

2018 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# Exploring Shared Service Centers

April 5, 2018

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

**UIC**

Lincoln Hall

707 South Morgan Street

**Conference Sponsors:** The Office of the Chancellor, Budget & Financial Administration / Human Resources, the Office of the Provost and Vice Chancellor for Academic Affairs, the Office of the Vice Chancellor for Research, and the Office of Business and Financial Services

# Workshop Presenter(s)

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# Please ...

- Turn off cell phones.
- Avoid side conversations.
- Please hold questions until the end and we will allocate 15-20 minutes.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

# Workshop Objectives

- Explore Ideas and Best Practices
- Why Shared Service Centers Work
- Shared Service Models in Higher Education
- Creation, Support and Continued Process Improvement
- Resources for Exploring Further

# Topics

- What is a Shared Service Center?
- Why have other Universities set up Shared Service Centers?
- How to define, develop and deploy a Shared Service Center?
- What does continuous process improvement mean to a Shared Service Center?
- Who can be contacted to discuss further?

# Workshop Summary

- Explore the ideas and best practices behind shared service centers and working models within higher education.
- Navigate the vision behind their creation, support structure, and process improvement that makes the shared service model beneficial to public and private institutions alike.
- Resources available to start your journey.

# What are Shared Service Centers?

- Shared Services allow universities to focus on their core missions of research and teaching by leveraging skilled and scarce resources across multiple operating units.
- These resources are managed through service level agreements and operate like front-office functions with an employee-centric and customer focused mindset, enabling more efficient processing through standardization.



# Foundation for Shared Services

- OBFS Certification Program & Training Resources
- Service Delivery Definition
- Service Management
- Integrated Transformation Management



# Overview of ScottMadden's Shared Services in Higher Education Solutions

Smart. Focused. Done Right.®

Prepared for University of Illinois

March 2018



# Today's Discussion

- Topics
  - ScottMadden Introduction
  - The Latest Trends
  - Higher Education Models
  - Designing and Building
  - Getting Started

## Who We Are

ScottMadden is a management consulting firm with more than 30 years of deep, hands-on experience.

We deliver a broad array of corporate and shared services consulting services—from strategic planning through implementation—across many industries, business units, and functions.

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WE DO  
**WHAT IT TAKES  
TO GET IT DONE  
RIGHT**

CORPORATE & SHARED SERVICES

### EXPERIENCE

Our experienced team has been a pioneer in corporate and shared services since the practice began decades ago. We employ deep, cross-functional expertise to produce practical, measurable solutions.

### SCOPE

We have completed more than 1,600 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Our areas of expertise span the spectrum of middle and back-office corporate and shared services.

### SERVICES

We have helped our clients with business case development, shared services design, shared services build support, implementation, and improvement.

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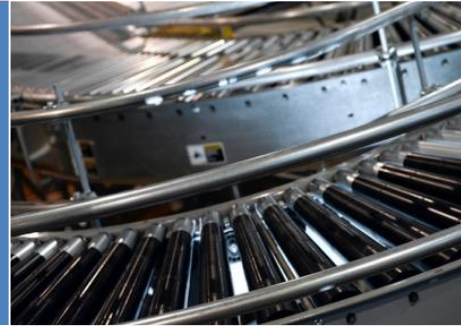
**Our corporate and shared services knowledge, expertise, and experience are unmatched—no other firm has helped more clients with more unique solutions.**

## Areas of Focus



### HUMAN CAPITAL MANAGEMENT

We offer HR transformation (including HR shared services), analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.



### SUPPLY CHAIN

We assist clients across the full range of supply chain processes, and have the unique ability to create alignment between supply chain and its stakeholders. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, we help you with every step.

### TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization get the most out of its IT investment. We also help you optimize your projects to focus on delivering outcomes not just installed technology.



### BUSINESS ADMINISTRATIVE SERVICES

We help our clients integrate various administrative services into their shared services model to improve service response performance. Services often include real estate, facility maintenance, fleet, security, insurance, student services, cafeteria, and others.



### FINANCIAL SERVICES

We help organizations transform their financial services operations. Through financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your organization.



### MULTIFUNCTION

We move shared services to the next generation—integrating finance, human resources, information technology, supply chain, and/or other business administrative services into a single, multifunction shared services or global business services operation with effective governance and management.

## Sample of Clients in Higher Education



## Trends in Shared Services



## Turning to the Future

### Looking Back

- End-to-end processes
- Global business service
- Data decision making
- Chat and video channels
- Robotic process automation
- Use of social media in SS
- Non-labor-related savings

### Looking Forward

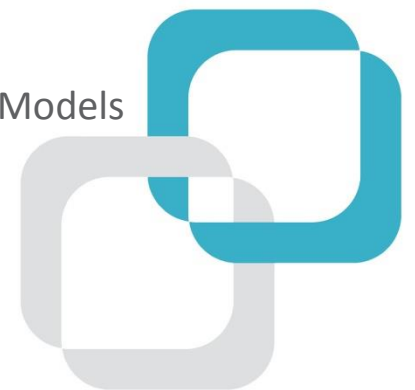
- **AI infusion** into processes and service
- Transforming **BPO skills/offerings**
- **Ethics panels** to oversee AI functionality
- **Improved compliance** and standards
- More **executive adoption** of intelligent ops
- **Lower location emphasis** on hubs
- **New data skill sets** in GBS and SS

