

Shared Services: Your clients is what ultimately matters

Phil Searle and Russ Michna, Chazey Partners
Breakout Session | Service Oriented Delivery Track
Tuesday, October 24, 2017 @2pm



Session Description



During this session we will cover why Shared Services has become such an important part of your toolkit for delivering improved “back office” services to support your institution’s core mission. Topics to include:

- Discussion on the **words “shared” and “services”** and why these are so important
- Who exactly is the “**internal customer**” for your Shared Services Organization? Who actually pays? Does this differ from the “**consumer**” of those same services?
- How to measure service delivery performance through **metrics** and **benchmarking**?
- **How to gain “buy in”** and then build on it, and how to achieve the all important momentum, sometimes in the face of a reluctance to change

Introduction

Shared Services Concepts and Definitions

Identifying the Customer

Performance Measurement

Practical Examples of Performance Measurement

Phil Searle

Founder and CEO



Phil Searle has more than 25 years of experience in Finance, Shared Services, Technology and Outsourcing and is a globally recognized expert in business transformation, shared services, offshoring, and outsourcing, covering both the private and public sectors. He is a regular speaker, judge and chairperson at numerous events around the globe and has written many articles on these subjects.

Prior to founding Chazey Partners, he was Group Vice President and CFO of Cendant TDS International, responsible for all aspects of Finance across four continents, including Decision Support, Financial Planning & Analysis, and Controllershship and Financial, as well as certain HR Shared Services. Prior to Cendant, Phil was VP Finance and Corporate Controller at 3Com Corporation. Here he headed the Corporate Controller Function and the Worldwide Shared Finance Services team. His responsibilities included far reaching organizational, technology, service delivery and business process improvement initiatives resulting in the global roll-out of ERP solutions and Shared Services for Finance, HR, Supply Chain, Logistics and Customer Support.

He trained and qualified as a Chartered Accountant (ICAEW) in the UK with KPMG. He has a BA Honours Degree in Economics from the University of Exeter and is also a member of Financial Executives International (FEI).

Phil received the award for Contribution to Shared Services and Sourcing Thought Leadership, 2009 at the 9th Annual Shared Services & Outsourcing Week event held in Budapest, Hungary.

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Russ Michna

Head of Operations and Business Development



Russ has 10 years of experience in Business Transformations and Operations Management and is well suited to supporting leadership teams to create employee centric and customer focused processes. He has a proven track record in completing complex projects to time and budget.

His experience includes the assessment, design, and implementation of an organizational restructuring plan resulting in a sustained reduction of 60% to operating costs. He has directly led workflow, scheduling, and compensation as well as helped manage a company-wide migration to a full service ERP system. This project resulted in a 33% improvement in customer retention in the first year of implementation.

Russ is a member of the Institute of Management Accountants and holds received his M.B.A. and bachelor's degree from Western Illinois University.

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Who We Worked With

OUR CLIENTS



WHERE WE COME FROM



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How Do You Define Shared Services?

shared services

- Simply a service that is shared

Shared Services

- Leading practice shared services: Treats the **internal client** as if they were an external client.

Definition

- Provides non-core services to the “business”, employing a **specialist team, geographically unconstrained, and focusing on the requirements of the internal client**. This involves a philosophy and approach totally unlike traditional “corporate-driven” centralization.

Goal

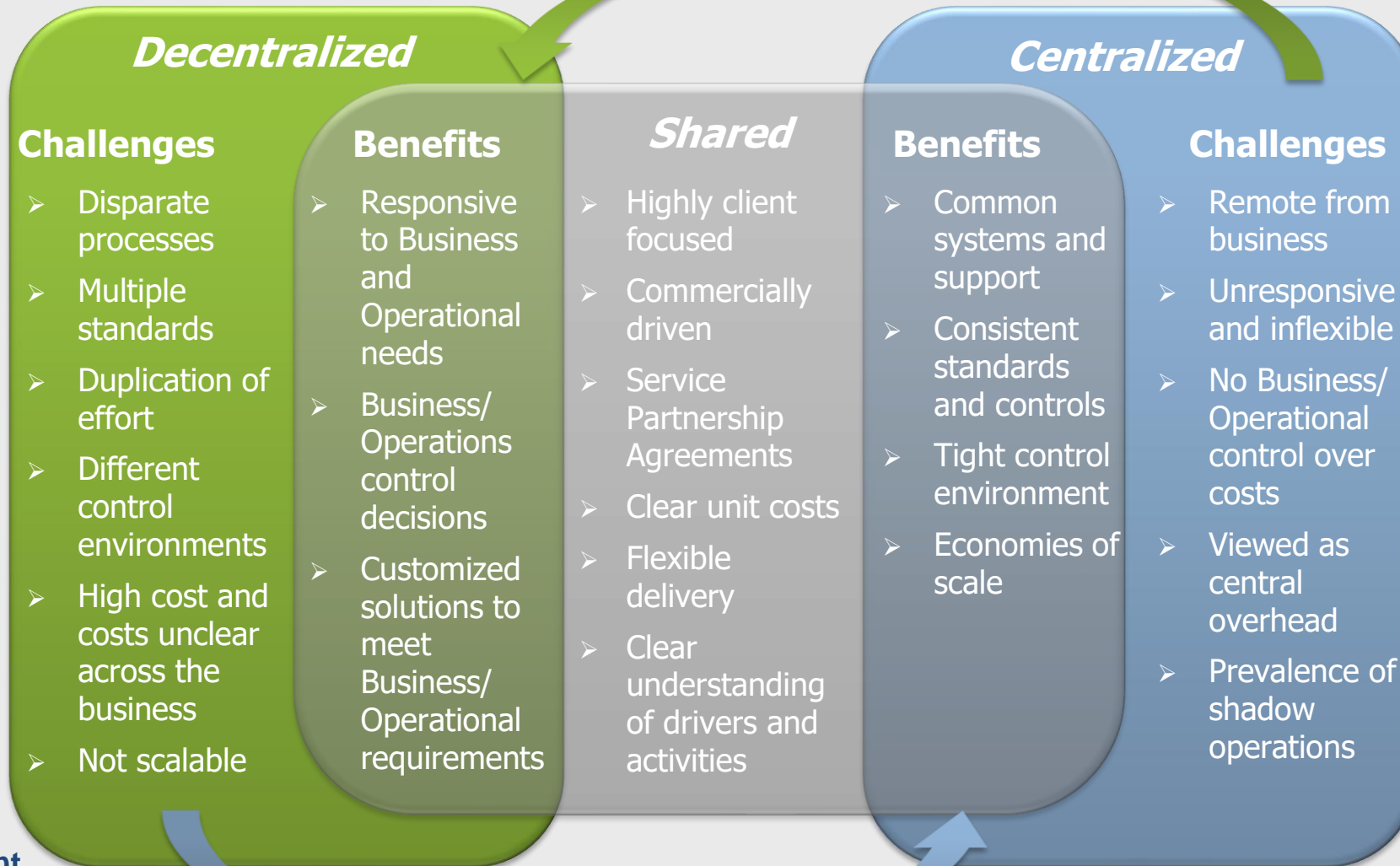
- Has the goal of providing **high quality, non-core, but mission critical services** (which can include both repetitive common processes and more specialized professional services) to the business at **lower cost and more efficiently** than the business could otherwise provide for itself.

