



Rites of passage

By Simon England, R. Yvonne Herrera and Steven W. Hendryx

The key to the long-term success of shared services initiatives in the public sector lies in the planning: A clear strategy for workforce transition, implemented promptly and systematically, goes a long way to neutralizing opposition and securing employee engagement.

When making their case for shared services, government officials can now point to more than a decade of success stories from around the world. They can, that is, if the strategic discussion ever gets to that point. Accenture research shows that in the public sector, workforce sensitivities rank 10th in concern for those officials who have actually gone through a shared services initiative. Those sensitivities are, however, the No. 1 *perceived* obstacle for those considering shared services, which might explain why many government officials are reluctant to expend precious political capital tackling these issues early and head-on.

Instead, we often see these organizations begin shared services initiatives with questions about technology enablement, or with assumptions that the roadmap to shared services starts with the deployment of an enterprise resource planning system. While these issues are undoubtedly important (and usually easier to address), they can send a shared services program down the wrong path from the outset.

In fact, the key to the long-term success of these initiatives in the public sector is having a clear strategy for workforce transition that

focuses specifically on displaced employees. Such a strategy, implemented promptly and systematically and in a context of “changing jobs, not people,” can go a long way to neutralizing potential opposition and securing workforce engagement.

Clear constraints

It’s easy to understand why public-sector officials are wary of the workforce issues associated with shared services (which Accenture defines as discrete, stand-alone organizations where administrative or service functions, whether internal or external, are the core capability). Relations

with government workers are clearly constrained by a framework of laws and regulations. Just as important, if less explicit, is the central premise of public-sector employment, which is job security or even, in some organizations, job entitlement.

Because voters and politicians usually assume the existence of this second, implicit factor, public-sector officials are pulled between private-sector standards on the one hand and often unarticulated social policy needs on the other—with certain predictable results. In this public-sector “worker compact” environment, two lan-

guages are often spoken. Voters and senior officials refer to “cost savings,” “increased service effectiveness” and “improved processes.” For rank-and-file workers, those terms are code for “job elimination” or “messing with benefits.”

Governments contemplating shared services solutions have to address workforce issues on both fronts. They must act cautiously within the strict regulatory framework, while at the same time attending to such “soft” factors as the loss of morale among workers who fear they are moving to a less-prestigious organization, or worries about parity of pay, working conditions or job descriptions. There are endless anecdotes about the kind of underground “guerrilla behavior” results that can erupt when workforce sensitivities are ignored—the use of black market software applications or processes that are inconsistent with a new technology platform, the circumventing of procedures and so on.

With this in mind, it is critical that any government shared services initiative begin with a kind of workforce due diligence, which can be framed by the following questions. Answers to these questions will help define an effective workforce transition strategy.

- What are the constraining legal or regulatory frameworks regarding continuity of employment for government workers?
- What sorts of institutional, cultural or political factors mitigate against relocating either staff or facilities to centralized service centers?
- What is the weighted distribution in terms of staff tenure, and what implication does this have for retraining or redeployment?

- What industry-standard benchmarks can be borrowed to map job and skill requirements for new positions?
- What new skill sets need to be recruited to facilitate a shared services solution?
- What market-tested precedents can be used for new processes?

In the case of the New York City 311 municipal services call center project, this kind of detailed consideration enabled the city’s Department of Information Technology and Telecommunications to partner with its municipal unions during the strategic design process. The unions participated in pre-launch decisions on working conditions, contracts and career development questions, to the point that the union participants became advocates for the center with their own members. The planning paid off: New York City 311 was an immediate success when it launched, and it registered more than 8 million calls during its first year of operation.

