



# **THE FINANCIAL MANAGEMENT CONFERENCE FOR HIGHER EDUCATION**

## **Pivoting Internal Operations ahead of the Curve: Shared Services Model**

**By CPA Andrew Rori**

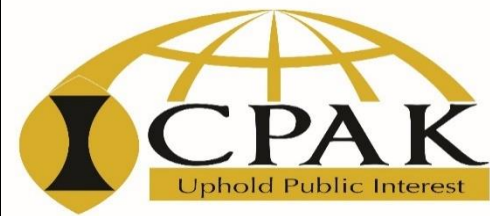
**Flamingo Beach Resort & Spa, Mombasa Date: 20<sup>th</sup> – 22<sup>nd</sup> June 2018**

Uphold .

Public .

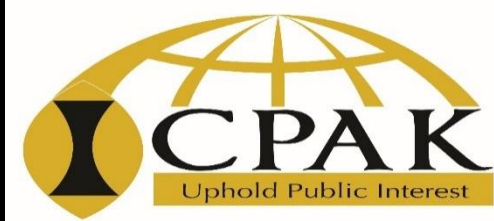
Interest

# Session Discussion



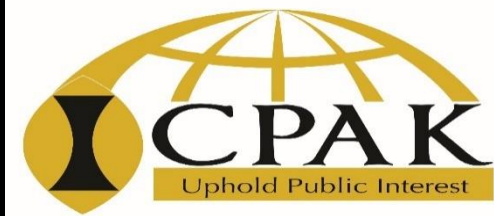
- What is Shared Services?
- Why Shared Services?
- Expected benefits
- Concluding thoughts

# Introduction



- Across the country, as education budgets are cut, operating costs escalate, and tuition increases, higher education institutions are challenged to do more with less like never before.
- While the battle to control costs appears to have no simple solution, many college and university leaders are promoting a shift toward thinking about higher education as a public good that should be more strongly supported.

# Introduction



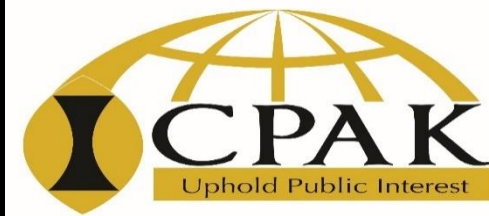
- To break out of this dilemma, many higher education leaders are exploring how to reduce the costs of administrative operations while improving the quality of services provided.
- Increasingly, regents and senior administrators are starting to grasp the full potential of shared services as a tool for rethinking their operating models and achieving consistent, long-term performance improvements.

# Shared Services



Shared Services –  
An alternative delivery model for higher education  
institutions  
.....or not ??

# What is Shared Services....



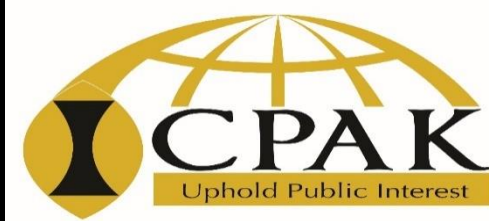
Shared services is a way of organizing service delivery to optimize cost-effectiveness, flexibility and reliability services.

*What is currently done **BY many**....*

▶ *In the future is done **by ONE**....*

*....**FOR many**.....*

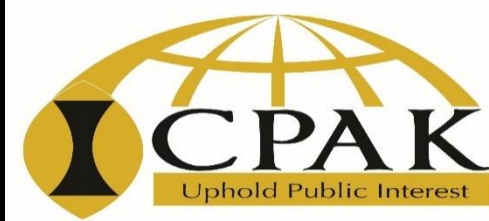
# What is Shared Services....



The shared service organization:

- Is a separate organizational unit that is linked to customers through a governance model that involves customers in decision-making.
- Treats the users of shared services as customers who drive transactions.
- Manages service delivery through clear service-level agreements that define the responsibilities of both the shared services organization and its customers, with metrics and costs for performance.

# What is Shared Services....

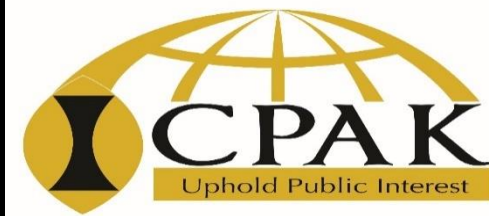


The shared service organization:

- Operates within a performance-driven culture that uses metrics and feedback to analyze how well the business processes are functioning – all the way down to the individual level – to foster continuous improvement.
- Takes ownership of the processes behind the services it provides, and monitors and enforces compliance with the process standards it sets.