How-To

- Achieves cost savings and higher quality of service by **leveraging organizational re-alignment, economies of scale, technology, lower cost locations, standardized end-to-end processes and best practice**.

Centralization/Decentralization Cycle

Unresponsive to needs of business



Costs too high, poor compliance environment

Achieve the Triple Benefits of Shared Services

There are **many different drivers** for undertaking a Shared Services initiative

- Not just about cost
- Quality, cost and compliance are **not mutually exclusive**

...but regardless of why you are doing Shared Services, the **future state should be more efficient** with at least the same quality or better



Higher Quality



Lower Costs



Improved Control

Four Critical Success Factors

Client

- Service orientation in place
- Structured way of dealing with customers
- Customer satisfaction levels understood
- SPAs in place
- Reality versus perception
- Account management

Process

- Standardized, controlled & repeatable activity
- Processes documented with clear roles & responsibilities
- Agreed service deliverables at consistent quality
- Benchmarking – internal/external
- Metrics: input, operational & output KPIs

CRITICAL SUCCESS FACTORS

Technology

- ERP implemented
- Document Scanning Solution
- Workflow
- Automated Payments
- Elimination of Side Systems
- Self services tools
- Automated Score Cards

People

- Skilled Leadership in place – do not compromise on competencies
- Team shape & stability – process shaped/spans of control/staff – perm v temps
- Team members – culture, values & behavioral competencies assessed
- Team morale, reward & retention
- Working environment conducive to team working

Client Interaction Framework



Account Management

SSO to client; via reporting, interaction, escalation & communication

Client Contact Management

Client to SSO; to manage and resolve queries and drive learning/improvement

Service Partnership Agreements

SPAs are 2-way agreements clarifying both SSO services and client inputs

Client Feedback

Client satisfaction continuously monitored both informally and formally

Continuous Improvement

Mechanisms to identify the areas for improvement and to develop solutions

Process Control Database

Documents end-to-end SSO processes; highlights activity of both SSO & client

Performance Measurement

Comprehensive KPIs, measures and metrics framework, SSO & client

Performance Reporting

Process performance will be reviewed monthly by SSO and client

Recharging Methodology

Methodology for funding, engaging the client, and commercializing operations

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Grouping Clients, Consumers, Stakeholders



Here are some groupings of **stakeholders, clients and consumers** that we have come across in higher education organizations, including groups specific to healthcare services. Your back office may provide **services to all or some of these groups**, depending on such factors as **scope, contracts/agreements, culture, and historical practice**.

- **Faculty** Teaching staff, employees or contracted
- **Physicians** Primary care professional, focus may be patient care, higher education, outreach, administration, or hybrid
- **Healthcare workers** Non-physician healthcare employees and contractors involved in direct patient care services
- **Support worker** Employees and contractors who provide indirect support to healthcare (eg. Laundry services, maintenance, biomedical)
- **Administration** Employees and contractors who work in the back office (e.g., human resources, finance, information technology)
- **Executive** Senior leadership of organization; could include representatives of other groups such as physicians
- **Researchers** For example, “principle Investigators” or “scientists”; generally non-medical doctorates, in charge of research labs and grants
- **Lab Staff** Employees and contractors working in lab under researchers
- **Post Docs** Students working on terminal degree, working towards faculty or academic position
- **Academics** Generally a more inclusive term for non-administrative departments; could include faculty, researchers, post docs
- **Schools** An institution for specialized higher education
- **Functions** A back office service line such as human resources, finance, information technology, procurement, or facilities
- **Departments** A school (“academic department”) or function (“administrative department”)
- **Students** A person who attends a school, college, or university
- **Patients** A person who receives healthcare services, generally acute/primary care*
- **Community** The broader community of stakeholders outside of the university

