



CabinetOffice

Central Government Shared Services

April 2008

Guidance for Customers and Providers

**Making
government
work better**

Customer Take-on

Introduction

Purpose

This section outlines a framework for take-on of new customers setting out the key considerations for providers and customers. The customer take-on process facilitates the transition of the customer's current services to the providers shared service. This chapter should be read in conjunction with the Shared Services Toolkit which provides advice on the shared services journey from vision setting and business case through to go live and continuous improvement. The toolkit can be found at:

http://www.cio.gov.uk/shared_services/toolkit/

Key Principles

There are a number of key principles which need to be considered as part of the customer take-on. These include:

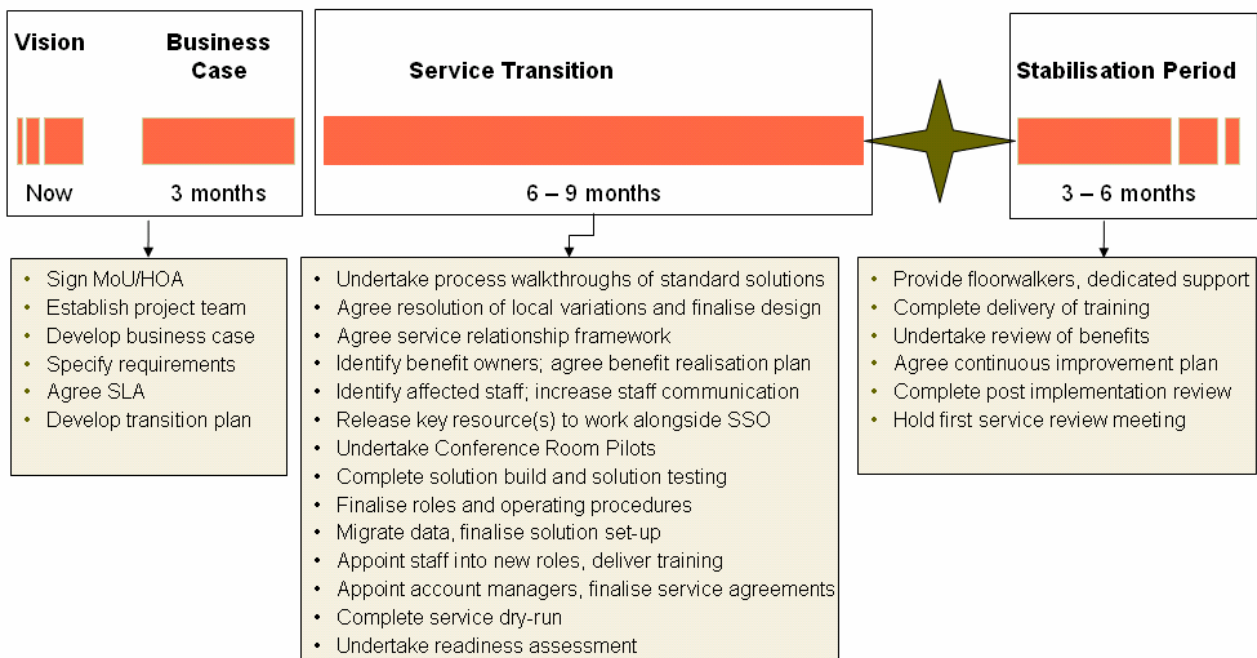
- The differences between the customers existing service and processes and those provided by the shared service will greatly affect the degree of transition effort required. These differences can be catered for by customer-specific modifications of the shared service itself, or ideally by changes at the customer end to align the processes with the standard shared service offering.
- The higher the percentage of difference between the customer's legacy processes and the shared services solution, the higher the change management effort required by the customer to adapt their current business practices to the shared service model. It is critical that this effort is not underestimated. A strategy for change management should be developed upfront.
- Development and agreement of the solution for the customer should start as early as possible to enable the take-on and transition to the shared services model to be well scoped and planned. This service should be documented in a service specification or design blueprint.
- The customer take-on process is a collaborative one. It is important that a collaborative partnership model for working is agreed upfront between the shared service provider and the prospective customer. This will provide the basis for working relationships from the early planning stages through go-live into business as usual activities.
- Both providers and customers need clear decision making processes with responsibilities and accountabilities assigned, and agreed escalation routes for issues requiring Board level resolution. A stakeholder engagement and communications strategy and plan need to be produced as early as possible.
- Clear roles and responsibilities for the transition process need to be agreed jointly and be transparent to all parties concerned.

