


# SHARED SERVICES TEAM

**Document Name: Project Initiation Document**

## Usage Guidance

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### CATEGORY DESCRIPTION

<p>1. <i>Example material</i> –The tool has been provided by a single public or private sector organisation, or an external forum that has not been moderated by the Shared Services Team. It represents one possible approach to a given shared service activity, and can be used by Toolkit users as an example / reference aid.</p>	
<p>2. <i>Co-developed material</i> – The tool has been produced through the collaboration of the Shared Services Team and one or more public sector organisations and / or private sector organisations. This tool Provides a jointly developed approach to a given shared services activity, and can be used by Toolkit users as an example / reference aid.</p>	
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# **Project Initiation Document**

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# 1. Project Overview

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## 1.1 Introduction to the Project

XXXX, XXXX, XXXX, XXXX & XXXX and XXXX have entered into a partnership to investigate what benefits might be achieved from sharing support services. The sharing of support services is a proven approach to delivering efficiencies that has already been implemented in many public and private organisations realising significant savings. However, in Local Government to date there has been minimal sharing of support service delivery between Organisations.

Creating a Shared Service Organisation is also fully aligned with the Modernisation agenda and the Efficiency agenda. The implementation of a Shared Service Organisation would focus on the Efficient Government themes of procurement, support services reform and productive time. In particular, it represents a step change in the provision of central support services – the start of doing things differently through sharing service provision, expertise and best practice. Each of the Organisations is tackling the EG agenda to reflect its own particular circumstances, but the development of a Shared Service Organisation would represent a common core – and a highly effective vehicle for the provision of additional services in future. It also realises a whole range of benefits in joining up and frees up the Organisations to concentrate on their principal purposes – community governance and front line service provision.

## 1.2 Objectives of the Project Initiation Document

The Project Initiation Document (PID) represents a clear definition of the project's objectives, scope, strategy, timeline and responsibilities. It outlines the major organisational and technical issues that will arise as a result of the Project. The PID is also:

- An important part of the communication process that is necessary to manage the change arising from the process and organisational transformation and replacing financial and associated systems.
- An important implementation framework, agreed by the Project Board that will determine subsequent work on the project.
- A document that covers the implementation phases of the shared services project.
- The PID is a project focused and living document that will continually be updated throughout the lifetime of the implementation.

## 1.3 Project Objectives

The primary objectives of the shared services project is to enable each organisation to realise benefits from:

- Reduced operating costs and substantial efficiencies through standardising and sharing back office processes and systems for Finance, HR, Payroll and Procurement
- Increased transactional throughput and integration through the use of standard software systems
- The need to upgrade only one partnership-wide system
- A lower requirement for administrative support
- An improvement in procurement performance and associated savings in purchasing
- A scalable platform for growth with the capability for best in class performance
- Improved decision making through improved “real time” management information

- Improved customer service and responsiveness.
- Year on year continuous improvement

## 1.4 Scope

The proposed Shared Service Organisation will initially cover the four support functions of HR, Finance, Procurement and Payroll and the supporting IT. The Shared Service Centre philosophy is all about doing more with less. The processes involved in delivering Finance, HR, Procurement and Payroll services will be standardised, streamlined and automated. Support services staff will be trained to operate effectively and efficiently delivering a significantly greater level of throughput than before. Front-line staff will be able to focus on core services delivery and achieve improved results as the administrative burden is reduced and the quality and timeliness of management information improved.

## 1.5 Business Drivers

The main drivers behind shared services are to assess the potential to:

- realise financial efficiency savings through economies of scale and reducing administrative elements for front line staff allowing them to focus on improved services to stakeholders;
- increase throughput / productivity by standardising, streamlining, automating and integrating processes;
- improve service provision through the use of better information systems.

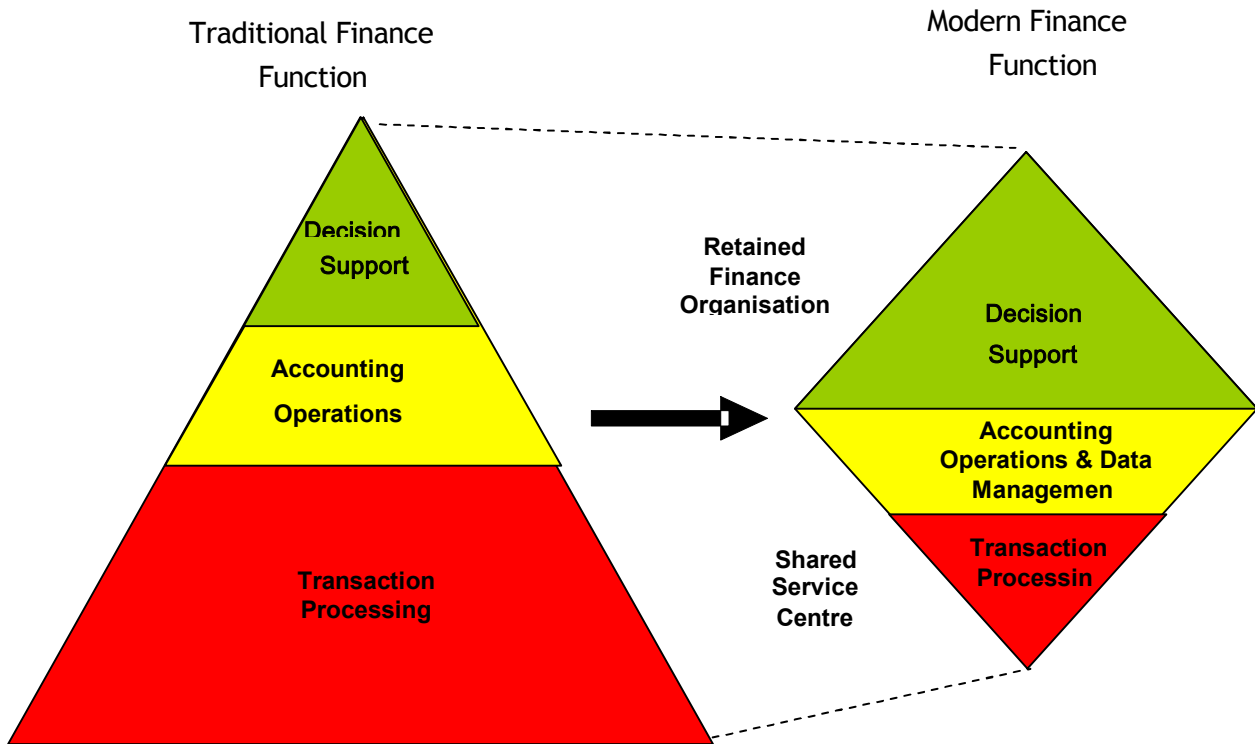
## 1.6 Vision

The over-arching vision for sharing support services is for all participating Organisations to realise benefits from:

- A reduction in operating costs through partners sharing back office processes and systems for Finance, HR, Payroll and Procurement.
- Standardised Financial, HR, Payroll and Procurement processes delivering substantial operational efficiencies.
- Increased transactional throughput and integration through the use of standard software systems.
- A lower requirement for administrative effort.
- An improvement in procurement performance and associated purchasing savings.
- Delivering a scalable platform for growth with the capability for best in class performance.
- Improved decision making through more real-time management information; and
- Improved customer service and responsiveness.

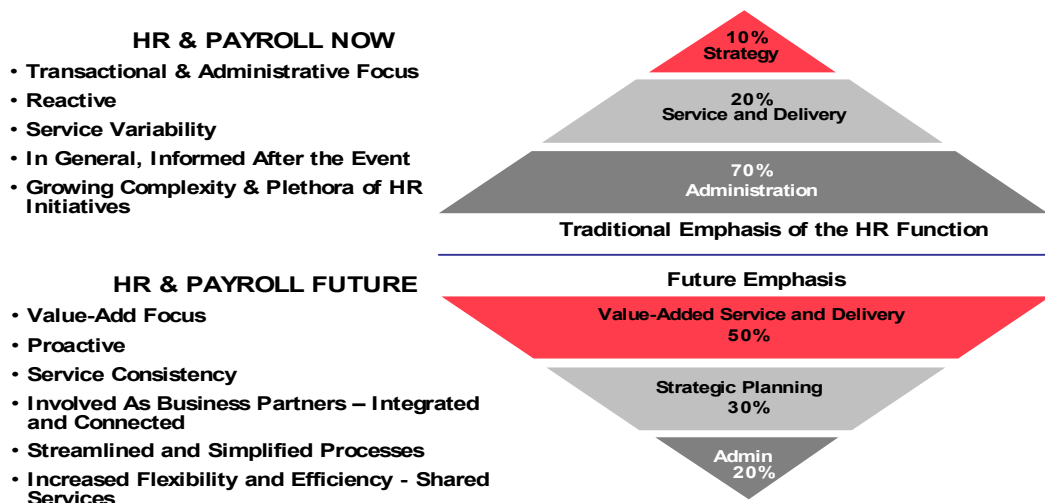
In summary, the aim of the shared service project is to transform the delivery of support services, reducing the time taken on transactional and administrative tasks and allowing more time to be spent on value-added activities. This would be achieved through a combination of process, technology and organisational improvements. The following two diagrams illustrate the planned transformation of support service delivery.

## The Future Vision for Finance



The proposed transformation of finance will enable staff across all 5 organisations to benefit from financial administrative tasks being taken away and other financial tasks such as approval of purchases being made easier. The time saved will enhance the new day job and reduce the overall cost of finance. All organisations will also benefit from faster, more reliable, and more relevant management information being made available that will facilitate more effective decision support.

## The Future Vision for HR



The proposed HR transformation will provide all organisation staff with fast, consistent access to HR information and advice through both self-service, enabled by new technology, and through contacting the shared service centre for HR support. All HR processes will become standardised and more simplified and managers will have access to vital information on work force planning, attendance, skills and competencies and staff cost projections. HR specialists will be able to focus all their time on tackling complex HR issues as the administrative burden is removed.

## 1.7 Critical Success Factors

A number of critical success factors (CSF's) will be developed to enable each organisation to assess during and at the end of the project whether the vision has been realised. Draft CSF's have been grouped under the following key areas:

- Managing the change
- Improving data accuracy
- Improving decision-making
- Developing staff
- Realising the target benefits

The following draft CSF's will be refined and agreed by all participating organisations during the design phase.

The CSF's for managing the change caused by the implementation of shared services include:

- enhancing staff skills by providing effective training in new business processes and the use of modern systems in their jobs
- availability of effective support mechanisms for all Services, Business Units, and individuals
- productive industrial relations

The CSF's for improving data accuracy include:

- achieving integration between all systems
- removing duplication of input
- validating data on entry
- devolved data entry as appropriate

The CSF's for improving decision-making are:

- improving the presentation of data through better and more flexible reporting facilities
- enabling simple graphical presentation
- reducing the time spent producing information, enabling more time to be spent on information analysis
- increasing the strategic effectiveness and business advisory role of HR through a reduction in administrative tasks

The CSF's for developing staff are:

- successful delivery of training to end users with the objective of achieving their comprehension, take-up and acceptance of the new ways of working
- delivery of effective post-installation and ongoing support to end users

## 1.8 Benefit Realisation

Of key importance to the project is the delivery of business benefits. It is these business benefits that are being used to fund the substantial investment costs of the project. Benefits realisation is therefore a consistent theme throughout all project deliverables. Critical success factors for business benefits realisation include the following:

- a single agreed person should be accountable for delivering a particular benefit. This person will be held to account for delivering that benefit and at the end of the day, the buck stops with them
- developing and maintaining a benefits register to track and report on realisation
- agreeing clear set of steps to achieving each benefit area with responsibilities and timescales assigned
- maintaining communications and adequate stakeholder management throughout

The diagram below illustrates the key success factors to realising the benefits.



The proposed approach to benefits realisation is set out in Annexe B.

## 1.9 The Project Time-scale

The key milestones for the project are:

- March 2007 – commence pre-implementation detailed planning
- June 2007 - commence procurement of implementation partner(s)
- June 2007 – commence Procurement spend collaboration activity
- December 2007 - implementation partner(s) selected
- April 2008 - SSC Director and Management Team appointed
- June 2008 - SSC opens ('soft' launch)

- October 2008 - Go-live on new systems and new processes (for the first two Organisations)
- April 2010 - SSC fully operational - all Organisations live.

