Shared Services: Busting the Myths Surrounding a Powerful Tool for Agency Reform

Thursday, April 5 | Washington, DC
Agenda

• Welcome (8:00)
• The Shared Services Mindset
• Mythbusting: Shared Services
• Observations About the Administration’s New Presidential Management Agenda (PMA)
• Q&A: PMA and GSA’s Office of Shared Solutions and Performance Improvement
• Close (10:30)
The Shared Services Mindset
Question 1

• In your role, or from your perspective, what is a service or function within your domain you could see being shared with other organizations? Why?

• Bonus question: What are characteristics of a function that could be a good candidate for shared services?
Question 2

• What makes sharing services across government organizations hard?

• *Bonus question:* What functions would you be unwilling to share, and why?
Question 3

• What are examples of great customer experiences? What did you like/dislike about them?

• *Bonus question:* What has your experience been as a customer of shared services?
The Shared Services Mindset
Mythbusting: Shared Services
Rowan Miranda, Managing Director, Accenture Federal
Service Delivery Challenges Facing Government Agencies

Administrative functions have suffered from common challenges that hinder service delivery

- Complex, variable, and manual processes that are costly to execute
- Redundant, non-standard systems and infrastructure
- Too much time spent on transactional activities; too little time spent on analysis/reporting
- Functions are staffed to support peak demand periods
  - Multi-layered organizations with wide-ranging spans of controls
  - Salary ranges inconsistent and variable for similar roles
- Weak capacity for reporting, analytics and many versions of the “truth”
- Sub-optimal control, compliance and risk environment
Range of Operating Models

Operating model transformation involves optimizing service delivery to be more cost-effective, flexible, reliable and customer focused.

- **Decentralized**
  - Autonomous departments
  - Focus on responsiveness
  - Different systems & non-standard processes
  - Separate functional staff

- **Standardized**
  - Business units run similarly
  - Typically some common sub-systems
  - Common processes
  - Separate functional staff

- **Centralized**
  - Single department, division or site which performs the function
  - Focus on efficiency and control
  - Typically some common sub-systems
  - No service level agreements nor performance targets
  - Customers aren’t typically part of the governance process

- **Outsourcing**
  - Contracted services provided by a third-party vendor
  - Balances responsiveness with efficiency
  - Access to vendor capabilities
  - Focus on labor arbitrage and service management
  - Potential political impact
Case Study: **NY Metropolitan Transportation Authority**

- MTA is one of the largest transportation agencies in the US with 70,000 employees, $15B+ operating budget and a $30B+ long term capital plan.
- MTA consists of eight independent agencies (e.g., NYC Transit, Long Island Bus, Metro-North RR) that had separate organizations for Finance, HR, Procurement and IT; these agencies also had separate administrative/ERP systems.
- Accenture worked collaboratively with MTA to:
  - Design, implement, and launch a high performing new organization (the “Business Service Center” or BSC) focused on finance, human resources, procurement and select IT functions;
  - Streamline business processes, including expanding use of automation, workflow, and self-service and improve customer service delivery;
  - Implement a single ERP system to support MTA as an enterprise; we also implemented a self service portal to support HR, procurement and finance functions across external and internal applicants, vendors, self-service employees, retirees, and core users.
  - Reduce operating expenses to meet MTA's budgetary goals.
- **Outcomes:**
  - Development of a customer service focused Business Service Center
  - Consolidation of multiple systems into a single ERP system
  - Cost and FTE reductions that exceeded targets
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<th>#</th>
<th>Myth</th>
<th>Description</th>
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<tr>
<td>1</td>
<td>Shared Services Equals Centralization</td>
<td>“Our prior experience in centralizing IT was terrible. Not only did we give up our people and budget, we then had to rehire new staff.”</td>
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<td>2</td>
<td>Service Satisfaction will Decline</td>
<td>“If we rely on another agency to provide financial systems to us, how do we know that we will be a priority to them?”</td>
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<td>3</td>
<td>It is Bad for the Workforce</td>
<td>“Service Center work is dehumanizing compared to the interesting jobs people have in our agency have today.”</td>
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<td>4</td>
<td>Can’t Address Our Unique Needs</td>
<td>“Shared Services uses a ‘one size fits all’ model. We have very unique needs that must be met to effectively carry out our mission.”</td>
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<td>5</td>
<td>My Agency Can Do it Cheaper</td>
<td>“We conducted a ‘make or buy’ study. Our costs are much lower if we provide the service” and/or “Costs may start out lower but prices will increase sharply over time.”</td>
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## Top 10 Shared Services Myths (2 of 2)

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<tr>
<td>6</td>
<td>Shared Services Equals Outsourcing</td>
<td>“Sure it saves money -- by outsourcing jobs to the private sector who pay lower salaries and reduced benefits.”</td>
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<td>7</td>
<td>Virtual Shared Services Works</td>
<td>“Staff will work where they are today and report ‘virtually’ to a new shared services organization.”</td>
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<td>8</td>
<td>All Responsibility is Shifted to the Shared Services Center</td>
<td>“Shared Services allows us to get completely out of a line of business. We are no longer responsible.”</td>
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<td>9</td>
<td>Any activity can be moved into a Shared Services Center</td>
<td>“Lets move all of HR or Finance from our Bureau to the Shared Services Center.”</td>
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<td>10</td>
<td>Shared Services has a Beginning and an End</td>
<td>“When implementation is complete, our work is done.”</td>
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Observations About the Administration’s New Presidential Management Agenda (PMA)

Dustin Brown, Deputy Assistant Director for Management, OMB
Q&A: PMA and GSA’s Office of Shared Solutions and Performance Improvement