On the other hand, similar due diligence resulted in another government organization deciding against a shared services solution. In that case, a European postal, telegraph and telephone agency was considering a proposed shift to a shared HR services model that would entail redeploying 3,500 incumbent workers based in 190 locations to a single centralized service center. A detailed organizational design exercise suggested that only 1,400 positions would be needed in the new facility. But the biggest factor in the decision to reconsider the initiative was a skills audit that showed that only 50 of the 3,500 workers had the skills they would need at the service center, including phone

friendliness, a high customer service orientation and a specialist focus.

The four "Rs"

Within the scope of a shared services initiative, a workforce transition strategy is a means rather than an end. It works best when it is well integrated with the elements of the shared services plan, which typically include the detailing of new job descriptions, new required skill sets, new business processes and new technology specifications. In Accenture's experience, there will be four related transition elements.

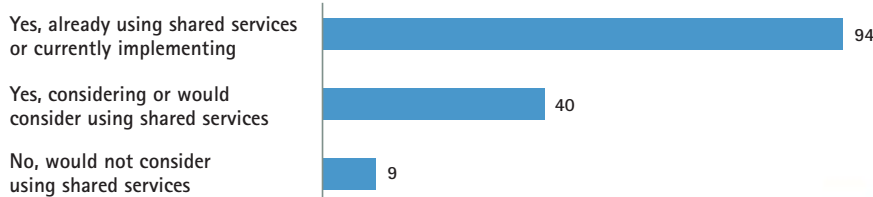
- **Retraining.** Shared services solutions often produce a number of employees whose skill sets make them unsuitable for the new organizational model. While the orga-

nization migrates to the new model, it is important that legacy employees be state-of-the-art retraining options. These can range from e-learning or classroom-based programs provided by the existing human resources function, to tuition-reimbursed education course work offered through regional educational institutions. Credibility will rest on the clear relationship of the retraining curriculum to the actual skill requirements for likely job postings within the organization.

- **Redeployment.** The successful transition of workers to jobs that are as good as or better than existing jobs depends on clear programs and clear support. The programs should guide displaced

The rule, not the exception

In a recent Accenture survey, public-sector respondents were asked whether their organizations currently used a shared services model for any internal processes or functions, or were considering using shared services.



Number of respondents = 143

SOURCE: ACCENTURE SURVEY



workers to available resources, and help them in practical ways during the many steps of posting, interviewing and relocating.

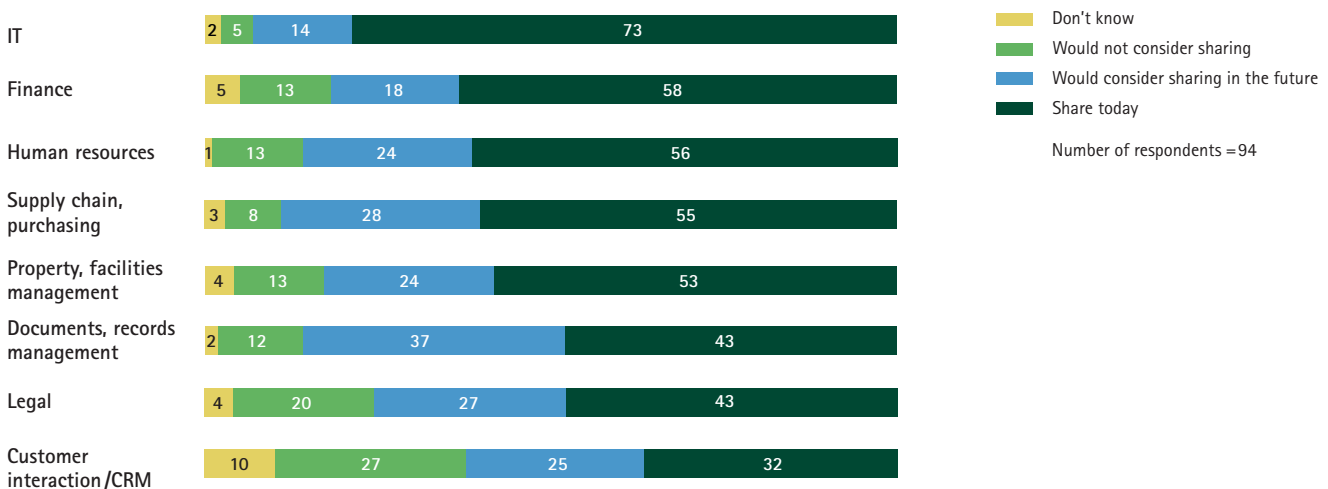
- **Retirement.** In some cases, workers will opt to take early retirement rather than move into new positions. In these situations, suites of services such as benefits counseling and pension advice are made available to the workers. The government agency itself may need counsel on retirement buyout options, including the design and scale of any mass buyout offers, the financial costs and the implications for morale among remaining employees.
- **Reduction.** As a last resort, some workers may be involuntarily laid off, a situation that calls for maxi-