* Long-term & community care recipients are often called “clients”, although this usage is in a different context than our intent in this presentation, which focuses on the back office

Examples of Clients, Consumers, Stakeholders



Assume that you are a payroll manager, classify the following as providers, clients, consumers, stakeholders:

- Your direct reports ➤ Provider
- Salaried janitorial staff ➤ Consumer
- Faculty member ➤ Stakeholder
- HR Benefits advisor ➤ Client (provides input to payroll) or provider (within end-to-end process)
- Students ➤ Consumer
- Administrative manager in school ➤ Client
- Department manager ➤ Client
- CHRO ➤ Stakeholder/Client
- Executive ➤ Stakeholder
- Outsourced payroll provider ➤ Provider
- Union steward ➤ Stakeholder
- Nurse ➤ Consumer
- Dean of school ➤ Stakeholder/Client
- Community representative ➤ Stakeholder

Now consider who will have the most influence over **how** you do your work and whether service provision is successful.

- If you say everyone, you'll will not have anywhere to start
- Clients are the fulcrum
 - Even with a strong mandate from stakeholders, clients can "walk slow"
 - Clients make decisions on behalf of consumers
 - Stakeholders rely primarily on the assessment of clients, secondly on consumers
 - Clients can work in partnership with provider
- In this example, work with your colleagues in HR and the administrative managers to optimize and improve processes

Four C's of Engagement/Change Management



Communication

You own the message, generally one-way information transfer

Consultation

Recipient can influence/impact message, but you have ultimate veto/decision

Collaboration

You do not control or ultimately own the final outcome; you agree to accept with the outcome and direction decided by majority

Consensus

Collaboration with all participants having a veto



- Be clear on your intent/purpose
- All of these can be appropriate depending on issue and audience
- Higher education tends to favor consensus, but hard to keep everyone happy, so this environment can be change adverse

Clients, Consumers, Stakeholders: Comparison

Parameter	Clients	Consumers	Stakeholders
Key Word	<ul style="list-style-type: none"> • Collaboration 	<ul style="list-style-type: none"> • Communication 	<ul style="list-style-type: none"> • Consultation
Direction	<ul style="list-style-type: none"> • Bi-directional 	<ul style="list-style-type: none"> • One direction (at a time) 	<ul style="list-style-type: none"> • Bi-directional
Interact with process	<ul style="list-style-type: none"> • Directly 	<ul style="list-style-type: none"> • Directly 	<ul style="list-style-type: none"> • Indirectly
Awareness of their impact on process	<ul style="list-style-type: none"> • Medium-to-high 	<ul style="list-style-type: none"> • None-to-little 	<ul style="list-style-type: none"> • Depends on role
Special characteristics	<ul style="list-style-type: none"> • Can work in partnership with provider to improve process • Influenced by consumers 	<ul style="list-style-type: none"> • Generally high volume and does not have direct control over process • Service to this group is often core to mission of organization 	<ul style="list-style-type: none"> • Can have veto (official or unofficial) • Influenced by clients and consumers
Metaphor	<ul style="list-style-type: none"> • Uncontrolled intersection 	<ul style="list-style-type: none"> • Divided highway 	<ul style="list-style-type: none"> • Traffic light 

Identify your clients, they are the fulcrum to enable change

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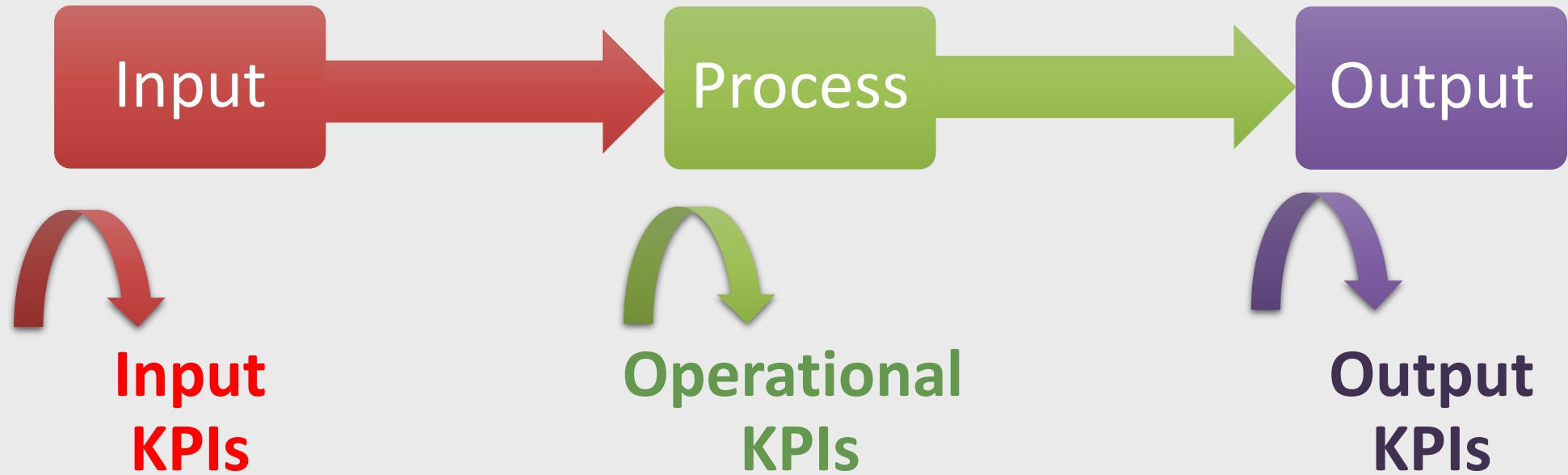
Practical Examples of Performance Measurement

First, some Definitions...