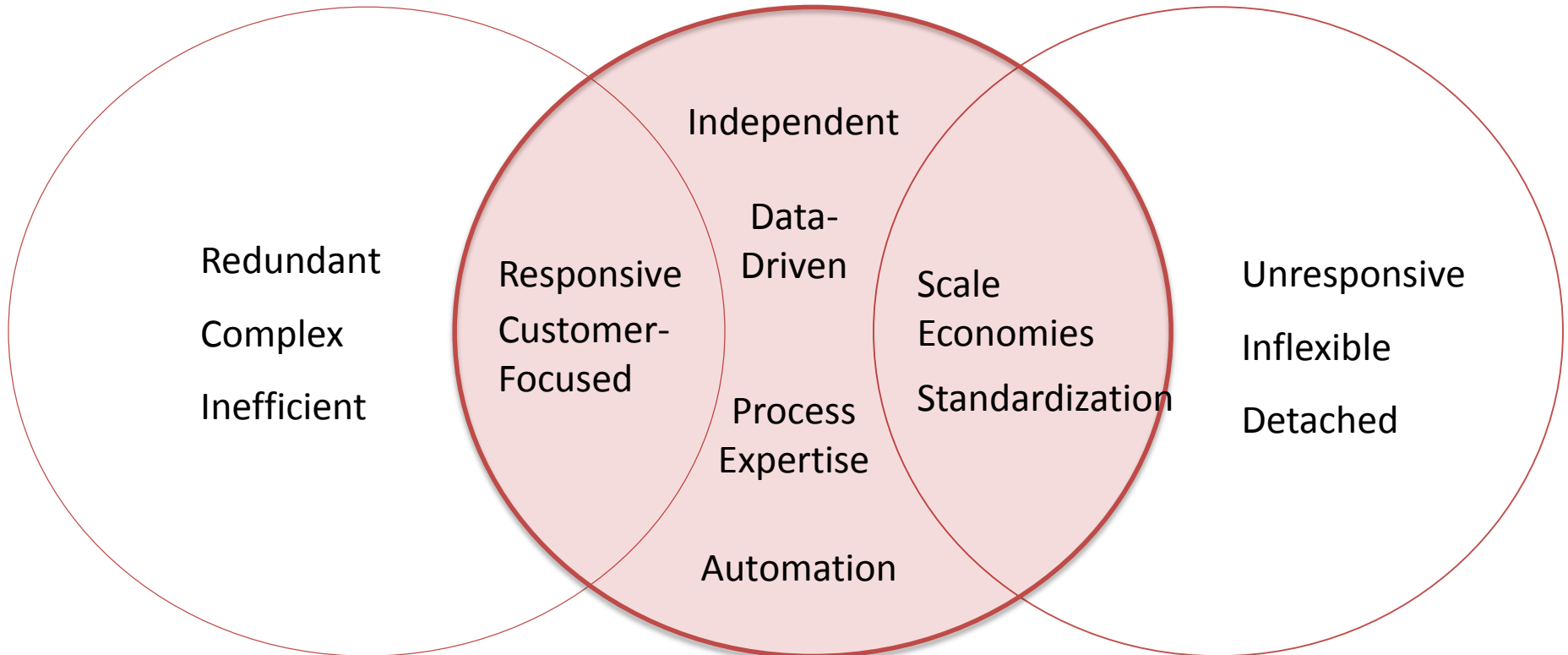
# What is Shared Services?



