

Central Government Shared Services

April 2008

Guidance for Customers and Providers



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government
work better**

Provider Business Plan

Introduction

This section outlines the importance of producing and maintaining a business plan for the shared service. The business plan should highlight the vision and objectives of the shared service as well as its achievements, capabilities and key plans for service growth for employees, existing and prospective customers. As the shared service evolves, it should be possible to monitor its success by reference to this business plan.

The plan should outline:

- The “proposition” for potential customers
- The method used to prioritise potential customers for adoption
- How additional capacity can be added to meet demand

The business plan will be an important document for a number of stakeholders including:

- **Executive and Senior Management** – the business plan will be the key reference document to establish the vision and strategy for the organisation and to allow them to measure performance against objectives.
- **Customers** – the business plan will detail the services provided for prospective customers both now and in the future and provides customers with a strong insight into the provider’s organisation.
- **People** – the business plan will allow the organisation’s employees to understand how well their organisation is performing and how the plans for the future are likely to

affect their working lives and careers.

Considerations

Business Plan Contents

The potential contents for a business plan are listed below; each area is described in more detail in the subsequent sections.

- Executive Summary
- Strategy
- Proposition
- Capability
- Target Market
- Marketing Plan
- Operations
- People
- Finance

Executive Summary

The Executive summary should briefly highlight the key points of the plan including conclusions, recommendations, actions and planned return on investment.

The summary could outline:

- A brief description of the shared service organisation including history and target market.
- An “elevator pitch” (or very brief summary) of the Service Offering
- An explanation of how the shared service organisation will succeed in the future and what has already been achieved.
- A description of funding requirements, approach to benefits and planned investments.

Strategy

The strategy section should focus on the long-term goals and action plan and include:

Mission Statement

A brief, “big picture” statement outlining the vision for the shared service.

Long term goals

This section should include stretching but achievable targets that the shared service could attain within five to ten years. These could include some or all of:

- Numbers of customers adopted;
- Volume of users;
- Performance against industry benchmarks; and
- VfM savings achieved.

Action plans

Steps needed to achieve those goals. This should identify existing areas which will need to be changed in order to achieve them, for example to the governance arrangements, capacity and cost base of the shared service organisation.

Shared service assessment

A brief analysis of the strengths, weaknesses, opportunities and threats of the shared service organisation, to provide context for the plans outlined in the business plan.

Proposition

The proposition detailed in the business plan should summarise the Service Offering to customers in terms of its benefits.

For example, the proposition might be:

“The provision of comprehensive shared HR, Finance and Procurement services to customers using an Oracle platform and supported by a professional service management team.

Services provided will be in the upper quartile of industry performance benchmarks, and, by offering standardised processes to all customers, are expected to provide significant cost savings over customers’ existing services.

Our shared service organisation is independent of any one customer, and is focussed solely on delivery of customer-focussed services. Its governance structure is designed to maximise cooperation and by including representation of all customers will ensure alignment of services and each organisation’s strategic objectives.”

Capability

The Capability description should provide an overview of the Service Offering discussed elsewhere in this document.

It should provide brief details of the range of services currently on offer, and any improvements currently in progress. It could also provide an indication of the capacity of the shared service and reference some of the existing customers.

Target Market

It is important to consider who are the most likely customers of the shared service, or the ones which it is considered most important to attract.

Factors to consider include:

- Will the services be available to Central Government Departments only or to any public sector body?
- Is there a minimum or maximum size of customer which the organisation will consider taking on, or which is likely to reap the most benefits?
- What is the overall size of this market (in terms of customers and users)?
- What attributes of a particular customer are likely to make the shared service a good “fit” for them, e.g. a common ERP system, similarity of existing processes, close geographical proximity.

Considering these factors will help to prioritise those potential customers which are mostly likely to be able to generate significant efficiencies by joining the shared service.

Growth and Capacity

This section should consider the expectations of customer take-up within the target market, based on best, worst and expected cases. It should also detail the current capacity of the shared service organisation to cater for growth, highlight the additional capacity requirements which will need to be delivered for these growth forecasts to be met.

Cost and Pricing

The pricing strategy for the shared services should be detailed along with the cost drivers which inform that strategy. If the cost case for the SSC is largely based, for example, on transaction volumes or user numbers, then the pricing offered to customers should reflect those drivers.

Marketing Plan

This section will describe the marketing plans for the shared service, and in particular:

Who is the target audience for marketing?

This is likely to include board members, Corporate Service Heads, Finance Directors, users, and other stakeholders and influencers such as union representatives.

How will the target market be addressed?

The most successful marketing campaigns incorporate a variety of methods to reach the market. Channels used to do so may include articles in trade press and other media, briefings aimed at board members, workshops aimed at corporate services practitioners, mailshots and marketing-focussed websites. This section should identify the most suitable channels to reach each part of the proposed audience.

Attraction and Take-on

Describe the opportunity management process to be followed with prospective customers, who will be responsible for managing the pipeline of prospective customers, and how this process will interface with the customer take-on process.

Operations

This section should outline how the shared services organisation is run, including:

- An organisational chart
- A list of key functions, showing who is responsible for each area and how they interact.

- A list of all locations in which staff are based
- A list of suppliers and subcontractors, detailing how strategic each is to the effective delivery of services, and what supplier management processes are in place to maintain those relationships

People

The success of the organisation will depend on its people. This section should summarise the people management strategy for the shared service and consider, amongst other items:

- Whether all essential skills are in place within the organisation
- What staff training needs should be addressed?
- What additional recruitment may be necessary?
- Which staff are key to successful delivery of services?
- How will performance be measured and rewarded?
- Will customers joining the shared service be expected (or able) to TUPE transfer staff into the Shared Service Organisation, and what processes need to be in place to support this?
- How will the organisation retain/develop resources and skills?
- How will the organisation attract the right people to support the growing new business?
- What is the knowledge management strategy to support the future?

Finance

This section should summarise the organisation's current financial position, including key information such as:

- Income and Expenditure Statement
- Statement of Assets
- Cash flow forecast
- Provide two years of history and two-five years projections

A financial proposal should also be included, outlining:

- How much money is required to support future growth?
- What use will those funds be put to?
- What is the projected return on investment for those funds?
- Where those funds are to come from?

Other Examples of Good Practice

Examples of strategies and business plans can be found in Cabinet Office Shared Services Toolkit at:

http://www.cio.gov.uk/shared_services/toolkit/tools/vision.asp

Private Sector

Other sources of good practice are the annual reports of commercial providers of corporate services, such as Capita, Liberata and Serco.

The information and opinions which this guide contains are not intended to be a comprehensive study and should not be relied upon or treated as a substitute for specific legal or policy advice concerning individual situations.