

AGA – 2010 Spring Conference Presentation

# Shared Services – Top Mistakes to Avoid

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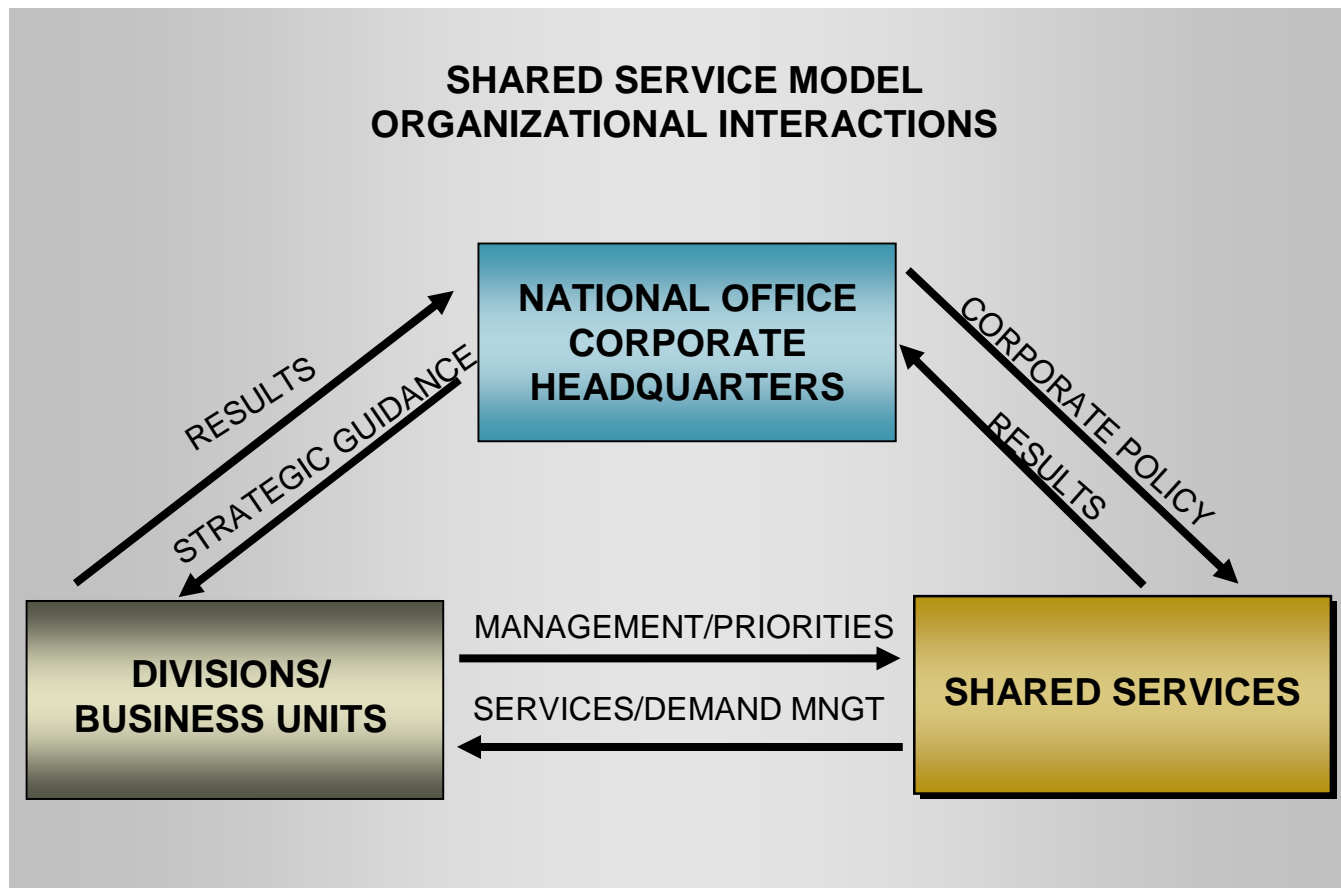
## Agenda

- ▶ What are Shared Services?
- ▶ Why Shared Services?
- ▶ What are Top Mistakes to Avoid?
- ▶ Questions