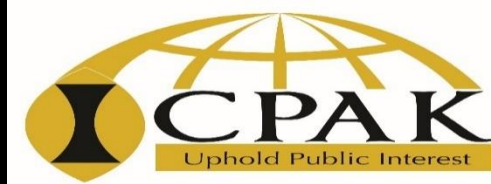
Decentralized

Shared Services

Centralized

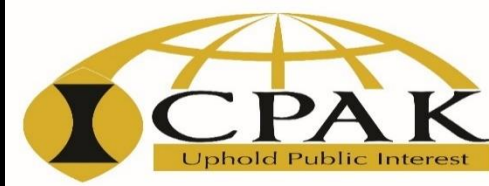


# Distinction between shared services and outsourcing



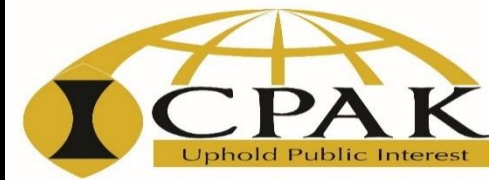
- Shared services is the consolidation of repeatable services within institutions to an internal service provider who sells these services back to those institutions. The work and the expertise remains within the organization and efficiencies are gained through consolidation of teams and through more efficient use of these services.
- Outsourcing is the consolidation of these services to external third party companies for execution, the expertise is sent outside of the institution but the institution retains strict controls over service levels and quality.

# What is Shared Services?

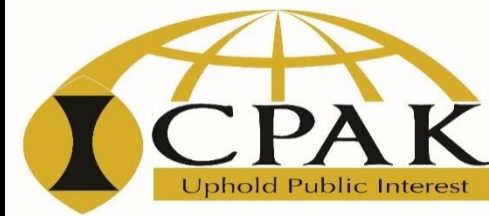


- Can include Finance, Procurement, HR, ICT, Research Administration, library services and Facilities.
- Neither decentralized services or centralized services
- Seeks to balance the benefits of decentralized and centralized service delivery
- High volume, repeatable, with clear rules and procedures – “transactional” – ICT Services in Kenya

# Potential scope for shared services in the higher education sector



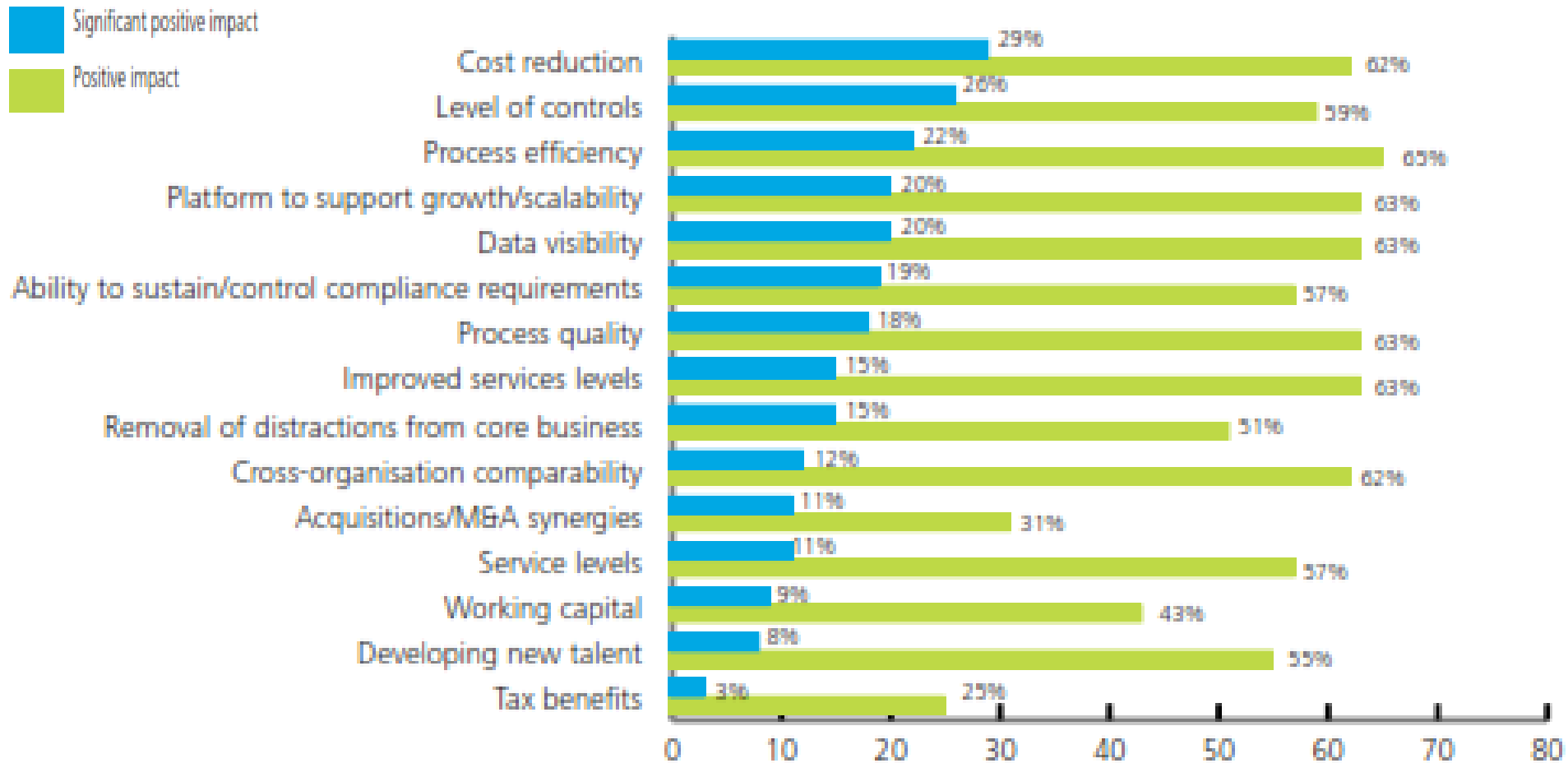
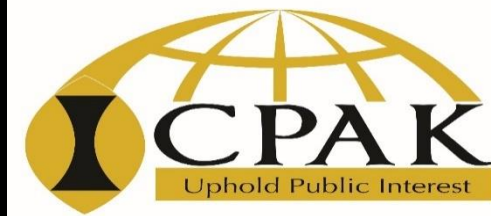
# Why Shared Services?



