

SATISFACTION CENTRE — not cost centre

Focus on benefit, not just cost

As corporate shared services initiatives become operational across UK central and local government, customers are starting to raise questions about 'lowest common denominator' services that reduce performance. It's our opinion that these are not inevitable, but you do need to give equal weighting in your thinking to the benefits you can deliver alongside the efficiencies you need to achieve.

Nick Woodward

SHARING – SPREADING A SMILE, OR CATCHING A COLD?

Let's be honest – the principle of sharing services across government was driven by the Gershon efficiency agenda; to take costs out of the public sector back office in order to invest the savings in front line service. There will not be any prizes for shared service centres that raise business performance and raise costs.

The delivery of shared services is now underway and firmly embedded in the corporate agendas of almost all public sector organisations. Implementation is accelerating as pioneers demonstrate that the journey is worth it and as operational cost pressures increase.

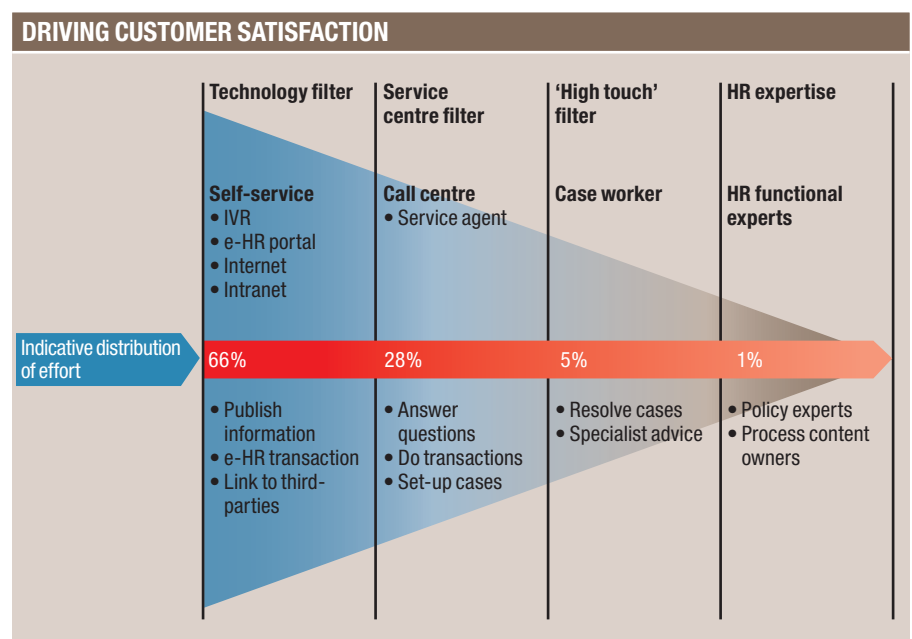
While the theory is that best practice can be quickly disseminated through shared service operations, this has yet to be generally proven in the public sector. Many HR and Finance leaders are worried that difficult implementation programmes (costing more and taking longer than first planned) coupled with increasing spending pressures through CSR07 are resulting in shared service operations built at the lowest common denominator. Some suggest that life feels a bit worse as a customer of the new shared service operations. Many of those we talk to suggest that there has been an imbalance of focus, concentrating on the cost of the service centre and technology to the detriment of stakeholder engagement and the longer-term transformation that a shared service centre could effect.

THINK CITIZENS AND CUSTOMERS NOT JUST COSTS

Much of the dialogue about shared services focuses on efficiency ratios or costs per transaction. Therefore, much of the design can focus on the shared service centre and its staffing levels and activity rather than on changes that might be achieved across the organisation.

**IT'S OUR OPINION...
SHARED SERVICES**

The diagram below (using HR as an example) illustrates four levels of activity ranging from transactional and automated to highly strategic, non-shared service activity that adds value. The cost focus leads people to think predominantly about work in the transactional and service centre space.

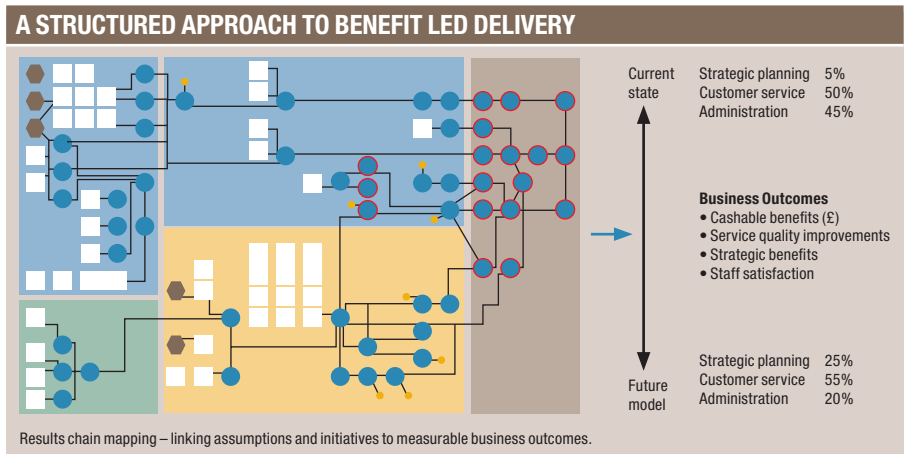


The danger of a focus purely on efficiency of shared services is that it leads to a focus on only a small portion of organisational activity. Relatively large efficiency gains can be seen in a small proportion of the organisation – the part responsible for transactional activity. To deliver a satisfaction centre, you need to be looking for benefits that will be felt across your employee base, where even relatively small improvements in productivity can be equivalent to significant gains in the shared service centre. Strike the balance right and you not only improve the services to the vast majority of the organisation who are the customers of shared services, you deliver meaningful benefits too. But how do you get to the usually unacknowledged, unquantified and unaddressed benefits that matter to your staff and your customers?