- The need to consult at an early stage with employees and unions and to provide for this engagement in stakeholder, communications and change management strategies.
- Be aware that confidence within the user community will dip during the take-on process as they move

from their own solution to the provider’s solution. The impact of this can be minimised through a good collaborative working model being established upfront and managed on a day by day basis.

The following diagram illustrates a suggested process and timeline for customer take-on.

Customer Take-on



Considerations from a Provider Perspective

This section outlines those areas which we believe are essential to be in place before a shared services provider will be ready to take-on new customers.

Capacity to Deliver

There are a number of areas which will directly impact on the provider’s capacity to deliver. The primary areas are listed below:

Strategy

A provider will have determined their customer take-on strategy as part of their strategic plan.

Resources

Taking on a new customer will impact resource levels across a number of areas. This includes:

The impact on SSC staffing levels needs to be planned and factored in. If there is a need for new staff, recruitment and training plans need to be developed and factored into the transition plan.

An account management function will be required to manage the day to day relationship between the shared service and the customer.

A dedicated full-time project team required to manage the customer take-on process. This would be expected to include the following roles:

- Project Manager
- Finance and HR Leads
- Technical Architect
- Change Manager

The extent of changes to the solution will determine the size of the provider project team. For example, whilst not recommended, changes to the IT solution will require development and testing resource. Similarly differences in the overall solution and service will increase the change management effort required in the shared service centre.

Accommodation

The identification of the extra physical space that will be required for staff supporting each new customer take-on will need to be determined.

Systems

A stable robust core solution is required, underpinned by a documented technical upgrade plan and release management process. This plan should identify both business as usual service improvements and the introduction of new functionality for customers transferring to shared services. The core solution covers not

only the core ERP solution but also any other systems included in the overall shared services solution.

Providers and prospective customers need to assess the closeness of fit of the service offering to customer requirements and consider if the solution requires adapting to a more cost efficient “generic” system. A key part of the feasibility study will be to determine which area of the service offering is “core” and therefore delivered as such to the customer, and those areas where adaptation of the service offering is permitted for customer’s distinctive requirements. A comprehensive testing plan will be required, not only to test new functionality but will also include regression, volume and stress testing with core shared service solution.

Licences

As part of the financial management plan, each provider will need to have identified the impact of new customers on their current software agreements with their ERP provider. For further details see the section of this document on Software Licence Transferability.

Readiness to Take on New Customers

The following elements need to be in place in order for a provider to be ready to start to take on new customers in an efficient and effective manner.

Customer Take-on Starter Briefing Pack

It is recommended that the following information is collated into a briefing pack for potential customers to enable them to undertake initial analysis about the suitability of the provider and the

effort that will be required to transition to a shared services model:

- Process/service descriptions identifying what is standard and what is optional;
- Technical Architecture - standards and connectivity requirements for the customer;
- Expected Benefit Areas;
- High Level organisational impact areas;
- High Level Plan setting out key phases and the customer resources required to deliver this.

This would be the first module of the provider's overall support materials for the customer's transition to the shared service.

Transition Process and Plan

This sets out a standard process and set of activities and outputs that need to be delivered to enable a successful transition of the customer to the providers shared service. It should be designed to be relevant to all new customers. Wherever possible a "template" approach should be taken to. The following points are important to note during the transition process.

A minimum stabilisation period between each migration should be defined by the provider and agreed with the customer to ensure that capacity for customer take-on is not exceeded.

The first stage of the transition process is a detailed planning session. It is important to recognise that headcount is not a reliable indicator of the relative complexity of a new customer take-on. Planning also needs to take into account

the amount of difference from the core shared service solution.