## Operative synergies, market power synergies, corporate management synergies and financial synergies

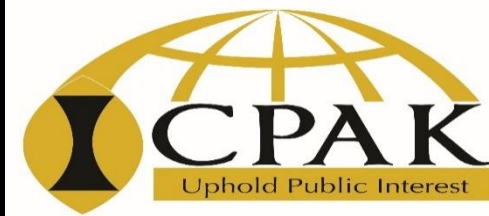
- Budget constraints - reduce costs,
- achieve process efficiency,
- create transparency,
- implement compliancy and
- improve the quality of service delivery

# Why Shared Services?



key benefits of a shared services approach as identified in the Deloitte Global Shared Services Survey 2011.

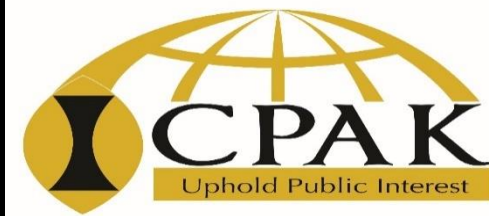
# Who has Shared Services Operations?



## Institutions with intra-institutional shared service centers?

- Centralized service delivery units
- Online self service portals
- Multi service cards
- Interactive voice response
- Transactional service centres

# Who has Shared Services Operations?



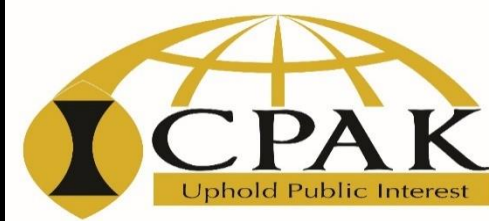
## Institutions with intra-institutional shared service centers?

### ICT Authority....

- Government Data Centre (GDC)
- Government Common Core Network (GCCN)
- Centrally Hosted Email
- Network Operation Centre (NOC)
- IFMIS
- Shirikiana Shared Services Platform
- Microsoft Cloud Shared Services