**For some of us...time to go back to school!**

*How will digital and AI solutions produce a competitive edge?*

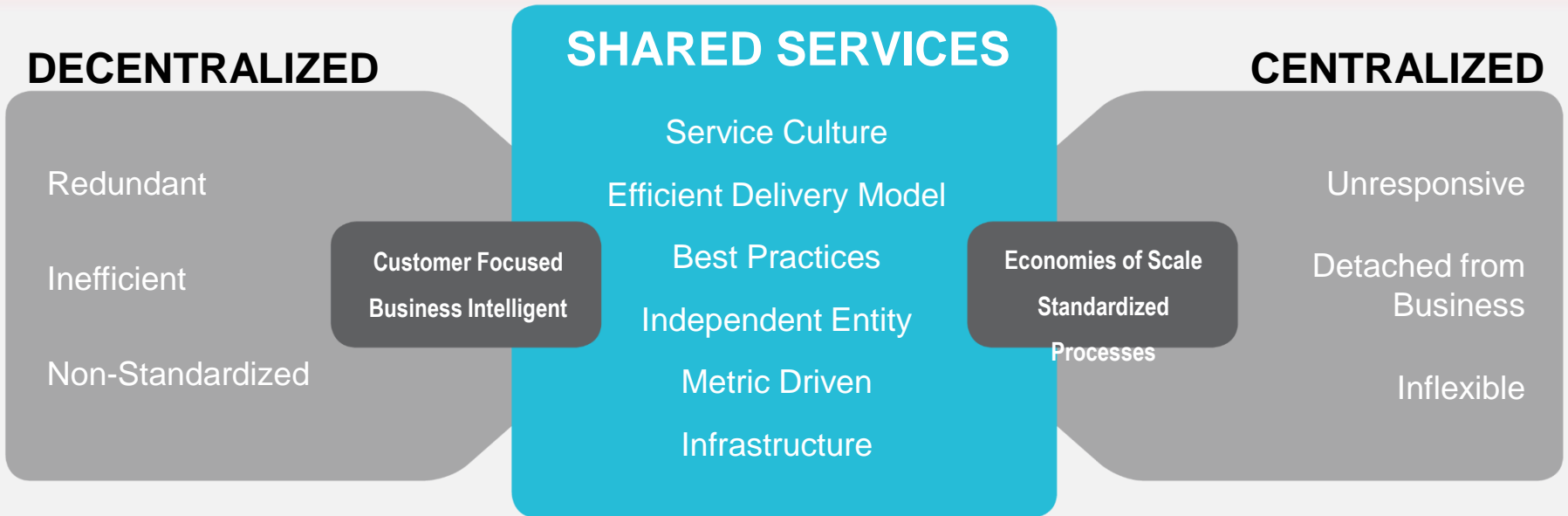


Higher Education Models



# How Does Your Organization Deliver Services?

Best fit—decentralized, centralized, or shared?



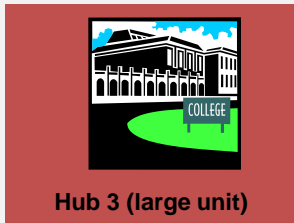
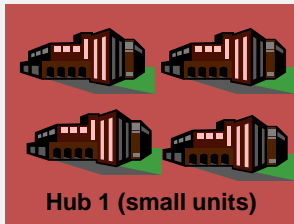
**COMBINES THE BEST OF BOTH WORLDS**

**The key to transforming support services is designing and implementing a leading practice service delivery model.**

# Higher Education Shared Services Model

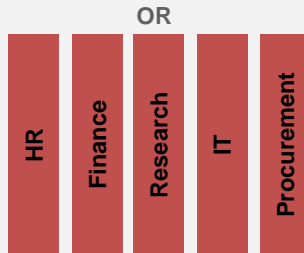
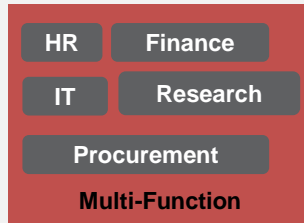


## Hubs/Clusters/ Business Operating Centers



Serves Individual  
Units or Clusters of  
Units

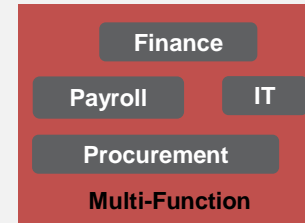
## Campus-wide



Single Function



## System-wide



Serves Multiple  
Institutions

# “Main Stream” Services

**Beginning** → **Intermediate** → **Advanced**

	<b>Beginning</b>	<b>Intermediate</b>	<b>Advanced</b>
<b>Finance and Administration</b>	<ul style="list-style-type: none"> <li>■ Accounts Payable</li> <li>■ Accounts Receivable</li> <li>■ Fixed Assets</li> <li>■ Petty Cash</li> </ul>	<ul style="list-style-type: none"> <li>■ General Accounting</li> <li>■ Credit and Collections</li> <li>■ Reporting</li> <li>■ Tax Compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ Treasury Investments</li> <li>■ Forecasting/Budgeting</li> <li>■ Tax Strategy</li> <li>■ Pricing</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>■ Employee Service Center</li> <li>■ Forms/Fulfillment</li> <li>■ Payroll Processing</li> <li>■ Record Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Recruiting/Staffing</li> <li>■ Training and Development</li> <li>■ Benefit Administration</li> <li>■ Leaves Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Workforce Planning</li> <li>■ Policy Development</li> <li>■ Exception Management</li> <li>■ Compensation Design</li> </ul>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>■ Help Desk</li> <li>■ Technology Development</li> <li>■ Application Maintenance</li> <li>■ Hardware/Software Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Applications Development</li> <li>■ Telecommunications</li> <li>■ Data Center</li> <li>■ Network Design</li> </ul>	<ul style="list-style-type: none"> <li>■ Strategic Roadmap</li> <li>■ IT Governance</li> <li>■ ERP Upgrade/Transition</li> <li>■ Infrastructure Design</li> </ul>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>■ Order Entry</li> <li>■ Purchase Order Release</li> <li>■ Vendor Database</li> <li>■ Vendor Follow Up</li> </ul>	<ul style="list-style-type: none"> <li>■ Vendor Sourcing</li> <li>■ Negotiation</li> <li>■ Claims Management</li> <li>■ Billing</li> </ul>	<ul style="list-style-type: none"> <li>■ Demand Planning</li> <li>■ Distribution/Logistics</li> <li>■ Raw material Purchasing</li> <li>■ Spend Analysis</li> </ul>
<b>General/Admin Services</b>	<ul style="list-style-type: none"> <li>■ Facility/Grounds Maintenance</li> <li>■ File/Printing</li> <li>■ Cleaning</li> <li>■ Mailroom</li> </ul>	<ul style="list-style-type: none"> <li>■ Insurance</li> <li>■ Travel Management</li> <li>■ Real Estate</li> <li>■ Security</li> </ul>	<ul style="list-style-type: none"> <li>■ Engineering</li> <li>■ Marketing</li> <li>■ Enterprise Communication</li> <li>■ Change Management</li> </ul>

