



The Next Frontier of Shared Services in the Public Sector

Program Summary and Next Steps for a Community of Practice



Program Overview

The Leadership for a Networked World Program recently hosted a custom executive education program entitled “The Next Frontier of Shared Services in the Public Sector.” The program was supported by Accenture Consulting and Microsoft and focused on analyzing and developing strategies and tactics for shared services and the leadership skills needed to enable the sharing of information within individual organizations, across jurisdictions, and in multi-sector alliances. In attendance were over seventy senior practitioners and industry leaders from federal, state and local governments in the United States as well as senior leadership from Australia, Canada, Peru, Romania, and the United Kingdom. Together they worked on framing where the public sector stands today regarding shared services; where it might be tomorrow; and what action it can take, individually and collaboratively, to create public value.

Take-Aways: The Five Leadership Challenges for the Move to Shared Services

- *Develop a business case and plan*
- *Mobilize political support and authorization*
- *Navigate the change management challenges*
- *Adjust operations and strategy as maturity grows*
- *Keep up with continuing needs for innovation and flexibility*

“Shared services represent one of the most important arenas for technology investment, process reengineering, and workforce development in government today. Our problem is to learn to use them in a way that generates the most value for society.”

Program Session Overview:

Participants worked through an intense two days of sessions including facilitated case discussions, plenary and jurisdictional group discussions, and topical practitioner sessions. Session highlights included:

- **Case sessions** covered the dynamics of political management and governance, finance and funding, and the technology and tools of shared services and featured cases on the U.S. Grants.gov initiative, the consolidation of California’s email systems, and the development of the Iowa Recovery Center.
- **Plenary and jurisdictional sessions** included large group discussions on the challenges and opportunities of shared services and small group break-outs for federal, state and provincial, and county and local representatives. The small group sessions facilitated the sharing of knowledge on implementation issues within similar jurisdictions and developed ideas for ongoing collaboration on tools and training within a community of practice.
- **Topical sessions** featured senior executives discussing their current shared services implementations and covered an array of concepts including strategies for information technology, human resources, and financial services shared services environments as well as general strategies for portfolio management, funding strategies, and the adoption of innovative technologies.



Five Take-Aways for Leaders of Shared Services

Over the two day program participants generated a wealth of insights, strategies, outputs and questions to be further explored on shared services. The major themes for these insights were developing strategies for finance and funding, ensuring effective political management and sponsorship, improving governance and operations, adopting new technical and service capacities, and creating an ongoing and persistent learning community. Key insights, strategies, and next steps on these summarize as:

1) Develop Strategies for Finance and Funding. Shared services enterprises as a business model require precise investment plans, cost/benefit calculations, and pro-forma forecasts to ensure financial targets are met and to sustain the business model and the support of the authorizing environment.

Leadership Take-Away #1: Develop A Workable Business Case And Plan. *In moving to shared services, a key early step is getting comfortable that the changes proposed have been well thought through and worth it. Benchmarking comparisons (sometimes formal) are needed to compare the present operations model to the one to be used in the future. Will unit costs and other performance measures improve? Will the expected improvements be enough to repay for the tools, training, disruptions, and other transition costs (both economic and non-economic)? Have the planning assumptions been tested for feasibility? How likely and substantial are the downside risks? Will the new model be sustainable financially and operationally? Has the planning been sufficiently comprehensive (major elements not missing) and rigorous (major sources of evidence and expertise not ignored)?*

Key insights and strategies:

- Collect and improve cost assessment and benchmarking – in order to accurately gauge pre-shared services costs incurred and project costs and savings upon launching the shared services program.
- Develop financial operating models – to test assumptions and validate operating costs and financial measures within the shared services enterprise and to refine the service deliver model.
- Develop service delivery model – in order to optimize business processes and scale the shared services enterprise in a financially prudent way.
- Standardize accounting rules and procedures – in order to create an understanding among customers, sponsors, and authorizing environment on what true costs are both pre and post shared services and of baseline measures.
- Develop financial tools within business case – to bring a level of transparency that sets clear financial measures (such as return on investment, payback, and internal rate of return) and reporting tools.

