Leveraging Shared Services for Government

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What's the Big Idea?

Shared services is really about helping clients implement a new way of operating for their back office functions, right, so these are functions such as financial management, human resources, information technology, things that were typically you consider back office. And the big idea is to change the model so that they're not in the back office, but they're organized so that they're more in the front office of a different organization. And in doing so it really saves a lot of money and it improves performance.

The key fundamental components of shared services are typically a technology modernization on an enterprise-wide solution, a way of organizing the workforce into an operating model that incentivizes the employees, and then a performance measurement or performance management plan so that performance is measured which generally leads to higher performance.

Why Does it Matter?

Shared services matter because we're all in an environment of limited resources, right, and the government of our country is no exception to that, and shared services provides a way of managing those resources as efficiently as they can be managed so that we can provide more of these resources towards the mission of governing the people.

It really provides a way of organizing the workforce where the people are really motivated towards providing better services. And then typically it also involves service level agreements so that we actually measure the performance of that unit, and once you start measuring performance usually performance increases.

Does it Really Work?

One example in the commercial world was Pepsi. Pepsi had financial management operations pretty much in every state and region of the United States and then similarly in other countries. They moved to having one financial center in North America, one in Asia, and one in Europe and Africa. And in doing so that consolidation and then moving all of those services to a shared service center operating under the shared services principles save them 40 to 50 percent of that cost.

We've brought that to the federal government in recent years, and so I have a client that operates in the civilian sector of federal government and we just simply moved their financial systems applications from being somewhat distributed and somewhat operated in a back office function. We moved it to one of our shared service centers and saved them 35 percent of that cost.