## Non-Traditional Services

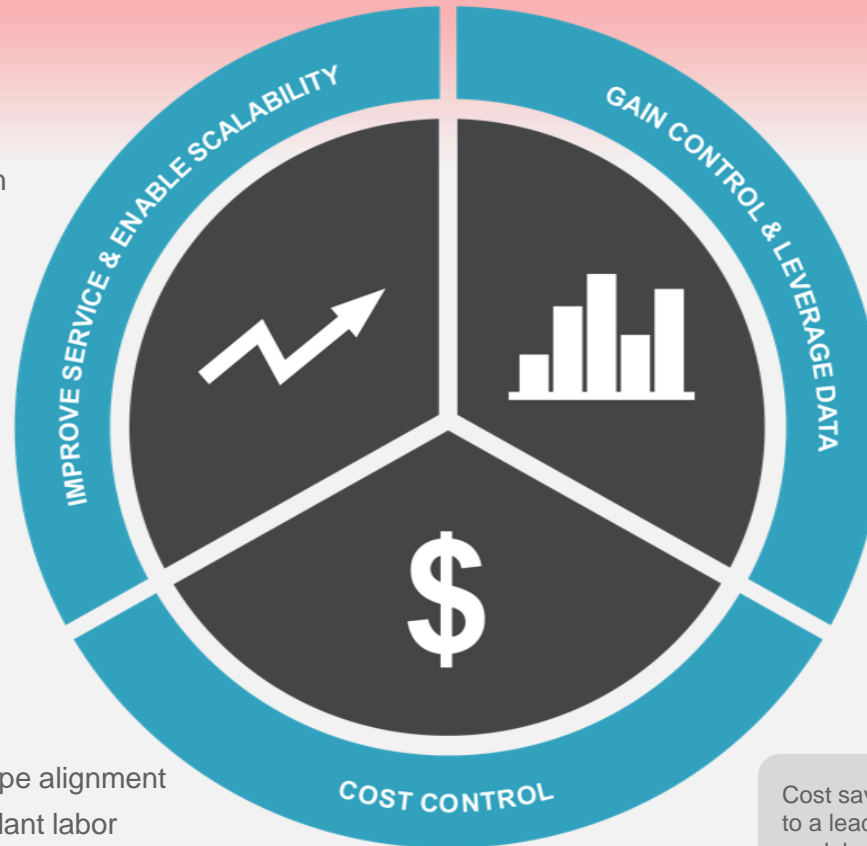
- More Creativity in Higher Education and Government Services
  - Facility related services
  - Registration process
  - Grant administration
  - Internal development
  - Student services
  - Special program administration (employee transportation, parking, etc.)
  - Communications

**Realizing the benefit outside of basic transactional services**

# Benefits of a Shared Services Model

- Standard processes
- Issue tracking and closure
- Performance metrics
- Common model for expansion

Satisfaction increases an average of 12 percent following the shift to a leading practice model. A recent client experienced a jump in satisfaction from 65 to 93 percent among its organized labor.



- Data centralization
- Improved reporting and analytics
- Improved compliance
- Better decision making
- Demand management focus

A recent client reported a 28 percent reduction in workers' compensation cost through better data tracking and improved compliance.

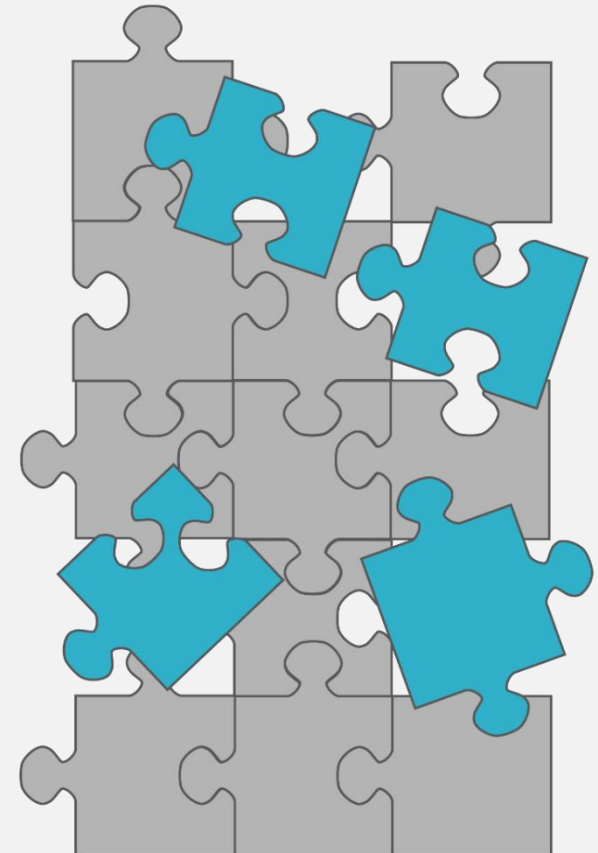
- Skill set and work type alignment
- Reduction of redundant labor
- Service usage and cost tracking
- Economies of scale
- Automation of process

Cost savings that result from moving to a leading practice service delivery model average 20 to 26 percent.

**Universities can achieve all three, but can design for quicker results on any one area.**

# What Can Challenge Shared Services?

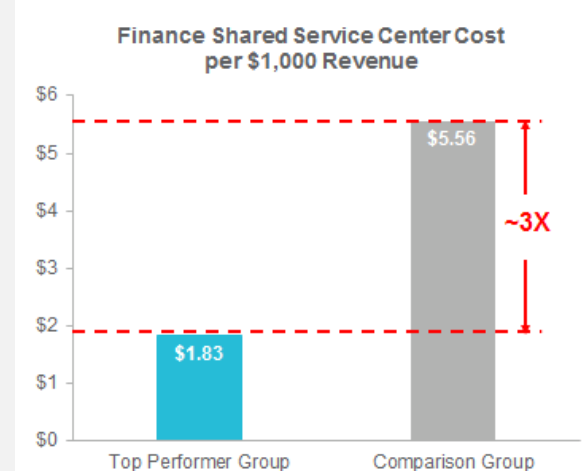
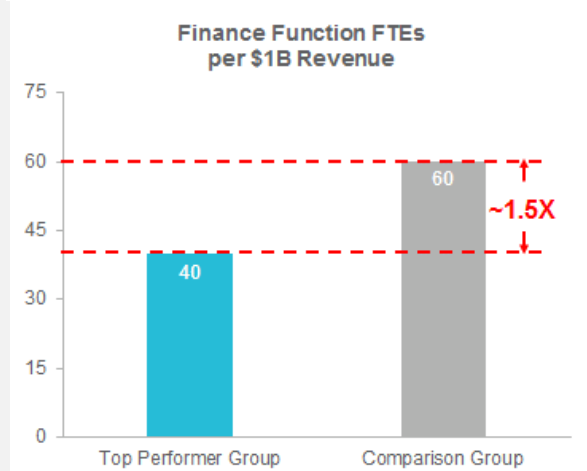
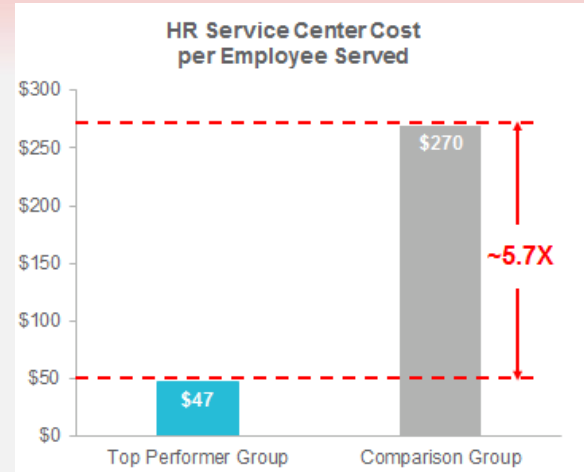
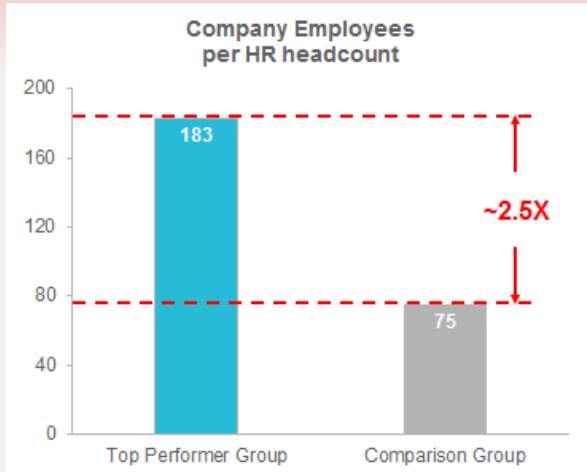
Common Problems		
■ Decentralized fragmented operations	■ Discretionary consumption of services	■ Multiple outsourcer contracts –
■ Non-standard processes	■ Manual workarounds (reliance on excel)	■ Fragmented system portfolio and applications
■ Transactional focus	■ Unclear decision rights	■ Multiple points of contact
■ Lack of end-to-end process view	■ Lack of system integration	■ High turnover