## 2. Business Case Overview

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### 2.1 Introduction

The business case for shared services has been developed by the 5 organisations between August 2006 and January 2007 involving a comprehensive assessment of current support service performance, the development of a shared services solution design, the setting of ambitious performance targets and rigorous examination of implementation and operating costs.

### 2.2 Financial Case

The following table summarises the financial case for shared services.

<b>Shared Services Base Case Benefits</b>	<b>Annual Benefit £'m</b>	<b>Benefit over 11 years £'m</b>
	1.6	12.8
	2.4	19.5
	2.1	17.4
	3.6	30.4
	2.7	23.2
<b>Total Benefits</b>	<b>12.4</b>	<b>103.5</b>
<b>Shared Services Base Case Costs</b>		<b>Cost over 11 years £'m</b>
Implementation costs		20.7
Incremental Operational costs		36.4
<b>Total Costs</b>		<b>57.1</b>
<b>Net Benefit over 11Years</b>		<b>46.4</b>
<b>Payback Period</b>		<b>6 years</b>

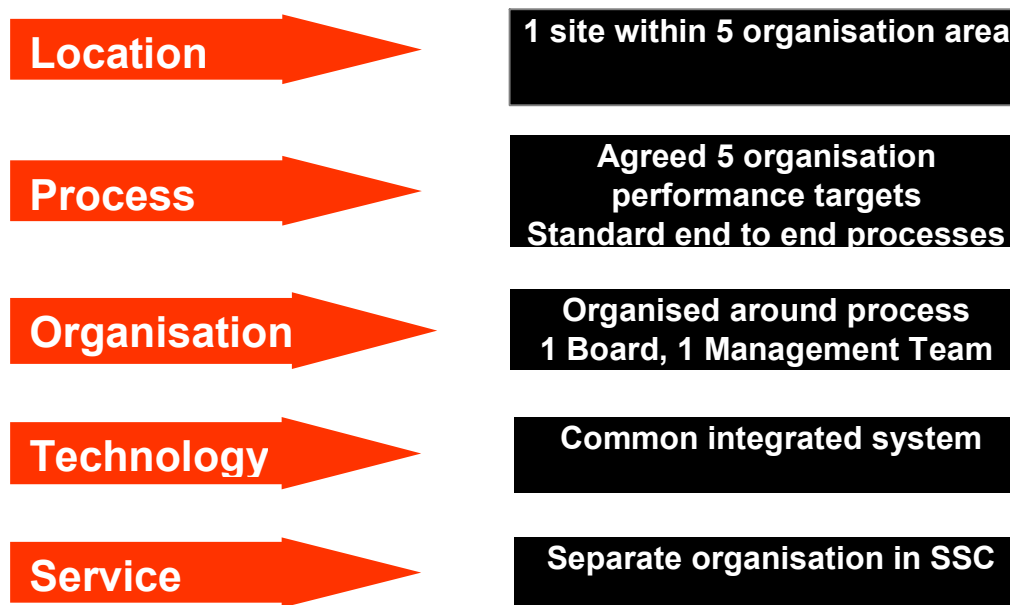
The benefits of £103.5m are entirely attributable to this project and can be repeated for others organisations moving to the same shared services model. The following table summarises the benefit areas and explains the scale of improvement.

<b>Benefit Area</b>	<b>Overall Benefit £m</b>	<b>SSC Target</b>
HR	19.6	Ratio of HR staff to organisation staff becomes 1:150, achieving a 43% performance improvement
Payroll	4.3	17,000 pay records processed per annum per FTE, a 22% improvement
Finance	23.5	Purchase invoices processed per annum per FTE of 18,000 and sales invoices 8,000, compared to current performance levels of 6,332 and 2,787 respectively.

Benefit Area	Overall Benefit £m	SSC Target
		Reduction in the overall cost of finance to 0.8% of overall organisation spend
Procurement efficiency	4.9	Up to 20% saving in procurement processing costs
Procurement spend	48.9	18 month strategic procurement programme in 2007/8 across the 5 organisations to realise 2.5% savings, in full alignment with McClelland and laying the foundations and underlying local solution for savings through national procurement initiatives
Cost avoidance	2.4	Prudent estimate of the costs of avoiding the need to upgrade or replace existing systems
<b>Total</b>	<b>103.5</b>	

### 2.3 Shared Services Operating Model

The operating model pulls together the key areas of: process; governance; organisation; information technology; and service management, and is used as the basis for the planning and development of a shared service solution in any future months and phases. A summary of the proposed operating model is provided below.



The following table outlines the agreed design principles for the operating dimensions of the proposed 5 Organisation Shared Services Organisation.

Operating Dimension	Design Principles
<b>Location</b>	<p>Shared Service Organisation to be located within the geographical area of the 5 Organisations. A number of potential sites have been identified to be evaluated during the design phase. The preferred operating models is a:</p> <ul style="list-style-type: none"> <li>• A single centre of excellence</li> <li>• Refurbishment of existing site</li> </ul>
<b>Process</b>	<p>Transactional activities for Finance, HR, Procurement &amp; Payroll            Common, simplified processes across all customers            Efficient, lower cost processes - target performance:</p> <ul style="list-style-type: none"> <li>• Finance - Total Cost of Finance as % of Total Organisation Cost: 0.8%</li> <li>• Finance - Purchase invoice processing per FTE: 18,000</li> <li>• Finance - Sales invoice processing per FTE 8,000</li> <li>• Human Resource - 1 HR FTE to 150 Organisation FTEs</li> <li>• Payroll - Number of records processed per payroll FTE: 17,000</li> <li>• Procurement – between 0% and 20% more efficient procurement processes</li> </ul>
<b>Organisation</b>	<p>Flatter structure (within current grading)            Principally organised along process lines, with an option to combine across the processes in the longer term            Linking performance appraisals to key performance indicators            Appropriate skill levels</p>
<b>Technology</b>	<p>Leading software platform assumed            Automation through enabling technologies to drive process efficiencies            Enable and maximise use of self-service            Integrated with operational systems</p>
<b>Regulatory</b>	<p>Cost and benefit assumptions reflect known legal constraints</p>
<b>Service</b>	<p>Customer-focused and run like a business            Ability to grow future offering            Formalised (two-way) service level agreements linked to key performance indicators            Requires development of mature, informed customer            Simple charging mechanism to encourage appropriate behaviours</p>

## 2.4 Migration Plan

XXXX agreed the following migration principles:

- The migration approach should minimise the impact on employees, for example, by ensuring they only go through one transformation to new ways of working
- Current levels of service should not be adversely affected throughout the implementation
- Risk is managed appropriately
- The implementation project should take account of the capability and capacity for change
- The project takes account of the culture that exists in each organisation
- Achieve a return on investment within a reasonable timeframe.

Taking these factors into account, the following implementation approach has been agreed and costed.

### **Core Solution**

- The SSC property can be sourced and fitted out by Oct 2008
- The SSC Director and Management team is in position at least 6 months prior to 1<sup>st</sup> organisation go-live on new systems
- The vulnerable staff in scope will transfer to the management of the SSC Director 4 months prior to go-live on new systems. The staff will remain in their locations and work on legacy systems. This is the date of the 'soft' opening of the SSC
- The organisation governance and structure is in place to take the first Migrated organisation into the SSC
- The core solution will be as standardised as possible across the organisations
- The HR workstream will work closely and abide by relevant employee legislation, including TUPE
- Systems functionality meets process needs with minimum development
  - additional time does not need to be added to undertake additional development and testing

### **Transition / Roll out:**

- XXXX will go-live together then roll out on a single basis
- All organisations will first go live with the General Ledger and HR Organisation Structure and personnel administration

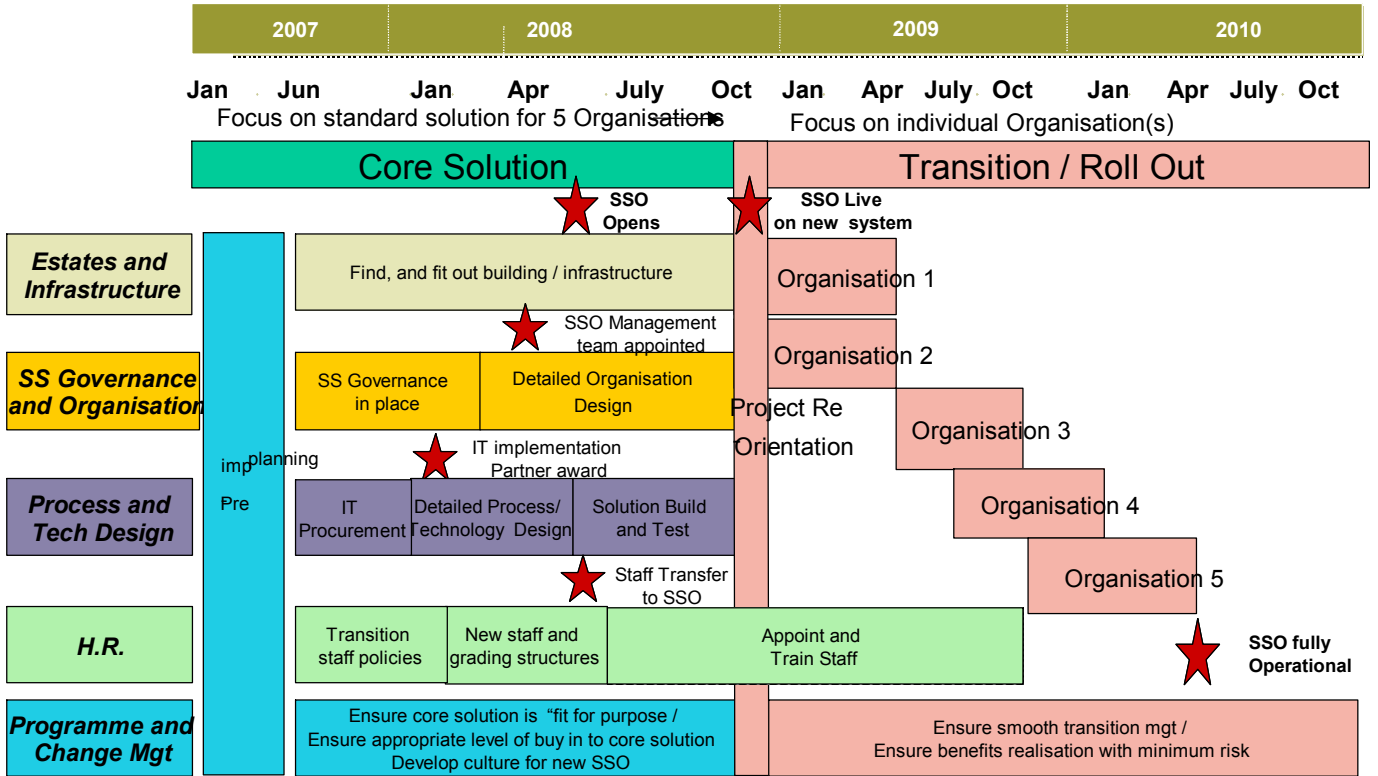
- Procure to pay, sales to cash and HR processes go live by service over a 6 month period
- Final go live is payroll as it is dependant upon HR data being in the system
- Organisations implemented later in the plan can take steps early to improve probability of achieving benefits (e.g. implement local performance improvements, freeze recruitment for certain posts)
- SSC 'hard' launch goes live once button has been pressed on first cut over
- The order organisations are implemented in relates to the size of benefit being delivered and associated implementation risk
- Employees are supported through new processes by an implementation support team which is re-orientated from core design. The implementation support team will operate in the individual organisation and the new SSO

The migration plan shown later in the document has the following features:

