Enhancing Shared Services in Government with Performance Indicators and Analyses

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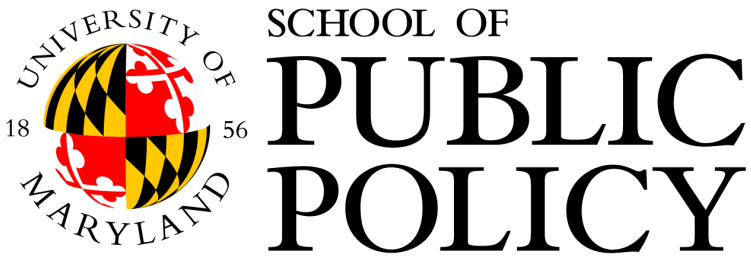

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Abstract

This report examines the current landscape and future potential of shared services in the federal government. Despite longstanding interest in shared services as a means to improve efficiency and reduce redundancy, adoption across agencies remains fragmented and lacks standardization in performance measurement. Through literature reviews, client conversations, an expert interview, and case studies, this report identifies core categories of performance indicators—cost, quality, customer satisfaction, and interoperability—as essential for evaluating shared services and supporting data-driven decision-making. A major finding is the lack of performance metrics that evaluate "mission benefit"–-how shared services contribute to agencies' goals beyond administrative efficiency. The report also identifies barriers to implementation, including resistance to change, insufficient investment in technology, and the lack of centralized governance. Another key insight is the importance of adaptability in shared service providers; agencies vary significantly in needs and priorities, and providers must tailor services to maintain long-term value and relevance. Based on these findings, we recommend a tiered shared services model that allows agencies to select service levels based on need and capacity, while still participating in a unified system. Additionally, we advocate for an executive order mandating shared service adoption, guided by the Office of Management and Budget and reinforced through strong governance and stakeholder engagement. Other recommendations include implementing real-time performance dashboards, strengthening customer-provider relationships through advisory boards and feedback mechanisms, and promoting the use of cloud technologies and data analytics. Ultimately, this report offers a structured path for improving the accountability and efficiency of shared services in the federal government through measurable performance indicators and collaborative infrastructure.

1. Introduction

As federal agencies desire to modernize operations, reduce costs, and improve service delivery, shared services have emerged as a promising solution for streamlining administrative functions. In theory, centralizing services like payroll, human resources, and financial management can eliminate redundancies and allow agencies to reallocate resources toward mission-critical activities. However, practical implementation has often fallen short of expectations. This report, developed through research of existing frameworks and case studies, client conversations, and an expert interview, explores how shared services are currently being deployed in federal agencies and how their performance can be more effectively evaluated. By identifying core performance indicator categories, assessing implementation barriers, and offering actionable recommendations, the report aims to support more strategic, data-informed adoption of shared services across government.

1.1 Background

Despite increasing interest in shared services as a strategy for improving efficiency and reducing redundancy in federal government operations, a number of critical gaps remain in both research and practice. Currently, the government encourages the use of shared services, but does not mandate their adoption across all agencies. Consequently, there is no consistent or comprehensive data on how shared services impact performance government-wide. Without a standardized implementation framework, agency adoption of shared services is sporadic and largely uncoordinated (CIO Council, 2017). This lack of uniformity contributes to an interesting research gap: there is no existing body of evidence that evaluates the full, cross-agency impact of shared services in a controlled or comparative way.

Furthermore, agencies are often hesitant to transition to shared services due to insufficient or unclear information about the value such a move would bring. While some performance indicators have been proposed and implemented—such as those outlined by the Shared Services Leadership Coalition (SSLC) and the Partnership for Public Service—there remains a lack of a structured, common framework for agencies to assess whether shared services will (or currently) meet their specific operational needs or align with their strategic goals, which makes investment in shared services seem like a risk.

Even when performance data does exist, there is a second-level gap: agencies may struggle to access, interpret, and communicate these metrics effectively. There is not strong, standardized guidance on how best to present performance information to internal stakeholders or the public (Lanier, 2019). Effective performance communication strategies—like user-tested dashboards or standardized reporting formats—are rarely implemented, which limits the utility of available data for decision-making and service improvement.

