

The Steps to Success in Shared Services

TASK FORCE ON SHARED GOVERNANCE | OCTOBER 11, 2016

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Agenda

- Shared Services Framework
- Case Studies / Examples
- Process / Approach
- Q & A

A way to organize service delivery to optimize an institution's cost-effectiveness, flexibility and reliability

Shared Services

Some Statistics

According to various surveys...

- Only 42% of college and university chief business officers are confident of their financial model's stability over the next 10 years. (Inside Higher Ed and Gallup 2015 Survey of College and University Business Officers.)
- 63% of CBOs say that media reports depicting a financial crisis for U.S. higher education are accurate (just issued 2016 Inside Higher Ed survey of College and University Business Officers)
- About 1/3 of institutions share services
- 80% of institutions are part of at least 1 purchasing consortium
- Top benefits cited by smaller institutions: improved costs and pre-arranged terms and conditions
- More than 50% of institutions expect to add specialized services/vendor management roles (ECAR – so primarily IT)

Shared Services

- Sharing of services between two or more entities to reduce costs, increase efficiencies and/or expertise
 - People
 - Equipment / facilities
 - Processes
 - Planning
 - Program / Content Development
 - Technology
- A function, process, or activity performed by a single “provider” organization, in support of two or more “user” organizations.
- Shared service initiatives typically involve the centralization to a single provider of one or more functions previously performed independently by multiple user organizations.

Why Shared Services??

- Gain economies of scale through centralized transaction processing;
- Standardize practices, processes, and policies;
- Standardize and improve services to students;
- Leverage technology capabilities and investments;
- Uncover and utilize best practices among institutions;
- Encourage increased inter-institutional collaboration;
- Focus on high-value activities;
- Reduce total unit cost to free up resources for reinvestment in institutional quality.

Potential Candidate Areas

- Administration / Institutional Leadership
- Finance & Accounting
- Human Resources
- Procurement
- Technology
- Student Success
- Data Management & Analytics
- Institutional Research
- Campus Safety
- Parking
- Auxiliary Services



Case Studies/Examples

Case Study

- University of Akron, Lorain County Community College and Stark State College
 - Innovation Alliance;
 - shared ERP infrastructure costs, UA hosts the PeopleSoft ERP for LCCC
 - UA provides ERP support to LCCC
 - Consulting costs reduced by more than 50% in FY 2013 – 2014
 - Cooperative purchasing of hardware/software
 - Collaboration resulted in shared services grant funding

Case Study

- Connect Partnership, Massachusetts
- Focus: Academic Programs
 - Leveraging the quality, strength, resources and excellence of the five public higher education institutions of CONNECT, it is our mission to enhance educational effectiveness and efficiency while improving student success, increasing educational attainment, advancing economic health, and strengthening cultural life throughout the region.
 - Bridgewater State University, Bristol Community College, Cape Cod Community College, Massasoit Community College, and the University of Massachusetts Dartmouth

Case Study

- PACE (Partnership to Advance Collaboration & Efficiency)
- The Massachusetts Community Colleges Executive Office (MCCEO) and the State Universities Council of Presidents joined together to address recommendations made by the Department of Higher Education's Task Force on Collaboration and Efficiency. These two councils, consisting of twenty-four PACE charter members (fifteen community colleges and 9 state universities), have a shared belief that increased collaboration will result in benefits for every institution, its students, and the community.
- The PACE mission is to lead a systematic effort for campus collaborations which will benefit each institution, their geographic region, and the Commonwealth by bolstering operational efficiencies, increasing productivity, and improving delivery of services to constituents.
 - Information Technology Assessment
 - Analysis and assessment of Campus Insurance to "right size" insurance selection
 - Assessment of Campus Bookstores
 - Joint Training and Education Opportunities
 - Evaluation of Energy Services

How to get started

- Identify potential partner and service to be shared
- Baseline current costs for providing service separately
- Determine scope of work and level of service to be provided
- Develop model for shared services delivery including staffing, service levels, cost, and governance
- If it makes sense to move forward, begin implementation planning

Process

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- | | | |
|----------|---------------------------------------|--|
| 1 | Determine objective | <ul style="list-style-type: none">• Purpose• Communications plan |
| 2 | Define scope | <ul style="list-style-type: none">• What's included and what's not• Decision making authority• Hours of operation• Response rates |
| 3 | Discovery of existing services | <ul style="list-style-type: none">• Scope of services• Response rates• Staffing levels• Customer satisfaction• Transaction volumes• Current costs |
| 4 | Conduct feasibility study | <ul style="list-style-type: none">• Organize by function / Organize by institution• Scope of services• Staffing levels• Physical space• Reporting structure• Projected costs / ROI• Chargeback model |
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Process