- **Metrics:** The list of items being measured with their specific definitions.
- **Key Performance Indicators (KPIs):** A sub-set of metrics that typically focus on input and output measures, often are used to populate dashboards, and provide a good sense of overall performance despite their limited number.
- **Measures:** The actual values/past results recorded against the metrics.
- **Benchmarks:** The measures against which the organization assesses its performance. The most relevant benchmark is often past performance and a baseline presumption is that organizations show improvement over time. It is also valuable to obtain third party benchmarks to drive continuous improvement and the adoption of leading practices.
- **Targets:** The negotiated and agreed service levels, often set with reference to benchmarks.

Types of Metrics



Measure client/consumer input

Timely, standardized and in the prescribed format?

e.g., Completeness of information in request to hire

A.K.A. “leading” or “reverse” indicators

Measure provider contribution/performance

Efficient, effective, timely processing?

e.g., Cost to screen resume for minimum requirements

Become “individual KPIs” if broken down by person

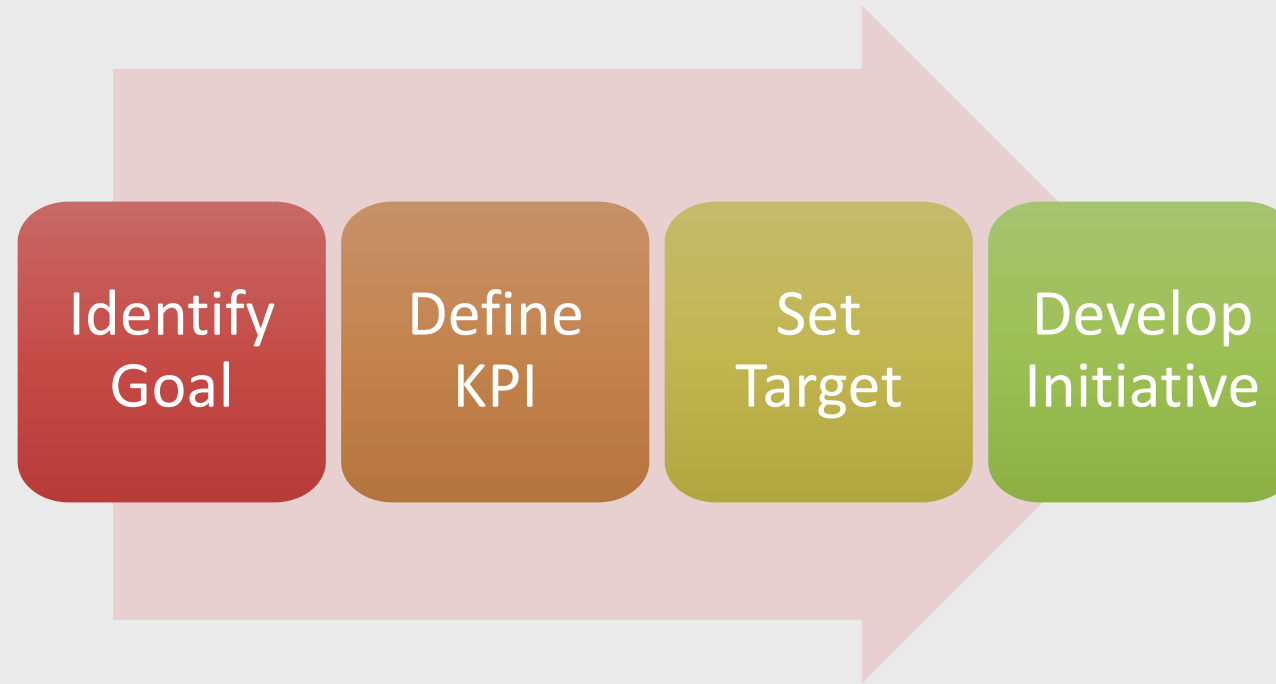
Measure end-to-end process

What does client need overall from this process?