# Shared Services Benefits Benchmarks

Those who implement and run shared services well see substantial benefits for staffing efficiency and operating cost compared to their peers.



# Higher Education Savings

University	Scope of Services	Estimated In-scope Current Labor Costs <sup>(1)</sup> (000s)	Estimated % Cost Savings	Estimated Annual Savings <sup>(2)</sup> (000s)	Net Present Value (000s)
University 1	<ul style="list-style-type: none"> <li>■ Human Resources</li> <li>■ Finance and Accounting</li> <li>■ Contracts and Grants</li> </ul>	\$44,600	10%–30%	\$4,500–\$13,500	NA
University 2	<ul style="list-style-type: none"> <li>■ Human Resources</li> <li>■ Finance and Accounting</li> <li>■ Information Technology</li> </ul>	\$72,400	16%	\$11,500	\$11,400
University 3	<ul style="list-style-type: none"> <li>■ Payroll</li> <li>■ Benefits</li> <li>■ HRIS</li> </ul>	\$2,647	6%–16%	\$151–\$381	\$392–\$1,192
University 4	<ul style="list-style-type: none"> <li>■ Accounts Payable</li> </ul>	\$446	36%	\$161	NA
University of Illinois					

Notes:

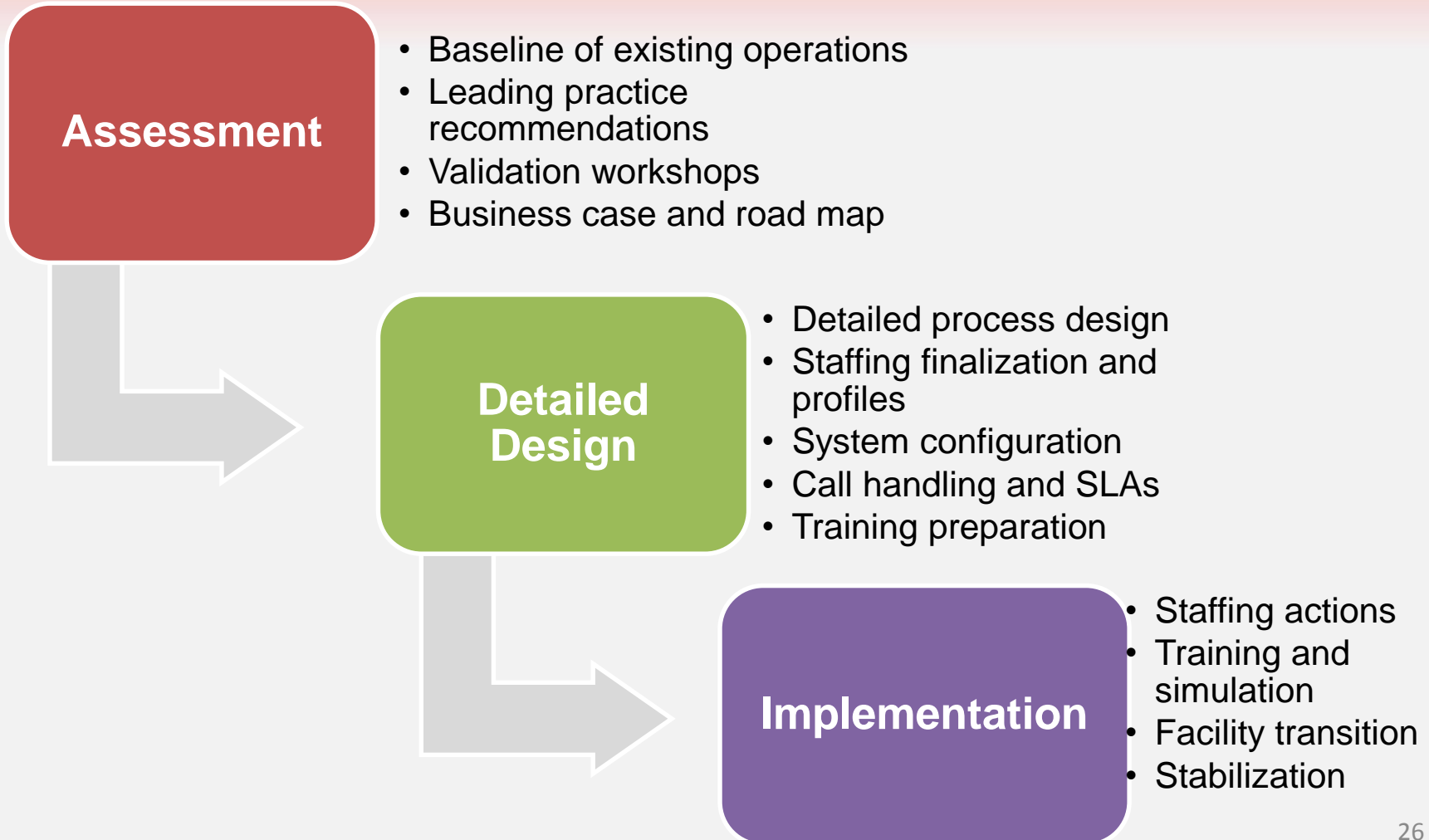
(1) Current state cost estimates are based on administrative labor costs for the relevant scope of services included in the analysis. Labor costs were obtained through FTE workload analysis and actual payroll data, and may be extrapolated depending on the level of detail collected.

