Our Experience. Your Success.

Shared Services &
Process Improvement
for Higher Education & Government
10 YEARS

November 29 – December 1, 2017

# Chairperson's Welcome Agenda

## Shared Services Concepts and Definitions

## Today's Agenda

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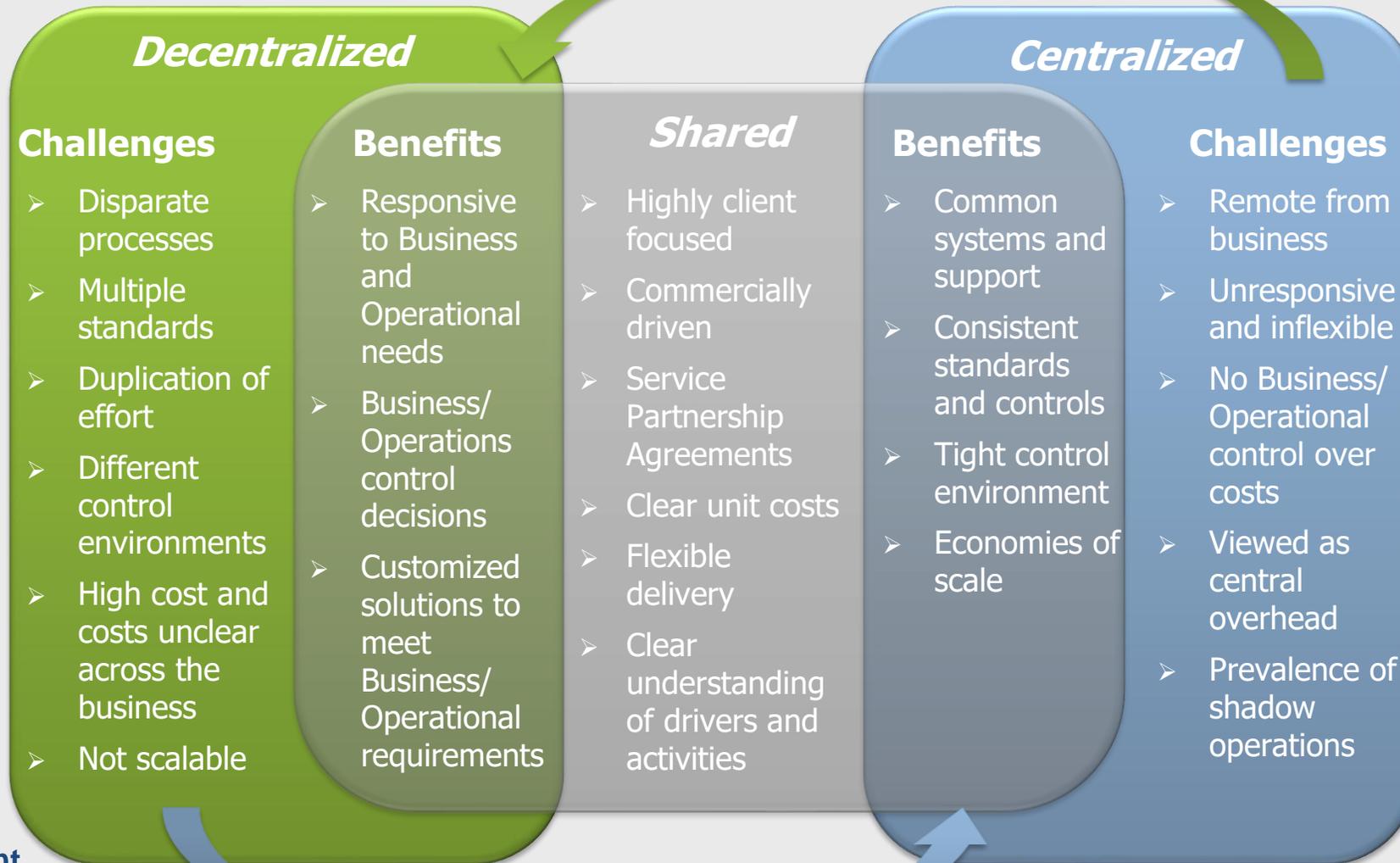
**Goal**
- Has the goal of providing **high quality, non-core, but mission critical services** (which can include both repetitive common processes and more specialized professional services) to the business at **lower cost and more efficiently** than the business could otherwise provide for itself.

**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**

## 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

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

## Centralized

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

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

**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

# 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

# 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

# Best Practice Finance Operating Model

### Corporate (Strategy)

- Strategic, global services with clear linkage to vision, mission and strategic goals of organization
- Long-term perspective whose activities have more distant relationship between effort and results
- Confirm policy alignment & ratification

### Business Partners (Influence)

- Work with operational leaders to achieve organizational objectives
- Provide information, tools, analysis and insight to influence decision making
- Higher level of business proximity required (de-centralized delivery)
- Need functional expertise, analytical skills and strong interpersonal skills: "hire for skill and attitude"

### Centers of Expertise (Expertise)

- Professional & technical
- Deliver on organizational strategy through provision of tactical services
- Generally requires interaction with client, although less necessary to be physically situated close to business
- Policy research, development & implementation
- Generic business & functionally expert skills required: "Hire for skill, train for attitude"