“Typically, shared services have involved the integration, consolidation, or provisioning of administrative and/or so-called “back-office” support functions. Emerging models of “sharing” and “services” go beyond back-office operations, however, to cross-sector data sharing to the “extended enterprise” via web services, for example, as enabled by standards and agreements. Emerging eHealth data exchanges, Global Justice XML, the US Department of Defense Netcentric doctrine are recent and powerful examples.”



2) Ensure Effective Political Management and Sponsorship: When starting and sustaining shared services initiatives it is imperative to engage political and executive support across the entire spectrum of the authorizing environment.

“We need to develop universal language terminology for making the making the business case in different environments, and to facilitate better understanding between the tech world and others. Shared services must operate like a business despite the governmental institutional barriers to doing so.”
— Federal Participant

Leadership Take Away #2: Mobilize and Manage Authorization and Political Support *Shared services require cooperation between central and local institutions. They often generate some opposition from local operators who fear losing status or control, or from those who simply don't agree that change is required (“We'll never recapture the savings, so why do it?”). Support for shared services won't be effective unless those with authority understand the business case and are prepared to tolerate some discomfort through the transition period and possibly beyond. Critical early work involves touching touch base with stakeholders (legislative as well as executive), communicating the vision and business case, and learning about the underlying interests while probing for and assembling support. Will the benefits of shared services be enough to hold the coalition together? Where will the problems and opposition likely arise, and how might they be handled? Political mobilization typically requires iterations between one-on-one private meetings and more public sessions to verify and solidify support.*

Key insights and strategies:

- Engage political appointees, cabinet, and key legislators – to ensure the support of the authorizing environment at all key levels.
- Communicate vision and strategic objectives – to create a sustainable set of expectations and rationales for the feasibility of the initiative.
- Assess the organizational change and impact - to anticipate pockets of resistance and to proactively distribute the gains and losses derived from the initiative.
- Manage dialogue with authorizing environment – to continually communicate the business plan and value of the initiatives and manage expectations as the business model is refined.
- Ensure executive sponsorship of the business model – in order to create a high level of understanding of the business model so that pivotal political and management levels can use authority to move the initiative during sticking points.



3) *Manage the Move as Change Management with a Focus on Governance:*

A successful shared services enterprise has a governance and operating model clearly articulated in the business plan and modifies its governance, management, and sourcing as the maturity level of the enterprise advances.

Leadership Take-Away #3: Implement the Move to Shared Services as Organizational Change Projects

Perhaps the greatest shared services mistake is treating implementation as a technology-first problem. Whether standardizing and consolidating on a cluster, enterprise, or yet broader basis, the people problems are much more important than the technology problems. Given normal organizational changes and disruptions, the key to success is stakeholder engagement in planning, communications, and training, supported by negotiations and decisions that — even if controversial — are transparently seen as fair and competent. Projects need clear milestones with six months or less between deliverables. The best leaders show strong interpersonal and negotiation skills.

“To be successful in HR transformations, we need to compete for the ‘best and the brightest’ as part of our HR strategy. Government needs non-typical government people: service-oriented, flexible, and able to work in a complex environment.”
— State Participant



Stephen Goldsmith, Professor of Government, discusses the challenges of exercising leadership when enacting complex change initiatives.

Key insights and strategies:

- Establish the form of governance and management – to create an effective environment that balances customers, executive sponsors, and operational management.
- Develop human resources and sourcing plans – to maintain the operational ability of the enterprise and to enhance performance by continually optimizing the mix of capabilities it employs to execute the model.
- Develop and manage key performance indicators and metrics – in order to communicate the tangible and intangible measures of the enterprise and the tangible metrics derived from operations.
- Manage service adoption and migration – to balance and load the portfolio of services offered at any given time and to maintain the risk profile of the enterprise.
- Assess the maturity of the enterprise – to match and modify the governance, customer service levels, service offerings, and sourcing capabilities as the enterprise scales.



4) Develop and Implement New Technical and Services Capabilities: As a shared services enterprise matures, it is necessary to continually assess customer requirements and needs and to adopt new architectures, standards and tools, and service extensions that will keep the operation on the leading edge of providing value.