(2) Annual savings reflect fully stabilized, recurring cost savings and do not include a potential ramp-up period.

Designing and Building

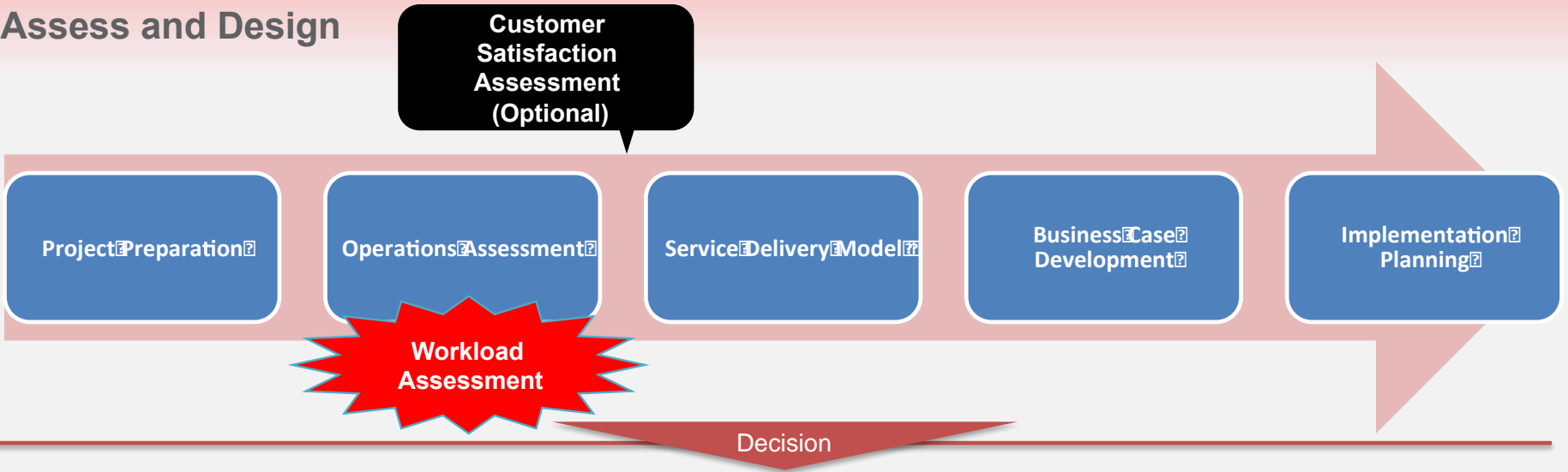


## From Assessment to Opening Day



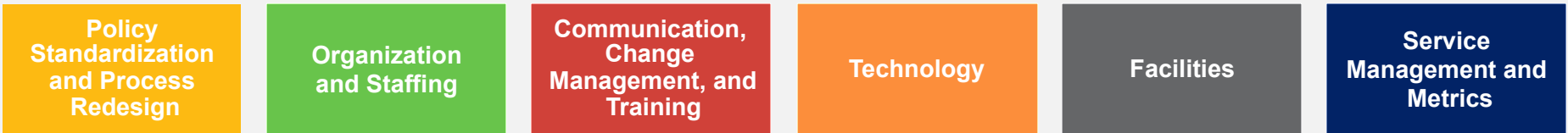
# Typical Approach

## Assess and Design



## Implement

### Typical Implementation Work Streams

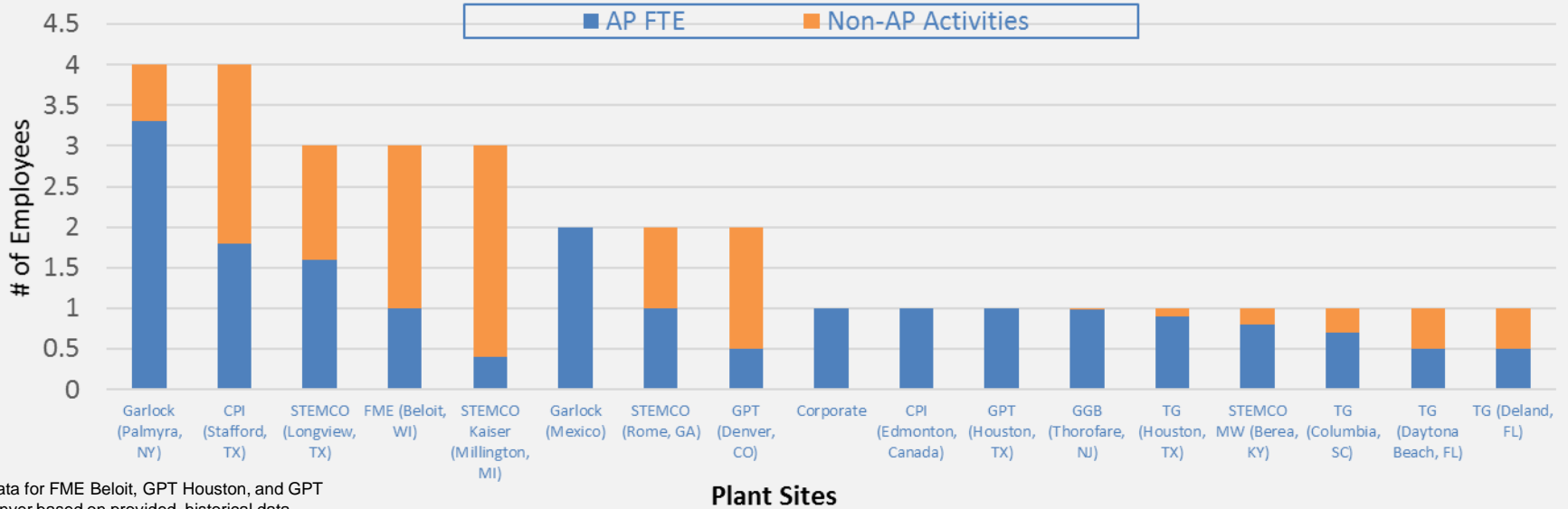


### Program/Project Management

# Baseline Workload Measurements

Of the total AP department employees, 59% of their time is spent on AP.