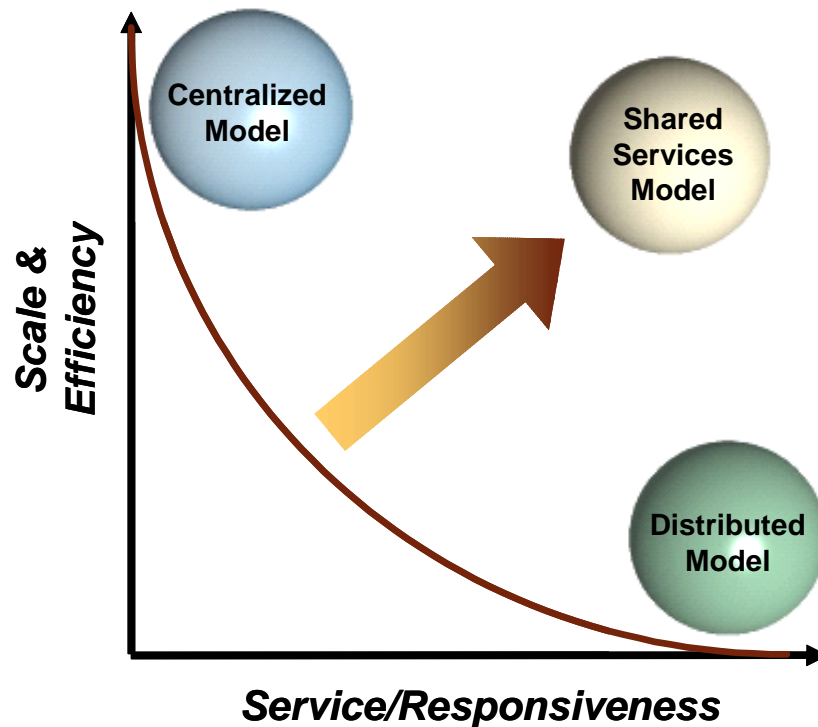
# **Shared Services are a best practice response to reduce operating costs and improve service levels in support functions**

- ▶ **Shared services can take a number of different forms**
  - New organizations
  - New Centers of Excellence
  - Consolidated operations

# Shared services creates a consolidated model with a strong “provider/customer” interplay that will lead to high performing organizations



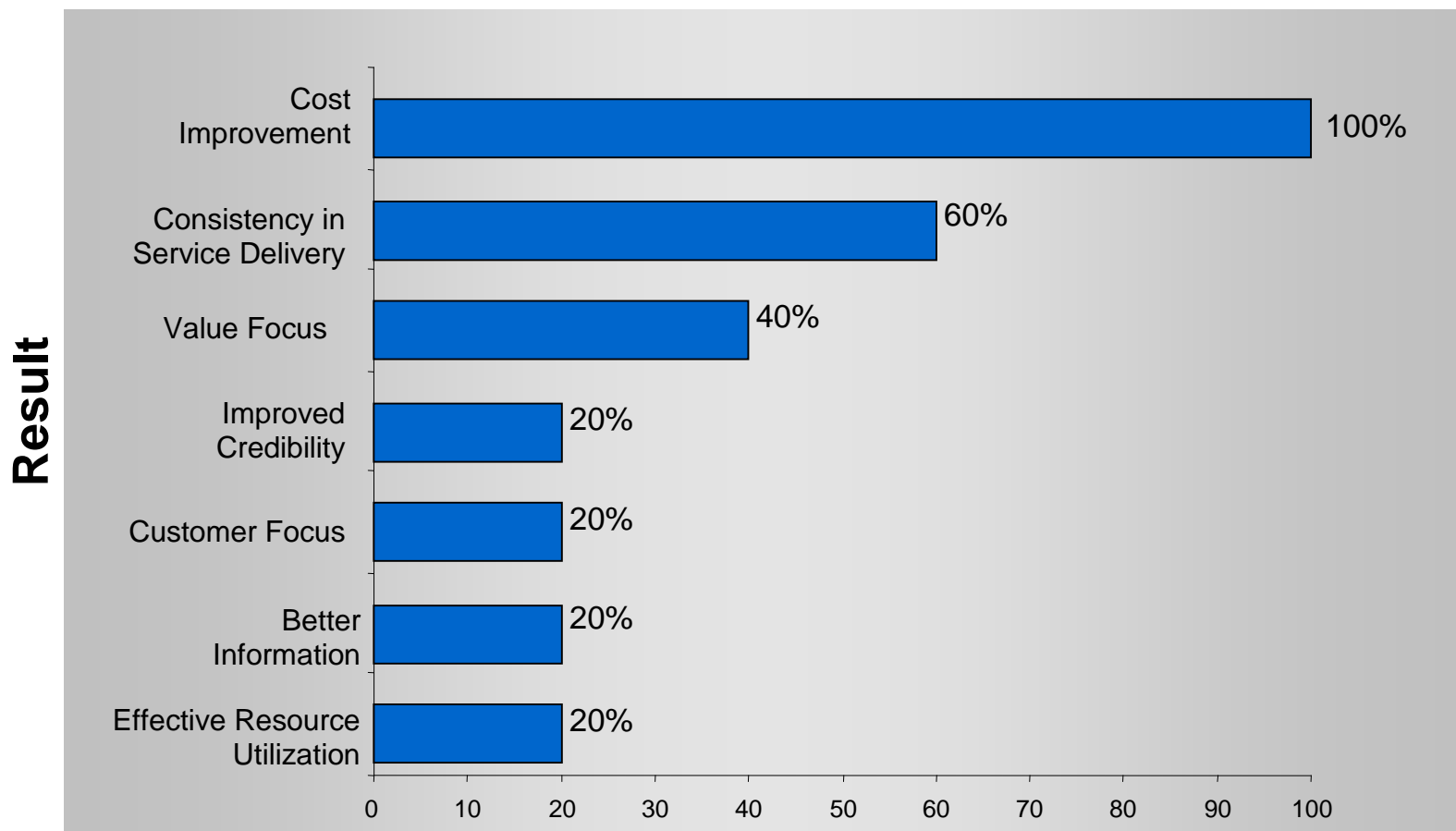
## The objective of Shared Services is to deliver high-quality services with cost-effective processing