e.g., How long it takes from vacancy to onboarding

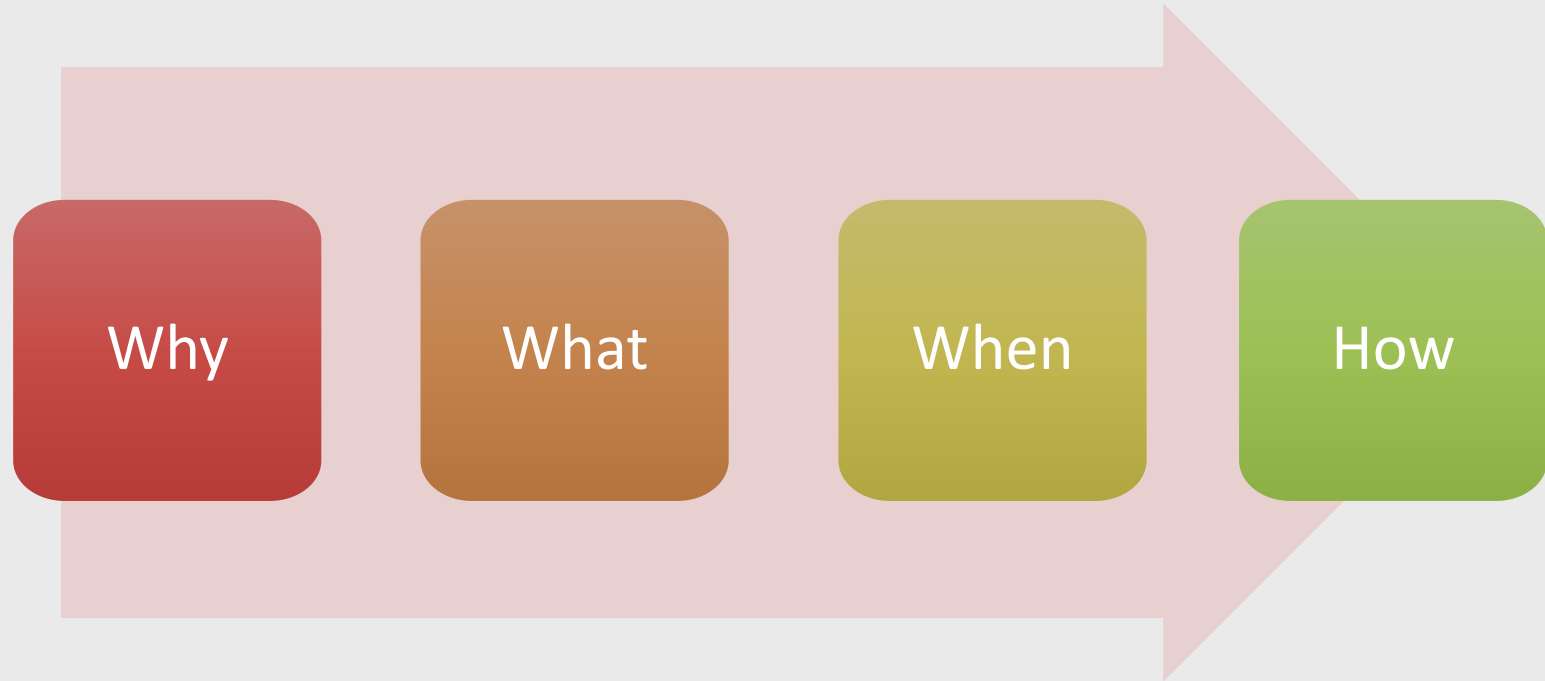
A.K.A. “lagging” indicators

Targets are Practical, Relevant & Achievable



- Criteria:** Relevant – “move the needle”
Simple To Understand
Dynamic – move up and down, not always constant
Timely – not out of date
Easy to measure
Actionable – drive business decisions

Setting Benchmarking Targets



Why

Why are you setting a target?
Identify the **client and goal** to be achieved

What

What are you going to measure?
Define a specific **metric** & agree with client

When

When have you achieved success?
Define the **target** in reference to **benchmarks**

How

How will you achieve goal?
Develop specific **actions** to achieve goal

A common mistake for organizations is to start and end with the third step, by essentially assigning targets to a selection of metrics based on past experience.

If you do not identify and engage the client in the design of your Performance Measurement Framework, it will be more challenging to demonstrate how the resulting performance reports are relevant to them

Potential Sources for Benchmarking Data



Organization	Website	Description	Subscription	Functions
APQC	www.apqc.org	The world's foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management	Paid membership	All functions
SSON Analytics	www.sson-analytics.com	The global data analytics center from the Shared Services & Outsourcing Network (SSON)	Paid membership	All functions with Shared Services focused
CUPA (College and University Professional Association for Human Resources)	www.cupahr.org	CUPA-HR provides leadership on higher education workplace issues in the U.S. and abroad. We monitor trends, explore emerging workforce issues, conduct research, and promote strategic discussions among colleges and universities.	Paid membership	HR & Higher Education Industry
SHEEO (The State Higher Education Executive Officers Association)	www.sheeo.org	It is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education. It serves as a source of information and analysis on educational and public policy issues.	FREE	Higher Education
SREB (Southern Region Educational Board) <i>(other regions, as appropriate to your institution)</i>	www.sreb.org	A non-profit organization headquartered in Atlanta. It works with states to improve public education at every level and help policymakers make informed decisions by providing independent, accurate data and recommendations	FREE	Education
NCAA (The National Collegiate Athletic Association)	www.ncaa.org	A member-led organization dedicated to college athletes	Paid membership	Education