Guidance on the culture changes required needs to be provided for new customers upfront. These are often critical to the delivery of expected performance management improvements.

Governance and Check Points

A robust governance and project management process is required to ensure that critical decisions are owned and made by the appropriate people within appropriate timeframes and that the project delivers to plan.

Considerations from a Customer perspective

Many of the considerations mentioned above are also relevant for a buyer of shared services. However the following are identified as being of specific interest to a customer perspective.

Resources

Customers need to ensure that they understand the providers shared service solution, what elements are fixed and which are negotiable and that they believe that it can deliver their critical business requirements. They also need to ensure that they understand the effort that the transition to a shared services model will require from them. The greater the difference between the providers solution and the current solution the greater the change management effort required. This should not be underestimated.

A dedicated team will be needed to manage the transition; they will need to

work closely with the provider's team. This should include people with expertise in delivering the functions to be migrated as activities may include activities such as working with the provider to map legacy data to the provider's solution data fields. This team will also need to act as a point of contact for fielding questions to other people within their business. Roles within this team will include a project manager and a change manager.

Senior sponsorship and dedicated resource from the retained functions will also be required. Transition to a shared service model will usually require organisational changes in the retained function.

The provider may also require resource from the customer to be involved in user acceptance testing of the solution. The requirement will be determined by the degree of change from the provider's standard solution. The customer may want to position the transition to shared services as part of a wider corporate services transformation programme.

The customer should ensure that there is appropriate dialogue built in with unions and relevant staff groups. This should be identified as part of the development of the Stakeholder Management and Communications Strategy

The resource levels will be determined by the respective roles of the provider and customer, these need to be agreed as part of the planning process. For example, who will own the business implementation activities, who will

design and deliver any cultural change training required?

Planning

It is critical that the provider and customer work together to plan the transition upfront.

During the transition planning it is important that the full breadth of affected operations are covered including all elements of their operations, e.g. people (roles), IT systems (replacement and interfacing), processes, (end to end processes which will cross both their retained organisation and the shared service, strategy (impact of the introduction of shared services on service and target delivery).

Planning should cover the activities required to transform the retained function. All too often the majority of attention is focussed on the centralised or shared service operation and not the retained function.

Readiness for Transition to a Shared Services Model

The following elements need to be in place in order for a buyer to be ready for transition to the shared service in as efficient and effective manner as possible.

Transition Process

The shared services provider will define the transition process. A number of principles need to be defined and agreed by the customer organisation in order to complete their side of the transition plan. Key principles include:

Ensure that the rate of transition is such that their organisation can absorb the

changes and embed them into their retained business;

- Ensure that the rate of transition is one which minimises disruption to the on-going business operation and services;
- Ensure that the systems are delivered in a timely manner and do not become the sole determining factor relating to when to make the transition in the respective customer business;
- Recognise any limitations of when the shared service will be available with the required capacity and standards of accommodation needed;
- Minimise the need for dual working on both old and new processes/systems concurrently;
- Determine the arrangements for the migration period, i.e. the period between close down legacy systems and go live of new. This should only be a short period whilst data is migrated but consideration needs to be given to what employees will do if they have expenses claims etc in this period;
- Capture the learning from earlier work and applying it to the next phase of work.

It is important to ensure that the right people are available to attend the right sessions during the transition process, particularly during the design phase. People are needed who have the ability to see beyond the current way of operating, but who also know enough detail to be able to quickly assess the

impact a change will have on your business.

Employee Consultation and HR Guidance

A Senior HR officer should be engaged to assist the customer migration team throughout the transition. For example, to provide guidance on:

- The adherence / development of people policies re changes to roles and responsibilities, transfer of posts to the shared service provider
- Employee and Manager briefing sessions
- Consultations with Trade Unions

Consideration must be given as to when to give notice of headcount implications which is expected to be ahead of formal HR requirements. Once it is known within the organisation that a move to shared services is an option, there is a risk that staff will already start to move on. Therefore it is often not enough just to comply with HR and Industrial Relations procedures, there is a requirement to anticipate the required changes and communicate them as early as possible in order to manage the potential impact.