Finally, a significant gap exists in measuring mission benefit, or what the Partnership for Public Service describes as "service enablement outcomes," of shared services. The 2014 case study by the Partnership for Public Service of the NASA Shared Services Center (NSSC) illustrates this gap. While NSSC tracked operational and productivity outcomes—the other two measures of performance proposed by the Partnership for Public Service—it did not develop concrete metrics to assess whether the time and resources saved by shared services actually translated into more mission-critical work. There is a general assumption, rather than concrete measurement, that administrative efficiency leads to improved mission benefit (Goodrich & Marshall, 2024). However, faster payroll processing or more efficient hiring does not necessarily result in more case resolutions, scientific breakthroughs, or other core mission-critical outputs.

Without performance indicators that directly tie shared services to mission advancement, agencies cannot fully evaluate the return on their investment or justify continued use and expansion of shared service models. Mission benefit outcomes must be measured directly, rather than inferred.

This report aims to address these gaps by identifying and validating useful shared service performance indicators through independent research and conversations and interviews with subject matter experts in the field of shared services. While this project could not study the full, government-wide impact of shared services—given that such a case does not yet exist—this report outlines several strong implementation plan options of shared services for the government. This report also draws on case studies of successful shared service adoption in a federal agency, a private sector organization, and a foreign government. Ultimately, this report's findings and recommendations will help inform ongoing efforts to improve both the measurement of and communication about shared services.

1.2 Objectives

As demands on public resources continue to grow, shared services offer a way for the federal government to improve efficiency, consistency, and quality in core administrative functions like human resources, IT, and procurement. However, realizing these benefits requires more than just consolidating services—it also calls for strategic planning based on measurable results.

The goal of our research was to answer the following question: What are the key indicators of shared services, and what are useful ways to analyze those indicators—especially in administrative functions—to improve service quality and efficiency while preventing or

addressing issues of fairness and consistency? By focusing on administrative functions, we want to equip decision-makers with practical tools to evaluate and strengthen shared service delivery.

This report offers specific findings and recommendations for how agencies can implement shared services and track their performance. It includes examples of implementation plans and performance metrics, and it highlights current strengths, gaps, and areas for improvement. Ultimately, the overarching objective of our research and this report is to advance the conversation around shared service use in government.

2. Methodology

2.1 Case Studies: Successful Examples of Shared Service Implementation and Use

To evaluate the real-world effectiveness of shared service models, we reviewed the successful adoptions of shared services in a federal agency, a private sector organization, and a foreign government.

- **U.S. Government: Department of Housing and Urban Development (HUD)**

In 2015, HUD transitioned its financial and procurement operations to the Treasury Department's Administrative Resource Center (ARC), becoming the first cabinet-level agency to fully migrate core financial functions to a federal shared service provider. This move aimed to modernize legacy systems, improve compliance, and streamline operations. While initial implementation had challenges—including a 2017 HUD OIG report noting that the transition did not fully meet expectations—HUD ultimately realized significant benefits. By 2024, the agency had achieved a clean audit opinion for the fifth consecutive year, reflecting strengthened internal

controls and improved financial accountability. This case highlights how shared services can drive long-term improvements in efficiency and oversight, but also emphasizes the need for strong planning, adherence to governance protocols, and ongoing performance monitoring to ensure success.

- **Private Sector: Procter & Gamble**

In 1999, Procter & Gamble's (P&G) Global Business Services consolidated the company's internal services, such as finance, accounting, employee services, customer logistics, purchasing, and IT into a single global unit (a shared service). In doing so, P&G has achieved significant cost savings, standardized processes, and enabled global scalability for its services among many other benefits. By centralizing functions, the company's cost savings were estimated at $600 million in 2008 (Bloch & Lempres, 2008). The centralization and consolidation of functions allowed for the elimination of duplicate activities, development of best practices that could be shared across the organization, and streamlined service delivery. In addition, GBS helped in integrating newly acquired companies, such as Gillette in 2005, by providing back-office support.