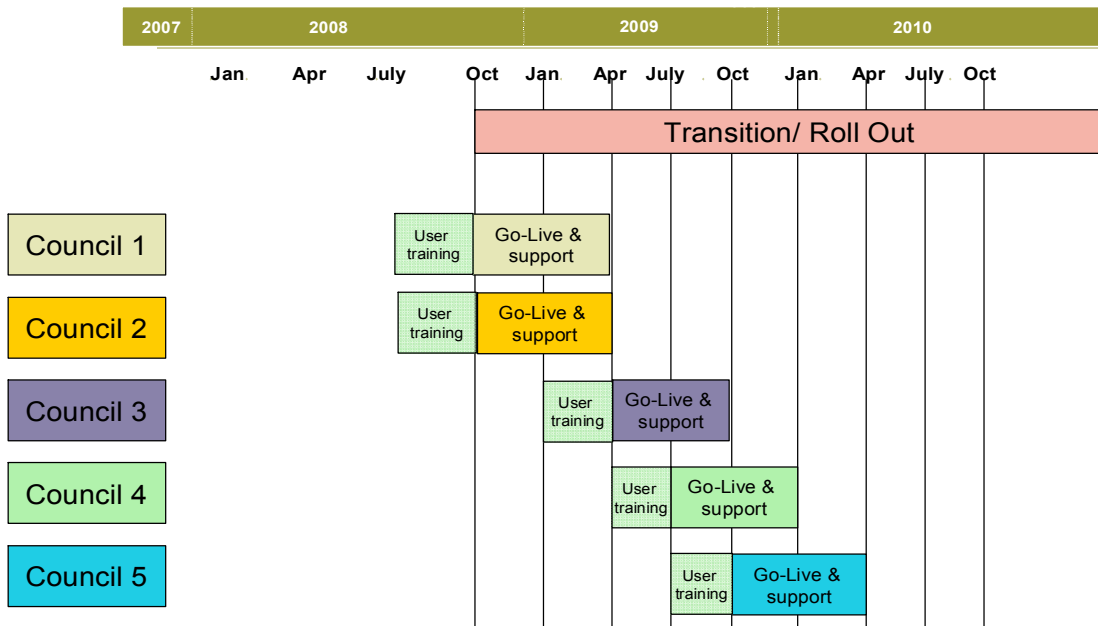
- Technology implemented at same time as processes move to Shared Services Centre
- Shared Services governance and structure applied to each organisation as it joins Shared Services Organisation
- Size of benefit being delivered by each organisation will determine the phased migration path, with highest benefits being delivered first
- ✓ Advantages
  - One integrated change for each organisation
  - One major rollout for each service within each organisation
  - Train the end users only once in the new processes and system
  - Short timelines
  - Allows time for each change (new organisation) to be bedded into the Shared Service Operation
- × Disadvantages
  - Delay in benefits as phased rollout
  - Embedded risk of implementing new technology at same time as new structure
  - Two organisations go-live early to realise early benefits

An overview of the implementation activities, migration approach and timescales is provided by the following two diagrams.

# Proposed Implementation Plan



## Proposed Transition/ Roll-out plan by Organisation



# 3. Project Scope

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## 3.1 Introduction

This section outlines the scope of the Project from the following four perspectives:

- Functional Scope
- Business Process Scope
- Technical Scope
- Organisational Scope

## 3.2 Functional Scope

The functional scope for the implementation phase will be limited to the same functions as the Feasibility Study and design Phases:

- Finance
- Procurement
- HR
- Payroll

## 3.3 Business Process Scope

The initial scope of shared service delivery will focus on the transactional activities within the four support functions as illustrated in the following table.

Initial Range of Activities to be performed by the Shared Service Organisation	
<b>Finance and Procurement</b> <ul style="list-style-type: none"><li>• Customer invoice processing, debt management &amp; cash collection</li><li>• Creditor invoice processing</li><li>• General Ledger Maintenance</li><li>• Purchase Order Processing</li></ul>	<b>HR and Payroll</b> <ul style="list-style-type: none"><li>• Full Payroll activities; including monthly payroll processing, liaison with Inland Revenue, tax code changes, completion of statutory returns' payroll query management</li><li>• Tier 1 support (e.g. employee self</li></ul>

### Initial Range of Activities to be performed by the Shared Service Organisation

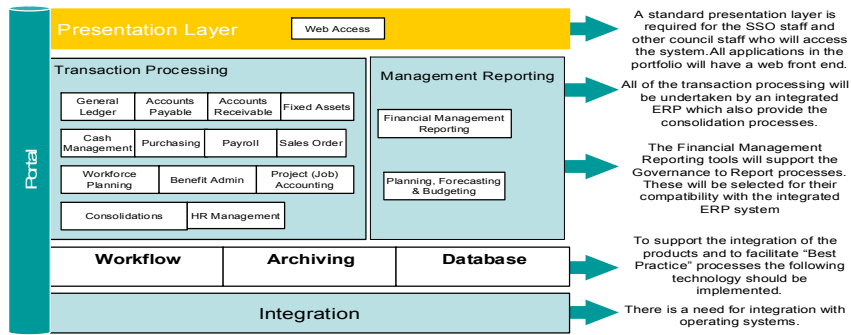
<ul style="list-style-type: none"> <li>Finance systems management, interface processing and reconciliations</li> <li>Planning, Budget Processing (data extraction &amp; budget upload)</li> <li>Financial modelling and outturn projections</li> <li>VAT returns</li> <li>Period-end/ year-end close</li> <li>Bank reconciliations</li> <li>Management Information report development</li> <li>Standard report production / circulation</li> <li>Initial interrogation of monthly finance and procurement reports</li> <li>Completion of statutory returns</li> <li>Customer queries</li> <li>Supplier management</li> <li>Financial Asset management</li> </ul>	<ul style="list-style-type: none"> <li>service enquiries)</li> <li>Tier 2 support (e.g. HR helpdesk)</li> <li>Processing starters &amp; leavers &amp; transfers</li> <li>Recruitment and Advertising Support</li> <li>Recruitment &amp; selection Processing</li> <li>HR systems administration</li> <li>Retirement documentation processing</li> <li>Performance management admin</li> <li>Travel &amp; Expense claim processing</li> <li>Absence management admin</li> <li>Employee data changes</li> <li>Benefits process administration</li> <li>Training and Development administration</li> <li>Health &amp; Safety Administration</li> <li>Core statistics and reporting Delivery</li> <li>Disciplinary and Grievance Record and Process Updates</li> </ul>
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### 3.4 Technical Scope

In order for the SSC to meet the high levels of performance and organisation services to realise the benefits, the simplified and standardised processes must be supported by an integrated ERP solution. Key desired features of the ERP solution are:

- Full range of finance, hr, payroll and procurement integrated modules
- Comprehensive management information capability
- Workflow functionality for the electronic transfer of transactions for approval and automatic issuing of alerts and report distribution
- Portal to provide end users with simple access to the information they need.

The following diagram provides an overview of the technology requirements.



### 3.5 Organisational Scope

The organisation scope of the project covers the delivery of all the proposed process and technology improvements to all services provided by the following organisations:

## 4. Project Approach

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### 4.1 Introduction

One of the ways of managing risk on a project is to have a clearly defined approach to the implementation. This section of the PID outlines the Project Approach covering the project's mission, objectives and the methodology used during the implementation.

### 4.2 Project Methodology

The proposed project management methodology covers project initiation, implementation and it concerns itself with sustaining and improving the shared services solution post-implementation. The methodology views the project as going through the following six phases.

- Pre-implementation planning
- Procurement
- Core solution design and build
- Shared Service Centre set-up
- Customer Migration
- Continuous Improvement

#### 4.2.1 Pre-implementation planning (March to June 2007)

The first phase has the following key deliverables:

- Detailed Project Plans and Resource Plans for all implementation phases
- Shared Service Centre location selection criteria and long-list of potential sites
- Updated Business Case
- Role and Job descriptions for SSC Management Team
- Legal view on shared services delivery options
- Updated Governance proposals
- Prioritised local performance improvements and implementation plans
- Mobilisation of strategic procurement team

#### 4.2.2 Procurement (July to December 2007)

This phase is focussed on the tendering process to select a shared services implementation partner and associated software and supporting technology. Key deliverables include:

- Specification of requirements
- Supplier briefing
- Evaluation of supplier responses
- Supplier selection
- Negotiated contract(s)
- Updated Business Case
- Agreed Shared Service Centre Location

#### 4.2.3 Core Solution Design and Build (January to September 2008)

The first 4 months of this phase is concerned with creating a detailed description of the proposed end to end solution. The main deliverables of this phase include:

- Business Blueprint document which will contain detailed description of:

- End to end business process definitions
- ERP solution design
- Shared Service Centre Organisation design including role descriptions
- Shared Service Centre Technology design
- Finalised customer migration plan
- HR policies for affected staff
- Roles and responsibilities for solution control
- Business Case Update
- Organisation Impact Plan
- Project Team Training
- Training, data migration and other strategies
- Benefit descriptions

The following five months consists of configuring, testing and finalising the solution to realise the business requirements defined in that Blueprint. Key deliverables during this period will include:

- User test reports
- Documented solution
- Solution readiness report
- Full set of user training material
- End user training for initial customers

#### 4.2.4 Shared Service Centre set-up (January to September 2008)

This phase is undertaken in parallel with the core solution design and build phase and concerns itself with the fit-out of the shared service centre, staff recruitment and training, development of internal operating procedures, negotiation of service level agreements with customers, implementation and testing of the shared service centre technology, approval of the SSC business plan.

#### 4.2.5 Customer Migration (October 2008 to April 2010)

The primary objective of this phase is the planning and managing the transition of people, systems and processes across all public facing and support services, including-

- Migration into the Shared Services Centre
- Redesign of support activities remaining in services
- Managing all staff affected by the change
- Service sign-off of SLA's
- Service sign-off to deliver benefits
- Supporting and facilitating public facing and support services to deliver the transition

#### 4.2.6 Continuous Improvement (October 2008 onwards)

The objective of this phase is to ensure that there is a framework in place to sustain and improve the performance of the live system. The first step in achieving this objective is the production of a Post Implementation Review Report. The key components of that report are Performance Improvement Action plans. The Post Implementation Review Report will be presented to the Project Board for consideration.

### **4.3 Constraints and Assumptions**

A key constraint on the project will be the requirement to minimise non-standard processes and systems. A core element of the shared services project will be the implementation of an integrated underlying technology solution using a standard software package. Provided the solution is configured

to meet the Organisation's requirements in the approved manner then the target process savings can be realised. However if non-standard changes are made then operating and system maintenance costs will rise. With this in mind the following guidelines will be adopted:

- In the first instance the standard ERP solution will be used to meet all requirements.
- If requirements cannot be met by standard configuration then extensions to functionality using the approved ERP programming language will be considered. Any such extensions will require Project Director approval.
- If the project team believes that neither standard configuration nor enhancements can meet requirements then 3rd party extensions may be considered. The acquisitions of any such 3rd party extensions will require Project Board approval.
- If none of the above measures can meet a organisation's requirements the default assumption should be that we change our requirement. If this is not acceptable, then the only remaining option is to enhance the ERP solution in a non-standard manner. Such enhancements will require Project Board approval.
- It is recommended that the additional cost of non-standard charges is born by the area requesting them or by the accountable benefit owner. This would help to manage these changes and prevent unnecessary changes being requested.

Overall the number of system changes will require to be kept to a minimum to maintain projected timescales and cost profile.

Individual assumptions within each of the core process streams are listed below:

#### 4.3.1 Project Resources

Each Organisation will nominate at least 10% of the required full time equivalent project team resources for each phase of implementation at the appropriate level and experience.

The external project resources will work with the team to the end of the second organisation migration. Skills and knowledge transfer is built into the approach to ensure sustainability after that point.

A review of the resourcing of the Transition Team will be carried out once the final cluster plan is agreed and the scope and complexity of each cluster determined.

#### 4.3.2 Scope

The scope of the Shared Services implementation is as set out in section 3. No additional activities will be included without the express agreement of the Project Board.

#### 4.3.3 People:

The Organisation Migration Team are accountable for the implementation of all new local processes in the service and all aspects of the reorganisation of the Service post-implementation.

Accountability for determining which staff will be affected by the Shared Services reorganisation and when they will be affected will rest with the Organisation Migration Team. Service Managers will be responsible for informing staff in their service that they are vulnerable at the appropriate time and for supporting them through normal management arrangements. HR Project resources will provide a standard approach for doing this and will provide advice and guidance to managers via the service-based HR resources.

