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
Agenda

- Introduction
- Shared Services Concepts and Definitions
- Identifying the Customer
- Performance Measurement
- Practical Examples of Performance Measurement
Our Team

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 Controllership 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 on 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

UC DAVIS
UNIVERSITY OF CALIFORNIA
UCSF
VARIAN
FIRST DATA
Panasonic
SAS
Greene King
FormFactor
Coppell
BanCoppel
BRIDGESTONE
MAY GURNEY
EPICOR
CEMEX
CHASZI Partners
BELCORP

WHERE WE COME FROM

3COM
ADP
EMC
Adobe
Oracle
GE
Audi
P&G
Barclays
SAIC
HMS
Reuters
British Columbia

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2017 CSU-CCC-UC Collaborative Business Conference
Agenda

Introduction

Shared Services Concepts and Definitions

Identifying the Customer

Performance Measurement

Practical Examples of Performance Measurement
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

**Decentralized**

- Challenges
  - Disparate processes
  - Multiple standards
  - Duplication of effort
  - Different control environments
  - High cost and costs unclear across the business
  - Not scalable

- Benefits
  - Responsive to Business and Operational needs
  - Business/Operations control decisions
  - Customized solutions to meet Business/Operational requirements

**Centralized**

- Challenges
  - Remote from business
  - Unresponsive and inflexible
  - No Business/Operational control over costs
  - Viewed as central overhead
  - Prevalence of shadow operations

- Benefits
  - Common systems and support
  - Consistent standards and controls
  - Tight control environment
  - Economies of scale

**Shared**

- Benefits
  - Highly client focused
  - Commercially driven
  - Service Partnership Agreements
  - Clear unit costs
  - Flexible delivery
  - Clear understanding of drivers and activities

Costs too high, poor compliance environment

Unresponsive to needs of business
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
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

**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
Agenda

Introduction

Shared Services Concepts

Identifying the Customer

Performance Measurement

Practical Examples of Performance Measurement
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 (e.g., 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: Provider
- Outsourced payroll provider: Stakeholder
- Union steward: Consumer
- Nurse: Stakeholder/Client
- Dean of school: Stakeholder
- 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

<table>
<thead>
<tr>
<th>Communication</th>
<th>You own the message, generally one-way information transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation</td>
<td>Recipient can influence/impact message, but you have ultimate veto/decision</td>
</tr>
<tr>
<td>Collaboration</td>
<td>You do not control or ultimately own the final outcome; you agree to accept with the outcome and direction decided by majority</td>
</tr>
<tr>
<td>Consensus</td>
<td>Collaboration with all participants having a veto</td>
</tr>
</tbody>
</table>

- 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

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

**Identify your clients, they are the fulcrum to enable change**
Agenda

- Introduction
- Shared Services Concepts
- Identifying the Customer
- Performance Measurement
- 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

**Input KPIs**
- 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

**Process KPIs (Operational KPIs)**
- 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

**Output KPIs**
- 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
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

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website</th>
<th>Description</th>
<th>Subscription</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>APQC</td>
<td><a href="http://www.apqc.org">www.apqc.org</a></td>
<td>The world’s foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management</td>
<td>Paid membership</td>
<td>All functions</td>
</tr>
<tr>
<td>SSON Analytics</td>
<td><a href="http://www.sson-analytics.com">www.sson-analytics.com</a></td>
<td>The global data analytics center from the Shared Services &amp; Outsourcing Network (SSON)</td>
<td>Paid membership</td>
<td>All functions with Shared Services focused</td>
</tr>
<tr>
<td>CUPA (College and University Professional Association for Human Resources)</td>
<td><a href="http://www.cupahr.org">www.cupahr.org</a></td>
<td>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.</td>
<td>Paid membership</td>
<td>HR &amp; Higher Education Industry</td>
</tr>
<tr>
<td>SHEEO (The State Higher Education Executive Officers Association)</td>
<td><a href="http://www.sheeo.org">www.sheeo.org</a></td>
<td>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.</td>
<td>FREE</td>
<td>Higher Education</td>
</tr>
<tr>
<td>SREB (Southern Region Educational Board) <em>(other regions, as appropriate to your institution)</em></td>
<td><a href="http://www.sreb.org">www.sreb.org</a></td>
<td>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</td>
<td>FREE</td>
<td>Education</td>
</tr>
<tr>
<td>NCAA (The National Collegiate Athletic Association)</td>
<td><a href="http://www.ncaa.org">www.ncaa.org</a></td>
<td>A member-led organization dedicated to college athletes</td>
<td>Paid membership</td>
<td>Education</td>
</tr>
</tbody>
</table>
Evil: Metrics as Punishment

Aggressive
- US Federal Government
- Corporate demanded explanations & remediation plans if targets not achieved

Pushback
- SSO groups resented corporate function
- Seen as paper exercise

Impact
- Took “extra care” that reports showed targets @100%
- Reports less meaningful

Lessons Learned
- Impact ≠ intent
- People will seek to avoid pain
- About getting better, not about punishment

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Evil: Metrics Green, Clients Red

Metrics Green
- University with Health System
- Established multifunctional Shared Service
- Measured only the part they controlled
- Not the end-to-end process
- Only looking at the small portion of end-to-end process, metrics were green
- Presented to clients as evidence of success of Shared Services Center

No Client Engagement

Clients Red
- Service was poor
- Clients had to pay chargeback based on volume regardless of whether SSC process volume; some clients still handled own transactions

Lessons Learned
- Need to develop metrics in partnership with clients
- Whole process has more relevance (output metric)
- Also measure inputs and components (operational metrics) to enable root cause analysis
Pharmaceutical company
Setting up HR hub in Hong Kong for time zone, culture & language support
Planned for full slate of new technology including case management, applicant tracking and payroll

None of technology was ready at go-live
Tried to re-implement existing US-centric case management system
Eventually settled on manual process (macro-enabled spreadsheet)

Five metrics were implemented at go-live
Manal processes were integrated into day-to-day procedures (seamless)
Resulting performance reports were more timely and relevant than those of established hubs with the old case management system

Technology is oversold
Better to have a small number of the right metrics, than a large number of less relevant metrics
Macro-enabled spreadsheets & optimized workflow can be transformative

Good: Less is More

Lessons Learned

Technology Enablement
Manual Process
Outcome

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Evil: Fired Employees Unnecessarily

Act First
- Manufacturing Co.
- Credit controller and SSO Head fired due to poor collection of accounts receivable

Investigate
- End-to-end process review
- Focus on root cause analytics
- Weakness in cash collection was upstream of SSO
- No relevant input KPIs

Discover
- People fired unnecessarily
- Need effective KPIs to manage

Lessons Learned
Good: Engage Client, Drive Improvement

Input KPIs
- Introduction of input KPIs
- SSO concerned about client reaction

Client Reaction
- Positive reaction
- Clients embracing concept

Evolution
- Client actively asking for information
- “How can I make this better?”

Growth
- Finding efficiencies
- More partner-led initiatives

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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 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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