

## Next Generation Higher Education Shared Services

Chazey Partners sharing with you our experiences and recommendations on how best to move forward with implementing and leveraging the latest and most relevant best practices in shared services, for the benefit higher education, and to help meet the new challenges that need to be faced.



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# INTRODUCTION

Higher education institutions have been feeling the financial squeeze for many years, and the Covid-19 crisis has added significant new pressures. Not only are traditional funding sources expected to become further strained, especially as state budgets contend with the pandemic-induced recession, other revenue sources are likely to be restricted (e.g., non-resident student fees) while costs have historically been relatively fixed (wages and facility costs) or increasing (new investments in technology and online education training/tools).

Part of the solution to this is Next-Gen shared services, where higher education institutions embrace technologies such as Digitization and Intelligent Automation (including Robotic Process Automation, Machine Learning, Natural Language Processing, Artificial Intelligence and Blockchain), implement more resilient Operating Models with hybrid workforces, and ensure that they get the basics right. Typically, higher education institutions have taken a more conservative approach to shared services, limiting the scope and the transformative impact. With Covid-19, many organizations are moving faster and more effectively than some thought possible, which is helping the whole sector understand the opportunity and expand the perspective on what higher education can achieve through shared services and Next-Gen shared services in particular.

Having implemented dozens of shared services transformation projects for higher education institutions across North America and Europe, and many more in the private sector, we wanted to share with you our experiences and recommendations on how best to move forward with implementing and leveraging the latest and most relevant best practices in shared services, for the benefit higher education, and to help meet the new challenges that need to be faced.

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### **1. What are the change management challenges that you have experienced when trying to implement shared services or Next-Gen shared services at higher education institutions? How did you address them?**

Many higher education institutions tend to be siloed organizations, with departments and schools each having distinct cultures, requirements and stakeholders. As an analogy here, we have found larger cultural differences walking between buildings on a higher education campus than when traveling between different country locations for a typical client with operations across a whole region. Higher education also tends to prefer consensus decision making and certain key stakeholders (such as faculty and physicians) can have implicit “vetoes” on any change initiatives. Higher education may prefer to shield its staff and students from change, even if it means adding in an unnecessary layer of administration to create a buffer.

### **2. What are the key challenges to implementing RPA in higher education?**

In general, there is a lack of understanding of what RPA is and what benefits it can bring. Some institutions may regard it as a private sector strategy and not practical for higher education. Sometimes there is pushback to introducing any new third-party technologies, and internal information technology may have a strong preference to make do with existing tools. Higher education in general can have resistance to anything that automates human activities. A lack of investment dollars can be a challenge, although RPA projects are ideal for quick wins: addressing pain points with incremental investment and a payback measured in months (not years).

### **3. Is spend on technology an issue in higher education? Or is it more about the use of that spend?**

Below are five key steps that we would recommend:

1. Assess the current state and develop a business case.

Typically, the spend on technology is not an issue in higher education, which is generally higher than the private sector. The issue is the distribution and control of the technology spend. It is not uncommon for each department/school to select its own technology, with the result that a great amount of the central information technology’s effort is focused on maintaining security and integration as far as possible between the numerous computing environments. Part of the way forward is to work towards consolidating your organization’s technology spend, standardizing purchases, and integrating technology planning and deployments.

### **4. How can a university get the budget needed to invest in Next-Gen shared services?**

There are four key areas that can help secure the budget needed: (i) a robust business case, (ii) consolidation of existing budgets, (iii) identifying all benefits, hard and soft, including quality and compliance issues, and (iv) emphasizing productivity gain and freed capacity, rather than potential staff reductions.

### **5. How can a higher education institution realize actual financial savings when it has a “no layoff” policy?**

In higher education, institutions do not necessarily need layoffs to achieve savings. Savings can be achieved by increasing productivity and supporting growth of the campus without increasing administrative costs. Harvestable savings can be realized by holding non-essential vacancies, not replacing leavers and retirees, releasing independent contractors, and reducing other third party costs, as a part of a comprehensive saving plan. Ultimately, there may need to be some layoffs, but that depends on circumstances and requirements of each institution.