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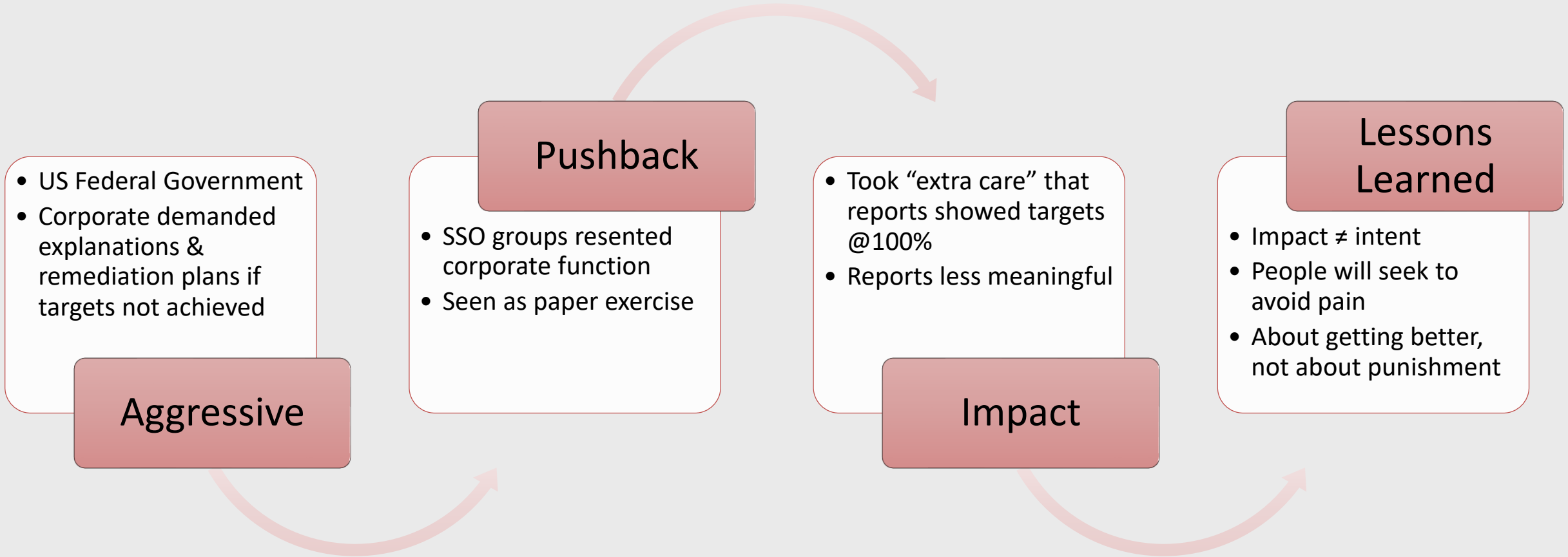
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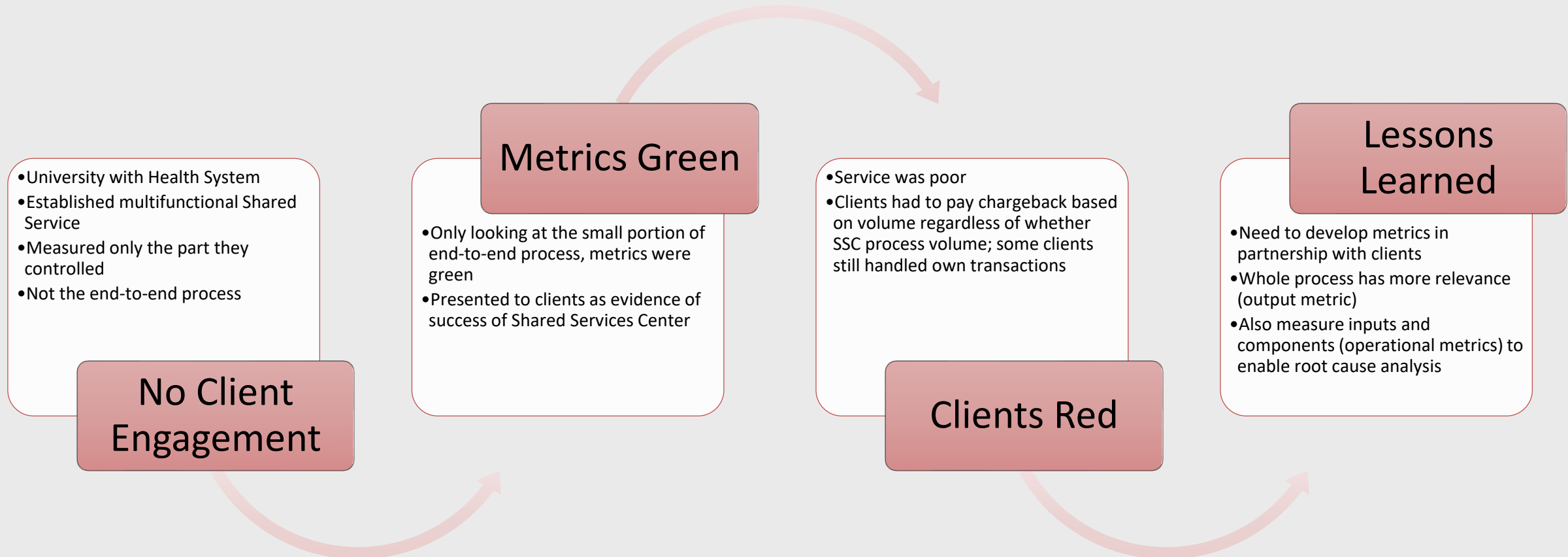
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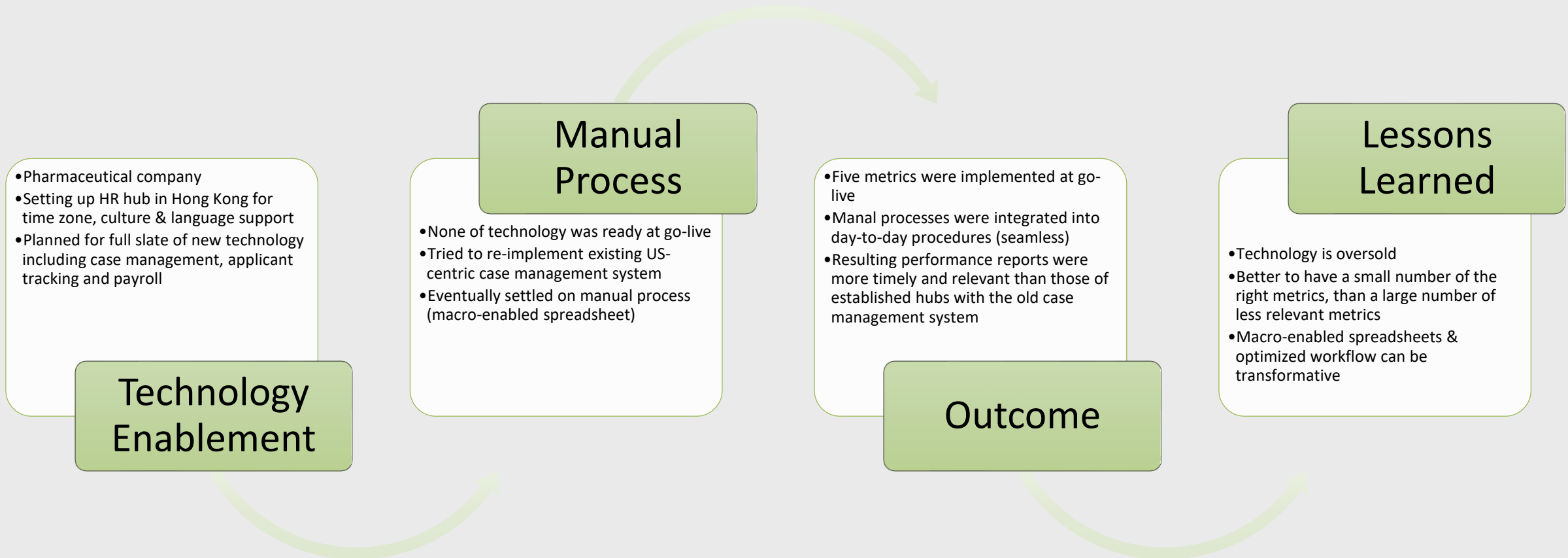
Evil: Metrics as Punishment



