When is "Shared Services" Not Really Shared Services?

Identifying the signs and causes of a failing Shared Services and how this can be turned around.

This may seem like an obvious answer, but the question is a critical one when looking at shared services and what happens when a shared services operation is in danger of failing or has in fact already failed.

Not every shared service implementation will be a success but, there are degrees of success and some examples are better than others. What is important, therefore, is understanding what characterises a poor implementation, and what are the signs that you should look out for to prevent or diagnose a failing shared services operation?

Before we start, and as a reminder and backdrop to the discussion, there are basically **three definitions** that relate to shared services that we should have in mind:

1. An organisational definition: Shared services is the organisation that provides non-core services to the business, employing a specialist team, geographically unconstrained, and focusing on the requirements of the customer. This involves a philosophy and approach totally unlike traditional corporate-driven centralisation.

2. The goal of shared services: To provide high quality, non-core 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.

3. How shared services achieves its goals: Shared services achieves cost savings and higher quality of service by leveraging economies of scale, organisational realignment, core technology, standardized processes, best practice and end-to-end process re-engineering.

A failing shared services operation will, at the most basic level, not provide the high quality services it should to the business in a cost effective, customer centric fashion.

It will not exhibit the best-in-class attributes of successful shared service operations such as leveraging standardised processes and core technology. It will not run with an energetic, highly motivated team.

SO WHAT ARE THE DANGER SIGNS OF A FAILING SHARED SERVICES OPERATION?

- The general absence of a service orientated way of operating
- High shared services team employee turnover and low staff morale
- No structured communication plan with customers
- Service Level Agreements not in place or not conformed to
- A lack of standardised process
- Negative customer relationships
- Minimal use of automation tools
- Poor leadership and line management
- High cost of operation

A lack of a clear project plan and business case are one of the root causes of a failing shared services operation.

WHAT ARE THE ROOT CAUSES OF A FAILING SHARED SERVICES OPERATION?

Now that we have understood the signs, let's next turn to looking at why shared services operations can and do fail. This really is the "million dollar" question. The answer will be complicated because there can be quite a number of contributory factors, not least of which is the understanding and motivation of the company/organisation itself.

- Lack of senior level sponsorship and support
- "Solutions" vs "Quick Fixes"
- Company culture
- Poor technology roll-out
- Lack of clear project plan and business case
- Lack of employee training and development

HOW CAN THIS BE TURNED AROUND?

So having understood the causes here are some of the key areas to address to successfully turn round a failing shared services operation

- Executive sponsorship is essential – engage with senior leaders
- A robust business case, including appropriate targets, supported by benchmarking will support effective performance monitoring
- Utilize effective change management – operating within a "no blame" space
- Regular communication – engage with your users
- Engage your best resources and people on the project- this is an investment
- Hold regular, meaningful Steering Committee meetings of key stakeholders
- Consider using internal charge-backs to run your shared services operation as a business
- Adequate support post go-live – this is a long term investment for your business
- An ERP system is an "enterprise" system for use by the business to meet business needs
- Engage targeted expert outside help
- Keep working towards your goals and be relentless in pursuit of them

In summary, implementing shared services is a major change initiative that can really derive significant business benefits in terms of reduced costs, better services, improved quality, speed and accuracy of data and a tighter and more efficient enterprise-wide control environment.

Success, however, is not a given and there are examples of shared services operations that have either simply failed or have not achieved anything like as much as should be possible. Hopefully this article will have given you some food for thought to help you look for the danger signs, identify and avoid the root causes and then, if necessary,