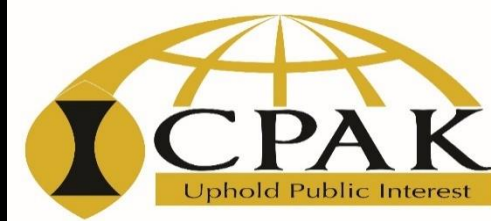


# Developing the Service Selection Methodology & business case



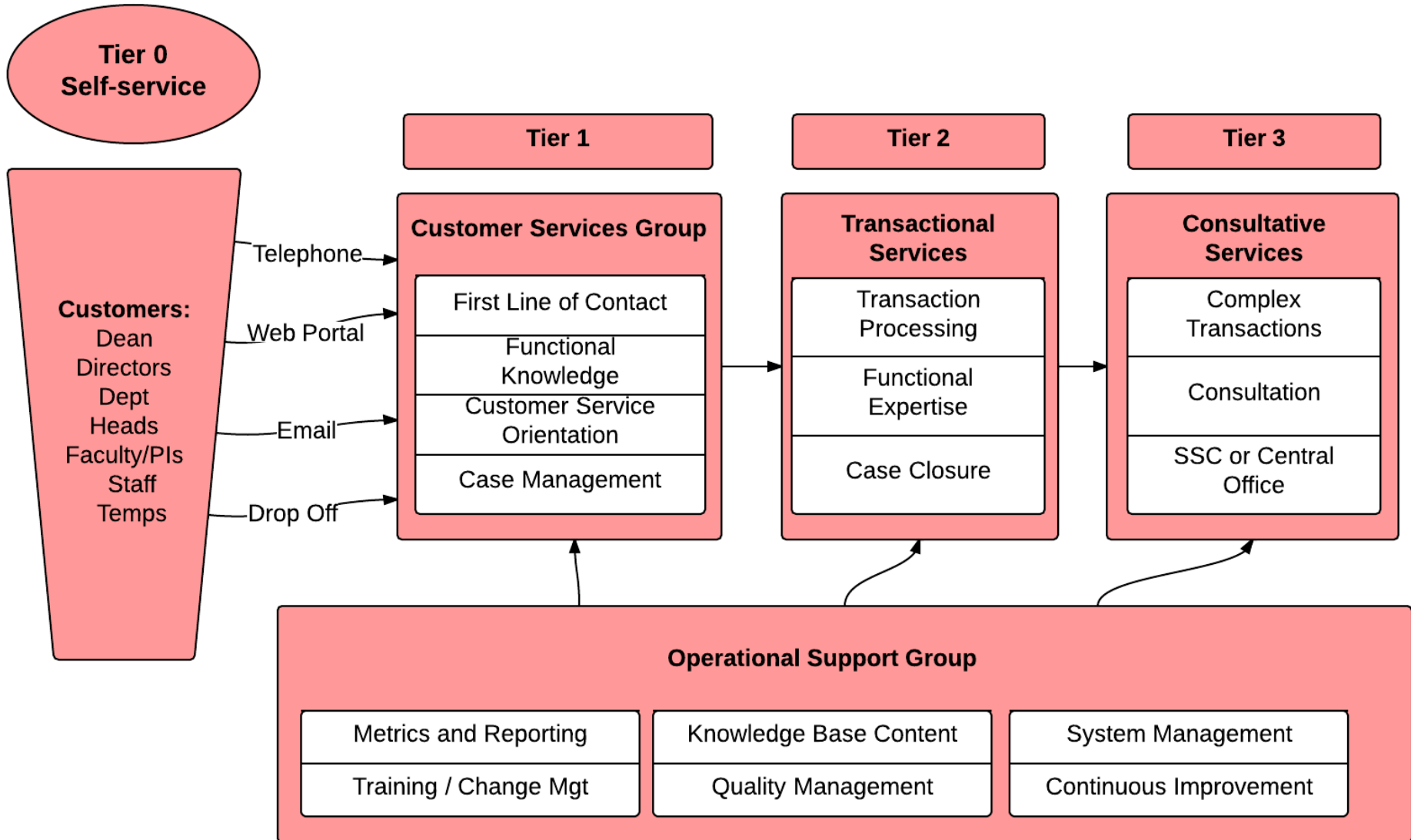
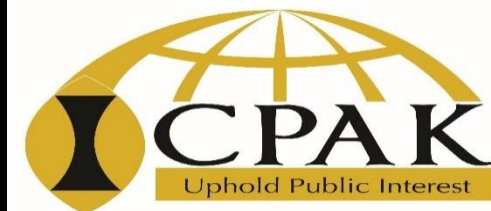
- Relevance of the service/function to the institution
- Financial and Efficiency gains to be achieved
- Human Resources required to provide the service or function and any potential industrial implications
- Risk Analysis
- Capacity improvement to the institution
- Asset consolidation/reduction (e.g. shared IT & communications infrastructure)
- Stakeholder considerations.