### **6. What are the key steps to moving to Next-Gen shared services?**

2. Get the basics right: a robust operating model, strong performance measurement, end-to-end process documentation,

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- and an effective Client Interaction Framework.
  3. Determine your required skillsets: there will be gaps. Be prepared to realign roles and support comprehensive training and re-training plans.
  4. Be prepared to challenge the status quo: you need to do things differently to achieve different results.
  5. Embrace the latest technologies such as Robotic Process Automation and Intelligent Automation.

### **7. How does Next-Gen shared services provide scalable capacity more than other shared services models?**

While some shared services models are the result of a series of concessions, next generation shared services do not compromise on the fundamentals: robust operating model enabled by customer-centric and business-aligned structure, a robust Client Interaction Framework, and more streamlined and standardized processes. Next-Gen shared services is characterized by more automation and technology enablement than typical shared services, including a hybrid workforce of human and digital workers, that delivers more services, higher up the value chain, for a wider group of clients.

### **8. What skill gaps are there at higher education institutions which are limiting their ability to move forward with Next-Gen shared services, including the latest automation and digitization tools and technologies?**

The first gap is simply the understanding of the newest technologies and how they are transformative for higher education. Some institutions also struggle with a true customer service mindset, where organizations commit to service standards, transparency, and robust performance measurement. Others resist "modern" change management, where instead of focusing on how to move the organization forward to a new way of working, the focus is on avoiding conflict, minimizing impacts, and retaining the status quo. A final gap is

the over reliance on new hires that already bring higher education experience, especially familiarity with your institution or better yet your specific program. While this is to some degree understandable it can also be limiting, as compared to bringing in external and specific expertise in shared services, customer service delivery, technology and transformation.

### **9. How do you build enthusiasm for shared services when staff feel like the initiative is driven by cost savings and they perceive that they might end up with less flexibility in providing services the way they want?**

A strong business case is essential at the beginning of the project, that considers financial, quality and compliance benefits. Meet with the individuals on the front line who actually provide service and identify the pain points that a new operating model and technology can address. The communication plan needs to align to the business case, outline the "burning platform" for change, and demonstrate the commitment of senior leadership to push forward, especially if previous change initiatives have come and gone with minimal effect. Provide frontline staff the opportunity to influence how the change will be rolled out, even if the target service delivery model and standards are set by leadership. Consider a commitment that there will be no layoffs, if that is aligned with the culture and requirements of your institution. Finally, it is important to outline the true options for the future state, and the rationale behind the decision-making, including whether the status quo is a viable option for the future, or just a journey of slow decline, given the external pressures that higher education is facing going forward.

### **10. How do you deal with the issue of "partial FTEs" when moving to a shared services model?**

A robust business case is based on an activity-based analysis that has in-scope individuals allocating their effort against sub-processes. It is important that this analysis is based on the processes in-scope (who does what) and not limited to specific

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reporting lines (such as who reports to Finance). In order to “capture” and address any partial FTEs that result from this process, the institution needs to be prepared to reorganize reporting lines and consolidate effort, as well as to reallocate work between individuals and teams, and retrain staff.

Our stakeholders do not look at the performance measurement reports we provide today. How do we get them excited about a new set of reports?

Three key steps to make performance reporting engaging and relevant to stakeholders:

1. Ask stakeholders what information is relevant to them, rather than assuming you know.
2. Ensure the metrics are SMART: specific, measurable, actionable, relevant, and time bound.
3. Make the performance reporting matter: Include as part of an accountability framework with peer review, link to performance incentives, or include as component of the annual performance review.