- **Foreign Government: the U.K.**

In 2021, the U.K. launched a new shared services strategy for the government. While the initial implementation had challenges—particularly in aligning departments with varying levels of digital maturity—the strategy laid the groundwork for long-term efficiency. It ultimately led to cost savings, improved data consistency, and better service delivery across agencies. The strategy included using key performance indicators, such as payroll accuracy, invoice accuracy, end-user satisfaction, government transfers, and mobility of service (UK Cabinet Office, 2021). It also emphasized building interoperability through common data standards and shared platforms.

2.2 Data Collection and Evaluation Process

Prior to our case studies, our research process began with a comprehensive literature review. Each team member developed an individual annotated bibliography consisting of five unique scholarly sources relevant to our research question and focused on performance indicators of shared services. These sources included academic studies, policy reports, and publications from reputable organizations—anything that could provide insight into improving the quality and effectiveness of shared services. Each annotation included a summary of the source along with an explanation of its relevance to our research question.

After completing our individual reviews, we collaborated as a team to compile an additional five scholarly sources. This collective literature review helped us identify and address gaps in our existing research while deepening our understanding of the topic.

In addition to the literature reviews, we conducted an interview as our second primary research method. We chose doing an interview over surveys or other methods because we believe they allow for more meaningful engagement and richer, in-depth responses. One of our clients, Jim Williams, connected us with Dave Mader who was our interviewee. Mader has worked with shared services in the public and private sectors for many years, and he is currently the Chief Strategy Officer in the Civilian Sector for Deloitte. The information we obtained from Mader has helped to inform many aspects of this report. We discussed eight core questions with him, ranging from his background in the public and private sector and how it shapes his views on shared services, to what role he believes OMB should play in guiding shared services policy. See Appendix A for the full list of questions.

Finally, the method embedded consistently throughout our research process was engaging in conversations with our clients via video calls. This qualitative, exploratory approach relied on

informal and semi-structured discussions to gain insight into our clients' experiences, needs, and expertise. Data was collected through note-taking, with one team member responsible for capturing detailed notes during each conversation, focusing on key points and themes.

2.3 Challenges and Resolutions

Our team faced several challenges during this project. One of the biggest was sorting through the large amount of information from our literature review. While there were many articles and reports about shared services and government operations, much of the writing was too broad or focused on different topics. It was hard to find clear performance indicators that could help measure the success of shared services. To manage this, we grouped the material by topic and separated general ideas (like improving efficiency) from more specific details about how to measure performance. This helped us find useful insights and spot patterns across different sources.

Another challenge was scheduling our expert interview. We had delays and cancellations when trying to meet with Dave Mader, which pushed back our timeline. This made it harder to confirm some of the ideas we had based on earlier research and client input. However, the extra time allowed us to dig deeper into other sources and have more detailed discussions as a team. When the interview did happen, it gave us valuable information that supported and expanded our findings.

Lastly, it was difficult to bring together all the information from our research, client conversations, and the interview into one clear story. Each source had helpful insights, but it took time and effort to organize everything into a cohesive and understandable format. To solve this,

we made shared documents to track key themes, performance indicators, and practical takeaways. This helped us stay focused and build a stronger, more organized report.

3. Findings

Through research and case studies, client conversations, and our interview, we identified seven key findings to help inform our final recommendations. These findings are outlined below.

1. **Categories of Performance Indicators**

Two of our clients, Shelley Metzenbaum and Jim Williams, along with our interviewee Dave Mader, have helped us identify categories of performance indicators for evaluating the value of shared services. Below is a summary of these categories, including their suggested frequency of measure and intended purpose.