### Shared Services Center (Process)

- Transactional & administrative
- Regular, repeatable, transactional activities
- Results more quantifiable
- Benefit greatly from standardization, automation and technology
- Clear linkage between effort and results (outputs generally experienced in short-term)
- Less necessary to be physically situated close to business
- Process focused, service-driven skills required" "Hire for attitude, train for skill"

### Internal Client

- Provides inputs and/or receives outputs of in-scope processes
- Representative of internal client signs off processes, service levels, input requirements, key performance indicators, and client's roles and responsibilities as documented in Service Partnership Agreements

## Client Interaction Framework

| Account Management | Client Contact Management | Service Partnership Agreements | Client Feedback | Continuous Improvement | Process Control | Performance Measurement | Performance Reporting | Recharging Methodology |
|---|---|---|---|---|---|---|---|---|

# Operating Model Example

**"Corporate"**

- Organization wide Strategy
- Governance
- Policies & Procedures
- Finance strategy

- Controllership
- Internal control & Compliance
- Treasury/Hedging
- Shareholder program

- Incentive programs
- Insurance / Risk Management
- Consolidation

**Business Partners (Divisions/Depts)**

- Business Intelligence
- Decision Support
- Analytics
- New Market Analysis
- Application for Expenditure (AFE)
- Operational Budgeting

*Divisions/Depts*

**Financial Planning & Reporting**

- Management Reporting
- Function Specific Reporting
- Budgeting / Forecasting
- Business Reviews & Financial analysis
- Project Accounting
- Profitability/ Margin Analysis

**Professional & Technical**

- Tax filling
- Counter-party Credit Analysis
- Strategic Sourcing / Procurement
- Revenue Accounting
- Customer Billing
- Treasury Operations & lease processing
- Business Systems Strategy

*Center of Expertise*

**Transactional & Administrative**

- Accounts Payable
- Payments
- Payroll
- Journal entries & Reconciliations
- Fixed Asset Accounting
- Lease & Debt Tracking
- Employee Expenses
- Acc. Receivable
- Collections
- Intercompany
- Company Card Administration

*Shared Services*

## Customer Interaction Framework

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# Chairperson's Welcome Agenda

Shared Services Concepts and Definitions

**Today's Agenda**

# Morning Agenda

| Main Conference Day One | Thursday, November 30, 2017 |
|---|---|
| 9:00 AM | Chairperson's Welcome |
| 9:15 AM | OPENING PANEL: Translating M-17-22 into a Viable Roadmap for Federal Shared Services<br><br>Victoria Wassmer, Assistant Administrator, Finance & Management, Federal Aviation Administration<br>Kody Kinsley, Assistant Secretary for Management, US Department of Treasury |
| 10:00 AM | KEYNOTE: Continuity Through Change—Strategies for Shepherding Shared Services Through Successive Administrations<br><br>Beth Angerman, Executive Director of Unified Shared Services Mgmt, General Services Administration<br>Karen Pica, Management Analyst, Office of Federal Procurement Policy, Office of Management & Budget |
| 10:45 AM | Morning Coffee Break<br>Regency Foyer |
| 11:45 AM | FIRESIDE CHAT: Running Federal Shared Services Like a Business<br><br>Matthew Costello, Associate Director for Enterprise Management (A), Interior Business Center, US Department of the Interior<br>Marisa Schmader, Deputy Assistant Commissioner, Fiscal Accounting at the Bureau of the Fiscal Service, US Department of Treasury |
| 12:30 PM | What You Need to Know to Better Curate Your SSC Portfolio<br><br>Earl Pinto, Director of Acquisition Management Services, Program Support Center |
| 1:15 PM | Networking Luncheon |

# Afternoon Agenda

| Main Conference Day One | Thursday, November 30, 2017 | | |
|---|---|---|---|
| 2:15 PM | The Secret Sauce for Transformation: Navigating the Ever-Changing Landscape of Change Management<br><br>Moderator: Jackie Taylor, Ernst & Young<br>Kenneth Newton, Director, Service Delivery, NASA Shared Services Center (NSSC)<br>Justin "Doc" Herman, Emerging Citizen Technology Lead, General Service Administration<br>Tasha Youngblood-Brown, Director of Internal Audit-Office of Audit & Compliance, Princeton University<br><br>Hosted by: EY Building a better working world | | |
| 3:00 PM | Develop a Compelling "Voice" for Your Shared Services Initiatives<br><br>Amy Schwartz, Associate Vice Chancellor of Partnerships & SS Initiatives, University System of New Hampshire | | |
| IDG Round 1<br>3:45–4:15 PM<br>IDG Round 2<br>4:15–4:45 PM | Interactive Discussion Groups | | |
| | I. Creating a Data-Driven Approach to Continuous Improvement<br>Regency A & B | II. How to be Service Savvy—Tools to Accurately Gauge the Impact of Your Services<br>Regency A & B | III. Alternatives to "Lift and Shift"<br>Tidewater | IV. Centralized or Function-Specific SSOs: How Do They Compare?<br>Tidewater |
| 4:45 PM | Afternoon Refreshments Break | | |
| 5:00 PM | FIRESIDE CHAT: Metrics that Matter: How to Drive Ever Greater Transparency in Shared Services<br><br>Seth Fargen, Deputy Director, Coast Guard Finance Center, US Coast Guard | | |
| 5:45 PM | Welcome Reception—Be Sure To Stop Chazey Partner's Exhibit to Grab a Drink Ticket!<br>Lobbi Bar | | |
| 6:45 PM | Close of Main Conference Day One | | |