Leadership Take-Away #4: Adjust operations and strategy as maturity grows. Successful operations adjust their governance, management, sourcing, customer relationships, and technology as they mature. For shared services the initial focus is often on staff reduction and cost cutting. This is soon combined with service level agreements and other work to improve customer responsiveness. As operations stabilize, next efforts tend to focus on worker professionalism and performance. Later steps may push for additional client self-service, and possibly for efforts to use shared service enterprises as “anchor tenants” in economic development moves (for example, moving operations to rural locations and/or sharing the computing and storage power that comes with shared service operations). As with other living things, maturity for shared services brings increasing capacity and complexity, up to a point.

“We need to understand and incorporate examples of staged learning approaches within professional organizations that advance acceptance of shared services.”
— State Participant



*Douglas Bourgeois,
Director of the National
Business Center at the U.S.
Department of the Interior,
discusses managing a shared
services enterprise.*

Key insights and strategies:

- Assess and anticipate customer needs – to plan for capability planning within the enterprise on technical and personnel dimensions and to build customer insight and loyalty over time.
- Seek new technologies and operating models – to match future customer needs with the capabilities of emerging technologies, new processes and reengineering tools, and deployment methods.
- Develop a test environment for new solutions – in order to refine new service offerings in a real-time system environment and prepare them for extension to key customer segments.
- Plan the extension and scale of new service offerings – in order to optimize the migration approach, ensure customer satisfaction and metrics, and to maximize new revenue streams to the enterprise.
- Reinvest efficiencies for continuing innovation – to form an ongoing method of fostering new ideas and innovations in an environment that can accommodate higher risk and experimentation.



5) Foster an Ongoing Learning Community: Communities of practice are groups of people informally bound together by shared expertise and a need for capturing and spreading ideas and know-how. A community of practice for shared services could help in many ways.

Leadership Take-Away #5: Keep up with needs for innovation and flexibility. Continued success with shared services requires ongoing flexibility and innovation. Savings must be captured for new investments. Focused attention is needed on benchmarking and customer service improvements. The governance process must energize the service community to stay near the leading edge, and to avoid the rigidity that too often comes with bureaucratic and monopoly power. Governance must not become captured by the producers, but remain responsive to users. What can we learn from each other re: keeping up with flexibility and innovation?

Key insights and strategies:

- Develop strategies for creating shared services enterprises – by sharing insights around business planning, governance, financing, and technical tools.
- Solve community-wide problems quickly – by hosting a trusted set of community members that can interact with each other on an ongoing and as-needed basis quickly and effectively.
- Solve individual challenges and problems – by hosting “cases” on select implementations and enabling community members to offer advice.
- Develop community tools and kits – to facilitate the start-up and implementation of shared services initiatives.
- Create new benchmarks and best practices – to further the methods in which shared services enterprises can generate and communicate value to customers and stakeholders.
- Start new lines of business – by sharing ideas on what the enablers and barriers are within similar environments to seeking, planning, and launching new forms of shared services.
- Enhance professional skills and connections – by hosting regular forums and events and by managing a list of peers that can be accessed by community members.

“This experience was extremely positive for me. The diversity of the group was an unexpected strength. Though it led to some confusion and redirection at times, I felt this was indicative of the challenges faced by shared services, and precisely the reason to continue this work.”
— Workshop Participant



Priorities for Action: The practitioners at the event broke into small groups and further identified key concepts, research, development, and advocacy that would help advance the state of shared services. From these groups key deliverables that the community of practice should work on over the coming months were brainstormed and include 15 action items:

