
Guide to Shared Service Models - June 2014

Overview

Shared service models offer consolidated business operations that are used by multiple parts of the same organization. The goal of a shared service model is to allow each business unit/department to focus its limited resources on activities that support the UAF mission. Shared service models also support process improvements through use of best practices, highly trained staff specialized in service delivery and backups for critical functions.

- When service centers serve a broader campus pool, staff can become experts in their function and have greater exposure to unique unit or agency demands. Expert staff can provide higher quality service and faster processing, and draw on their collective experience.
- Activities or transaction types that may be rare and tricky for one unit may be very common for another; use of a shared team means easier access to the person or people with the know-how. For example, proposals to the National Institutes of Health have very particular requirements and forms that are unlike other federal agencies. For a unit like the GI, proposals to NIH are rare and take more time and effort to get right, while IAB submits this type of proposal regularly and with relative ease. With a shared service model, regardless of where a PI sits, he or she has access to the same level of expertise.
- Units are often busy at different times of year; for services with highly cyclical workloads, broadening the service base may optimize the workload for individual staff and provide more efficient delivery.

Universities and other organizations have increasingly turned to shared services as a way to maintain core functions in tightening budget climates while improving and streamlining processes. Leading examples include [UC Berkeley](#), [Harvard University](#), and the [State of Ohio](#).

How can shared services improve processes?

- When employees are experts, less administrative oversight is needed, resulting in a more effective use of time. In a structured shared service model, employees can receive robust peer-to-peer training and cross-training, mentoring and opportunities for career growth.
- A shared service model facilitates the sharing and development of best practices and tools, removes silos and improves collaboration between units. Service is of the utmost importance.

How can shared services help alleviate costs or increase revenues?

- Workloads can often be managed more efficiently with employees in pools, rather than in individual units. Rather than locating ten FTE in units with varying workloads, a function may be provided with an expert pool of six to eight FTE. See examples below.
- Staff can become specialists in a given function, performing it with more ease and less time.
- The proposal development function is one area where meaningful revenue increases are still possible. Quality proposals coupled with a higher volume of submissions are an ideal strategy for achieving those increases, which can be facilitated by a shared services model of expert staff.

What if I am happy with my current structure?

If your current structure meets your needs and you are pleased with the level of service and cost effectiveness, you may choose to continue to operate in a traditional model. Where this exists,

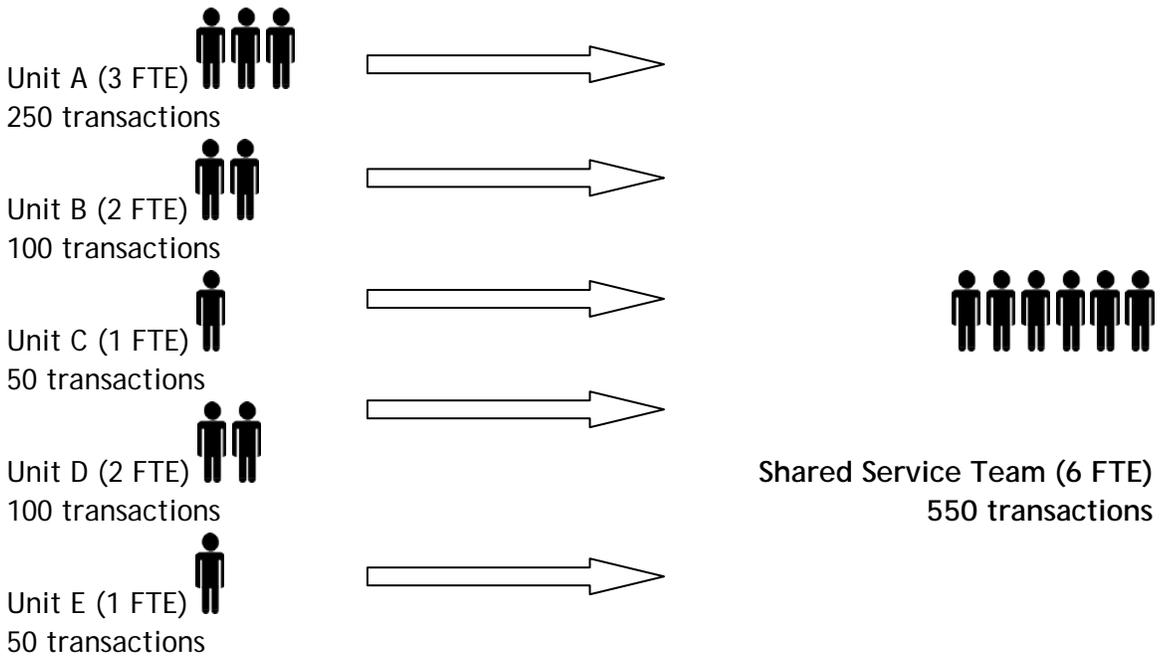
consider sharing your expertise by becoming a hub for other units around you that may not be able to provide service of the same caliber. UAF is encouraging use of shared services on an opt-in basis.