Based on staff suitability and preferences, Service Managers will redeploy staff into:

- the Shared Services Centre, where they meet the profile established by the Core Solution / Shared Services Set-up teams.
- new service-based posts
- the redeployment pool.

The Organisation Migration Team will ensure that this happens in accordance with the migration plan timelines. They will also be responsible for all staff relocating to the Shared Service Centre or being redeployed in service from the start of the customer migration phase for each organisation until the official handover to the Shared Services Centre operations after Go-Live.

The Shared Service Centre set-up team are responsible for all external recruitment to the Shared Service Centre.

#### 4.3.4 Systems

Project activity is predominately carried out by the Core Solution Delivery team but any requirements for Service participation/resource will be channelled through the Organisation Migration team.

The Organisation Migration Team will be accountable for identifying and making available the appropriate staff to participate in User Acceptance Testing and training, based on their future role in the Shared Services Centre or Service.

The Core Solution Delivery Team owns the baseline information. The Organisation Migration Team are responsible for securing final validation of the baselines.

#### 4.3.5 Communication:

The Organisation Migration Team will act as a conduit for all project communication into services. The team will keep the Project informed of all feedback and communication relating to shared services coming from staff across all Organisation Services.

## 4.4 Ways of working

To support a successful implementation, the Project Team need to operate a culture where the following ways of working are prevalent:

- The people and business view is primary, with technology being the enabler.
- operating within a framework of openness and clarity.
- helping people through the change process, consulting wherever and whenever necessary.
- striving for high standards and aim to meet all business requirements, whilst recognising that compromises may be required between what is requested by the business and what is achievable. Best practice business processes and organisational structure will be the goal.
- listen to, and react to, members of staff of all departments, working in partnership.
- Communications, co-ordinated by the change Management team, will be consistent, timely, jargon-free and face-to-face wherever possible.
- Teams on the project will work together to ensure effective intra-team communication.
- Momentum during the implementation will be maintained, whilst remaining focused on the project objectives.

- Project Board members will:
  - Own and actively manage the changes as they affect their staff
  - Be effective at decision making and present a united front to staff across the partner organisations
  - Support their staff through the change process
  - Communicate and explain to staff the benefits of the changes, supporting the implementation of common processes and integration across functional areas
  - Facilitate acceptance of change amongst their staff where it affects job roles and responsibilities
  - Ensure users are committed to and are able to make full use of the new business processes, including access to training and support facilities.

## 4.5 Management of Risks

The project defines a 'risk' as something happening that may have an impact on the achievement of its objectives. When the management of risk goes well it often remains unnoticed. When it fails, however, the consequences can be significant and high-profile. Effective risk management is the key to avoiding this. The approach to risk management is based upon four main elements - identifying, assessing, addressing and reviewing and reporting risks.

### 4.5.1 Risk Identification

The programme supports the idea that risk identification is everyone's responsibility, not just the programme management team's. All identified risks are recorded in the programme's risk register. This allows a number of key characteristics of the risk to be captured, including whether the risk is a project / workstream level risk or a programme level risk.

The programme is primarily concerned with risks that affect programme-level objectives – risks that only affect the delivery of project or workstream objectives, although recorded in the same register, are left to the projects / workstreams to manage.

If a project / workstream is faced with a risk that is outside its authority to manage, the risk is escalated to the programme management team. The risk will then be delegated back down to the project / workstream when a decision is taken that it can be managed there or once actions have been taken at a higher level to reduce the risk to a more manageable level.

### 4.5.2 Risk Assessment

The programme needs to have a consistent means of comparing its risks so that it can concentrate its efforts on addressing those that are most important. Each risk is assessed for the likelihood of it occurring and the potential impact that it would have if it did occur. This gives an overall risk rating, allowing the risks to be prioritised.

To calculate likelihood, the programme has adopted a 4 level rating. The probability of the risk being realised will be assessed as either High (H), Medium (M), Low (L) or Very Low (VL) using the definitions below:

Level	Likelihood
VL	Rare
L	Possible
M	Likely
H	Almost certain

To calculate impact, the programme has also adopted a 4 level rating of High (H), Medium (M), Low (L) or Very Low (VL), but has adapted the definitions to make them more applicable to the programme. The impact definitions have been described in terms of three key dimensions – time, cost and quality. The definitions used by the programme are:

Level	Time	Cost	Quality
VL	Negligible effect on the programme schedule	Negligible effect on the programme budget	Negligible effect on benefits, requirements or best practice
L	Small schedule slip - impact can be absorbed with minimal re-planning	Small increase in programme budget (<£100k)	Small reduction in annual financial benefits (<£100k) or small departure from Best Practice or degradation of a non-essential requirement
M	Significant slip - will require significant replanning and parallel activities	Significant increase in programme budget (£100k - £500k)	Significant reduction in annual financial benefits (£100k - £250k) or significant departure from Best Practice or Loss of a non-essential requirement
H	Major slip to programme schedule - effecting go-live date	Major increase in programme budget (£500k+)	Major reduction in annual financial benefits (£250k+) or Major departure from Best Practice or Loss of an essential requirement

The likelihood and impact of the risk are recorded in the risk register, along with a description of the consequences if the risk was realised.

A Risk Owner is also assigned to each risk. The programme recognises that ownership must sit at the appropriate level, with the person who can take effective action (for example by being able to switch resources to tackle a risk or give agreement not to deliver other work of lower priority). If a risk owner finds that they cannot take such action, then the risk will be escalated to the next level. The owner is responsible for ensuring the quality of data recorded about the risk in the register. They will oversee the countermeasures that are in place and will review the proposed contingencies and develop additional actions as required.

#### 4.5.3 Risk Management

When responding to a risk, the programme's goal is to ensure that it does not develop into an issue, where the potential threat is realised. The response to each risk will be take one of the following 4 actions:

- Transfer the risk: this might be done through such things as conventional insurance or by asking a third party to take on the risk in another way. Contracting out some of our services, for example, transfers some, but not all, of the risks (and often introduces a new set of risks to be managed);
- Tolerate the risk: the programme's ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In this instance, the only management action required is to 'watch' the risk to ensure that its likelihood or impact does not change. If new management options arise, it may become appropriate to treat this risk in the future;
- Treat the risk: by far the greater number of risks are expected to be in this category. The purpose of treatment is not necessarily to terminate the risk but, more likely, to set in train a planned series of mitigation actions to contain the risk to an acceptable level, reducing its impact and / or likelihood;

- Terminate the risk: this is a variation of the 'treat' approach, and involves quick and decisive action to eliminate a risk altogether.

The exact approach taken to addressing each risk is recorded in the risk register as the countermeasure. Associated with the countermeasure there may also be a number of specific actions (with assigned owners). These will also be recorded.

Where necessary, possible contingencies are also developed to be employed if the risk does materialise.

#### 4.5.4 Risk Reviewing and Reporting

To help stress the importance of risk management, the programme has taken the approach of embedding risk reporting into its weekly progress reporting process. In this way the main risks from each workstream are presented to the project manager, highlighting risks that need to be escalated. The reporting of key risks is reflected at all levels of the programme, with programme level risks being reviewed on a weekly basis by the programme management team.

A summary of key programme risks is also presented at programme board meetings, allowing the board the opportunity of advising on whether any external events have changed the risks and obtaining assurance that the countermeasures are working.

The overall co-ordination of the risk management process and the maintenance of the risk register is the responsibility of the programme management office.

## 4.6 Management of Issues

The programme defines an 'issue' as something that has happened or is happening that is having an impact on the achievement of its objectives. While some issues that arise may be unexpected, many may have been originally identified as risks, that have now materialised. The objective of the programme's issue management process is to deal with issues effectively when they arise. The programme's approach to issue management is based around four main elements - identifying, assessing, addressing and reviewing and reporting issues.

### 4.6.1 Issue Identification

All identified issues are recorded in the programme's issue register. This allows a number of key characteristics of the issue to be captured, including a concise description of the issue, the individual who raised the issue, the date the issue was raised and whether the issue is a project / workstream level issue or a programme level issue. The programme is primarily concerned with issues that affect programme-level objectives – issues that only affect the delivery of project or workstream objectives, although recorded in the same register, are left to the projects / workstreams to manage.

If a project / workstream is faced with an issue that is outside its authority to manage, the issue is escalated to the programme management team. The issue will then be delegated back down to the project / workstream when a decision is taken that it can be managed there or once actions have been taken at a higher level to reduce the issue to a more manageable level.

### 4.6.2 Issue Assessment

The programme needs to have a consistent means of comparing its issues so that it can concentrate its efforts on addressing those that are most important. Each issue is assessed for the impact that it is causing. This provides the rating of the issue and allows the issues to be prioritised.

To calculate impact, the programme uses the same 4 level rating as that used in the risk management process. The impact of the issue is recorded in the issue register, along with a description of the consequences of the issue.

An Issue Owner is also assigned to each issue. The programme recognises that ownership must sit at the appropriate level, with the person who can take effective action (for example by being able to switch resources to tackle an issue or give agreement not to deliver other work of lower priority). If an issue owner finds that they cannot take such action, then the issue will be escalated to the next level. The owner is responsible for ensuring the quality of data recorded about the issue in the register.

#### 4.6.3 Issue Management

The issue owner is responsible for identifying actions that will either eliminate the issue or reduce the impact of the issue to a more acceptable level. These actions and their respective owners are recorded in the issue register.

#### 4.6.4 Issue Review and Reporting

In a similar fashion to risk reporting, the programme has taken the approach of embedding issue reporting into its weekly progress reporting process. In this way the main issues from each workstream are presented to the project manager, highlighting issues that need to be escalated. The reporting of key issues is reflected at all levels of the programme, with programme level issues being reviewed on a weekly basis by the programme management team.

A summary of key programme issues is also presented at programme board meetings, allowing the board the opportunity of advising on whether any external events have changed the issues.

The overall co-ordination of the issue management process and the maintenance of the issue register is the responsibility of the programme management office.

### 4.7 Scope Management

To ensure uniformity across all workstreams within the overall Project, all scope changes must be forwarded to the Project Directors. All changes of scope must be considered by, and approved or rejected by, the Project Board after clearance by the Project Directors and prior to any commitment being made to pursue a possible scope change. The Project Board must take such further steps that it considers necessary to secure additional funds, resources, or time as dictated by the nature of the change.

For the Project Board to execute its function, as above, an impact assessment must be prepared for each proposed scope change.

The scope change will first be presented to the Project Directors once the scope impact assessment has been finalised. Where the Project Directors consider the scope change to be valid, the Project Directors will present it to the Project Board.

### 4.8 Change Control

Change control requests must be submitted on a standard template to the Project Director. The Project Director has the authority to approve / reject individual requests up to the value of £5,000. Larger change requests require Project Board approval. The Project Director is responsible for validating all requests reporting these to the Board each month with a recommendation to approve or reject. The template Change control template is summarised below.

- Change Control Number
- Title of the proposed change;
- Originator and date of the change request;
- Summary of the proposed change;
- Full details of the proposed change;
- Price, if any, of the proposed change;
- Details of the likely impact if the change request
- Anticipated benefits to be derived from the proposed change.