FTE Breakdown



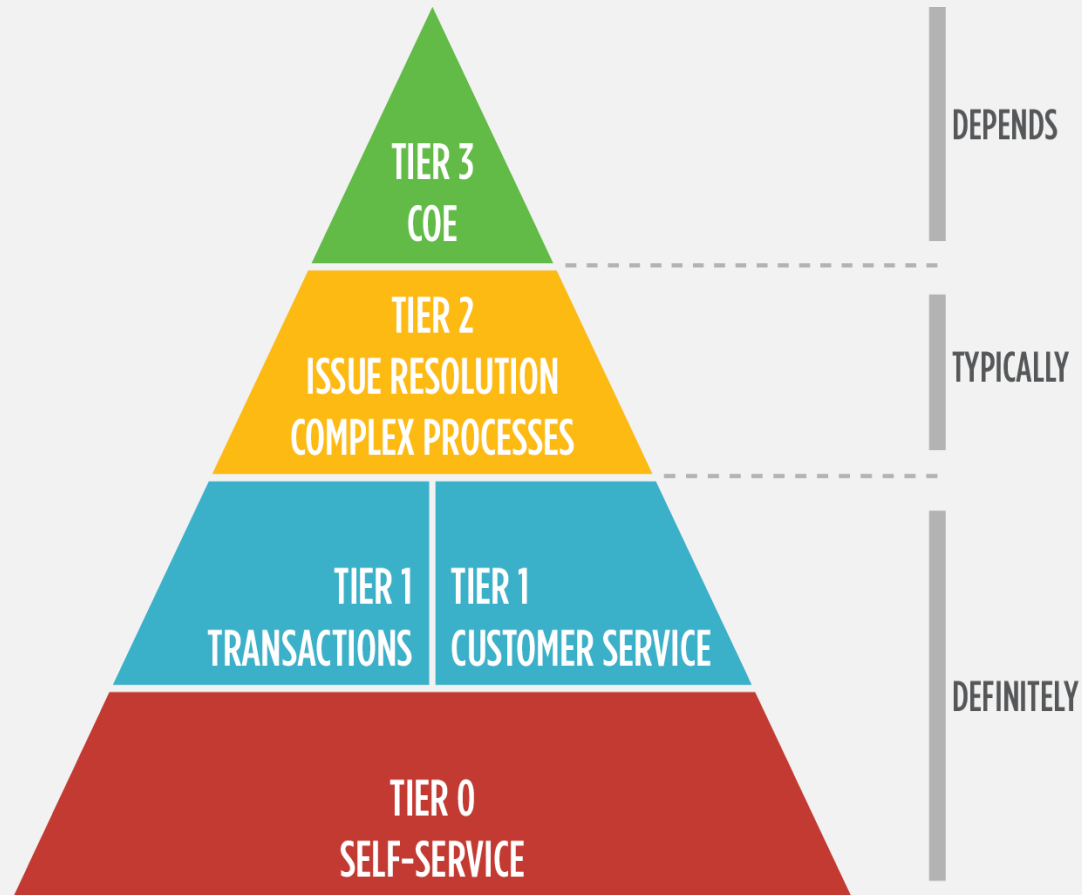
\*Data for FME Beloit, GPT Houston, and GPT Denver based on provided, historical data

## Summary Points

- 32 total employees involved in the AP process
- Of these, 19 Full Time Equivalents (FTEs) are directly related to AP. Three of those FTEs are spread across six locations and would not be converted into hard dollar savings

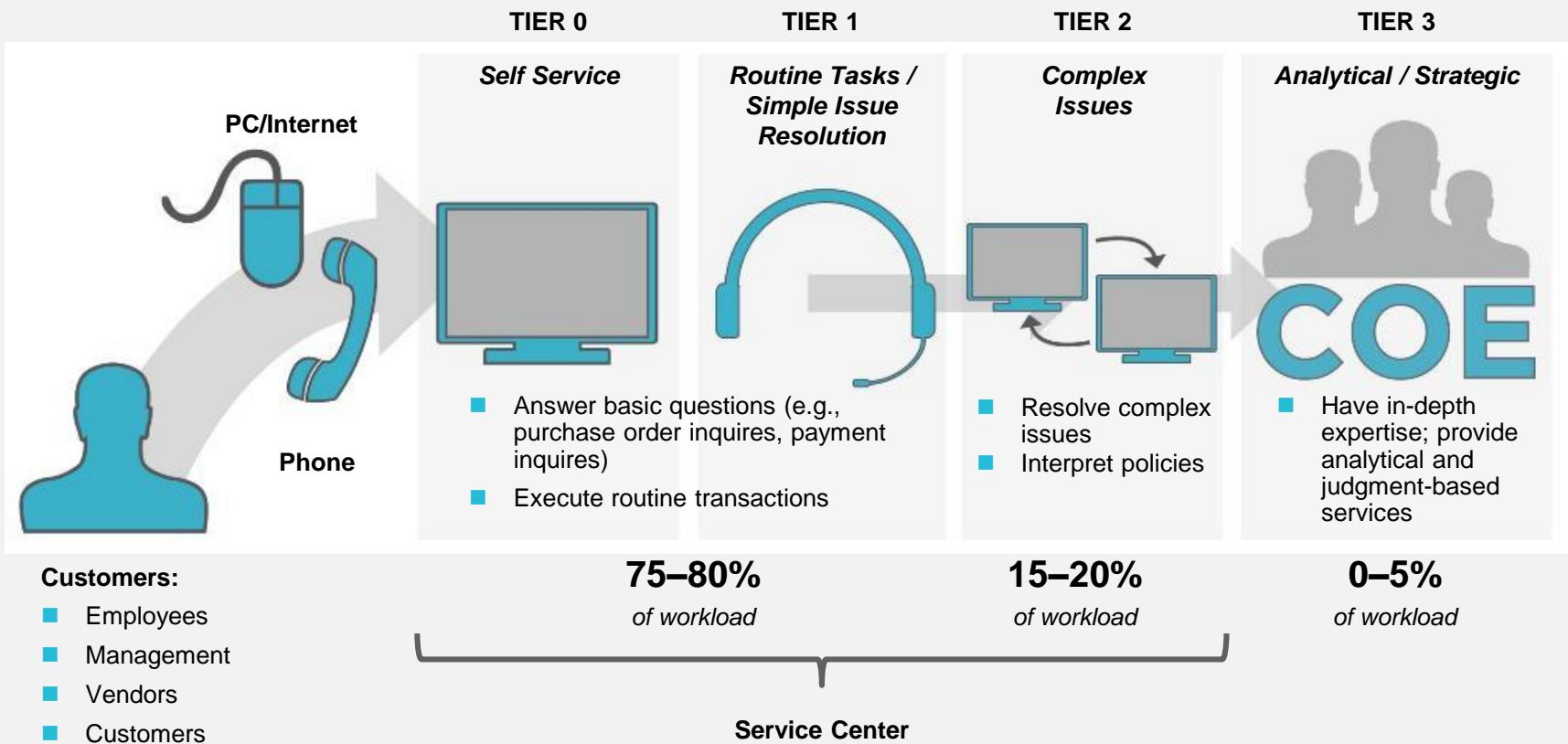
# Applying Work to the Model

Tiered delivery models are designed to match the right skills based on the nature of the work.