Table 1: Key Performance Indicator Catoregies for Shared Service Evaluation

Performance Indicator Category:	**Frequency:**	**Purpose:**
Cost	Day-to-day (include time of day and location)	Compares decentralized (siloed) vs. shared models and justifies migration to shared services and reinvestment
Quality	Day-to-day (include time of day and location)	Evaluates service quality (against service level expectations and/or industry benchmarks) and reliability across providers
Customer Satisfaction	Day-to-day (include time of day and location)	Assesses trust, usability, and support for shared services
Interoperability	Day-to-day (include time of day and location)	Measures how shared services integrate with agencies' existing systems, workflows, and data

Performance indicator categories are a broad area of evaluation—they are the *what* that is being measured. In contrast, performance metrics are the specific *how*—they are the quantitative or qualitative measures used to assess performance within that category. Under the cost category, relevant metrics include cost per transaction and budget variance. For quality, common metrics are resolution rate, error rate, service level agreement (SLA) compliance, and cycle time. In the customer satisfaction category, agencies often use net promoter score (NPS), customer satisfaction score (CSAT), and the number of complaints. Finally, interoperability is typically measured through data synchronization accuracy and system integration success rate.

2. Shared Services Leadership Coalition's (SSLC) Proposed Policy Roadmap for Implementation of Shared Services

The SSLC proposes a policy roadmap to guide shared services implementation across the federal government. There are four key phases:

1. Mandating shared services for core administrative functions via legislation and an executive order.
2. Establishing centralized governance, led by a Senate-confirmed GSA Commissioner and supported by a Government Operations Advisory Board.
3. Conducting a baseline operational profile of current service delivery to inform a government-wide transformation plan.
4. Phasing in adoption of shared services over five to ten years, with agency-specific plans and training.

The roadmap addresses the policy side of shared services implementation, which supports inquiries from our clients as to how this should occur. While our project focuses primarily on the agency (customer) perspective—how shared services should be evaluated and compared—that work depends on having a clear foundation for how shared services are implemented. Without this foundation, it is difficult to make comparisons across shared services and agencies. The proposed roadmap provides one such option for a concrete implementation strategy: mandating shared services as the standard model for delivering common administrative functions. Lastly, the SSLC's report also suggests performance indicators for shared services such as cost per transaction, service quality, user satisfaction, technology modernization, performance against service level agreements and/or industry benchmarks, governance and accountability status, and equity and fairness monitoring. While these are not hyper-specific indicators, they can be applied to a wide range of shared services and tailored to agencies needs.

3. Partnership for Public Service's Standardized Performance Assessment Model

The Partnership for Public Service's Standardized Performance Assessment Model provides a framework for evaluating shared services by aligning performance metrics with stakeholder needs, adoption phases, and value delivery. The model outlines seven adoption phases and emphasizes that evaluation criteria should vary by phase. It also defines three outcome levels—operational, productivity, and service enablement—and five value categories: financial, direct user, foundational, and strategic.

NASA's Shared Services Center applied this model, effectively tracking operational and productivity outcomes, but lacking metrics to assess service enablement (how shared services benefit the mission). This demonstrates a gap in performance indicators that measure mission

benefit. To address this, agencies could implement metrics that measure how time and money saved are reallocated to mission-critical work or by analyzing trends in programmatic output after shared services adoption.

4. The Significance of Adaptability for Shared Service Providers

The GSA (2024) and Ferreira and Janssen (2022) both examine how shared service providers (SSPs) must evolve to meet the demands of modern governance. This includes integrating new technologies, modernizing service delivery models, and enhancing flexibility and efficiency across the public sector. They emphasize the need for SSPs to adapt organizational structures, refine business processes, and develop workforce capabilities to stay competitive and effective. While Ferreira and Janssen (2022) focus on emerging trends and future-oriented strategies, the GSA (2024) highlights current progress and concrete reforms already underway in federal shared services. Taken together, these perspectives offer a balanced view—combining forward-looking innovation with actionable insights from ongoing implementation.

Building on this literature, our team explored how SSPs tailor services to the varying needs of different agencies. In conversations with Jim Williams and Dave Mader, both emphasized that while SSPs must offer a baseline level of service, flexibility and customization are essential to meeting agency-specific requirements. Mader noted that assuming uniform customer needs is a critical mistake and stressed the importance of agility and continuous technological adaptation. Without this responsiveness, SSPs are unlikely to gain widespread adoption.

5. General Services Administration's (GSA) Shared Service Governance Model

The GSA provides a structured model for collaboration among federal agencies that is designed to reduce redundancies, maximize resource sharing, and ensure consistent high-quality service across various business operations. Given the ongoing shifts in business practices, the GSA's approach to shared services offers an efficient method for managing transition and modernization efforts.