Solution Definition

Each potential customer will need to ensure that they have up-to-date documentation of their current processes and a clear understanding of where their areas of “distinctiveness” lies and critical business requirements. These are business processes which are delivered differently from other Government Departments. These areas of distinctiveness will be where the majority of effort will need to focus

during the gap analysis to ensure that critical business requirements can still be delivered without compromising the service delivery capability and standards of the shared services provider. The process analysis/documentation work should be completed prior to the gap analysis workshops during the design phase and be fed into the provider evaluation criteria.

However, customers need to critically examine their business requirements and areas of distinctiveness, as any deviations from the standard solution are likely to increase both development and running costs and reduce benefits. It is recommended that customers adopt the standard processes, this may require changes to existing policy and process and time and resource to negotiate/agree changes, including with the Trade Unions where appropriate, needs to be built into plans.

Activities should include de-commissioning of existing IT systems, as part of this consideration needs to be given to if and how the data held in the legacy systems should be held and accessed, where not migrating to the providers solution. The cost of decommissioning or building/maintaining new interfaces will need to be included in the business case.

Front end access to shared service solutions also needs to be investigated, particularly for small organisations. If for example, the shared service solution is predicated on the widespread use of Employee Self Service, and there is a large mobile workforce then it is important that there are cost effective solutions available to allow staff to

access the solution, i.e. through kiosks or admin centres with pc access.

Customers should also consider identifying problems areas and implementing improvements in advance of transition to a shared service provider. One example of an area to focus effort on is the cleanse of data on legacy systems. Failure to do this will present issues when transitioning to the new solution and make the transition more complicated, longer and expensive.

Organisational Change Management

Managing the process of change at the customer site requires a Change Manager, supporting the Project Manager, who will work within the project team to manage and co-ordinate the change effort. Depending on the size of the organisation you may also need a network of change managers based locally, or with each functional business unit. Clear terms of reference for these roles need to be agreed and consideration given to whether it is a full time requirement. This also needs to be factored into the business case. The following areas will need particular focus:

- There are potentially important stakeholders who are outside the organisation who will be impacted by the move for example suppliers, customers, other service providers.
- Be aware that there could be difficulties for the HR department managing the change as well as being the recipient of change if HR processes are being transferred to shared services;

- It should be recognised that HR and Finance have a number of different customers/stakeholders to be managed and, in particular, that senior management within the business has to support the concept in theory and practice;
- It is important that communication to both the affected community and the wider business user community is managed throughout the transition process. If the introduction of Employee Self Service is part of the shared service Implementation, then every employee will be affected;
- If payroll is currently being outsourced to an external provider, ensure that there is sufficient time built into the schedule to include representation from the payroll provider on current processes and technical set up and any necessary negotiations around availability of staff etc are negotiated in good time. Existing providers also need to consider whether provider to provider TUPE will apply;
- Do not underestimate the requirement for culture change to a performance driven environment;
- Performance and service management functions will need to be integrated in retained processes, in order to manage end to end process. This will include a contract management function to act as interface with the provider and to commission changes from the provider,
- It is also important that expected benefits are mapped to the transferred and retained processes to ensure that the impact of any

changes to expected processes can be quickly evaluated.

Business Operations within the Retained Organisation

During the transition process, there is a tendency to focus most effort on those processes transferring to the shared service provider, however the customer's transition team will also need to ensure that the retained processes and procedures are clearly defined.

The role of the retained function needs to be defined; this is likely to result in changes to the organisational structure of the retained organisation. End to end process maps need to be developed which clearly articulate the role of both the retained function and shared service centre in processes and the interfaces between them, as well as with other suppliers.

In developing the service management framework and governance arrangements consideration needs to be given to how problems with hand-offs will be identified, escalated and resolved appropriately to avoid a blame culture.

Other Examples of Good Practice

Tools and examples to assist in the customer take-on process can be found in the Cabinet Office Shared Services Toolkit at:

http://www.cio.gov.uk/shared_services/toolkit/

The toolkit includes example business cases, shared service blueprints, implementation and cutover plans.

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.