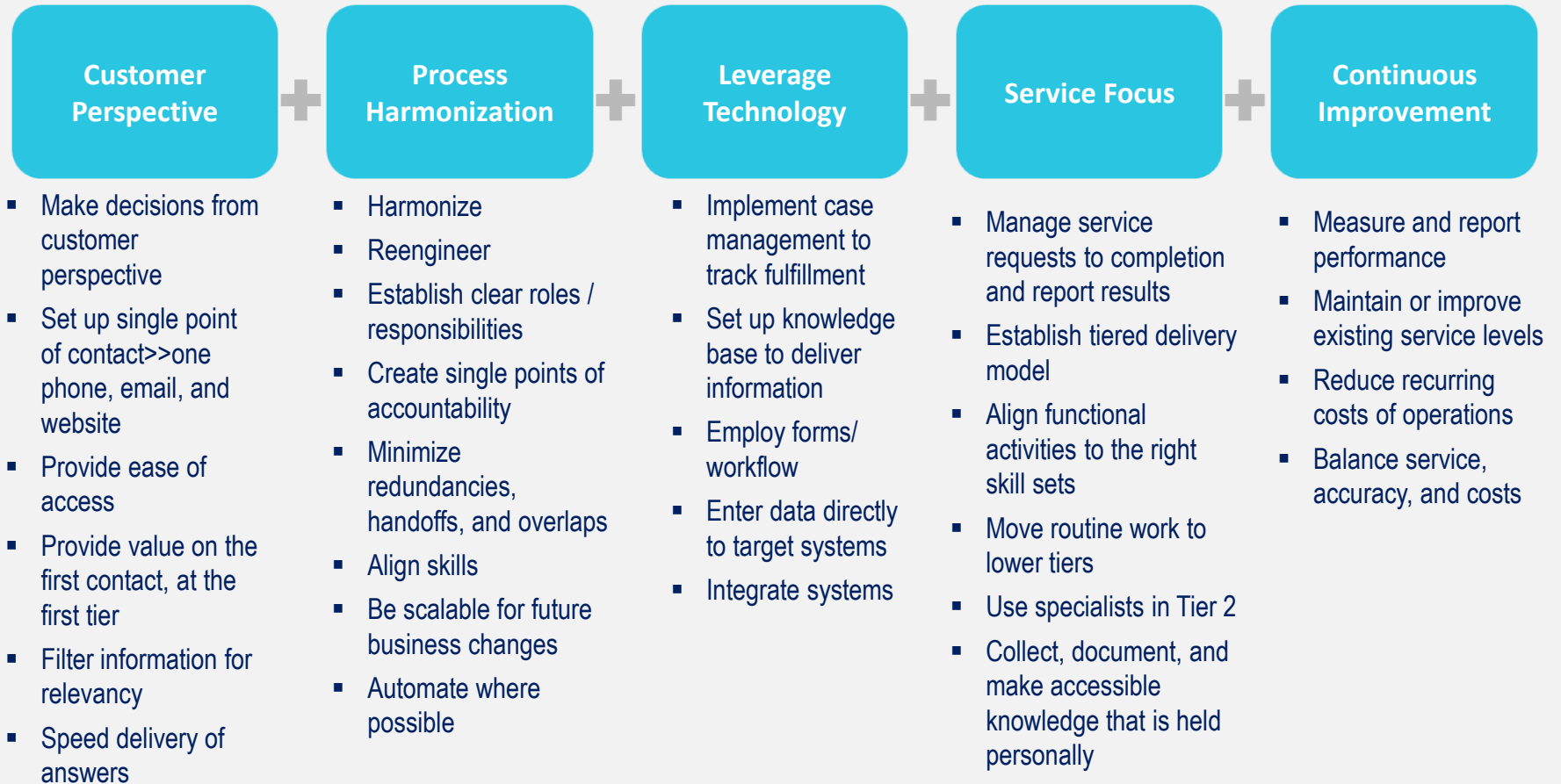




# “Laser Focus” on Service Design

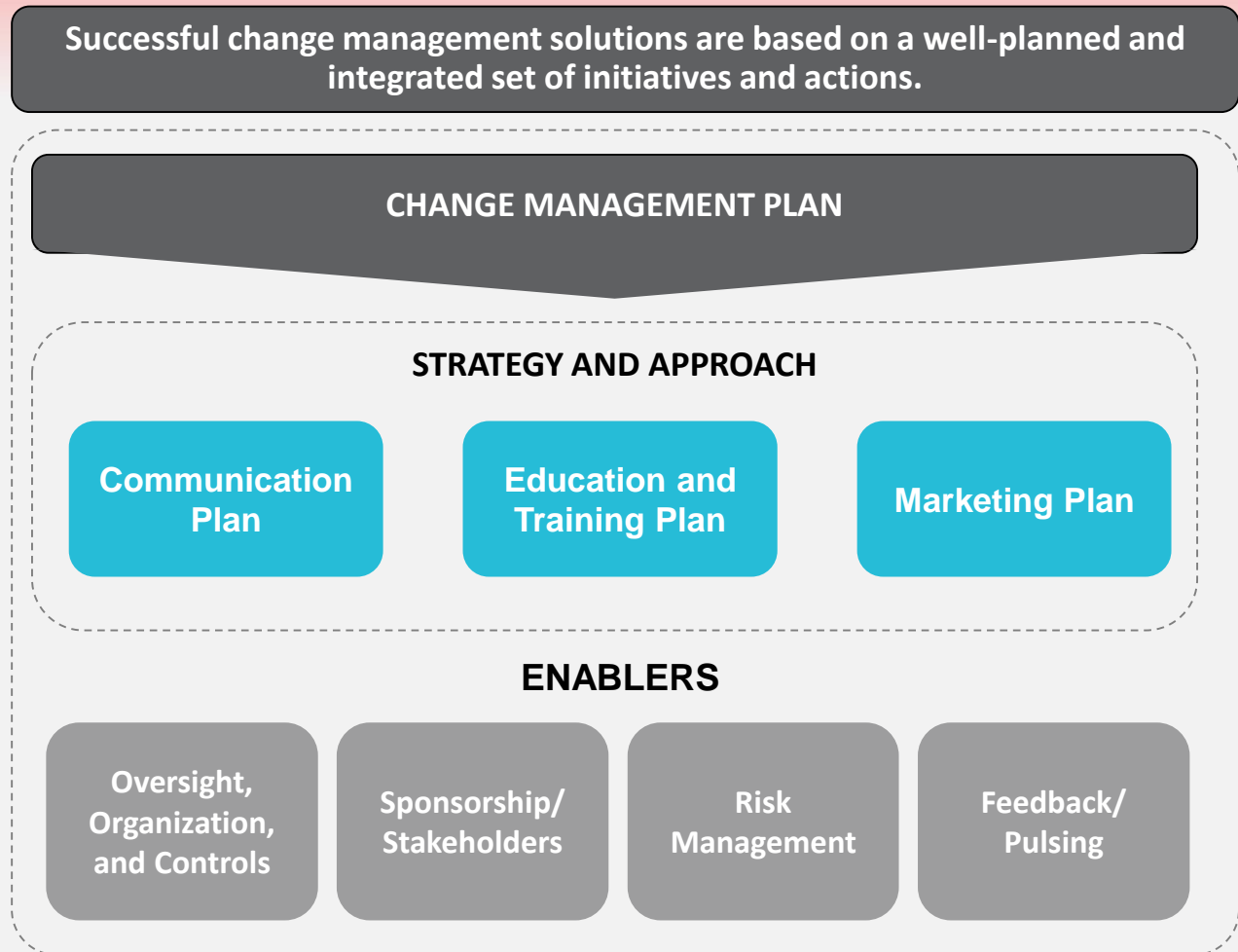


# Key Elements of Shared Services Design Criteria



# When Change Is on the Horizon

- Assess impact of overall change on stakeholder groups
- Build awareness
- Build, execute, and monitor communication plan
- Create and launch marketing campaign
- Assess training and education needs
- Build plan
- Conduct training and education





## Higher Education Challenges

Engage key stakeholders early; institute structured change management principles					
Considerations		Challenges		Mitigations	
■ Control	<ul style="list-style-type: none"> <li>- University</li> <li>- Department</li> </ul>	<ul style="list-style-type: none"> <li>- Professor</li> <li>- Academics vs. Administration</li> </ul>	<ul style="list-style-type: none"> <li>- Work-focused, not functional teams</li> <li>- Transparency of project and plans</li> <li>- Inclusion of key stakeholders</li> </ul>		
■ Culture	<ul style="list-style-type: none"> <li>- Consensus driven – more time, energy, money</li> <li>- Academics drive because they bring in research revenues</li> <li>- Faculty defensive until they see it works – then support it</li> </ul>		<ul style="list-style-type: none"> <li>- Cascaded, frequent communication</li> <li>- Transparency</li> </ul>		
■ Performance Focus	<ul style="list-style-type: none"> <li>- New accountability scares most stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>- Stretch goals and aggressive timing</li> <li>- Effective measurement</li> </ul>		
■ Decision-Making Process	<ul style="list-style-type: none"> <li>- Visibility scares most people</li> </ul>	<ul style="list-style-type: none"> <li>- Numerous stakeholders</li> <li>- Very slow, not well-defined</li> </ul>	<ul style="list-style-type: none"> <li>- Customer participation</li> <li>- Decisions documented and frequently communicated, so as to avoid going backwards</li> </ul>		
■ Commitment	<ul style="list-style-type: none"> <li>- Not accustomed to directive-style management</li> <li>- Waffle</li> </ul>		<ul style="list-style-type: none"> <li>- Rewards and punishments</li> <li>- Removing current state service delivery pathways at the first opportunity</li> <li>- Bigger picture leveraged</li> </ul>		
■ Poor Planning/ Implementation	<ul style="list-style-type: none"> <li>- Research/study orientation vs. “plan it, do it, adjust as you go”</li> </ul>		<ul style="list-style-type: none"> <li>- Leveraging leading practices</li> <li>- Visits to successful operations</li> </ul>		