# Developing the Service Selection Methodology – Design principles

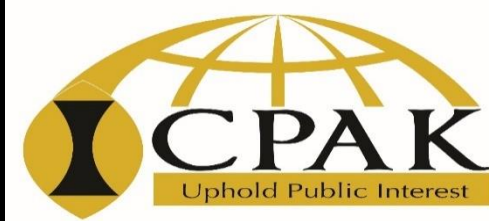


1. Cost benefit analysis establishes case for change
2. Meets identified capability and capacity gaps
3. Enhances ability to attract and retain key skills
4. Utilises standard systems/process
5. Operations and benefits can leverage further through increased scale and scope
6. There are existing shared arrangements
7. There is limited consequential impact on other services
8. Preserves employment in key areas
9. Service delivery is an established priority

# What does a Shared Services Organization look like?

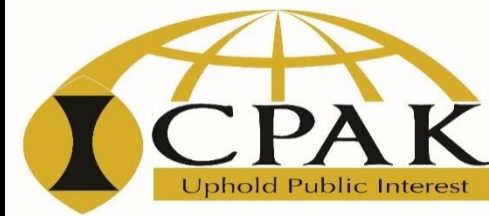


# How should we staff Shared Services?



- Shared Services is a consolidation effort - budget resources will come from current operations
- Questions to ask yourself:
  - Do you staff exclusively with current institution personnel?
  - Do you internally recruit center positions?
  - Do you reallocate current personnel (Lift & Shift)?

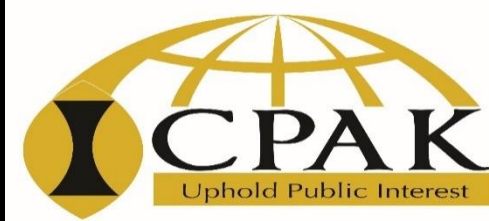
# Service is key!



- Anyone can achieve savings!
  - Previous centralization efforts are excellent at scaling and cutting costs
  - Centralization increases compliance
- Prioritizing customer service with Shared Services
  - Formal Customer Service program for all employees
  - Contact center or service protocols – no dropped cases
  - Enabling technology – ERP, Case Management, Knowledge Base
  - Simplify! Simplify! Simplify!

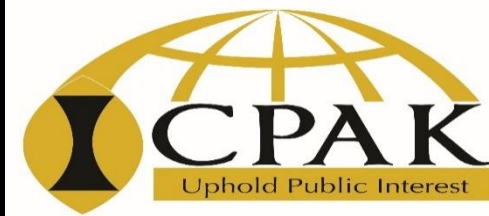
Customers remember how they feel...

# Towards shared services



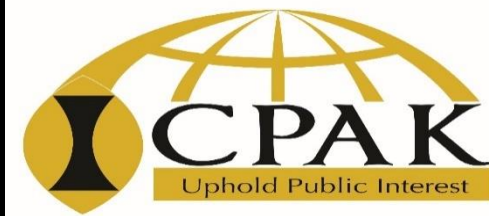
1. Identify your Shared Services Champion early
2. Know your model before selling your institution on shared services – make a business case
3. Stick with your model
4. Shared services is not just about savings, but compliance and great customer service
5. Look around your institution, you may already have a shared service and not know it

# Towards shared services .....



6. Know your business processes and **simplify them!**
7. Decide on your staffing model early – Internally recruit or reallocate
8. Communicate, communicate, communicate!
9. You have to spend money to save money – investment in the implementation is key
10. At best, plan on 3-5 years

# Conclusion

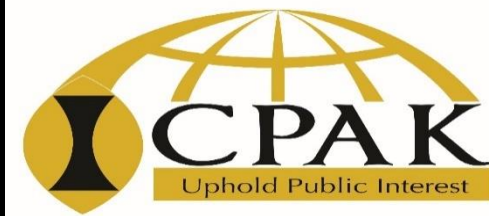


## *On Shared Services.....*

- ▶ Ensure all partners are **clear on the what shared services means** , what the potential benefits might be (start with the end in mind)
- ▶ Base your decisions on a **sound business case** for change that MUST include your ROI and clearly identifies that service delivery will be more efficient and effective than it currently is
- ▶ You will need **strong sustained leadership and commitment** – this is long term transformational change – it is not a soft option
- ▶ Provide **the resources** to make it happen and **manage the change**
- ▶ Identify and **manage enablers** not necessarily in your control eg Industrial, the Act, legal status, technology platforms etc



# Conclusion



*...“nice” is not enough.*

## Bonus Thought

Change is really hard, so get your sleep

# The End

