

Government

Shared services insights (part 2): The importance of governance to successful implementations

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If government shared services implementations are to be successful in the long term, putting effective governance structures in place is essential. Yet it is in governance and decision making that public-sector organizations have the most difficulty appropriating models from the corporate sector, since the unique organizational circumstances of governments render private-sector governance strategies less effective.

To explore key insights into effective governance within shared services implementations, Accenture conducted in-depth interviews with several government executives who have successfully implemented transformational shared services programs.

Governance-related topics explored here include:

- Overcoming cultural resistance.
- Building effective executive sponsorship.
- Planning and executing effective communications programs.
- Creating pilots and demonstrating quick wins.
- Creating accountability and measuring progress.

Overcoming resistance

Ruth Bramson is currently the senior vice president for National Grid US, the second largest utility in the country. In her previous role as the first chief human resources officer for the Commonwealth of Massachusetts, she successfully led a major shared services program for the state. For Bramson, two challenges stand out when it comes to public-sector shared services implementations. First, governments tend to be extremely risk-averse. Second is the very difficult task of asking executives to give up some of their authority and control over both people and budgets. "Based on the new structure that we were putting in place under the shared services model, I

was asking the cabinet secretaries to give up their direct authority over their HR people and have them report directly into me with dotted lines to the secretaries."

Bramson continues, "My primary purpose in designing a new governance structure was to try to break down the various cabinet and agency 'fiefdoms.' Everyone had very much of a parochial kind of mentality, instead of all working toward a common goal." By making this structural change, Bramson was able to reduce duplications and redundancies in services.

Not all types of shared services initiatives will meet with identical kinds of resistance. For example, David Yarkin, former deputy secretary for procurement with the Pennsylvania Department of General Services, was the architect of two shared services implementations, one in warehousing and the other in procurement. The warehousing initiative met with minimal resistance—in part, Yarkin believes, because people had less day-to-day interaction with warehousing staff. "The warehousing staff is usually offsite, while the procurement staff office is co-located with the management of the agencies," says Yarkin. "They are in the same building; they see them on a daily basis and thus they come to depend on them."

Building effective executive sponsorship

Shared services programs are generally disruptive to the entire organization, affecting people, processes, technology and physical location. As a result, the likelihood of encountering resistance to the change journey is high and potentially damaging, slowing the pace of the project and threatening its success. To counter this threat, it is critical to build strong,

visible sponsorship for the program throughout the entire organization. Sponsorship ensures that an organization shares a common, consistent understanding of the shared services vision, implementation approach, and the expected behaviors of employees. Effective sponsorship builds acceptance of the shared services program and fosters organizationwide commitment to the change journey for the project's duration.

According to Harvey Eckert, who led a shared services initiative several years ago as the comptroller for the Commonwealth of Pennsylvania, "When you do anything like this in government, if you don't have a champion for this or approval from the top down, it just won't fly. When I changed the systems and payroll in my area, I worked to sell the shared services model throughout our state government, right up to the governor's office. Once you sell the idea at the highest levels, the agencies find it easier to fall into line. You, as comptroller, can come up with all the great ideas you want, but the agencies can say, 'Hey, I don't work for you.' But if you have the governor behind you, the secretary of the budget behind you, it's going to go."

As Eckert notes, the most successful shared services implementations are led by people who know how to work within the system of government, instead of futilely trying to change or resist it—like a martial arts expert who knows how to redirect an opponent's energy rather than simply fight against it.

Planning and executing effective communications programs

There can never be too much structured communication during shared services implementations. For the HR shared services implementation in Massachusetts, Ruth Bramson planned a variety of communications. "People are skeptical about change," says Bramson, "so the more you talk about it and the more they understand it, the better." One aspect of the communication program was a monthly newsletter called HR Advantage, which featured articles about each new initiative as it was being rolled out. Bramson and her team also ran focus groups after introducing each new phase to gauge the reaction of customers and to make adjustments along the way. "We also

held quarterly HR staff meetings where we would pull all the HR people together and use it as a development day," adds Bramson. "We would touch upon all the new things we were working on but we would also have breakout sessions to discuss the specifics on things like labor relations, legal, IT and so forth."

Creating pilots and demonstrating quick wins

Large-scale projects such as shared services implementations should be broken into smaller, more manageable pieces. Phasing provides interim goals and deadlines for the project to work toward and helps keep the pace and intensity of the project high throughout the entire project lifecycle.

Conducting small pilots is one effective approach to managing a longer-term journey of change. As Ruth Bramson notes, "I am a big believer in the value of pilots. You have to try things out in little skunk works before you roll something out to 70,000 people. I also think that you can't expect everything to be absolutely perfect before you move forward. I am a strong advocate for the position that it's better to move forward when you're 80 percent ready than it is to wait until you are 100 percent ready. Because the fact is, you'll never be 100 percent ready. So it's important to implement as soon as feasible and then to keep things moving forward."

Creating accountability and measuring progress

Performance measurement is critical to achieving a successful shared services implementation. Measurement must be addressed early in the shared services lifecycle and then managed as part of the overall governance structure. Assigning accountability for metrics and key performance indicators is critical because it creates a more performance-oriented culture. It clearly delineates responsibilities for both the shared services organization and its customers, and it facilitates the link between performance measures and incentive compensation.

As Bramson puts it, "It's vital to get buy-in up front on governance issues—on who is going to be responsible and accountable. It's

also important to establish some borders or guidelines on the outer limits of what is acceptable in terms of policy, because people want to push the envelope. They want to stay as close to the edge of the policy as they possibly can."

Involving people closely in the process can improve compliance and accountability, according to Bramson. She says, "Getting people involved and letting them understand why it will be good for them, and what's in it for them to even comply with the various arrangements, is important."

In sum, says Bramson, "You really have to make sure that you keep checking up on the measures you have in place, the accountability and the governance. You can't assume that simply because you put a policy on the books, or you tell people this is the way you want it done, that it's going to be done that way. Invariably, what gets measured gets done."

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