■ Pace Too Slow/ Scope Too Wide	<ul style="list-style-type: none"> <li>- Lose momentum, sponsors</li> </ul>		<ul style="list-style-type: none"> <li>- Strong, sustained leadership and sponsorship</li> <li>- Frequent communication of progress and future plans</li> </ul>		

# Voices of Higher Education

### Comments from Shared Service & Outsourcing Network (SSON) Conferences

- We used a “hearts & minds” campaign, but had to repeat the messages many times – *Everett, U of Oklahoma*
- Money is a short term retention strategy. Your employees want to be part of something – *Pam, U of Michigan*
- We paid for our ERP by increasing migration to additional campuses, and splitting savings 50/50 - *Sasi, U of Wisconsin*
- We allowed Dean’s to lead (customer driven) - *Wade, Courtney, Laura, U of Saskatchewan*
- We meet personally with anyone that has negative feedback – *Megan, UCDavis*
- Learn past the “no” .. it may be a simple wording difference that can be explained – *Wade, U of Saskatchewan*
- Find services across the system that you can put experts on (e.g. recruitment, accounting etc.) – *Sasi, U of Wisconsin*
- Pushing “green” metrics when your client feels “red” is counterproductive – *Megan, UCDavis*
- Don’t make overly complex governance for simple decisions – *Courtney, U of Saskatchewan*
- Though nine shared services at one university was not ideal, it established a platform to begin – *Kathleen, Emory*
- Use the negative “I want to drop my receipts in a shoebox” as a starting point to move – *Laura, U of Saskatchewan*
- Be prepared to tell a cohesive story of the benefits and challenges – *Laura, State U of New York*
- Use proponents to help you understand the non-proponents - *Wade, Courtney, Laura, U of Saskatchewan*
- Design university wide (not campus wide) from the beginning – *David, U of Oklahoma*

# Resources for Shared Services

- Service Delivery
  - Governance & Organization
  - Service Placement
  - Process Sourcing
  - Process Design
  - Technology Enablement
  - Skills & Talent

# Resources for Shared Services

- Service Management
  - Service Strategy
  - Service Design
  - Service Transition
  - Service Operations
  - Continual Service Improvement



# Resources for Shared Services

- Integrated Transformation Management
  - Service Delivery Strategy
  - Service Delivery Model Design & Delivery
  - Sponsorship Commitment & Engagement
  - Organizational Readiness & Adoption
  - Stakeholder Alignment
  - Employee Engagement

# Resources for Shared Services

- Contact Business Solutions and Support
  - Assessment & Design
  - Implementation & Optimization

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# Questions?