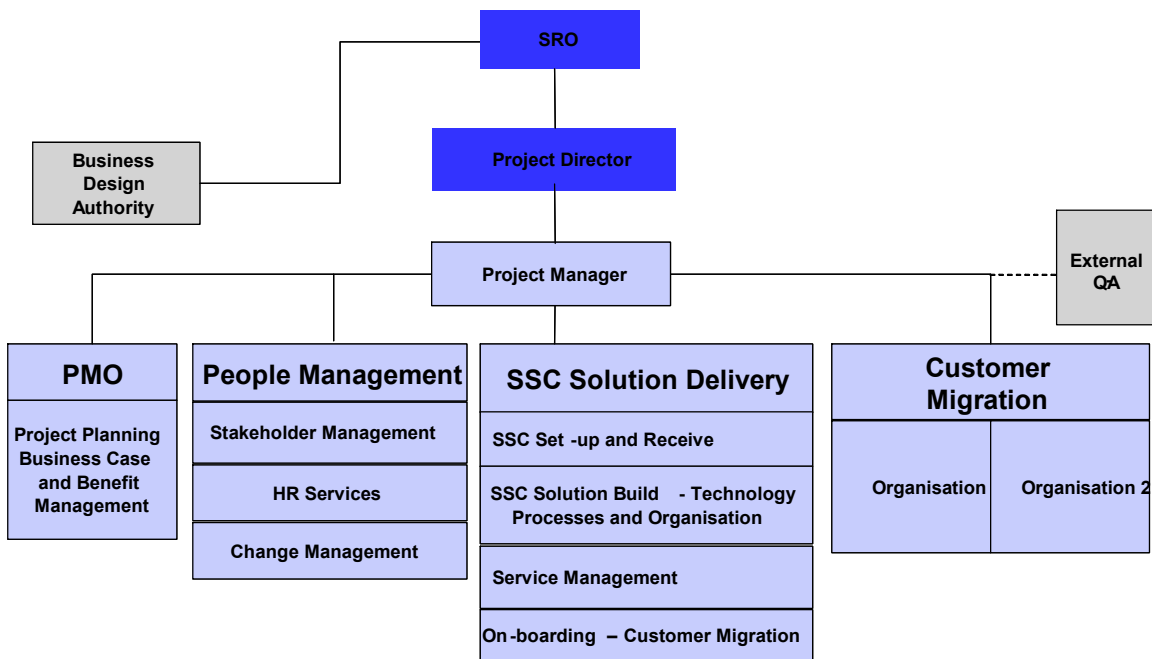
# 5. Project Organisation and Roles

## 5.1 Project Management Approach

The Project will use the PRINCE 2 methodology for overall project management.

## 5.2 Project Structure

The proposed project structure for the shared services implementation phase is illustrated below.



## 5.3 Key Roles & Responsibilities

### 5.3.1 Steering Group

The shared services steering group will meet regularly at least on a monthly basis and sometimes exceptionally to address specific decisions and milestones. It will:

- Act as a senior champion for the project and provide strong leadership
- Sign-off overall governance and service delivery arrangements
- Provide strategic direction on matters of policy, organisation member engagement, employee relations
- Resolve escalated issues and risks in a timely and effective manner
- Review and approve business case updates and the projects finance and resource requirements

### 5.3.2 Project Board (Heads of Service)

- Act as a senior champion for the project and provide strong leadership
- Sign-off of key deliverables
- Be individually and collectively responsible for ensuring that the aims of the project are aligned with business needs and the business case is delivered
- Ensure customers are fully engaged and committed to project outcomes
- Manage the interdependencies within the project and across other organisation projects
- Resolve escalated issues and risks in a timely and effective manner
- Ensure that the project is resourced for success

### 5.3.3 Project Management Team

Reporting to the Project Board, the Project Management Team will meet on a fortnightly basis. It will:

- Provide day to day leadership of the project
- Provide the environment and project standards to build a high performing team
- Be responsible for ensuring that the project milestones are achieved and ensure the business case is delivered
- Manage the project plan
- Resolve issues and risks escalated by the Work streams in a timely and effective manner
- Escalate key issues and provide proposals for resolution, to the Project Board, on a timely basis

The project work streams are as follows:

- SSC Solution Delivery
- Customer Migration
- People Management
- Project Management Office

### 5.3.4 Customer Forum

Reporting to the Project Board, the Customer Forum will meet approximately every 6 weeks. It will:

- Receive updates on SSC set-up and capability
- Provide forum for validation of each organisations service requirements
- Planning SSC roll-out

- Management of benefit realisation

#### 5.3.5 Business Design Authority

Reporting to the SRO but with a line to Project Management Team, the BDA will meet regularly at least on a fortnightly basis. It will:

- Coordinate activities in relation to the design of the SSC
- Review new design requirements
- Recommend policy and process changes to the Project Management Team
- Communicate key design decisions across the functional teams
- Resolve design issues
- Ensure integration touch points and gaps are addressed.

## 6. Project Plan and Milestones

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### 6.1 Introduction

This section sets out the high-level Project milestones and explains the project planning arrangements and lists the key deliverables.

### 6.2 Project Milestones

The key milestones for the project are:

- March 2007 - commence pre-implementation detailed planning
- June 2007 - commence procurement of implementation partner(s)
- December 2007 - implementation partner(s) selected
- April 2008 - SSC Director and Management Team appointed
- June 2008 - SSC opens ('soft' launch)
- October 2008 - Go-live on new systems and new processes (for the first two Organisations)
- April 2010 - SSC fully operational - all Organisations live.

### 6.3 Project Plan

The project will operate planning at three levels that are linked together. At the lowest level are the detailed work stream project plans. Summary information from these is integrated into a mid-level project plan and this in turn provides information for a high-level milestone summary.

#### 6.3.1 Detailed Plans

The detailed plans are produced, owned and maintained at the work stream project level. They contain detailed tasks, summary activities and milestones. They are the working plans for the work stream and are therefore updated with progress as the work stream manager sees fit, but at least on a weekly basis.

Every week, the status of the plan's summary activities (percentage complete and forecast completion date) is used to update the relevant elements of the mid-level plan. Any changes to the plan in terms of either new activities or slippages to existing activities must be formally accepted by the project management team, via the project office, before being incorporated into the plan and re-baselined.

#### 6.3.2 Mid-level Plans

The projects mid-level plan contains the summary activities from the work streams, linked together with the relevant dependencies. The mid-level plan is updated by the project office with progress and changes from the detailed work stream plans. The effect of any changes (slippages or new activities), to the plan are modelled against the baseline to see the net impact. A summary of the impact will be provided to the project management team to allow them to formally accept the changes, before the plan is re-baselined.

The mid-level plan is effectively the project overall plan, updated on a weekly basis and providing the most up to date information on the overall status of the project.

### 6.3.3 High level Plans

The projects high level plan contains the key milestones. It is updated on a monthly basis (or more frequently if required), by the project office using progress information from the mid-level plan. The high-level plan is primarily used to provide the SRO, programme board and other key stakeholders with a summary of the status of the project.

## 6.4 Key Deliverables

The following table list the key deliverables for the project by milestone, summary definition of the deliverable, format, who will approve it and by when.

<b>Deliverables</b>	<b>Description</b>	<b>Format</b>	<b>Signed off by</b>	<b>Milestone date</b>
Project Initiation Document	The PID represents a clear definition of the major organisational and technical issues that will arise as a result of the Project. This document will cover the project's objectives, scope, strategy, timeline and responsibilities	Word document	Project Board	March 2007
Quality management plan	The Quality Management Plan defines how quality will be managed on the project and the expected format for key deliverables. It is held in the Project Charter document as an appendix	Word document	Project Board	April 2007
Project Strategies and standards	The strategy documents will include project communication standards, approach to project management, system development procedures and approach to benefits realisation. The aim of these documents is to ensure consistent, high quality and efficient procedures are set and maintained through out the project to ensure the successful achievement of all deliverables.	Word document	Project Directors	April 2007

<b>Deliverables</b>	<b>Description</b>	<b>Format</b>	<b>Signed off by</b>	<b>Milestone date</b>
Communications Strategy	Definition of the principles to be followed, the approach to monitoring the effectiveness of communications	Word Document	Project Director	April 2007
Communications Plan	Definition of the detailed approach to communicating to stakeholders, including key messages, timing and media for communications	Word Document	Project Director	June 2007
Stakeholder Strategy	Definition of the principles of integrating stakeholder management with each organisations change management approach and monitoring progress and managing interdependencies	Word Document	Project Director	April 2007
Stakeholder Plan	Definition of the detailed approach to engaging stakeholders including primary contacts and initial assessment of current position and activities	Word Document	Project Board	June 2007
Tender documents	Full set of tender documents including solution requirements, volumetric data, draft contract	Word Document	Project Board	July 2007
Tender evaluation	Report detailing tender evaluation and recommendations	Word Document	Project Board	December 2007
Contract	Single contract with implementation partner covering consultancy, SSC set-up, software and managed service requirements	Word Document	Project Board	December 2007
Full Business Blueprint	The Business Blueprint documents the business process requirements for all areas within the agreed scope. The documentation sets out the results of the requirements gathering sessions and seeks to verify that a proper understanding of requirements has been communicated. The blueprint finalises the detailed scope of the project and sets out how the ERP solution will be configured to meet the agreed design.	Word Document Visio Charts	Project Board	April 2008

<b>Deliverables</b>	<b>Description</b>	<b>Format</b>	<b>Signed off by</b>	<b>Milestone date</b>
Training Strategy (Appended to Business Blueprint)	The aim of the document is to propose key principles to deliver relevant training to end users throughout the various phases of the project. Training documentation	Word Document	Project Board	April 2008
Business Case Benefit Baseline and Targets	Updated Business Case and benefit targets following completion of procurement phase.	Word Document Excel Workbook	Project Board	Jan 2008
Shared Service Centre Transition Plan	The aim of this document is to confirm the processes and activities to be transferred to a shared service centre and provide a detailed transition plan to transform the current organisation to the agreed design.	Word Document Excel Document	Project Board	April 2008
Technical Infrastructure in place	Underlying technology installed by Managed Service provider	Word document report	Project Directors	April 2008
Network Connections available	The connections between the organisation network and the SSC and Managed Service Provider are in place	Word document Report	Project Directors	April 2008
End User work instructions	This will support users in initiating, completing and reporting transactions. The SCC Project staff will tailor and / or produce additional user procedure manuals under the guidance of the contractor. The manuals will cover each major module or process within the scope of the Agreed Solution.	Word document	Project Directors	August 2008
Training Documentation	Training material includes role based training course presentation material and template work step documents for users that explain how to complete individual ERP transactions.	Word Power point	Project Directors	August 2008
Integration Test Report	A comprehensive report setting out the results of integration testing and confirmation of the action taken to address all failed tests for the full scope covered by each go live.	Word Document Excel Workbook	Project Directors	June 2008
User Acceptance	A comprehensive report setting	Word	Project	July 2008

<b>Deliverables</b>	<b>Description</b>	<b>Format</b>	<b>Signed off by</b>	<b>Milestone date</b>
Testing Report	out the results of user acceptance testing and details of the action taken against all failed tests for the full scope covered by each go live.	Document	Board	
Training Needs Analysis	An assessment of the skills users currently have and likely skills they will need and then an approach to bridge the gap	Word Document	Project Director	February 2008
End User Training Strategy	Definitions of the key principles and approach to be adopted by the training team in identifying and delivery relevant training	Word Document	Project Director	March 2008
End User Training Plan	A detailed calendar of training events, locations, curriculum, trainers etc	Word Document	Project Director	April 2008
End User Training material	Training documentation covering material produced for end users and trainers	Various	Project Director	August 2008
Organisational Impact Plan	An assessment of the impact that the project will have on groups/individuals, with details of dates and location moves and changes in job/role and a recommendation for minimising the challenges faced	Word Document	Project Board	August 2008
Training report	A report detailing the progress of user training and feedback from the courses	Word Document	Project Directors	September 2008
Organisation Transition Strategy	A high level document that indicates the key principles and approach for transitioning individuals and groups into the new organisation	Word document	Project Board	April 2008
SSC Job & Role Design strategy	A high level document that indicates the key principles and approach for designing the jobs and roles.	Word document	Head of Shared Services	May 2008
SSC Job & Role Design templates	A set of documents that will ensure consistency in the way that the C21 Business team redesign jobs/roles	Word document	Head of Shared Services	July 2008
Target People and Culture Strategy	An assessment of the required culture to support the new organisation and an indication of the approach to achieving this	Workshop	Project Board	August 2008
Shared Service Centre Service Level Agreement	The purpose of this document is to quantify the service levels and standards agreed between the Shared Service Centre and it's customers.	Word Document	Project Board	September 2008
Shared Service	A report setting out the	Word	Project	September

<b>Deliverables</b>	<b>Description</b>	<b>Format</b>	<b>Signed off by</b>	<b>Milestone date</b>
centre readiness report	completion of the Shared Services Transition Plan and the readiness of the Shared Service Centre for Go Live	Document	Board	2008
Readiness for Go Live Report	A detailed report setting out the readiness to go live with the planned scope at each target date. The report will include end user readiness, competency centre readiness, interface completion and data migration, system availability and infrastructure readiness.	Word Document	Project Board	September 2008
System made available to users*	New business processes, system solution and support services commence operation.		Project Board	October 2008
<b>Ongoing deliverables</b>				
Risk Management Register	Risks associated with undertaking the project are identified and a risk management register is developed to record, assess (impact and probability) and address the risk.	Excel Workbook	Project Board	
Benefits Tracking Register	All benefit areas within the agreed scope are identified and recorded and progress in realising the benefits tracked and reported.	Excel Workbook	Project Board	
Project Milestone Plan	The Plan outlining the Milestones and key deliverables for each milestone.	Microsoft Project Excel Workbook	Project Board	
Project Plan	The Project plans identify the timing of deliverables.	Microsoft Project Excel Workbook	Project Director	

# Appendix 1: Project Standards & Procedures

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## Introduction and Contents

This section introduces the plans, procedures and strategies that underpin the Project Management approach, namely:

- Project Reporting
- Problem Resolution
- Change Management Strategy
- Communications Strategy
- Training Strategy
- Data Migration Strategy
- Quality Management Plan
- Risk Management Plan
- Testing Strategies
- Document Management Strategy
- Post Implementation Review Strategy

## Project Reporting

Reporting in the project will operate at a number of levels with key summary information from work stream plans, cascaded upwards into weekly programme progress report and in turn providing the basis for regular highlight reports.

