



Adopting shared services can drive cost savings, but stakeholder buy-in will dictate success

Reflections on the Leadership for a Networked World: 2013 Public Sector and Education Shared Services Summit

Hosted by the Technology and Entrepreneurship Center at Harvard University in collaboration with Accenture

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TBR Perspective

As public sector budgetary constraints drive increasing focus on cost takeout and efficiency initiatives, educational institutions and government agencies at both a federal and a state and local level explore traditionally underutilized methods to streamline operations and maximize the value derived from employee bases.

The 2013 Public Sector and Education Shared Services Summit, developed by Leadership for a Networked World and hosted by the Technology and Entrepreneurship Center at Harvard in collaboration with Accenture, brought together a vibrant community of shared services practitioners from a broad range of federal, state and local, and educational organizations. The summit's case studies and workout sessions were augmented by an interactive environment, through which individuals in various stages of shared services implementation and sustainment discussed successes and challenges and solicited advice from those further along the shared services maturity curve. Many individuals participated in the summit in previous years, which encouraged follow-up conversations related to the progress of shared services implementation within their respective agencies. Overall, the amount of interest and opportunity in ramping up shared services organizations within the public sector and educational institutions was eye opening.

Throughout the presentations, workshops and conversations, two distinct challenges stood out:

1. How does one champion the initial foray into shared services and frame a business case that resonates and addresses the primary concerns of the relevant decision makers?
2. How can internal change champions and their management consultant partners successfully implement shared services solutions while remaining cognizant of navigating the numerous organizational change-related roadblocks that exist within a university or public agency's hierarchy?

A general consensus from the summit was that the hesitations and misconceptions associated with such a transition are unavoidable; however internal turbulence is best mitigated by framing the evolution to a shared services model as enhancing the value of the individual employee, ultimately benefitting all members of an organization's hierarchy.

Establishing organizational benefits, allaying concerns about loss of control and setting realistic expectations to frame a strong business case

The typical benefits associated with shared services can be broken into four key areas:

1. Financial Benefits — Both labor- and nonlabor-related savings from economies of scale
2. Risk and Compliance Benefits — Accountability established through SLAs and standard reporting
3. Customer Benefits — Process standardization leads to faster service and fewer errors
4. Employee Benefits — Potential for career advancement through targeted skill development

A general consensus among summit participants regarding control was that, regardless of the size and scale of an organization, the best way to ease decision makers into giving up process control is to start delegating to the shared services group transaction-based tasks, such as document management or invoice processing, where a high level of standardization can be established and delivery expectations can easily be set.

There is no one panacea for imparting these benefits upon the key decision makers, but one presenter framed the discussion well with this response on how to approach this type of conversation:

"I find that when two rational people have a rational conversation, there is often a rational outcome."

Getting a decision maker on board is a starting requirement; however, success will result from navigating change resistance among stakeholders

A major topic of discussion over the two days was change resistance, be it from tenured individuals, unionized employees or those within more traditional work environments. Many presenters highlighted the criticality of leveraging evangelists throughout the organization's ranks to impart the necessity of change and be inclusionary in the planning process. It is also important to highlight some benefits that each individual, not just the organization,

will gain through the process. This could be as simple as increasing an individual's specialization in a certain task, or it could mean taking transactional tasks away from an individual to focus more on higher-value tasks.

One presenter positioned the importance of people in the process particularly well at the end of the summit, saying:

"I could tell you shared services is about saving money, and it does, but that's not really what it's about. I could tell you it's about saving time, and it does, but that's not really what it's about either. It's about freeing up your employees' time to create more value for your organization."

Once the process is underway and stakeholder buy-in is established, setting realistic expectations and standardizing processes are key to maintaining stakeholder satisfaction and eventually expanding the breadth of a shared services organization.

Understanding cultural challenges that have, to date, hamstrung shared services adoption in the public sector

Historically, technology adoption in the public sector, particularly in the federal arena, came from the "protection of the commons" need that drove cost-plus solution development at price points that were not commercially viable. In time, technology pricing eroded to the point where a large private enterprise could gain a competitive advantage through early adoption. Corresponding shifts in IT consumption, enabled by the increasing consumerization of IT, turned this concept upside down. Today, commercial laggards can have the same technology deployments as early adopters via easily accessible platforms, such as cloud.

Given this backdrop, the traditional government IT silo model appears increasingly dated. Leveraging relatively low-cost technology can lay the groundwork for a shared services model, generating cost takeout for universities and state, local and federal governments alike. The key challenge is no longer technological implementation, but rather the huge cultural shift companies such as Accenture are advocating within the public sector to think beyond the stovepipe mentality of exclusive budgetary and human resources control over to the shared model. The key driver for commercial enterprises to promote behavioral change was long its profit motive; unfortunately, absent a responsibility to generate profit, public sector adoption will continue to lag far behind the commercial space.

Each shared services implementation will face a unique set of challenges from visioning through sustainment

Championing a shared services initiative is a daunting proposition within the public sector and education space, particularly given the siloed nature of public institutions. Difficulty convincing decision makers that a change is necessary and in the best interests of all parties is inevitable, as is the inherent pushback from individuals affected by related organizational turbulence, either through a potential loss of functional control at the management level or responsibility realignment among employees.

If there were one key takeaway from the summit in Cambridge, it would be that there is no panacea that can broadly circumvent challenges from the wide range of stakeholders involved, particularly given the reluctance to organizational change prevalent within the public sector. Regardless of a vendor or organization's technological



capabilities and past success in change management, and no matter how sound a business case is, if stakeholders don't buy into the initiative, the program will be dead before it gets off the ground. The success of any engagement in both the short and long term is tied to the ability to create a strong financial business case for shared services implementation, assuaging stakeholder concerns, setting realistic expectations, managing demand through open communication and delivering a quality product on a consistent basis.

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