Making Shared Services Work for You
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The popular science fiction writer, William Gibson, has said, “The future is already here—it’s just not evenly distributed.” Such is the current nature of shared services in the federal government. Despite its current, fragmented nature, the shared services model will play an increasingly important role in how the federal government will operate in the 21st century. Technological capabilities and economic constraints enable and necessitate, respectively, achieving economies of scale and operational efficiencies that will lead to greater adoption of shared services as a model for high-performing organizations. There are many potential customers on the fence today—they must be prepared for the migration and implementation of shared services either by choice or by mandate in the future.

**Is Your Organization Ready for the Shared Services Model?**

Much has been written about shared services and its role in the federal arena over the past decade. It can be defined as follows: “Shared services or shared service centers (SSC) refers to a dedicated unit (including people, processes, and technologies) that is structured as a centralized point of service and is focused on defined business functions. These functions are supported by IT and IT services for multiple business units within the enterprise.”¹ A federal shared service provider (FSSP) can deliver services within an agency (intra-agency) or across agencies (interagency) and at every level of government and industry.

In recent years, collaborative federal policy mandates and efforts for implementation have provided a steady drumbeat for establishing shared services as a service delivery model. That drumbeat has increased as budget constraints continue and technology has evolved—increasing the recognition of digital shared service delivery as an innovation whose time has come.

Some of the key past policy mandates and initiatives include the following:

+ Establishing franchise fund pilot agencies as authorized by Congress in the Government Reform Act of 1994, enabling the funding flexibility needed for a more business-like footing in six FSSPs
+ Establishing the E-Gov initiatives in 2001, providing more centralized digital services
+ Beginning the lines of business initiative in 2004, focusing on sharing CXO administrative systems to reduce redundancy
+ Publishing the Office of Management and Budget (OMB) Digital Government Strategy in 2012, facilitating the drive to shared platforms for digital services
+ Issuing the OMB Memorandum M-13-08 in 2013, requiring consideration of shared services prior to further investments in financial management systems modernization.

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¹ Gartner IT Glossary, 2014.
Policy mandates are critical but their success varies. Sometimes the mandates disappear with the departure of one administration and the arrival of another. However, the shared services model has bridged several administrations, due to its value proposition. In an era of “doing more with less,” the broader adoption of shared services is not a question of “if,” but rather “when.”

**Overcoming Challenges of the Shared Services Model**

There are three major challenges that the potential customers of shared services should be prepared to meet: (1) governance, (2) project management, and (3) change management. Each of these areas has a comprehensive set of actions that are required for the successful transition to a shared service provider. These actions may be viewed as discrete but often support each other to be effective.

**CHALLENGE 1: GOVERNANCE FOR SUCCESS**

Much has been written about governance from the perspective of the shared service provider (SSP). However, for a successful two-way relationship in meeting the customer’s vision, mission, and expectations, it is in many ways incumbent upon the customer to mirror the governance framework of the SSP for successful migration and operational requirements. The customer should negotiate with the SSP to develop a comprehensive service level agreement (SLA) that includes a clear and transparent governance framework. A comprehensive, negotiated SLA that includes a clear governance framework will facilitate the trust needed for a successful relationship with the SSP. The governance framework becomes the foundation of the relationship between the customer and provider, laying out roles and responsibilities and providing assurance of the quality, cost, and timeliness of the services tendered by the SSP. The following are features of a good governance framework:

- **Leadership.** Sustained, top-down leadership committed to shared services is necessary to provide direction and resources supporting the effort. The top leadership level should also resolve differences that are appealed from lower levels. Leadership and management expertise will be needed at every level of the customer’s organization as governance committees and project management teams are established.

- **Governance Committees.** There are many committees required by the breadth and complexity of the shared service model, including executive, program management, and oversight, user groups, control boards, stakeholder advisory boards, and communications. These committees oversee a migration through due diligence, integration of services aligned with the customer’s business processes, participation in the SSP’s governance committees,
monitoring operations for performance and value of services rendered, service upgrades, issue resolution, continuous improvement feedback, and communications throughout the organization. These committees are not only the backbone supporting the customer’s SLA, but go beyond to ensure coverage of all aspects of the enterprise migrating to shared services.

The ability of the customer to stand up a strong and responsive governance structure will be a significant determinant of the organization’s ability to trust the shared service provider. Customer and provider employees should know that leadership and management have their best interests at heart. This will be recognized and appreciated by employees, and will contribute to the success of the implementation project.

**CHALLENGE 2: DESIGNING PROJECT MANAGEMENT TO WIN**

Essential to preparation for shared services as a customer is establishing the project management team (PMT) and a Project Management Office (PMO). The PMT needs one person (preferably a certified Project Management Professional) accountable for the project’s success and should also include team members that have the core skills necessary to optimize the effort and bring the project in on time, on budget, and meeting expected results. In addition to being composed of CXO representatives, legal, communication specialists, and a union representative, the PMO should include program subject matter experts (SME) that help understand expectations, define the scope of services to be provided, and guard against scope creep. Given the significant workload and the number deliverables that follow, it is strongly recommended that experienced commercial experts support the PMO.