### *Achieving Efficiency and High Performance Processing*

- Develop processes that enable employees to perform at higher levels
- Pursue systems for technology standardization
- Establish goals and metrics for quality and service (SLAs)
- Functions like a breakeven cost center – customer and cost management focus
- Delivery and ongoing continuous improvements are keys to ongoing success

**Shared services has a twenty year record of success in the commercial sector, and according to the APQC\*, organizations are realizing significant benefits**



**Percentage of Benchmarking Companies**

\*Findings of American Productivity and Quality Council, from more than 20 Benchmarking Participants

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# Achieving Efficiency, Relevancy, and Transparency in Financial Management

- ▶ OMB and Treasury are united around three major points
  1. Need to re-examine how government conducts financial management
  2. Current financial management processes are broken
  3. Time is right to rethink and restructure financial management business processes
  
- ▶ Problems – Technology
  - Systems development takes too long
  - Federal government spends too much on financial management systems
  - Inclination towards modifying COTS products vice changing business processes
  - System incapability and interfaces
  - Organizational resistance to outsourcing day-to-day work to a service provider
  - Tendency to seek parochial solutions vice government-wide solutions

## Top Priorities in Federal Financial Management

- ▶ Reduce cost to government
- ▶ Maximize the investment in systems
- ▶ Leverage private sector best practices in the federal government
- ▶ Strengthen internal controls and accountability chains
- ▶ Human capital – maximizing skills and competencies in shared services areas

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# Top Mistakes to Avoid in Implementing a Shared Services Model

- ▶ Not baselining costs, processes or service levels before moving to a shared services environment
  - Gains from shared services model are overshadowed by the inability to access exactly how successful the SSC is performing
  - Caused by lack of proper measurement of the existing SLA and operating costs before beginning the shared services implementation
  - Documenting current operating processes (standard) and procedures roles and responsibilities should be determined before starting the implementation (As-Is environment)
- ▶ Not assigning a PM early in the process
  - PM's sole focus must be implementing the shared services model
  - All other activities and distractions must be removed so the PM and Team contribute their full attention to the implementation
- ▶ Not having sufficient time on the transition period
  - The period entails an enormous amount of focused activity for transaction processing to transition effectively
  - Mistakes made during the transition can be magnified for years to come

## Top Mistakes to Avoid in Implementing a Shared Services Model - continued

- ▶ Not having a robust project plan clarifying employee resources
  - Much of the groundwork will be carried out by existing employees, with existing responsibilities
  - Drawing up a solid and very granular project plan outlining what's required of every member of the team - however temporary their involvement might be - may be an irritating task but it'll save tears down the line
  - Must know exactly who's meant to be doing what, and when, your implementation will be all the smoother – and sweet success
- ▶ Not clarifying organizational roles and responsibilities
  - Potential for adverse impact on internal controls
  - Increases the likelihood of duplication of effort
- ▶ Fighting battles of the past, not those of the future
  - Each team member on a shared service implementation must be aware that their own creations will change in the future
  - They need to have embedded within them, both a flexibility and a degree of foresight, in order to avoid becoming obsolete even before going live

## Top Mistakes to Avoid in Implementing a Shared Services Model - continued

- ▶ Underestimating and meeting the needs of all customers
  - There is a danger that the needs and requirements of the larger and possibly more powerful clients can force themselves to the front of the service-delivery queue
  - Allowing this to happen is a big, though common, mistake that doesn't satisfy the demands of all its clients
- ▶ Not installing an adequate change management architecture
  - As with a lack of proper governance, a major cause of problems throughout an implementation of shared services is underestimating the change-management element of the project – COMMUNICATION, communication, COMMUNICATION
  - Without a dedicated change-management strategy, the end-users of shared services can find themselves under prepared for transformation
  - Organizations will suffer from a lack of engagement or understanding about precisely what's required of them (standardize processes before moving them)
- ▶ Having no, or inadequate, risk management or monitoring
  - There's no excuse for this one
  - Any added complexity thrown into the mix (example - building new infrastructure) comes with its own risks inherent within it, and it's critical to be aware of those risks and to have in place contingency plans

## Summary

- ▶ Shared services, in a variety of forms, will be more commonplace in the future
- ▶ Shared services create opportunities for efficiencies, cost savings and improved delivery of products and services
- ▶ Proper preparation and planning for shared service models are key to achieving desired results

**QUESTIONS?**

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