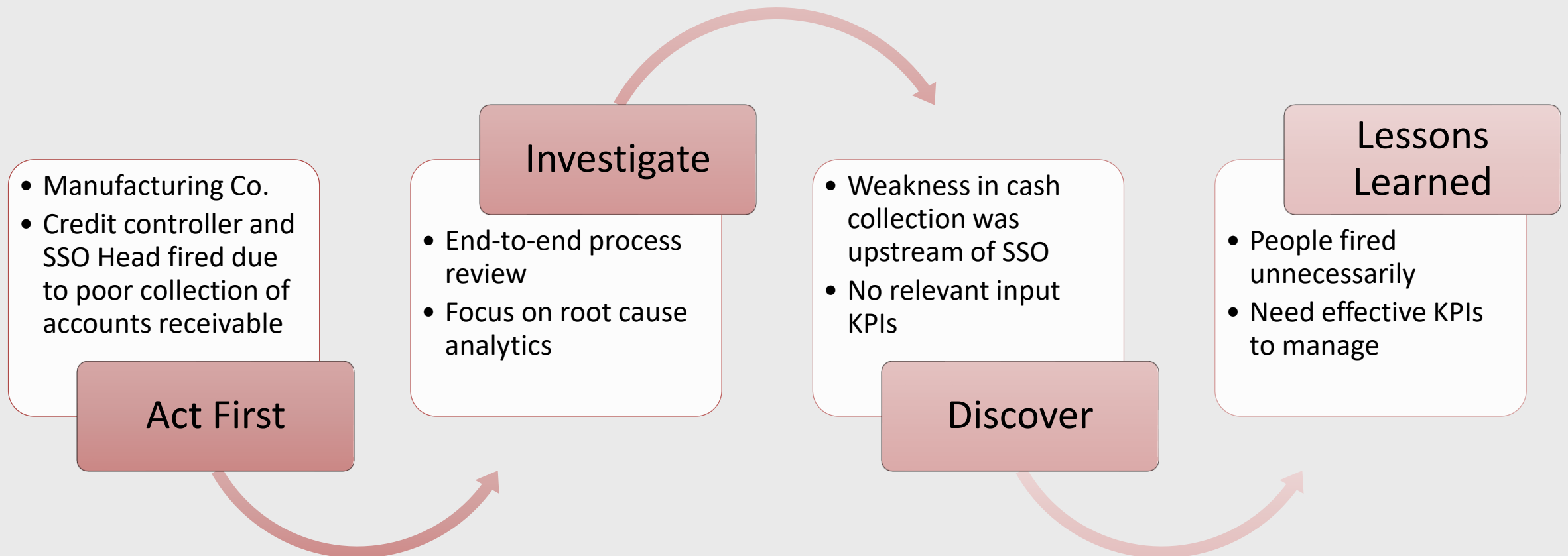
Evil: Metrics Green, Clients Red



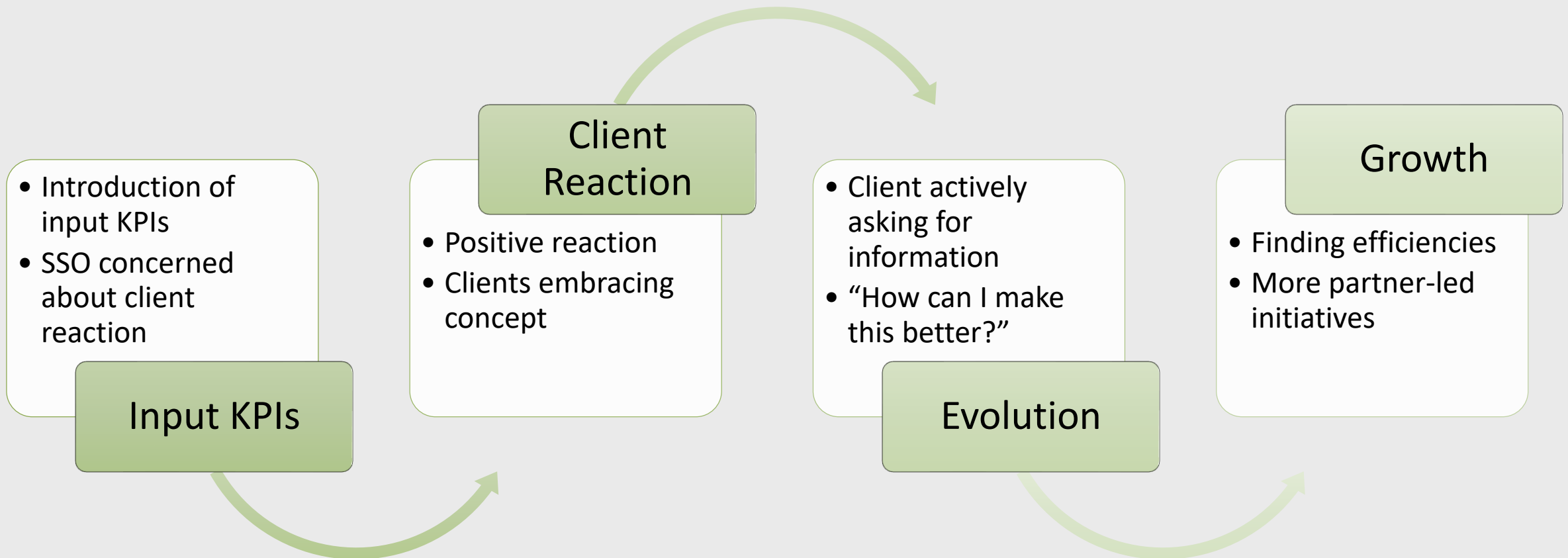
Good: Less is More



Evil: Fired Employees Unnecessarily



Good: Engage Client, Drive Improvement



Tips & Tricks: Shared Services



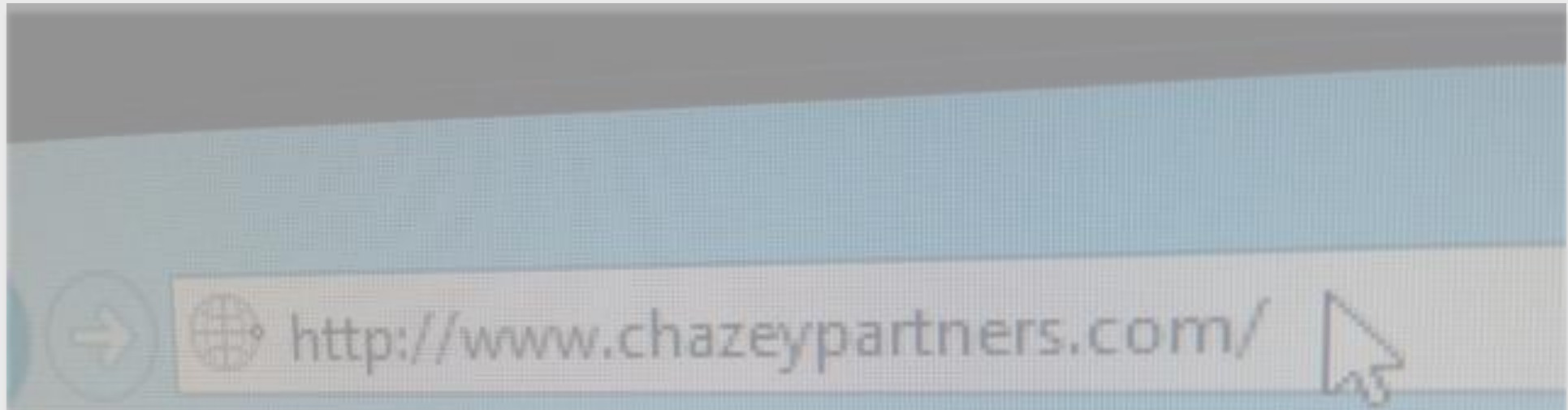
- Having a **business case** is key
- **Multifunctional** now often the chosen way to proceed, but not always appropriate!
- Consider how far up the **value chain** you want to go
- Senior level executive **sponsorship** is key
- Remember that the project **does not end with “go-live”**
- Make sure your team includes both **academic and administrative resources** and be prepared to travel to meet and work with users
- Assign **end-to-end process owners**
- **Realignment can help remove silos** and foster a strong shared service culture and team spirit
- **Do things differently** – that is the whole point!


Tips & Tricks: The Client




- Recognize who are your **clients, consumers and stakeholders**
- To identify your client, you need to to **first identify the process/purpose/goal**
- The **client (and consumer) is your fulcrum** for transformation
 - Keep the client engaged and on-side, and you can move the initiative forward
- **Engagement requires that there is something in it for the client**
 - Improved service quality? Lower cost? Quicker turnaround time?
 - Measure this output, then introduce concept of input metrics to enable output
 - E.g., before service provider is comfortable committing to a service level, they need confidence that inputs to process will be of a certain standard and consistency
- Remember the **4 C's** and use them intentionally
 - Communication, Consultation, Collaboration, Consensus
- **Work in partnership with your client** for success

Contact us



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