According to information available on the GSA's website, the agency offers a wide range of shared services, including assisted acquisition, financial management, and payroll services. The GSA promotes these offerings through strategies such as governance initiatives, active agency engagement, and robust data and business analysis practices. A key strength of the GSA's model lies in its strong focus on technological modernization, particularly through the use of cloud-based solutions and data analytics. Cloud technology provides scalability and flexibility, while data analytics supports performance tracking and data-driven decision-making. These technologies enable the GSA to deliver real-time insights, monitor service effectiveness, identify inefficiencies, and drive continuous operational improvements. As a result, the GSA's shared service model not only reduces costs but also fosters a more responsive, efficient government infrastructure.

6. Strategic Foresighting Through Interviews

Greenblott et al. (2018) examine how federal agencies use strategic foresight to anticipate and prepare for long-term challenges. Through interviews with officials from nineteen agencies and two non-governmental experts, the study highlights how tools like horizon scanning and scenario planning help agencies look beyond immediate concerns to consider potential future developments.

The research also finds that foresight initiatives are more likely to succeed when they are adequately funded and supported by senior leadership. However, sustaining these efforts over time can be difficult—especially when leadership changes or when foresight is not fully embedded into core strategic planning processes.

Strategic foresight provides a framework for recognizing and responding to trends that could impact service delivery. For example, agencies can monitor performance metrics such as employee satisfaction, error rates, and payroll processing times to assess current effectiveness. Foresight techniques also help agencies evaluate how shifts in workforce demographics or the emergence of new technologies might influence service models in the future. This enables proactive planning around critical questions, such as: Are we prepared for a more remote or hybrid federal workforce? What tools or systems should we invest in now to support long-term administrative efficiency? How can we ensure consistent and high-quality service across departments?

7. Agency Modernization and Migration Management

Effective implementation of shared services depends on how well agencies manage the transition—both in terms of operational readiness and long-term sustainability. To support this process, the U.S. Shared Quality Services developed the "M3 Playbook," a comprehensive guide that outlines a six-step approach to modernization and inter-agency collaboration. Developed with input from government leaders and employees, the playbook provides agencies with a structured method to assess, plan, and execute shared service adoption (see Figure 1).

The process begins with an agency self-assessment, followed by an analysis to determine whether shared services are the right fit. Early phases focus on key indicators such as cost per

customer, cost of production, service type, and other performance metrics that inform the decision to migrate. A critical component of the playbook is the ongoing review of service performance data. Continuous monitoring ensures that services remain effective, responsive, and aligned with agency goals—particularly in terms of customer satisfaction.

The playbook also raises broader questions that align with our own research: How do organizational changes impact efficiency and service delivery? What metrics are most useful for tracking progress? What role should shared services play in the agency's long-term operations? These questions emphasize a key theme: shared services only succeed when they are continually evaluated, refined, and aligned with customer needs. Without thorough analysis and ongoing performance monitoring, the delivery of shared services may be inconsistent and suboptimal.

