Shared Services

Learning and Skills Shared Services Advisory Group

**What is “Shared Services”?**

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Shared Services - A Definition

A collaborative approach in which a subset of existing business functions are organised into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for customers of the service.

Source: B. Bergeron: Essentials of shared services
Shared Services - Another Definition

- Shared Services is based on the principle of transaction processing and strategic decision support being provided by separate entities.
- Professional, value adding services remain close to the business and repeatable, operational processes are undertaken in shared service centres.
- Shared Services is a distinct operating model that:
  - drives excellent customer service
  - delivers benefits of scale and efficiency for shared transactions
  - means better value from top managers
Why Shared Services is not Centralisation

- Service Culture
- Customer Focused
- Flat Structure
- Best Practice
- Independent Entity
- Economies of Scale
- Standardised Processes
- Duplication
- Inefficient
- Non-Standardised
- Unresponsive
- Detached from Business
- Inflexible
Typical Shared Services Scope

- Finance and Accounting
- Human Resources
- Procurement
- Information Technology
- Estates
- Legal Services
- Health and Safety
- Others
Typical Shared Services Scope

Scope of Shared Services

Transactions (60%)  Professional/Advisory (30%)  Strategic (10%)
Refocusing the function

Reduction in Finance Cost and Shift in Finance’s Role

- Transaction Processing and Data Gathering
- Value Added Decision Support and Analysis

Finance Cost as a % of Revenue

Historical   Current   Emerging
Shared Services Benefits

- **Strategic Leadership**
- **Increased efficiency across the sector**
  - Economies of scale (FTE)
  - Redesigned, standardised end to end processes
  - Automation, integrated workflow, document management
- **Improved effectiveness of services**
  - Customer focused/responsive
  - SLA driven
  - Best practice processes
  - Specialist skills
  - Class leading technology
- **Lower Investment costs**
- **Better information and reporting**
- **Sustainability and capability**
  - Ease of future change
Transformational Change

1. Developmental Change
   - Process Improvement
   - Departmental

2. Transitional Change
   - Process Reengineering
   - Business Reengineering

3. Transformational Change
   - Business Transformation
   - Organisation Level
   - Sustainable Step Change

Change
- Paradigm/Cultural Shift
- Incremental

Risk
- Local and Limited

Scope
- Existing Initiatives
- Transactional Shared Services Programme
- Business Wide
- Incremental Benefit
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