 10 questions and their respective weights are noted below:

1. Do you have inconsistencies of how common tasks are performed across the department or within a certain function? (10%)
2. Is there a significant need for cost reduction or is there a lack of funding? (14%)
3. Is there a need to invest in new programs or services to enhance quality? (7.5%)
4. Is there a risk because there is only one or two resources who know how to do a mission critical task? (15%)
5. Is there a need for more training and new knowledge on best practices and industry standards? (11.5%)
6. Are there examples of ineffective/inefficient practices that lead to lost revenue or customer dissatisfaction? (8.5%)
7. Would detachment in physical proximity from the client result in a significant, negative impact on business? (11%)
8. Do you see opportunities to standardize, automate, or simplify processes and procedures? (9%)
9. Is there software readily available and financially accessible to the unit, department, or organization? (5%)
10. Is space available to co-locate individuals to perform shared services? (8.5%)

The discussions with the aforementioned leaders helped guide our team to 10 questions. Following initial discussions which lead the team to 10 questions, we followed up with leaders for feedback on the appropriateness of each question and the value and weight of each question. We took the averages of those responses and ended up with the weights, which are noted in parenthesis. Based on the research, the most heavily weighted question was “Is there a risk because there is only one or two resources who know how to do a mission critical task?” This has a 15% value. The second most important question, which accounts for 14 percent of the tool, was “Is there a significant need for cost reduction or is there a lack of funding?” Many of the interviewees indicated that cost was not a factor in the decision, and there would be an emphasis on customer service; however, many believe that cost is the most significant factor. The percentage in savings for organizations varied greatly, but Fortune 500 companies are following the trend. “By employing Shared Services, over 85% of Fortune 500 companies have captured a variety of benefits from cost reduction and capability enhancements to global delivery and business transformation” (Bondarouk, 2014). Detachment from the business and client was also an

overwhelming theme, leading to a heavy focus on the tool. “Staff in shared service centers may become detached from the business. They provide services to it but either indirectly through an IT interface not a human one or remotely. So they lack the feel of what is going on in the business and suffer a lack of commitment to it. They do not always know what is happening on the ground and are very reliant on being kept well informed” (Bondarouk, 2014). Through completion of the Shared Services Tool and Questionnaire, which is referenced in in Appendix A, a leader will receive one of three results, which are identified below:

- Shared Services should be strongly considered and implemented.
- Shared Services should not be considered.
- Shared Services should be further evaluated.

Pending the results of the completion of the Shared Services Tool and Questionnaire, leadership should have an idea on how to proceed. When a decision is made to proceed, the decision-making team should review some of the best practices, which are noted below.

Best Practices

High functioning shared service organizations start out with a plan. That plan includes everything from how they will reduce cost to how they will add value for their clients. It isn't enough to say you will reduce cost or improve quality, it has to be built in to the structure of the SSO from the beginning. By defining what your key performance indicators are you can then measure them to see if you are in fact improving them.

Included in the plan will also be a focus on communication and transparency. What makes a shared services unique is the focus on customer service because both the business unit and the SSO both work towards the mission of the university. The level of collaboration and consultation is naturally higher within the same institution, but it can't be taken for granted. The SSO must be proactive in maintaining the customer experience in order for both to succeed.

In order to leverage the strength of a shared services model the ability to co-locate shared services employees, at least part time allows for optimum resourcing and creation of common and improved service standards. This can be the hardest selling point for some business units who are used to having someone in house. By creating the perception that the shared service employees are just as available and extremely responsive via email or remotely can help to overcome the fear of loss of level of service that many business units report as a key reason they are reluctant to buy into shared services.

Some shared service center implementation plans have allowed business units to decide which services they adopt at first to allow for an easier transition. For example, letting units utilize services through attrition has given the clients the peace of mind that they do not have to “lose” employees or lay anyone off. Some groups have phased the transition so as to allow for learning from the implementation process and making improvements before going live enterprise wide.

Process improvement requires tracking and measuring activities and transactions in order to quantify and monetize. This part takes time but will ultimately allow the SSO to adequately charge for services in a fair and transparent way and will also aid in continuous improvement aim.