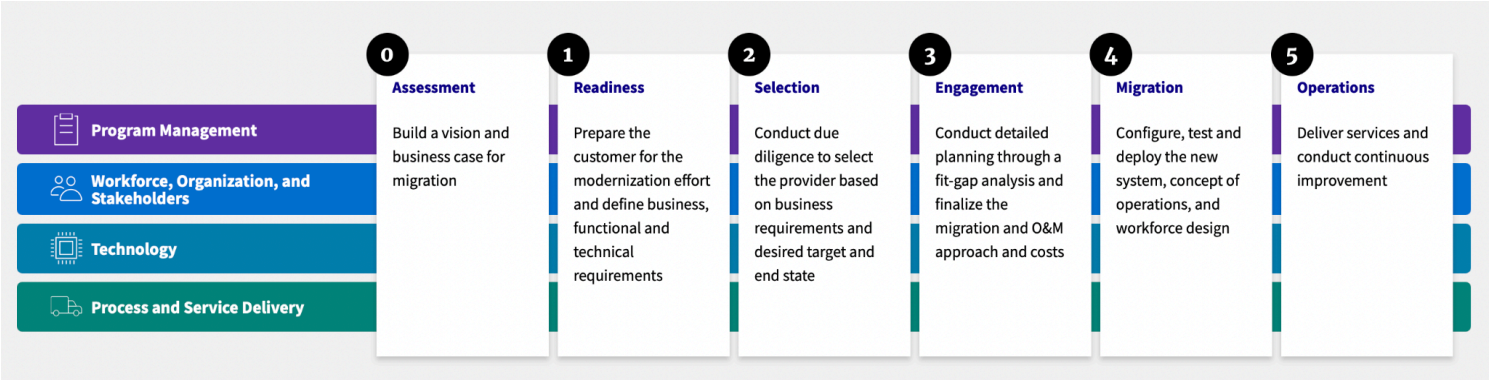

Figure 1: Phases of the M3 Plan

4. Discussion and Recommendations

4.1 Implications and Limitations

1. **Fragmented Implementation Across Agencies**

Despite federal encouragement, adoption of shared services remains inconsistent. Agencies often implement shared services at different paces, with varying levels of commitment and maturity. This fragmentation undermines the potential for system-wide efficiencies and hinders interoperability between agencies.

2. **Lack of Standardized Performance Metrics**

There is no universal framework for measuring performance, equity, or efficiency across shared services. Without clear and comparable data, it becomes difficult to assess effectiveness, identify best practices, or ensure accountability.

3. **Resistance to Change and Organizational Culture Barriers**

Many agencies are hesitant to relinquish control over their internal processes due to institutional inertia, job security concerns, or fear of losing operational flexibility. This resistance often delays adoption and creates friction in collaboration between service providers and customers.

4. **Limited Customer-Centric Design**

Shared services are sometimes designed with operational efficiency in mind, but without sufficient attention to the user experience or specific agency needs. This "one-size-fits-all" approach can lead to dissatisfaction, underuse of services, or workarounds that negate efficiency gains.

5. **Insufficient Investment in Technology and Talent**

While digital platforms are crucial for scalable shared services, some agencies lack the IT infrastructure or skilled workforce needed to implement and maintain modern, cloud-based systems. This leads to outdated platforms that limit service quality, data integration, and security.

6. **Weak Governance and Oversight Structures**

Many shared service initiatives lack a clear, centralized authority responsible for long-term oversight, cross-agency coordination, and strategic vision. Without strong governance (e.g., via OMB or CFO Council), efforts risk stalling or deviating from government-wide goals.

7. **Difficulty Demonstrating Short-Term ROI**

Although shared services can reduce long-term costs, they often require significant upfront investment in technology, training, and change management. The inability to demonstrate immediate return on investment makes it harder to secure buy-in from budget-constrained agencies.

4.2 Actionable Recommendations

1. **Tiered Shared Services Model**

After our interview with Dave Mader, we recommend that the federal government adopt a tiered shared service model across all agencies. This approach mandates shared services while allowing agencies flexibility in choosing their level of participation. Mader explained that shared service providers can begin implementation, but agencies determine how much they are willing to invest.

The model consists of three tiers:

- Bronze (Base Level): A standardized service that meets about 70% of agency needs. It is the most basic and cost-effective option, ideal for smaller agencies.
- Silver (Mid-Tier): Offers additional services tailored to agency-specific needs at a higher cost. SSPs provide a detailed plan and targeted data to support long-term sustainability.
- Gold (Highest Tier – implied if needed): A third tier could offer premium, fully customized services with the highest cost and data integration.

Service costs increase with each tier, reflecting both service quality and the amount of agency data used. An example that Mader pointed out was the Internal Revenue Service (IRS) Restructuring Act of 1998. The policy change required that the IRS significantly condense offices to cut costs and require collaboration between agencies. Mader noted that this executive order enforced the partnership of hundreds of offices nationwide.