### Weekly Reporting

The projects weekly reporting is focused on progress against agreed activities and milestones, key risks and issues. Each work stream produces a report and the summary information from these is aggregated into an overall programme weekly report.

The information on risks and issues is used to update the programme risk and issue registers. The activity and milestone progress information is used to update the overall project plan.

### Highlight Reports

On a fortnightly basis the project will develop a highlight report for the SRO, project board and key stakeholders. The base information for the report will come from the weekly programme reports.

## Problem Resolution

The purpose of the problem resolution process is to provide a formal structure for the recording and resolution of issues raised throughout the project. An issue is defined as any point impacting the solution delivery that requires cross-group formal involvement.

The objectives of the Issue Management Process are:

- to provide a process to allow the timely resolution of all issues and policy/ business rule;
- to ensure that the resolution of all issues is to the agreed level required to support the delivery of the solution within the project scope and timeframe;
- to provide a formal structure for the escalation of unresolved issues deemed critical to the delivery of the solution.

The formal process is not meant to replace interaction between the members of the Project Team. It is to be used as a vehicle to record all issues that are likely to impact across more than one group within the project organisation.

The problem resolution process consists of the following basic steps:

- Raising Issues - the identification and recording of issues on the project database;
- Issue Resolution - the recording of the resolution of an issue;
- Issue Reporting - the reporting of the status of issues recorded;
- Issue Review and Sign-off - the review of outstanding issues by the Project Management Team and the sign-off of issues that have been resolved.

## Change Management Strategy

The purpose of change management is to facilitate the change across each Organisation, helping individuals and the organisation to increase their capacity for change and to undertake new ways of working supporting the on-going vision for shared services. The specific role of the change team within the project is to identify and manage the approach to change and support the organisation in delivering the benefits.

Successful change management will make the implementation as smooth as possible and ensure that staff are able to adopt the changes and adapt their ways of working in order to take on the new, systems, organisation and processes that the project will deliver.

Given the amount and nature of change that all organisations are planning, integrating the change management activities is critical. The project team will be working closely with business development and customer and staff relation teams across the organisations to share a common approach, principles and joint communications.

A change management strategy will be developed at the start of the implementation phase. The key requirements of the change management strategy are to:

- articulate the scale of business change required to deliver the shared service project and its intended business benefits
- identify and evaluate all people risks associated with each organisation migration to shared services
- identify the specific cultural changes in behaviour required to operate within the new delivery model.
- outline the process of change readiness assessment for each organisation,
- enable change management planning in support of each organisation migration,
- identify roles and responsibilities required to manage the organisation migration within the project team
- identify roles and responsibilities for change management within each organisation service
- identify the requirements for an employee involvement plan
- outline the approach to managing recruitment, retention, relocation and release
- identify the high level, technical and non-technical training requirements to support new ways of working
- identify the specific cultural changes in behaviour required to operate within the new delivery model.

### Communications Strategy

This period of significant change for staff means that successful communication is particularly essential. Staff have different expectations of how they want to be informed about changes that affect them personally. The grapevine can be even faster with rumours that may or may not have any foundation. People will scrutinise every communication for hidden meaning.

All communication activity will be done in the context of an agreed communications strategy to be developed during the design phase of the project. The communication approach is outlined below.



**United Leadership**

- Conduct Change History
- Build Change Strategy
- Develop & Implement Team Effectiveness Strategies
- Manage ongoing alignment with Change Vision
- Manage integration with other Organisation projects
- Finalize Team Transition
- Conduct Post-imp. Review

**Gaining ownership of the benefits**

- Define & Validate Change Vision
- Benefits pack
- Manage Evolution, and Maintenance, of Change Vision

**Communications and stakeholder Management**

- Define comms and stakeholder strategy and approach
- Define comms plan
- Define stakeholder management plan
- Implement & Monitor Stakeholder Mgmt. In Change Plan
- Implement & Monitor Communication in Change Plan

**Integrated HR plan**

- Organisational redesign principles & strategy
- Define approach and templates
- Conduct a organisational impact assessment
- Actively manage the impact on the organisation
- Define, Implement & Monitor Org. Transition Section of Change Plan

**Promoting the right Culture**

- Conduct Initial Culture Assessment
- Validate Current Culture Assessment
- Target Culture Envisioning
- Define People & Culture Change Plan
- Define, Implement & Monitor the People & Culture Section of Change Plan
- Create culture of continual improvement

**Learning & Knowledge Mgmt.**

- Conduct Initial Assessment
- Identify vision elements for endstate infrastructure
- Define end user learning strategies
- Define team training & knowledge transfer approach
- Finalize infrastructure design / transition Plan
- Deliver End-User Training
- Evaluate & Refine Learning Strategies
- Implement / Monitor End State Infrastructure

**Training Strategy**

The aim of the Training Strategy is to propose some key principles for the delivery of SSC staff and end-user training. The strategy will set out a number of options, with recommendations, for defining the approach to training during 2008 and onwards. Different approaches will be relevant to different user groups, and user roles, and for this reason the Training Strategy will set out a proposed framework within which the Training Team will then operate.

Further detailed planning will be carried out as soon as detailed information identifying the end users and defining the user roles is available. The strategy for SSC and end-user training will, therefore, aim to:

- integrate with existing organisation training strategy objectives
- deliver a training solution that is based on a common process and system design in line with the shared services vision
- train the user community so they understand any new or revised business processes that have been developed and can execute the necessary transactions;
- develop training documentation to support the design and delivery of training;
- establish effective training evaluation, which will demonstrate that the transfer of knowledge to end users relating to the use of new processes/systems has been successful.

## Data Migration Strategy

Data Migration is a critical activity when moving from legacy systems to an integrated ERP solution. The data objects migrated must be converted to the format required by the ERP solution and the approach and principles involved will be set out in the Data Migration Strategy document.

An example of the general principles for data conversion are:

- Data will be cleaned before input to the ERP solution. This may involve changes to legacy systems
- There will be a reference on the data in ERP that can link to related data in the legacy system
- There will be a reconciliation process to ensure that data is not lost or amended by the migration process
- The basic approach to data conversion for the Project is that the minimum of data should be transferred into the ERP solution. The reason for taking this approach is to minimise the effort and cost of the transition, without compromising the value of ERP in its early days.

The strategy document will set out the following process and responsibilities for migrating data as well as the key master data elements:

- Identify the data objects
- Determine the data migration method
- Organise and prioritise the data
- Transfer, analyse and clean up the legacy data
- Map legacy data to ERP data fields
- Prepare the legacy or intermediate database
- Download and convert the legacy data
- Transfer the data
- Reconcile the data
- Responsibility for data migration

## Quality Management Plan

The delivery of a Quality solution is intrinsic to meeting the objectives and vision for shared services. It must be recognised that quality has an up-front cost - higher quality standards will increase estimates of time and resource, but will reduce the risk of errors and rework and further significant costs.

To ensure quality is built into the management of the project and to comply with contractual obligations, the Implementation methodology must be used within the PRINCE2 guidelines. The quality plan will apply to the entire shared services project, including:

- The Project Board
- Project Team
- Service Providers

The quality management plan lists acceptance criteria at a general level that should be applicable to all deliverables. Specific acceptance criteria for each individual deliverable should be defined in more detail if necessary.

Key elements of the quality management plan are set out below and these will be finalised early in the implementation phase.

#### Quality Planning

Quality planning must embrace the concepts of prevention over inspection, the cost of avoiding mistakes is always much less than the cost of correcting them. In addition, it is important to make sure that time for quality activities (reviews, validation) is built into project work plans. To reflect these points this section covers those concepts that support “prevention over inspection” and the approach to planning.

#### Acceptance Criteria

The use of acceptance criteria is fundamental to ensuring that project deliverables are signed off. In order to avoid deliverables failing to meet acceptance criteria these should be defined with those who will sign off the deliverable as a first step.

The acceptance criteria listed below are at a general level and should be applicable to all deliverables.

- The deliverable reflects the requirements of the ‘customer’
- Associated documentation and communications are clear, concise and easy to understand
- The work has been completed according to the planned dates. If not, an auditable record exists of why the dates have not been met
- The nominated person(s) as defined prior to the deliverable shall sign off the final version
- Documentation shall be version controlled
- Document content shall be easily retrievable and traceable to its origin
- Documents shall be made available electronically to a wider community

Specific acceptance criteria for each individual deliverable should be defined in more detail if necessary.

#### Quality Reviews

Quality reviews will take place after each “major” milestone. It is the responsibility of the project work stream leads to define these milestones, ensure that the review happens and define the nature of the output.

#### Defined Project Systems

Underpinning the project structure and processes are the systems that help to manage quality. The systems that will be used by the project will likely be the toolset provided by the implementation

partner and the shared document repository. These are systems entirely accessible to the project team, however it is recognised that each organisation and the implementation partner have their own internal quality systems that the project needs to interface with. These are mentioned here as formal recognition that each organisation and implementation partner will need to satisfy their own internal procedures and this may involve the resources and staff engaged on the project team.

#### Responsibility for quality assurance

The Shared Services Project Board has ultimate responsibility for assuring the quality of the Project. This responsibility is delegated to the Project Directors. The Project Directors are responsible for reviewing the Project Quality Plan and its subsequent implementation through periodic project quality reviews. This means that Project Directors are responsible for ensuring that a review takes place and that they sign off the quality log for each deliverable. If the Project Directors cannot agree that the deliverables have been reviewed and signed off, then it is their responsibility to ensure that action is taken to ensure that the deliverables are signed off.

Appropriate management must also review documents and ensure they meet the general acceptance criteria stated above as part of their draft and final approval processes.

The Project Management Office is responsible for ensuring that documentation is maintained according to the Quality Plan. The Project Office is responsible for ensuring that feedback on quality is dealt with appropriately and that information on non-conformance is passed to the Project Directors.

The Project work stream leads are responsible for maintaining the quality of documentation and process management, ensuring that quality procedures are followed and that quality conformance actions are carried out.

Where work stream leads cannot agree that a deliverable has met the acceptance criteria this should be escalated to the Project Manager. Where the Project Manager cannot agree that a deliverable has met the acceptance criteria this should be escalated to Project Board via the Project Directors.

#### Documenting quality assurance

Project Management Office will maintain a hard copy of all project deliverables as defined in section 7.4 of this document.

## Testing Strategies

There will be a wide range of functionality and solutions being implemented as part of the shared services project. Each of these functions will have its own particular testing requirements. However there are some broad testing principles that we will apply to all aspects of the implementation.

Testing covers end-to-end processes covering system and non-system elements of processes. In addition, there are a number of specific testing requirements relating to the way that people will work in the shared service centre.