Map your benefits - Know what you want and communicate it

To gain advantages beyond pure cost reduction, it is essential to identify required benefits and the activities that will deliver those benefits. The way we do this is through 'results chain analysis', a technique for benefits mapping and benefits management.

What matters is that you have a clear, structured approach to identifying and communicating benefits and that you focus on benefits across the organisation. You can then more explicitly link your shared service outcomes to your wider organisational objectives and even focus on those areas that enable staff to deliver greater benefit to the people who really matter – the citizens who are your customers.



Focus on engagement at all levels

If you are going to work differently across all your corporate processes, it is essential that you engage all the stakeholders who are going to make those changes and deliver the benefits. Our experience is that significant effort goes into training individuals within the shared service centre to execute transactional activity. Employees are told how to use the shared service centre but engagement with line managers and employees about how to conduct and access non-shared, or specialised, processes is often limited or non-existent. As part of your communication, you need to be clear in expressing to everyone not just the benefits but their role in delivering them.

EXAMPLES OF BENEFITS ACROSS STAKEHOLDERS

COST REDUCTION

Reduction in overall costs within HR function

Reduction in 'high touch' channels, thus reduced reliance people supported channels

Identification of redundant services, locations and facilities – costs located in focused centres

Decreased use of multiple systems and sources

Increased use of targets for services delivery and improvement, as demonstrated through good practice and benchmarks

IMPROVED VISIBILITY

Improved access to data

Better view of costs versus service levels

Improved accuracy and consistency of information

Increased reliance on MIS as a source on which to base decisions

STRATEGIC

Improved management information for strategic decisions

Increased focus on core business and competencies

Maximising specialist skills

Improved ability of HR to focus on the true value add

Single point of accountability

Common consistent processes

EXAMPLE BENEFITS ACROSS THE ORGANISATION	
CEO	<ul style="list-style-type: none"> • Allows organisation to focus on core businesses, drives down cost and improves service levels • Standardisation builds on unity within an organisation • Allows finance and HR to act quicker and with greater impact – for effective and fast execution of strategy
FD	<ul style="list-style-type: none"> • Flexible model supports future growth of the organisation • Drives down cost through economics of scale • Greater visibility of costs and performance
HRD	<ul style="list-style-type: none"> • Drives process standardisation improving quality of service whilst reducing costs • Enabling employees to manage their own data increases data quality • Enable HR to focus on value adding activities rather than administration • Enhanced technology support to drive efficiency
CIO	<ul style="list-style-type: none"> • Effectively demonstrated how technology can underpin strategic change within the business • Cost reduction and service improvements • Leverage of technology in many areas in a consistent manner
LINE MANAGERS	<ul style="list-style-type: none"> • Facilitates management by exception • Puts manager in control of manager led activities • Simplifies the implementation of finance and HR policies
EMPLOYEE	<ul style="list-style-type: none"> • Empowers employee by allowing them more control over their own data and choices • Single point touch for all finance and HR issues activities • Enhanced customer service approach

Plan to a transformation date, not a service centre go live date

It is relatively easy to plan and budget for a programme that ends shortly after the shared service centre is opened and employees have been given some initial training about the new processes. However, real transformation from shared service implementations can only come as the organisation gets used to delivering the efficiencies from the shared processes and learns to deliver the broader benefits the organisation is seeking. If you are serious about aiming for satisfaction, rather than just cost reduction you need to instil the discipline to plan for the full benefit delivery. This means thinking well beyond the opening of the shared service centre and making sure that, as your programme progresses, you are not stealing budget and time from the later stages – when benefits are delivered – to overcome shortcomings in the early stages.

STRIKE THE RIGHT BALANCE

Neither shared services as a business model nor increasing cost pressures will go away soon. Nonetheless, leadership teams and those driving shared service programmes should be asking themselves where the non-cost benefits are coming from, whether they are engaging people throughout the organisation to deliver them and whether their plan goes beyond the opening of the shared services centre to the transformation of those services. Strike the right balance and you will have an operation focused on satisfying your staff throughout the organisation, not just a cost line for the CFO to worry about.

Whose **OPINION?**

NICK WOODWARD



Nick is a member of our Business Transformation Group and leads on shared services in central and local government. He has a long history of working on collaborative programmes and shared service operations at national and international level in government, financial services and space sectors. He worked on Europe's pan-European environmental satellite, ENVISAT-1 and the rocket range safety systems for Ariane 5. He has helped international banks implement shared service operations across Europe, Africa and Asia and was part of the team implementing direct benefits payments across the UK's DWP, HMRC, Post Office and banks. Closer to home, he wishes sharing was part of his children's vocabulary.

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YOUR OPINION

Nick would welcome your comments by email (nick.woodward@uk.fujitsu.com) or at uk.fujitsu.com/opinion



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