### **11. Should we wait to improve our operating model until after the Covid-19 crisis has passed?**

Once your organization has stabilized after the initial crisis response, there is a great opportunity to build momentum based on the shared understanding of any gaps in your current state that the pandemic might have laid bare. In addition, your organization may have remote workers with available capacity due to reduced service levels or the nature of their work: now could be the time to leverage this capacity to document requirements and processes and start a transformation. The initial phases of assessment and design can readily be done remotely, and this effort will build skills to enable remote working for subsequent phases, if necessary. The sooner you can get started the better.

### **12. How do we move forward with a transformation when our higher education institution has a preference for consensus decision-making and certain stakeholders have implicit vetoes (e.g. faculty and physicians)?**

This is a big challenge for higher education and healthcare institutions. This can be especially difficult for groups of stakeholders used to independence and deference, where they do not traditionally yield to collective decision making, and rather want to be individually consulted on, and personally sign off on, any change. We recommend four key strategies:

1. Identify a senior leader to act as the project’s champion, remove roadblocks and promote the initiative.
2. Establish a robust governance structure with appropriate layers, including representation from all key stakeholders such as staff, faculty, and physicians.
3. Bring in key stakeholders and subject matter experts, including perhaps some student representatives, early during the assessment and design phases, so that their feedback and input is reflected in the resulting recommendations and design.
4. Consider gain sharing, where part of the savings is reinvested into programs that will meet organizational needs identified by key stakeholders. This could be a new program, additional administrative support, or even providing funding for other initiatives that had been deferred due to budget issues.

### **13. What are the different challenges between higher education campuses and healthcare organizations, in your experience?**

Many universities also have responsibility for healthcare for the larger community, so when we have the opportunity to work with higher education institutions, we can see key differences between campus and healthcare locations. Healthcare tends to operate closer to private sector models,

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with revenue concerns, performance measurement, and incentives that would not be unusual for many corporations. Healthcare, especially acute care, is a 24 hours per day, 7 days per week business, whereas many campuses have working hours that are closer to a 9-5, Monday-to-Friday model. Higher education tends to follow a semester system with large hiring peaks at certain times of the year (for example hiring students and trainees in September), whereas hiring peaks in healthcare tend to be aligned to the start of new programs, which can happen at any time during the year. That said, the needs and opportunities in the back office for campuses and healthcare are more similar than one might expect.

#### **14. How can we best assess the current state of our CIF?**

At Chazey, we have defined the nine key components of the Client Interaction Framework (CIF), including client feedback, continuous improvement, and performance measurement. We recommend assessing the current state of these nine components by function and stakeholder group as part of the business case. The recommendations and design should specify the expected impact on CIF, which will form part of the

accountability framework to drive sustainable improvement.

#### **15. What are the best examples of higher education Next-Gen shared services today?**

The UCPath Center of the University of California is an example of a higher education institution moving towards Next-Gen shared services: technology enablement including Robotic Process Automation and self-service, extensive geographic scope covering all UCs, and implementation of virtual shared services in response to the Covid-19 crisis. The University of Michigan's multifunctional shared services was established nearly 10 years ago and is implementing RPA to enhance its productivity and agility. The University of Chicago has been embracing multiple technologies such as RPA, Workday Recruitment, ServiceNow, and accounts payable automation to enable its shared services' move towards next generation. There are a fair number of other examples. But honestly, higher education has a way to go, which comes with potentially significant opportunity, to catch up with the private sector when it comes to Next-Gen shared services.

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Chazey Partners is a practitioners-led global management consulting and advisory services firm. We bring a unique blend of real-life, practical, hands-on experience, empowering our clients to strive for world-class excellence through Shared Services, Business Transformation (including Business Continuity Planning), and Robotic Process Automation. We pride ourselves in helping businesses and public sector organizations achieve operational excellence in the delivery of mission-critical business services; including Finance, HR, IT, Procurement, Facilities Management, Call Centers, and many other support services. For over fourteen years, Chazey Partners has helped our clients implement successful service delivery solutions all over the globe.



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