Continuous improvement should be an integral part of the shared services functions. By integrating shared services employees into their clients’ departments/business units they are better able to respond to their needs and customer experience. The SSO must also establish informal feedback channels and regular performance analysis geared toward customer satisfaction. Ultimately the goal will be to move from a transactional focus to developing a strategic business partnership. SSOs should be leaning into these relationships in order to proactively help clients meet their business objectives.

What Next?

Up to this point, we have talked about what shared services are, including some different models and some areas where shared services are most commonly used. We have reviewed the tool and discovered that it could have three possible outcomes. We have discussed the best practices. Now, we will talk about the three different outcomes of the tool and go over next steps for each.

The first outcome the tool could give you is that shared services should be strongly considered and implemented. The example that was provided in the opening section about Molly was used as a demonstration for the tool. When the example answers were entered, the tool gave direction that shared services should be implemented. Your next steps should be starting to formulate your project plan. In our research and interviews, we have discovered that it may take up to a year to implement a shared service model. It is always a continuous improvement project. The project plan needs to focus on the best practices. Your project plan should incorporate tasks related to staffing. Some questions that need to be answered are: Who are your team leads? Who will be the liaisons? What subject matter experts do you want on the team? Communication strategy needs to be determined and plans formulated. What channels will be used? Twitter, Facebook, posters, townhalls, websites? Determine topics, frequency and audiences as part of the plan. One repeated concern we heard when preparing for this project was the fact that people were scared they would be losing their jobs. Communications

should address this 'elephant in the room'. Service level agreements are another key item of the project plan. Time to create and communicate SLAs with customers is need. Determine what to expect so you can start to measure to make sure you are getting more effective and efficient. Location, location, location – Your project plan needs to have a section in it for space. Are you going to need to furnish? If so, what needs to be purchased and by when? Are you going to rent space? Do you already have room somewhere in an existing building? Are leases required? All tasks associated with location should be incorporated in the project task list. Evaluate and analyze processes. What services is the center going to offer? Determine starting metrics. Determine what you are going to measure and how it will be measured. How frequently will you reevaluate to gather statistics on how the service center is performing?

The second outcome the tool could have determined is that shared services should be further evaluated. When the tool gives that feedback there are several tasks our research has suggested doing. Talk with peer institutes. We found several Universities and colleges who are in the process of implementing, have started using or have been using shared services for years. There are various models being used and most are happy to discuss with you. For example, we found the University of Kansas was a great resource. Evaluate what your pain points are. Some things you may want to think about are answers to these questions. You are single threaded in an area? Are resources able to go on vacation? Are your people overwhelmed because they are wearing too many hats and can't keep up? Think about the possibility of using a different model. There are four from which to choose or you may do a combination. Which model may lend itself to your success? Remember, we talked about intra campus, multi campus, a consortium of independent institutes or outsourced. Opportunity analysis comes in to play here. You can use this as an opportunity to review current process with an eye for areas where you can obtain greater effectiveness and efficiency.

The third and final outcome the tool could have directed you in is that shared services is not for you. Document why you should not consider shared services. Further evaluate initial questions from the tool to help you remember. Determine the frequency in which you will reevaluate. Are you going to do them yearly? Every other year? Remember that things change. Your single HR subject matter expert hits the lottery and gives two weeks' notice. The person who does your core finance activities is having major surgery and will be out of the office during year end activities. Conduct informal discussions with peers and customers. Is the feedback in line with your self- evaluation?

Appendix A



Shared Services Questionnaire

1. Do you have inconsistencies of how common tasks are performed across the department or within a certain function?
2. Is there a significant need for cost reduction or is there a lack of funding?
3. Is there a need to invest in new programs or services to enhance quality?
4. Is there a risk because there is only one or two resources who know how to do a mission critical task?
5. Is there a need for more training and new knowledge on best practices and industry standards?
6. Are there examples of ineffective/inefficient practices that lead to lost revenue or customer dissatisfaction?
7. Would detachment in physical proximity from the client result in a significant, negative impact on business?
8. Do you see opportunities to standardize, automate, or simplify processes and procedures?
9. Is there software readily available and financially accessible to the unit, department, or organization?
10. Is space available to co-locate individuals to perform shared services?

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