- Action Item #1: **Conduct research and develop data that shows the potential savings for the federal, state and local governments in moving to shared services.**
- Action Item #2: **Develop a “shared services starter kit” for practitioners looking to build a business case for a shared services implementation.**
- Action Item #3: **Develop standard business models for cost structures, service definitions, and service level agreements in shared services environments.**
- Action Item #4: **Initiate and advocacy campaign to inform policy makers and change the legislation which creates and funds line-item budgets and government stovepipes that limit the feasibility of shared services across traditional boundaries.**
- Action Item #5: **Conduct research on how utilizing the capital investment process can help in the development of shared services and cross-boundary services.**
- Action Item #6: **Devise and create methods for educating legislators, senior government officials, and constituent groups the benefits and risks of shared services.**
- Action Item #7: **Develop a universal language and terminology to facilitate better understanding among various groups on the policy of shared services and subsequent business plans and implementations.**
- Action Item #8: **Implement working groups to address common initiatives of shared services such as privacy, security, and identity management.**
- Action Item #9: **Identify and standardize a methodology on maturity models for shared services in order to facilitate understanding on success and growth of initiatives.**
- Action Item #10: **Develop tools and techniques for change management that can be utilized by the community at various levels of shared services maturity.**
- Action Item #11: **Create shared services distance learning to facilitate training and develop staged learning approaches and modules to target different types of executives at different stages of implementation.**
- Action Item #12: **Form a research group to identify and vet emerging technologies that will bring new capabilities and innovation in shared services environments.**
- Action Item #13: **Construct agreements, organizational models, and incentive pools for regional and cross-state infrastructure and collaboration on shared services.**
- Action Item #14: **Develop an industry-wide set of metrics and benchmarks to enable individual shared services efforts to gauge the maturity levels and level of success.**
- Action Item #15: **Research and develop case studies on shared services implementations and successes and identify spokespeople who can champion the issue.**



Plan of Action for a Community of Practice

In order to implement the wishes of the practitioners, a “go-forward” plan of action is proposed for the community of practice. It comprises the following six elements for twelve months of operation beginning November 1, 2007.

Products and Services

1) *Complete Three Cases and Case Clinic Webcasts*

- Stepwise Plan:
 - Invite nominations from group for consideration/validate
 - Create cases
 - Present as webcast clinics
- Resources Required:
 - Part-time resource to support case development, produce webcast clinics

2) *Develop a Shared Services “Starter Kit”*

- Stepwise Plan:
 - Establish practitioner-researcher-provider working group
 - Define requirements
 - Initiate work
- Resources Required:
 - Part-time resource to support starter kit development group

3) *Establish A Virtual Networking Site For The Shared Services Community*

- Stepwise Plan:
 - Establish practitioner-researcher-provider working group
 - Define requirements and specifications for the networking site
 - Initiate, complete work
- Resources Required:
 - Funding for site development; ongoing funding for site management

4) *Continue Collaborative Research Efforts*

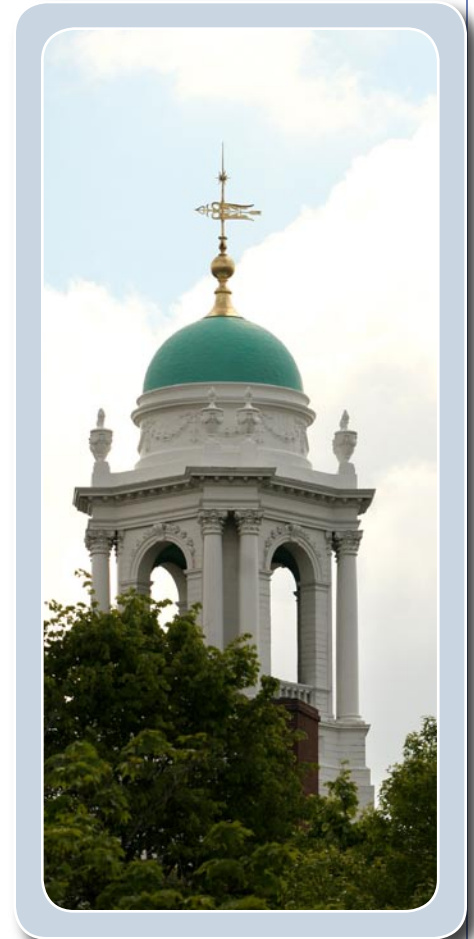
- Ongoing taxonomy (in draft)
- Capability Maturity Model development and documentation (in draft)
- Resources Required:
 - Part-time resource to support work

5) *Determine Support for, Roll Out Up to Three National Working Groups*

- Stepwise Plan:
 - Nominate potential working group topics to all/validate
 - Acquire working group leads
 - Set first year topical agenda/objectives and schedule for each group’s offerings (teleconferences, briefings, webcasts) and products/services
 - Launch work effort
- Resources Required:
 - Part-time resource to support development, roll-out process, then work group activities and meetings: scheduling, logistics, research, and documentation

6) *Convene Overall Guidance Group to Develop Options for Action a Strategic Plan to Implement Action Items*

- Convene working group to map out, prioritize, plan and resource the community of practice