2. Executive Order Mandating Shared Services

Our second recommendation is an executive order mandating the adoption of shared services under federal oversight. To significantly reduce government spending, participation in these services should be required for all agencies. This approach ensures consistency in service delivery and strengthens federal accountability. To guarantee the long-term sustainability of shared services, proper management, and regular data collection are essential. Mader suggested that these programs be directed by the Office of Management and Budget (OMB) and the Chief Financial Officers Council (CFO). The OMB leadership needed to set priorities and ensure accountability between all agencies to address government spending. The Presidential Management Plan (PMP) can be a guiding outline for what the administration sets out to do, but not all initiatives should be left to PMP due to the optional nature of the plan. Without strong

leadership, Mader notes that the process can be slow and inconsistent. A federal mandate establishes both the goals of the agency and a breakdown of where funding goes.

3. **Maintaining Adaptability and Fostering Relationships Between Customers and SSPs**

Understanding customer needs is crucial for SSPs to operate effectively. When SSPs can clearly communicate the value they offer and how they align with organizational goals, it not only highlights their benefits but also establishes clear expectations for both sides. A shared understanding between organizations and SSPs fosters stronger, more productive partnerships. This clarity from the beginning enables both parties to define success through agreed-upon performance metrics and outcomes. With a solid grasp of expectations, SSPs can better customize their services to meet organizational needs, while organizations can more accurately assess the impact of those services. Several strategies can help build and maintain this strong relationship; based on insights from the GSA (2024) and Ferreira & Janssen (2022):

Strategy:	**Purpose:**
Conducting regular surveys on customer satisfaction	Collecting quantitative and qualitative feedback on customer satisfaction and service performance allows SSPs to gauge a better understanding as to what is/is not working for their clients, ultimately guiding improvements.
Hold board meetings	As recommended by Dave Mader, maintaining alignment between SSPs and organization leadership can bridge crucial divides in customer expectations. Not only this, but the services a provider is capable of delivering are able to be clearly demonstrated. This helps both parties oversee strategic direction.

Organize joint workshops or training sessions	Building collaboration between SSP and customer teams by increasing understanding of tools, processes, and workflows.
Establish a Customer Advisory Board (CAB)	Creating a forum for key stakeholders from both sides helps maintain continuous dialogue and collaboration. If expectations are set early on, and customers are able to be kept in the loop throughout their work with an SSP, we are enabling transparency and providing a space for both parties to express their needs.
Implement a shared digital collaboration platform or dashboard	Provide real-time updates on performance metrics, upcoming tasks, and unresolved issues to enhance transparency.
Define clear Service Level Agreements (SLAs)	Set clear expectations for service delivery, response times, and quality standards from the start.

4. GSA's Shared Service Governance Model

Building on the GSA's successful use of shared services, several recommendations emerge:

- Leverage Cloud-Based Systems: To enhance scalability, flexibility, and data security, cloud technology should be central to service delivery. Cloud systems can streamline operations and offer accessible platforms for collaboration and service management.
- Integrate Data Analytics for Continuous Improvement: Developing strong data analytics capabilities will allow for real-time performance tracking, trend identification, and evidence-based decision-making. This can help produce effective performance reports and actionable insights to guide strategic improvements.
- Focus on Governance and Stakeholder Engagement: Successful shared services depend not only on technology but also on strong governance structures and continuous

engagement with agency stakeholders. Establishing clear roles, responsibilities, and communication channels is crucial to building trust and fostering collaboration.

- Promote Transparency and Performance Metrics: Publishing regular performance metrics and visualizations based on real-time data can enhance accountability, drive service improvements, and build confidence among participating agencies.

By incorporating these elements, shared service initiatives can mirror the GSA's success, fostering innovation while ensuring efficiency and responsiveness across organizations.

5. Challenge the Competition

Two of our clients, Shelley Metzenbaum and Jim Williams, emphasized to our team that shared service providers must position themselves in the market not merely as cost-savers, but as value creators capable of delivering a more comprehensive and integrated service than competitors. A key strategy to achieve this involves developing platforms that deeply embed the provider in the customer's operations. In the words of Metzenbaum, a shared service provider needs to be “sticky,” making it difficult for customers to seek alternate options, but not too difficult that competition between providers ceases to exist.