The Testing strategy document will set out the general principles and particular requirements for each project team. The scope of testing covered in the testing strategy will include:

- Unit testing
- Integration testing

- End to End testing
- Verification and Validation testing
- Systems testing
- User Acceptance testing
- Parallel running
- Shared Service Centre operations testing
- Benefit achievability testing

### Document Management Strategy

Document management is the management activity that applies direction over the life cycle of a deliverable, its component items, and the information related to each of the components, for example, the version control and release process for each project deliverable.

The document management strategy will give guidance document management planning, version control, document status accounting and audit. The document management approach will provide identification and traceability of a product, the status of achievement of its physical and functional requirements, and access to accurate information in all phases of its life cycle.

### Post Implementation Review Strategy

The post implementation review will set out the approach, timing and scope of reviews following each organisation migration. The post implementation review will include:

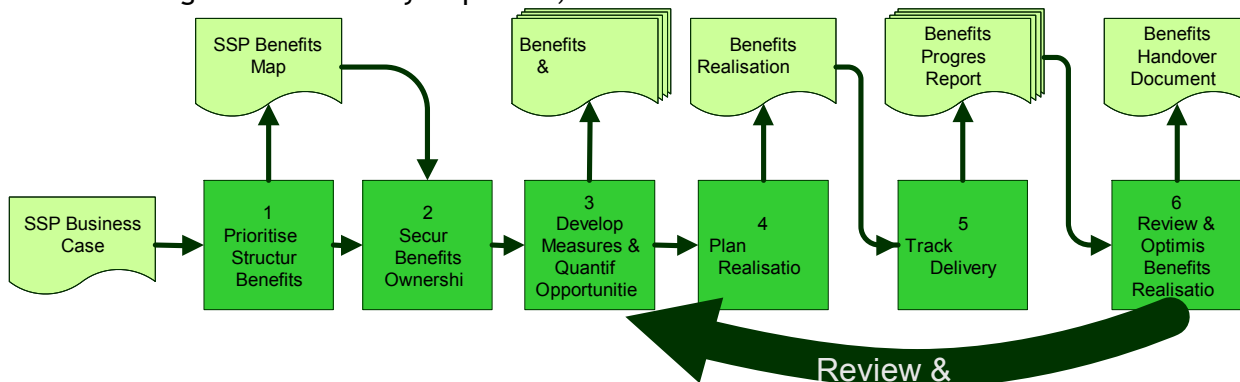
- A review of the implementation process to determine what worked well and what did not
- Evaluation of the delivered solution against the original project goals and objectives
- Evaluation of how business benefits have been achieved against the Business Case
- Identification of any deficiencies and define corrective action
- Evaluation of the effectiveness of project and shared services governance arrangements
- An assessment of whether services are being delivered in accordance with service level agreements
- Evaluation of the effectiveness of security and controls
- Evaluation of the effectiveness of production support arrangements
- Identifying recommended solution enhancements
- Preparing an action plan to take forward the recommendations of the Post Implementation Review



# Annexe 2: Benefit Realisation

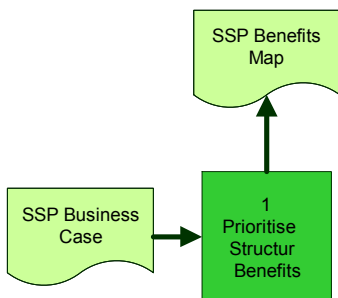
## Introduction

The Benefits Management Process for the project will consist of 6 key stages, the diagram below gives an overview of the process and sets out the key products at each stage. It is important to note that these stages are not strictly sequential, but are iterative.



## Prioritise and Structure Benefits

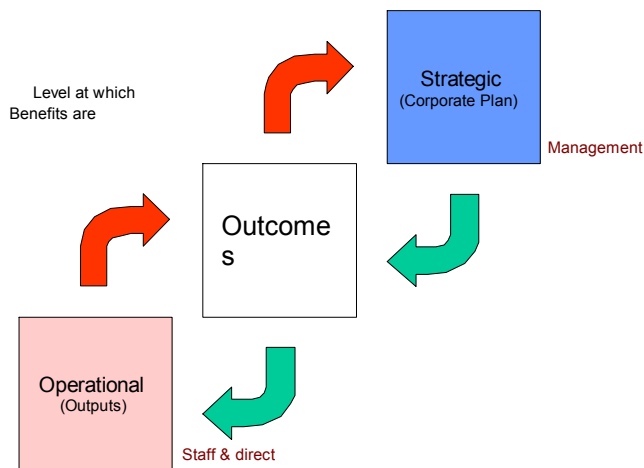
The first stage of the Benefits Management Process builds on the Business Case and Cost Benefit analysis to prioritise and structure the benefits.



Review &

## Structuring benefits

The purpose of structuring the project benefits is to provide a sound rationale for the programme and its associated components. To structure benefits and inform an understanding of strategic fit, the project is proposing an approach that structures benefits at ‘operational’, ‘outcome’ and ‘strategic’ levels. Use of this approach will confirm the alignment of benefits from the programme with the highest level of the participating organisation’s strategic objectives. It is illustrated below and the three levels are described in the subsequent paragraphs:



█ Guide  
█ Contribute to  
 Operational Outputs

Operational outputs are performance improvements that make a difference to the day-to-day work of staff and direct customers of the SSC. Workstreams under the umbrella of the project will directly deliver a number of operational benefits. Among the characteristics of benefits at this level are outputs which:

- enable other benefits in the benefit structure;
- are most easily attributable directly to the introduction of new technology and the features it provides;
- are the most easily measurable and quantifiable; and
- are often not of significant value to the organisation on their own unless they are used to achieve higher order outcomes and strategic objectives.
- The table below gives a general list of the SSC’s operational, tangible outputs and examples of some specific benefits that the programme could realise at the operational level:

Operational outputs	Example of operational benefit
Less time and effort taken to process transactions	Free up staff time to focus on core activities
Less time and effort taken dealing with the consequences of inaccurate or incomplete information	Obtaining correct and complete information to inform management decisions and response to citizen and third party queries
Less time and effort taken to resolve queries	Time saved from having fewer issues raised by, or with, customers and partners about inaccurate or incomplete information

### Outcomes affecting the performance of Support Services

Benefits realisation at the outcome level will be dependent on achieving the target level performance at the operational level. Outcome level benefits are derived from performance

improvements that are of value across the family. They represent the desired ‘outcomes’ of the project.

The outcomes of the project will be refined during the implementation stage of the programme, some examples of the anticipated outcomes of the programme are:

- A more efficiently run agency that demonstrably delivers value for money
- Better end service to the customers
- Better ways of working (less frustration and duplication of work)
- Ability to scale systems and processes to deliver increased efficiency as more customers join the SSC

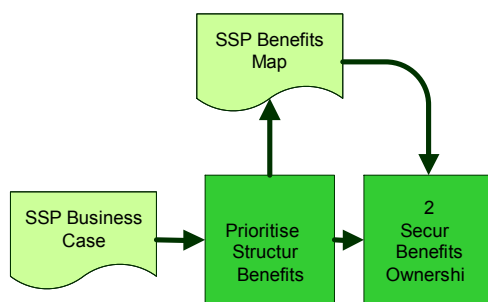
Each of these have a high level of dependency on each other.

### Strategic Benefits

Links will be established between the desired outcomes of the project and with Government and Organisation strategies. We will produce a high level Benefits Map showing the relationship between the strategic benefits, a series of sequenced intermediate (business) benefits and the enabling benefits that must be achieved first. The detail will be appropriate for the programme level. The Benefits Map will also identify which of the project components will deliver each benefit and may necessitate breaking down some of the high level benefits into their constituent parts.

The benefits map will show the relationship between benefit arising within the SSC and within the customer organisation and will assist in ensuring that the dependencies are clearly understood and agreed with stakeholders both within and outside of the SSC.

### Secure Benefits Ownership



The second stage, securing benefits ownership is critical to the realisation of benefits. This presents particular challenges for the project, as the questions below illustrate, because it will deliver benefits across geographical and organisational boundaries. This activity needs to address some critical questions:

- Who is the appropriate owner of the targeted benefits? Who has the organisational authority to make them happen?
- How does the project team ensure that benefit owners are fully bought in to the benefits management processes?

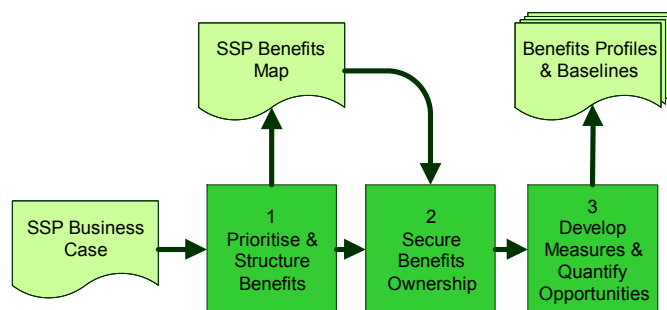
- How does the project team ensure that benefit ownership is internalised?
- How does the project team ensure that programme benefit goals are consistent with goals from other initiatives?

The project proposes to apply the following principles to assigning benefits ownership:

- The programme director will ensure the management of the benefits realisation process on behalf of the Senior Responsible Owner (SRO)
- Benefit ownership will be assigned to SSC managers and other cost centre operational managers in customer organisations who have the organisational authority to make them happen.
- The assignment of benefit ownership within the retained customer organisation will be facilitated by the change manager for that organisation.

Generally, the location of a benefit in the benefits structure (see section 0 above), will determine the level at which responsibility to achieve ownership of the benefit should be assigned.

### Develop Measures and Quantify Opportunities



Review & Refine

Having secured benefits ownership (section 0 above), the two remaining steps involved in quantifying and developing SSP benefits are:

- Developing benefit baselines
- Defining benefit profiles

Each of these steps is described below.

#### Developing benefit baselines

The purpose of this step is to establish a baseline that will be the starting point for realising the benefit. It seeks to establish the situation immediately before implementation and how it will be changed after the benefit has been delivered. Developing the Baseline involves:

- Characterising the benefit
- Measuring the baseline
- Valuing the benefit

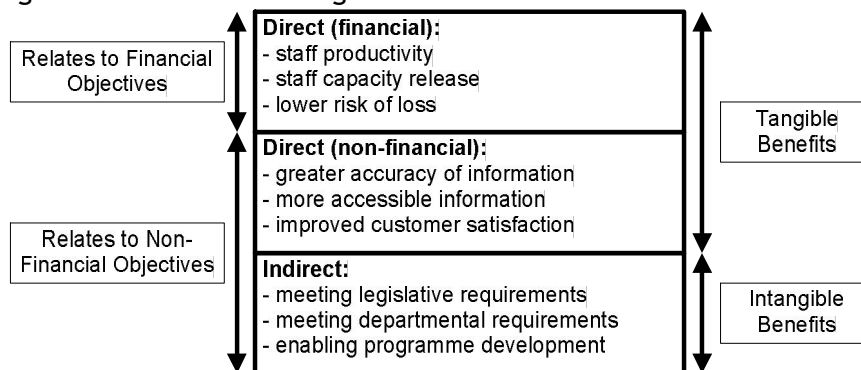
- Recording the baseline

### Developing benefit baselines - benefit characterisation

The project will follow the OGC's approach to benefit characterisation, which defines three main benefits types: direct financial benefits, direct non-financial benefits and indirect benefits.

- Direct financial benefits - these are tangible benefits which can be quantified and valued. We distinguish between two types of financial benefit:
  - Cost savings - e.g. productivity improvements valued on the basis of time saved from improved efficiencies times the value of time.
  - Economies of Scale - e.g. procurement savings from reduction in unit cost
- Cost avoidance - e.g. productivity improvements leading to additional output that would otherwise only have been possible by hiring additional staff or the avoided cost of migration and upgrade of existing IT systems .
- Direct non-financial benefits - tangible benefits which can be quantified, but are difficult to value; e.g. - more accurate and timely information; increased customer satisfaction, increased staff empowerment.
- Indirect benefits - intangible benefits which can be identified but cannot easily be quantified - e.g. meeting legislative requirements; meeting requirements of government or departmental reviews; enabling and enhancing the evidence base for policy-making; enabling further development of the programme or other cross-cutting programmes.