mum sensitivity to legal issues and employee relations. Workers must be guided through the process, which should include any mandated termination procedures, such as exit interviews, pension/benefits counseling and the withdrawal of security clearances.

The transition of a legacy workforce to a shared services model moves through predictable phases of change—for example, “initial reaction,” “resistance,” “action” and “acceptance.” Public officials, in our experience, value market-tested roadmaps for workforce transition. They also value experience with standardized tools, organizational models, processes, job definitions and performance metrics.

What's being shared

Respondents to a recent Accenture public-sector survey were asked which processes or functions fell within the scope of their shared services arrangements. IT led the way, followed by finance and human resources.



SOURCE: ACCENTURE SURVEY

Take organization design, for example, where shared services functions in both the private and public sectors follow a fairly standard design: Tier Zero is e-enabled self-service; Tier One is a centralized call center; Tier Two is an organization of case specialists to resolve problems; and Tier Three is the central administrative team. Once this model is agreed upon, it provides a framework for additional tiers of job definitions, required skill sets and optimal tenure distributions. There is no reason to reinvent the wheel; this frees officials to focus on more nuanced and situation-specific challenges, such as sponsorship and cultural change.

Accenture's experience suggests that the *way* public entities reach industry-standard solutions makes all the difference to the eventual success of those solutions. When we surveyed public-sector enterprises about their perceptions, intentions and experiences with shared services, we discovered that a surprising number of unsuccessful implementations could be traced back to incomplete planning. Acknowledging the challenges of the workforce transition is one thing; coming up with credible means of addressing them is another. As we have outlined, the state of public-sector shared services has matured to the point where market-tested options do exist.

Stamina and vision

None of this suggests that workforce transition is a matter of organizational mechanics. In the public sector particularly, this transition depends on stamina, vision and the willingness to expend precious political capital over an extended period of time. Take the case of a European provincial government that is considering implementing a shared services procurement function. The process is being driven by a small cadre of senior officials who

share a powerful, compelling vision of long-term transformation.

The leadership team has taken a holistic approach, refusing to treat any particular element of the initiative as a mere tactical challenge. As one example, due diligence has made it clear that a fundamentally different workforce will be needed to meet the organization's long-term objectives. The incumbent workforce, fairly senior in tenure, had been hired and deployed in highly decentralized cultures, in positions that asked for generalist skill profiles; the new shared services profile calls for specialized skills, relatively junior tenure and a centralized location. As part of a general commitment to worldwide best practices, this government will use the four "Rs" to guide its workforce transition.

The public sector already enjoys the benefits of a substantial body of market-tested experience for shared services, largely pioneered in the private sector. Recent Accenture research shows that about two-thirds of the public-sector organizations surveyed have already begun some sort of shared services initiative; only 6 percent are uninterested in one.

The benefits of public-sector shared services are the same as in the private sector—more effective use of resources, and more flexible and service-oriented organizational structures. We see shared services at the cusp of a new phase of development, in which more complex initiatives will become possible as workforces are shifted from liability to viability.

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