For instance, several of our clients have pointed to the creation of centralized digital platforms, such as secure cloud-based systems for data storage and workflow management, as critical tools for customer retention. These platforms do more than consolidate services; they act as digital ecosystems where customers can manage information, collaborate across teams, and integrate with other business tools. By offering such end-to-end solutions, the shared service provider becomes indispensable. This reduces the customer's incentive and ability to switch to alternative providers, outsourced vendors, or in-house options. The more tailored, embedded, and

integrated the service, the higher the switching costs, making it strategically difficult for customers to walk away without significant operational disruption or financial burden.

4.3 Discussion

Our project has sought to identify performance indicators of shared services across government functions, particularly payroll, technology, and human resources, that promote both efficiency and equity. Our findings indicate that successful shared service models are characterized by a few consistent indicators: data integration and transparency, strong governance, and customer-provider alignment. These elements work together to create systems that not only reduce redundancy and cost, but also ensure consistent service quality across agencies, thereby addressing fairness concerns.

The recommended tiered shared services model is a practical response to the diversity of agency needs. It allows agencies to opt into service levels—Bronze, Silver, or Gold—based on their operational complexity and budget, while still benefiting from a shared infrastructure. This flexibility ensures access for smaller agencies, while allowing larger agencies to scale services efficiently. The tiered approach also enables measurable comparisons across functions like payroll or HR by defining consistent service expectations at each level, which is a foundational step in identifying performance indicators. In addition, the emphasis on data-driven management, through performance dashboards, satisfaction surveys, and shared digital platforms, offers a replicable method to assess and improve services across different administrative functions. When combined with clear SLAs and regular reporting, these tools provide tangible metrics for evaluating service delivery, responsiveness, and cost-effectiveness. These metrics become the

“key indicators” that allow agencies to monitor equity (are services consistent across clients?) and efficiency (are outcomes being delivered with minimal waste?).

Finally, fostering strong relationships between SSPs and agency stakeholders is itself an indicator of sustainability. Regular engagement, feedback loops, and collaborative planning ensure that services are tailored to evolving needs while preserving accountability. As Shelley Metzenbaum and Jim Williams emphasize, SSPs that integrate deeply into agency operations and deliver value-added services create high switching costs and strengthen long-term adoption. This not only improves efficiency but also stabilizes service equity by discouraging fragmentation or inconsistent delivery models.

Ultimately, by focusing on standardized tiers, integrated data systems, governance structures, and stakeholder engagement, agencies can identify and track the key indicators necessary for building equitable and efficient shared services across multiple administrative domains.

5. Conclusion

Shared services have significant potential to improve efficiency and reduce redundancy in federal agency operations. However, gaps remain in standardization, performance measurement, and governance. By addressing these challenges with a tiered shared service model, mandatory adoption, and improved data systems, agencies can better align shared services with their goals. With stronger collaboration and clear metrics, shared services can become a more effective and reliable strategy for federal modernization.

6. Appendices

Appendix A: Dave Mader Interview Questions

University of Maryland Student Team:
Anna Ewing, Aidan Ryan, Grace Monacelli, Parker Schnell
Interviewee:
Mr. Dave Mader
Date of Interview:
04.15.25

Discussion Questions

1. Can you share your background in the federal government and private sector and how it has shaped your perspective on shared services?

2. What are some reasons for government agencies adopting or using shared services and, conversely, the reasons why organizations don't use shared services and how those reasons should influence the measurements or criteria for deciding whether to use shared services?

3. How would you like to see shared service providers measure and communicate their performance to current and potential customers? Please be as specific as possible about indicators you would like to see for different shared services and when, where, and how you would like those to be shared.

4. How would you like to see shared service providers measure their own performance to improve the quality of the products they sell in addition to measuring to manage their own returns?

5. Can you refer us to any best practices or successful examples of agencies using performance data to improve shared service selection and management?

6. If you had to recommend one or two concrete steps to improve the use of data and performance indicators in shared services, what would they be?

7. Do you know of major differences between implementing shared services through the public vs. private sector? If so, what are they and which ones merit attention?

8. What role do you think OMB should play with regard to shared services?

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