The roles and responsibilities of the PMO include:

+ Understanding the scope of the service delivery migration and preventing scope creep
+ Knowing the change management strategy, including communications and workforce planning
+ Communicating and coordinating with all of the governance bodies, and acting as a liaison with the potential SSP, including site visits to the SSC
+ Understanding the business processes and validating references of the potential SSP
+ Involving the program SMEs early in the process to help define the scope and deliverables of the services to be provided by an SSP
+ Developing objectives to ensure alignment with internal business processes
+ Establishing assumptions and restrictions supporting the goals and objectives
+ Streamlining business processes and working with the programs to ensure costly, non-essential services are not being migrated and then required of the SSP
+ Understanding budgeting and financial issues related to the level of effort
+ Establishing performance measures as needed and penalties for non-performance and/or cost over-runs
+ Base lining cost and performance
+ Conducting cost benefit analyses
+ Delineating and clarifying mutual obligations of the customer and the SSP
+ Developing timelines and milestones for deliverables
to federal policies. In effect, SLAs are tools for implementation and operations critical to transparency. Contracts should express the will and the objectives of a particular policy. An SLA should do the same for shared services. Like contracts, a comprehensive SLA should be negotiated and in place before the start of shared services.

**Challenge 3: Hot Buttons for Managing Change**

Experts agree that transitioning to a shared services environment is the most underappreciated, but one of the highest priorities of any significant change. The strategy involves preparing the organization for significant change in the way it operates. A successful change management strategy can minimize disruption during the transition to shared

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service delivery. When preparing to migrate to an SSP, several critical actions are necessary:

- Determine the readiness of the organization to navigate the challenges of transitioning services to an SSP. This will help the governance team chart a course that can optimize service delivery, mitigate risks, and maximize benefits.

- An objective, independent readiness assessment will help management understand the culture of the organization and plan its change management efforts to harness strengths and strategize ways to overcome weaknesses and friction.

- The readiness assessment will inform and shape the development of a communication plan, while a workforce planning assessment will determine the sensitivities of the workforce. These assessments can also help the potential customer determine what actions could yield the most cost savings and discover potential quality improvements.

- A well-designed communication plan is critical to the change management effort and starts with a clear vision statement reflecting the benefits, business drivers, and goals of the migration to an SSP. The development of the communication plan should begin prior to management’s announcement of the migration and will be executed throughout the effort, continuing into the operational phase of the SSP. The plan should be designed with messaging targeted to all stakeholders including the affected customers of the organization receiving services from the SSP. The content should be tailored to the intended audience, the phase of the migration, and issues that surface—with the goal of gaining their buy-in.

- Workforce planning is an essential component of the change management strategy. It must reflect an understanding of the current and future composition of the workforce. It must address the needs of employees directly impacted by the migration, including programs to re-train those employees that have been displaced and further training for employees needing skills driven by the new service delivery model.

- A well-executed change management strategy should build trust between the customer and the SSP, increase demand for services, promote transparency, and market project successes.

Execution of an effective change management strategy requires thoughtful and comprehensive planning, due diligence, and a substantial investment in time and effort for both the customer and the SSP. Giving it the priority it deserves is critical to the success of the migration, reducing costly and wasted effort as well as minimizing unintended consequences.
Planning for Success

As a potential customer, you need to be aware of the challenges and plan for success now. What is the value proposition for shared services—particularly to the customer? If the relationships between SSPs and customers are managed effectively, the value of shared services has many potential attributes:

+ Cost reduction from economies of scale, de-duplication of processes and services, productivity gains, and standardization of business processes
+ Additional resources (through cost reductions) for mission goals
+ Quality improvements resulting from specialization, competition, and streamlining
+ Accelerated innovation, policy adoption/compliance, data sharing, technology gains, and emergency response by the SSP’s ability to rapidly access their client base with fewer points of coordination across the federal community
+ Increased focus on performance management—operationally and value of services received by customers
+ Operational risk shift from the customer to the provider
+ Sharing of research and developmental efforts reducing cost.

Conclusion

In the federal landscape today, there is no question that the shared service marketplace has the attention of senior federal executives. They are learning the lessons of the efforts underway. The lessons learned today will be the policies of tomorrow. Until that day arrives, potential customer agencies of shared services can view examples of successes resulting in cost savings, reallocation of resources to mission, and quality improvements in service delivery. They can be found in many countries as well as in the United States—often at the state level. So too can the failures. Taking to heart the areas of governance, project, and change management will provide customers of shared services a platform for success.
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