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- | | | |
|---|-----------------------------------|---|
| 5 | Go / No Go Decision | <ul style="list-style-type: none">• Evaluate results of feasibility study |
| 6 | Develop transition plan | <ul style="list-style-type: none">• Timing• Communication• Impact on existing staff |
| 7 | Define governance | <ul style="list-style-type: none">• Level of authority• Single department?• Supervision |
| 8 | Begin transition | <ul style="list-style-type: none">• Staffing?• Team building activities• Communications |
| 9 | Ongoing evaluation / modification | |
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Evaluation of feasibility study

- Student Success
- Student Experience
- Reduce Cost
- Offer more/better service
- Frees up resource(s)
- Legal/Federal Regulation
- Impact on Employees

FACTOR	WEIGHT	CRITERIA	CONDITION	SCORE	MAX SCORE	ADJ. SCORE
Legal/Regulatory	2.5	Is there a local, state or federal mandate to be met?	(Select any that apply)		8	20
			Federal (+3 pts.)			
			State (+2 pts.)			
			Local (+1 pt)			
			Board Mandate (+2 pts)			
		None (+0 pts.)				
Safety/Security Requirement	2	Is there a need for safety, security or privacy?	(Select all that apply)		10	20
			Safety or security requirement (+5 pts.)			
			Required to reduce risk (+3 pts.)			
		Privacy requirement (+2 pts.)				
Utility - Sustain Operations or Academics	2	Is the proposed project required in order to sustain operations?	(Select all that apply)		15	30
			Urgently required for SU operations (+5 pts.)			
			Pressing need for SU (+4 pts.)			
			Urgent need for unit or department (+3 pts.)			
			Pressing need for unit or department (+2 pts.)			
		Urgent need for administrative operations (+1 pt)				
Strategic Goal	2	How many SU strategic goals does this project support? <i>Quality Academic Programs</i> <i>Student Success</i> <i>Student Involvement</i> <i>Community Engagement</i> <i>Optimize Resources</i>	(Select one)		5	10
			Multiple strategic goals (+5 pts.)			
			Single goal with high priority (+3 pts.)			
			Single goal without high priority(+1 pt)			
			No strategic goal supported (+0 pts.)			
Education Master Plan		Define based on HLC/Accreditation				
Current State	1	What is the state of the current system or process?	(Select one)		5	5
			Completely inadequate, obsolete or end of life (+5 pts.)			
			Functioning, but end of life within 2 years (+3 pts.)			
			Functioning, better solutions and cost available (+2 pts.)			
		Stable, but opportunities for greater efficiency (+1 pt)				
Cost/Benefit or Cost Avoidance	1	What is the impact or outcome of the project relative to the cost?	(Select one)		5	5
			Estimated net savings greater than \$ 250K (+5 pts.)			
			Estimated net savings greater than \$ 100K (+3 pts.)			
			Estimated net savings greater than \$ 50K (+1 pts.)			
Technical Resources	1	What are the staff resources needed to implement the project? (highest/best use) Core	(Select one)		5	5
			In-house resources accessible (+5 pts.)			
			Combination of in-house and external (+2 pts.)			
			External resources only (+0 pts.)			
		Unknown requirements (-1 pt)				
Schedule	1	What is the required time line for project completion?	(Select one)		5	5
			Required in fewer than 12 months (+5 pts.)			
			Required in fewer than 18 months (+3 pts.)			
			Required in fewer than 24 months (+1 pt)			
		No required deadline (+0 pts.)				
				58	100	

FACTOR	WEIGHT	CRITERIA	CONDITION	SCORE	MAX SCORE	ADJ. SCORE
Legal/ Regulatory	2.5	Is there a local, state or federal mandate to be met?	(Select any that apply)		8	20
			Federal (+3 pts.)			
			State (+2 pts.)			
			Local (+1 pt)			
			Board Mandate (+2 pts)			
			None (+0 pts.)			

Key Questions for any Collaboration Project

- Begin by understanding the ‘current state’
 - Key metrics, time, accuracy, quality, service, cost
- Sweet spot might be at both ends of the spectrum: very innovative, high risk all the way to very basic, low task variability
- How much does it cost to operate today and what are the service levels?
- Would we save any money or expand any services by working together?
- How do we share the gains?

Advantages

- Leverage existing people, skills, process, technology and contracts
- Economies of scale enables higher capacity
- Leverage best practices of each institution
- Greater standardization = easier to implement new processes

Advantages (continued)

- Potential for reduced annual costs
- Better competitive advantage
- Enhanced institutional image

Barriers to Collaboration

- Service level disparities between collaborating partners
- Inequity of benefits / control between partners
- Competition for outcomes, students, faculty, staff
- Concern over service level degradation
- How to approach financing, allocate costs, etc.
- Employee resistance (real or perceived) and labor agreement issues

Enablers

- Scope must be clearly defined
- Well defined service level agreements
- Governance model
- Increased standardization
- Share best practices
- Substantial benefits must accrue to all participants
- Attitude
- Leadership
- Commitment

Enablers

- Common ERP platform critical for back office processes
- Trust between the institutions
- Executive sponsorship
- Transparency
- Early and often communication
- Effective strategy to assess success

{Thank you!}

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