Organization, Governance, and Operations

1) *Organize and Meet*

- Stepwise Plan:
 - Convene co-chairs and working group chairs as senior guidance group for 1.25 day funded planning session
 - Plan further national communications and meeting for the larger group
 - Plan, adopt community of practice resource strategy
- Resources Required:
 - Support for meeting development and convening

Next Steps

- Stepwise Plan:
 - Establish community of practice leadership group comprising co-chairs and working group leads
 - Secure resource support against initial requirements
 - Convene leadership-group for 1.25 days at Harvard; validate R&D, activity, and resource plan

For more information please contact:

Zachary Tumin, *Executive Director*
Leadership for a Networked World Program
www.lnwprogram.org

John F. Kennedy School of Government
Harvard University
79 John F. Kennedy Street
Cambridge, MA 02138

voice: 617-495-3036

fax: 617-495-8228

email: zachary_tumin@harvard.edu

Summary

The practitioners at this event agreed that government is increasingly facing the pressure of not only delivering more effective services to citizens, but also delivering services in a more efficient way. The combined impact has forced them to drive down the cost of government while developing innovative citizen driven services. Deploying a shared services business model is an integral step to moving toward a more client-centered, outcome-oriented, accountable, and efficient service delivery system – and ultimately creating more public value. Improvements in information infrastructure and business process reengineering are opening up opportunities for delivering shared services in government that are simultaneously more efficient and effective. It can be a win-win situation, but requires sound judgment and leadership to effectively implement the new possibilities and to create a high-performance environment.

About the Leadership for a Networked World Program

The Leadership for a Networked World Program (“LNW”) at Harvard’s John F. Kennedy School of Government helps leaders to better address the challenges and opportunities raised by digital information and networks. Founded in 1987, the LNW Program taps diverse knowledge within the Harvard community for executive education, research, and the development of teaching cases and other resources. Current efforts are focused on the “cross-boundary” challenge of changes requiring cooperation across traditional organizational boundaries – i.e., departments, jurisdictions, branches of government, and sectors of the economy. We believe that cross-boundary reforms represent the next wave of opportunities and challenges to be opened up by information technology and networked organizational models.

Prof. Jerry Mechling, *Lecturer in Public Policy and Faculty Chair*

Zachary Tumin, *Executive Director*

Antonio Oftelie, *Associate Director*





Ms. Madalina Adam
Head, Unit for EU Structural Funds
IT&C Ministry of Communications and Information
Technology, Romania

Mr. PK Agarwal
Director, Department of Technology Services
State of California

Mr. Michael Allen
Director of Strategy
Microsoft

Mr. Abulimen Alli
Director, Information Technology
City of East Cleveland

Mr. Michael Armstrong
Senior Executive Practitioner

Commissioner Dana Badgerow
Commissioner, Department of Administration
State of Minnesota

Mr. Wilbert Bailey
Data Manager
U.S. Defense Logistics Agency

Ms. Sandra Barrineau
Director, Civilian Payroll
U.S. Defense Finance and Accounting Service

Mr. Len Bastien
Director, IM Transformation
National Defence Government of Canada

Mr. Martin Benison
Comptroller
Commonwealth of Massachusetts

Mr. Mark Bohlmann
Assistant Deputy Director Administrator
Ohio Department of Mental Health

Ms. Claudia Boldman
Chief Planning and Strategy Officer
Commonwealth of Massachusetts, Information
Technology Division

Ms. Julie Booth
Senior Executive
Accenture

Mr. Douglas Bourgeois
Director, National Business Center
Department of the Interior

Ms. Corinne Brody
Special Assistant for Strategic Management Initiatives
Miami-Dade County

Brandon L. Buteau
Chief Architect
CMMI for Services
Chief Scientist and Technical Fellow
Northrop Grumman Corporation

Mr. Paul Campbell
Vice President
United Healthcare

Mr. Ralph Chapman
Vice President
IBM

Mr. Vic Chauhan
Senior Manager
United States Navy

Mr. Ken Cochrane
Chief Information Officer
Treasury Board of Canada Secretariat

Ms. Alison Cunard
Director
Microsoft Enterprise Services

Mrs. Rhonda Diaz
Executive Director, HR Business, Information,
& Technology
U.S. Department of Defense Civilian Personnel

