



# SHARING PAYS DIVIDENDS



Shared services can help central government in a number of ways, but only if it sticks to the guidelines, writes **Bob Finn**.

**T**he *Share and Share Alike* report was published by the Management Consultancies Association (MCA) on 7 November 2006, sparking the headline '*New report finds civil servants are very positive about the future of shared services*'. The report identifies a number of the keys to success in sharing services across central government as well as some of the challenges that a programme of this magnitude faces. With nearly two-thirds of civil servants

(59 per cent) very positive about shared services, 57 per cent confident that it will improve efficiency and 77 per cent seeing it as cutting costs, why should it be so difficult to implement and take so long to achieve the benefits?

The public sector shared services programme is massive. HR, finance and accounting services alone are responsible for over £7 billion of annual spend and employ 145,000 people. This programme will thus be one of the largest in Europe, if not

globally, dramatically increasing complexity and risk. The public sector does not have a particularly good track record in delivering large-scale programmes on time and to budget, and as indicated in the report the very idea of sharing is somewhat counter-cultural and potentially at odds with delegation of decision-making to local bodies. So despite the positive outcomes of the report there are some significant hurdles to be overcome and it will take

enormous resolve and strong leadership to achieve all the benefits shared services can bring.

## STAKEHOLDER ENGAGEMENT AND LEADERSHIP

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## Shared Services



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► governance. There are large numbers of individual key stakeholders who have to buy in and commit to the programme and then in turn sell it to their departments and employees. The complexity of the organisation, the various boards and committees, the scepticism and the 'it will never work here' syndrome will also add to the difficulty of getting everyone on-side. For senior civil servants, shared services is only one of many initiatives that they have to deal with, so getting it high on their agenda and keeping it there will be difficult.

Engagement with the key stakeholders will help identify what the different drivers are for each sector or department and how shared services will support future policy initiatives as well as existing processes and priorities, and contribute to an improved quality of service.

As with all major programmes, communication – getting the message across – is one of the most important aspects. The MCA report indicated that more than half of those surveyed had limited or no knowledge of shared services, and that over three-quarters saw it as yet another form of cost-cutting. This limited knowledge of shared services will result in people feeling vulnerable, with the threat of major changes and potential job losses hanging over them. As with most organisations, there will be a measure of misinformation circulating around the office which will need to be countered with strong messages of what shared services means for individuals, what benefits it will deliver, what the priorities are and what areas are scheduled for early implementation.

It is important to recognise that communication and stakeholder

management are the key activities by which shared services will either succeed or fail. This will be an ongoing process across the entire shared services life-cycle. The effort and investment required should not be underestimated.

Some central government sectors are now appointing directors of shared services who are totally focused on the development, transition, implementation and delivery of shared services. This is helping programmes to get traction and starting to make a difference. It will be vital to ensure that these shared services programmes are supported by stakeholders who fully understand the sector and are committed to the shared services ethos, providing strong leadership and a clear direction. They will also need to have plenty of stamina as the journey will be long, travelling through concept, planning, transition and implementation stages to steady-state operation over many years. Typically, the shared services journey can take anything from three years in a fast-moving organisation where shared services is mandated, to five years-plus in larger, more complex and non-mandated organisations.

### WHERE TO START

The scale and scope of the programme is massive, even at individual sector level – the Department for Education and Skills (one of ten central government sectors) alone had an annual expenditure for 2004-05 of around £63 billion and was responsible for over 130 HE and 350 FE institutions, more than 23,000 schools, 18 Non Departmental Public Bodies and over one million staff, approximately half a million of whom are deemed to be non-frontline.

There is often a lack of available data and information on how existing services are delivered, and little understanding of what the current delivery landscape looks like and what is needed in the future to deliver a citizen-centric, focused quality service. The MCA report indicated that, in general, the current service quality of HR, finance and procurement was perceived as being poor or indifferent;

moreover, the report suggested that staff are far from certain that shared services will improve service quality. So it is essential to understand what services are common within and across departments and lend themselves to sharing as well as those services that are unique and may need some form of special consideration.

This baselining exercise will be critical to the whole shared services initiative in order to develop the programme from initial concept through to successful steady-state operation. Linked to this phase of the programme will be an understanding of what sharing already exists within sectors and how this can be built on. Contrary to popular belief there are some excellent examples of sharing within the public sector; it is just that they are not always referred to as a shared service. Some sectors are already a long way down the road to shared services. The Department of Health has a proven, successful joint venture with Xansa providing shared HR and finance services. The Prison Service has developed its own centre, also delivering HR and finance services to the 130 prisons in England. In addition to these major examples there are many smaller, very successful in-sector shared services initiatives that can be developed further to a wider community. Shared services is not new to the public sector and much of the experience gained developing and implementing these programmes should be transferable on similar programmes both within departments and across sectors.

### CHANGE MANAGEMENT

Shared services programmes should be seen as large-scale change or business transformation programmes. Thus it is important to understand that a compelling case for significant business change must be made to encourage institutions to adopt the new ways of working. There are many instances of projects that have failed due to inadequate planning for change. One of the keys to success will be to establish a long-term vision that is clearly understood by everyone



impacted by the shared services programme. Early understanding of the barriers and concerns, coupled with a robust risk-mitigation programme, will ensure that the programme is

of service and create a better working environment for civil servants. Standardisation and enhancement of processes and systems will remove barriers and reduce administration overheads

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better equipped to deal with the people and business challenges that it will face.

There will be many counters of 'my department is different' and 'I can't share any of my services' – which can loosely be translated as 'I don't want any part of this shared services programme'. This is where strong leadership, clear vision and a compelling case for change will help to win over the sceptics. People will want to know from an early stage how it will affect them; what duties their changed job will consist of; what they will be responsible for; how they will get things done when the shared services centre is miles away; and so forth.

One of the quickest ways to gain that understanding is to visit a successful shared services centre. It is remarkable how many people are against shared services until they visit an existing centre. They quickly start to understand just what the changes and benefits are and usually within hours they want to know how soon they can make the transition to the new service.

While the MCA report paints a positive picture overall of shared services in the public sector, it is worth bearing in mind that it is a long journey with a number of major hurdles to overcome. Many of the central government sectors are only just starting out on the shared services road and are still only in the planning, or at best early implementation phases. There are a lot of doubters to be won over and there will be many setbacks on the way. The shared services programme is not just about cost-cutting, it is an opportunity to improve the quality

both within and between departments.

Shared services is not just another passing fad. It is firmly established and proven in the private sector and over the next five to ten years will become an integral part of service delivery in the public sector.

**Bob Finn** is Shared Services and Outsourcing Advisory Service Manager at Catalise

#### IN SUMMARY...

- The *Share and Share Alike* report was published by the MCA on 7 November 2006
- Some central government sectors are now appointing directors of shared services focused on the development, transition, implementation and delivery of shared services
- The report commented that shared services programmes should be seen as large-scale change or business transformation programmes

#### FURTHER INFORMATION...

Catalise is a member of the Management Consultancies Association (MCA), representing around 70% of the UK consulting sector. For further information on the *Share and Share Alike* report, email: [david.poulton@mca.org.uk](mailto:david.poulton@mca.org.uk)

#### WHAT'S YOUR VIEW?

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