The following diagram illustrates this categorisation:



### Developing benefit baselines - measuring the baseline

The project is seeking to apply the principle that benefits should, as far as possible, be measurable. Quantified benefits mean that full realisation is easier to define and recognise. Furthermore, whilst the Business Case is focussed on the direct financial benefits, if a value can be placed on other benefits, it strengthens the business case for change.

The project approach to benefits management is to engage with staff across the 5 organisations in order to:

- Understand the specific nature of the benefit to the business and its customers. This follows from benefit identification and characterisation.

- ii. Describe the potential benefit in terms of an improvement to the current situation that is of value to the SSC or its stakeholders.
- iii. Produce a concise and clear statement of the current situation (a couple of paragraphs will normally be sufficient).
- iv. For tangible benefits, translate the meaning of words that may describe the current situation (such as: inaccurate, inefficient, time-consuming, resource-intensive, slow, dissatisfied, risky) into agreed numerical terms.
- v. Obtain data to quantify the numerical terms.

Benefits can be measured in two ways:

- Bottom up using data with a higher level of granularity; or
- Top down where such data does not exist or would be too expensive to collect.

**Example 1 - Bottom up benefit measurement (illustrative only)**

A benefit from the introduction of improved business processes (which will be enabled by new IT operational services) is a reduction in time-consuming preparation activities. Currently not all purchase invoices are processed electronically and require a high degree of manual intervention, in securing purchase orders,, re - keying etc.

**Example 2 - top down benefit measurement (illustrative only)**

In the cost-benefit analysis, we reviewed the current ratio of staff to HR staff that support them. The 5 organisations are currently operating at a ratio of 105:1. Good shared services practice would suggest that a target of 150:1 should be achievable. The difference in performance was used to calculate potential benefits that could accrue from the project.

Definition of the baseline will usually lead to an appreciation of the scale of the potential benefit. A measure of the goal will often follow. For instance, in Example 1 above, it may be determined that after the roll out of new IT enabled processes the effort to process purchase invoices should be significantly less. This can be used to estimate a measure for the benefit in £'s.

**Intangible benefits**

A different approach will be taken for indirect intangible benefits (i.e., those that cannot be defined in financial or performance terms). Where it is appropriate to assess these benefits the measurement of achievement may be based on the reaching of milestones - time-based measures (dates) for the completion of activities or the delivery of sets of products from project workstreams.

As a strategic programme focussed on improving both internal processes and the customer experience, less tangible, but nonetheless important benefits - such as improved customer satisfaction, increased staff morale and enhanced reputation - will show up in satisfaction surveys, or in measures of customer compliance, staff turnover and sick absence.

## Developing benefit baselines - valuing the benefit

Wherever possible the project will assess the value of tangible benefits; this means making a monetary assessment of the measure of the benefit.

Baseline information will be recorded in a Benefit Baseline document.

An initial set of Benefit Baselines will be produced in the Benefits Realisation Plan. These should be reviewed and augmented by the benefits manager as the programme proceeds. Together these provide a set of benefit baselines that can be developed further as project sponsored workstreams progress and give more clarity as to how specific benefits will be realised.

## Defining benefit profiles

The next step is to produce a Benefit Profile for each benefit. This will take the information contained in the benefits baseline and develop it to the next level of detail, including more specific enabling actions and specify the benefit tracking regime. Each benefit profile needs to contain information to track and realise the benefit. In particular, each benefit profile should include a description of:

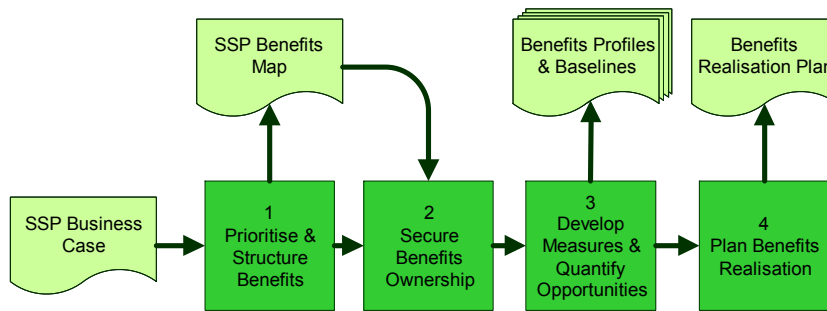
- the benefits to be realised;
- the measure to be assigned to the benefit, where possible;
- the target against which achievement will be judged (including a time-oriented target);
- the assumptions on which the targets are based;
- key responsibilities and ownership for realisation of the benefit; and
- the tracking regime: information collection methods, and responsibilities for tracking and reporting.

Going through the process of gathering this information with operational staff will help to provide a common approach to, and understanding of, benefits management across the SSC and its customers. It is envisaged that a change manager will be appointed in each customer organisation and that individual will own a number of benefit profiles - this will provide the basis of an agreement between the customer organisation and the SSC.

A set of initial benefit profiles will be produced in the SSC Benefits Realisation Plan. These will be used for:

- initial scoping and planning of benefits with benefits owners
- maintaining a record of the benefits as they evolve during the benefits tracking, realising and reviewing processes;
- documenting any new benefits as they are identified; and
- subsequent reviews of benefits during delivery stage of the project to recognise potential additional information available as the SSC management information systems mature.

## Plan Benefits Realisation



Review & Refine

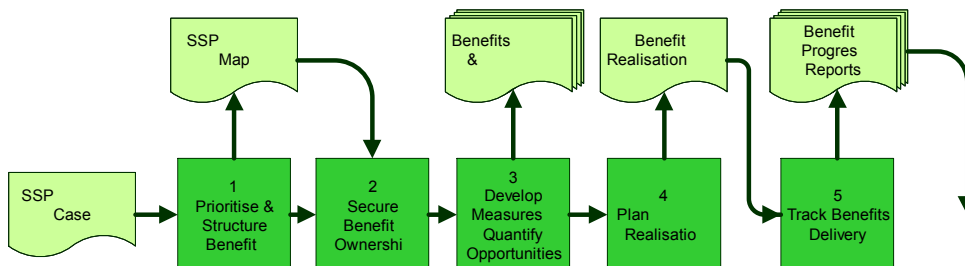
Having established the benefits baselines and profiles, the next stage pulls together this information to form an action plan for benefits realisation.

The purpose of the benefits realisation plan is to establish a schedule for benefits delivery and a timetable for the benefit management process. Benefits realisation planning and management will be integrated with programme management; these activities are closely associated with programme issue and risk management. Indeed the management of programme issues and risks is to a large extent about acting to ensure that the benefits identified from the programme are actually delivered. Similarly, benefits planning and management will be closely tied into the communications strategy and stakeholder management.

The initial benefits realisation plan will draw together the benefits that are projected for the programme. It will map actual benefits as they are realised against the baseline of what is expected. It also shows who is responsible for delivering each benefit within the component. The success (or otherwise) in achieving the actual benefits will be reported through the Programme Director to the programme board and the SRO.

Each of the project workstreams will produce detailed benefits management plans and these will need to cover, where relevant to the workstream, the establishment of the SSC, the transition of customers to the SSC, and the establishment of the customer organisation. It is envisaged that workstream level benefit management plans will inform the content of the programme-level benefits realisation plan and reporting.

## Track Benefits Delivery



The fifth stage of the benefits management process is to track and deliver the programme benefits. Delivery will be planned and monitored as part of the programme management process, using benefit profiles as the starting point. The project will establish a benefits-tracking regime, and

assign responsibilities for reporting on benefit realisation. Our understanding is that:

- Beyond the end of the project, tracking will be the responsibility of a corporate programme office supported by a benefits manager from the SSC;
- Reporting on delivery will be the responsibility of the work stream leaders within the SSC.

This will assure the SSC Management Board that a mechanism is in place to realise the benefits from work stream and project activities on which they are approving expenditure.

## Tracking

The project will design a tracking regime before “go live” in October 2008 even if collection of information is not to be carried out until a later stage. The tracking regime will ensure that the organisation is aware of:

- what information needs to be collected;
- who will collect information and have responsibility for ensuring it is done;
- how the information will be collected; and
- when it needs to be collected.

The information to be collected will be that information which, when analysed, will show the achievement or otherwise of the benefit. It will refer to the measures identified for the benefit in question.

It will be important to know when information collection is to start and when it has to stop. Information may be collected continuously, regularly, or on an occasional basis. Where benefits are high-level benefits or outcomes, it may take several years for the benefits to be fully realised.

Benefit profiles will describe the way in which the agreed information will be collected (the physical collection method), this will be based on the existing management information together with metrics developed in the MIS component of the project.

Information sources may include:

- Regular automated data collection - information may be collected on a regular and routine basis as part of the normal working process,
- Ad hoc data collection such as that currently being done to baseline productivity measures
- Questionnaires or surveys - these will be directed at a pre-determined audience, or a sample, e.g. customer satisfaction survey, SSO staff survey.
- Selected interviews/activity sampling - these are precise but expensive ways of obtaining information.

Current thinking is to focus benefits tracking on productivity metrics for activities that will be directly affected by project work streams. This will require periodic measurement of the relevant outputs as well as data on the time required to generate these outputs.

While productivity metrics will provide a means of tracking many of the financial benefits of the project, they will not cover a number of the non financial and qualitative benefits, and additional metrics will be needed to supplement those focussed on productivity.

## Delivery of benefits

Benefit owners will be responsible for developing their realisation plans with support from Business Change Managers, SSP work stream leaders and the Corporate Project Office.

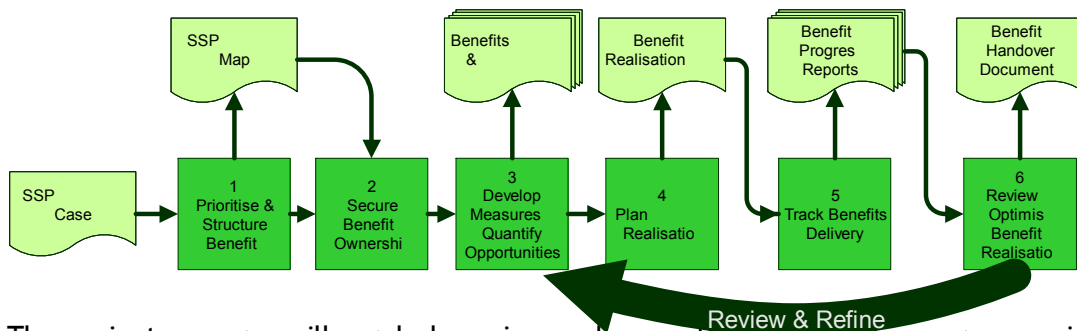
While the work stream leaders in the project will be involved in work which delivers business change, the responsibility for managing and realising benefits rests ultimately with business users and managers.

## Reporting

During the delivery stage of the programme, the programme manager, supported by the Corporate Project Office and the SSP benefits manager will provide updates through the reporting process.

The reporting process for benefits management will be integrated into existing programme delivery reporting where appropriate. Following project closure the business change managers will take on responsibility for reporting progress towards full realisation of benefits.

## Review & optimise realisation of benefits



The project manager will regularly review and assess the progress the programme is making towards realising the strategic benefits and report to the SRO. These reviews will be scheduled at major milestones, or quarterly, whichever is the shorter duration. This will provide the opportunity for reshaping, prioritisation and further benefit identification by the Programme Board.

Review points will provide the occasion to identify what benefits have been achieved since the last review; verify that the benefits are still valid (if not, to gain approval to vary the benefit information); add in any new benefits that have been identified as the programme progresses; and to report to the SRO, Programme Board and key stakeholder groups on the status of benefits realisation. In order to do this, benefit realisation reviews will be structured to:

- assess which benefits have been achieved;
- assess whether the targets are right
- examine which benefits have not been achieved, and the reasons
- identify any potential unplanned benefits, and determine how they can be realised and measured;
- look for potential for further benefits to be achieved;
- confirm that the scale of unrealised benefit remain in line with the plan;
- identify changes that may impact on final benefits realisation; and

- agree any corrective actions required.

#### Process reviews

The programme team will review the benefits management strategy and process at least annually, as part of the on-going management of the programme. Feedback will be taken from stakeholders and action taken to address any problems and make improvements to the process.