Mr. Gary Duncan
Senior Executive, Global Shared Services Practice
Accenture

Mr. Scott Fairholm
National Technical Policy Advisor
U.S. National Center for State Courts

Mrs. Glynnis French
Assistant Secretary
Treasury Board Secretariat, Government of Canada

Mr. Lawrence Gilmond
Chief Application Officer, Information Technology
Commonwealth of Massachusetts

Mr. W. Brad Gladstone
Senior Executive, Oracle SI&T
North America Government Lead
Accenture

Mr. Robert Greeves
Policy Advisor, Office of Justice Programs
U.S. Department of Justice

Ms. Tracy Guerin
Deputy Director, Department of Information Services
State of Washington

Mr. Carl Hallinan
Senior Enterprise Architect
U.S. Department of State

Mr. Blair House
Senior Manager
Accenture

Mr. Mark Howard
Management Consulting Lead, US State/Local
Government, Finance & Administration
Accenture

Mr. Michael Huber
Deputy Commissioner
State of Indiana Department of Administration

Mr. Christian Jacqz
Director, MassGIS
Office of Energy and Environmental Affairs,
Commonwealth of Massachusetts

Mr. Steven Jennings
Chief Information Officer
Harris County Information Technology Center



Mr. Sid Johnson
Director of Implementation
Office of the Governor, State of Georgia

Mr. Michael Kalimnios
Executive Director, Corporate Services
Queensland Health

Mr. Charles Kaszap
Program Director
National Defence Headquarters, Canada

Ms. Arleas Kea
Director, Division of Administration
Federal Deposit Insurance Corporation

Mr. Bill Kilmartin
Director, Finance & Administration,
State & Local Government
Accenture

Mr. Arnold Kishi
Director, Information and Communications Services
State of Hawaii

Ms. Xuan Lan Le
Manager, Integration and Support,
Human Resources Division
United States Postal Service

Ms. Debra Madison-Levi
Director, Marketing and Communications
Iowa Department of Administrative Services

Mr. José Magallanes
General Manager
Empresa Municipal de Servicios Informat

Mr. Scott Mason
Senior IT Advisor
U.S. Social Security Administration

Lieutenant Philip McGovern III
Lieutenant
Mayor's Office of Emergency Preparedness,
City of Boston

Mr. Gordon McKenzie
Director
Microsoft

Mr. Erik Mickelson
Enterprise Integration Architect
Wisconsin Department of Administration

Mr. John Minnick
Business Liaison Director
U.S. Department of Homeland Security

Mr. Rowan Miranda
Senior Executive
Accenture

Dr. Brand Niemann
Senior Enterprise Architect
U.S. Environmental Protection Agency

Mrs. Zahra Nuru
Director/Senior Advisor
United Nations

Mr. Kshemendra Paul
Chief Architect
U.S. Department of Justice

Ms. Bethann Pepoli
Chief Information Officer
Commonwealth of Massachusetts,
Information Technology Division

Dr. Constance Pledger
Executive Director
U.S. Department of Education

Ms. E. Jill Pollock
Chief Human Resources Officer,
Division of Finance
Texas A&M University

Dr. Jim Salb
Enterprise IT Architect
State of Delaware

Mr. Jesse Samberg
Director, Shared Services Initiatives
Metropolitan Transportation Authority

Commissioner David Scott
Commissioner
City of Atlanta Department of Public Works

Gary Schwarz
Kennedy School of Government

William M. Snyder, Ph.D.
Principal
Social Capital Group

Ms. Ann Sulkovsky
Enterprise Architect/Strategic Planner
U.S. National Park Service

Mr. Anthony Vegliante
Executive Vice President and Chief Human
Resources Officer
U.S. Postal Service

Commissioner Lynn Vellinga
State Accounting Officer
State of Georgia

Commissioner Tasha Wallis
Commissioner
State of Vermont Buildings and General Services

Mr. David Wilson
Managing Director, Finance and
Administration Industry
Accenture

Mr. Marc Wine
Health Policy Analyst

Dr. Lyle Wray
Executive Director
Capitol Region Council of Governments

Mr. Tim Young
Associate Administrator
U.S. Office of Management & Budget

Mr. David Ziembicki
Senior Consultant
Microsoft