

Shared Services; A growing business model.

Industry leaders understand the reality of competitive differentiation; they know how vital it is to their long-term leadership position. As yesterday's leading corporations are quickly being outpaced by new, leaner, forward-thinking competitors, shock waves have rolled through many industries. As a result, companies are developing new strategies with the goal of re-inventing themselves into agile, nimble organisations. Therefore, the luxury of having duplicate identical services in each

Shared Services as a business model began to appear in the mid 1980's as organisations strived to increase efficiency, by trying to reduce administrative costs while enhancing their effectiveness.

Trying to define Shared Services as a business model can be problematic for numerous reasons, each organisation is unique; every industry sector imposes particular market limitations and requirements, senior management within organisations have their own propensity and views on how things are done plus the ever constantly changing economic and environmental pressures organisations face.

Following a number reports highlighting ways in which the public sector could improve, including Sir Ian Byatt and Sir Peter Gershons report, transforming public services has become the major theme in the work of both central and local government.

The Local Government White Paper, the 2007 Budget Report, and recent reviews such as those conducted by Sir Michael Lyons and Sir David Varney, have all highlighted the need to improve the UK's citizens' experience of public services and also make public sector organisations more efficient in the way they operate. The idea of creating shared services is not a new one, the Transformational Government strategy published in November 2005 outlined three themes aimed at:

1. making services citizen and business centred;
2. delivering a step change in the professionalism with which technology is delivered to government departments and

3. encouraging a shared service approach to release efficiencies across the system and support delivery more focussed on customer needs.

Another example of where shared services have been mentioned is when, in Autumn 2006, the Local Government Association (LGA), Communities and Local Government, the Cabinet Office and the IDEA commissioned a programme of research. The research was in front office shared services (FOSS) to investigate opportunities for delivering more integrated and efficient services through shared 'front office' arrangements.

The overall objective was to identify opportunities for:

- one-stop shops
- contact centres
- web portals
- home visiting scheme

In recent years, the Cabinet Office have formed a Shared Service Team which is working with departments to develop common approaches to shared services and share best practice. The team states that "Sharing a service provides the opportunity to reduce waste and inefficiency by reorganising or reusing assets and sharing investments with others. Processes, facilities, maintenance contracts and management effort to name but a few are likely to be duplicated across different departments. These could be organised more effectively – either local or nationally and could free resources that could be re-invested in citizen-focussed activities and the improvement of services"

The aim of shared services is to create efficiencies and enable functions such as HR, ICT, Finance and Procurement become more effective and improve the whole employee experience. Organisations often focus initially on human resources and finance before examining other functions which can feasibly be shared. Some of the key benefits identified of migrating to a shared service are:

- The reductions in headcount and financial spend. The CIO cite a saving of at least £1.4bn per year (20%) of the £7bn annual spend across HR and finance with the private sector reporting savings from shared services in the range of 10-50%.
- Major improvements in business processes including improvements in management information and overall visibility of resource allocation.
- An improved employee experience through the professionalisation of staff leading to training opportunities and subsequent highly motivated staff adding real value to the organisation.
- This is a convincing argument for moving towards shared services, but why do some organisations avoid doing so. This paper examines the benefits of shared services and the potential barriers and offers some hints and tips for enabling the successful implementation of shared services.

Shared Services; A growing business model.

Case Study – The For All Healthy Living Centre

In Weston-super-Mare, they have formed a partnership known as the For All Healthy Living Centre. The objective of this partnership is to deliver a one-stop-shop serving a deprived area of North Somerset. It hosts a broad range of organisations and services including:

- a GP surgery
- a library
- a children's centre
- a community run café
- a debt advice (via Citizens Advice Bureau and a credit union)
- a multi-faith chapel and;
- a children's playground

There are also facilities for community-led drop in sessions, internet access, and a community association.

For further information on shared services see the CIPS Insight guide on Shared Services at www.cips.org under Professional Resources/ Knowledge works.

Ian Schollar, Head of Practice Development, CIPS