How can I trust the service level will be appropriate if I don't manage it?

Currently, units at UAF are developing service level agreements (SLAs) to formalize expectations. If UAF develops a more comprehensive model for shared services, it must involve appropriate guidance and oversight from users to ensure that services are provided at the right level, that any concerns with the service are addressed, and that the leadership philosophy is in keeping with the units served.

Example A:

One FTE is capable of processing up to 90 transactions in a given period, when that FTE is highly skilled. Some units have fewer transactions but each requires a full FTE to be knowledgeable and available enough to complete them. Each unit moves a portion of these FTE to a shared services pool that operates at capacity.



Total: 9 FTE, 550 transactions **Net Savings: 3 FTE (approx. \$225 thousand)**

Figure 1. Savings generated through shared service center.

Shared service models can advance the goal of improving efficiency, productivity, and service delivery while realizing cost savings through consolidation of positions.

Example B:

Unit A is experiencing a vacancy in a key service position. Rather than filling the position, the unit decides to take half of the position funding and buy service from Unit B, who has an expert in the function and can take on the workload within existing capacity.

Unit A saves half of an FTE while receiving the same level of service, while Unit B has increased funding that can be used for staff training and development or cover deficits for mission critical functions.

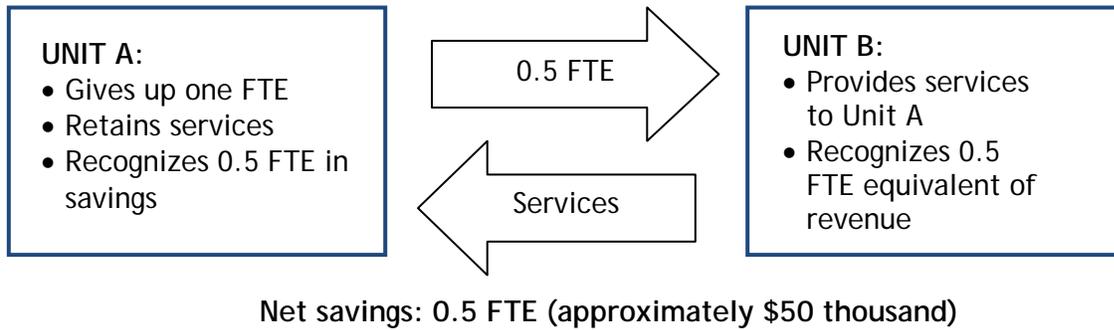


Figure 2. Savings generated through cross-unit partnership.

Table 1. Potential models for shared service implementation

Structure	Buddy/Team	Hub	Satellite	Shared Services Center
Example	Could be based on co-location, or similar unit types	Proposal office (GI/SFOS/CNSM)	Procurement PT Program (PTs report within the unit)	UC Berkeley
Philosophy	Staff in different units are available to each other as needed; highly distributed, minimal organization.	A stand-alone service center 'owned' by a group of units; or one unit that is adept at a service provides that service to other units.	Branches/pockets of a central service provider are located in units, available to serve units in that area. Alternatively, expert staff in units receive high levels of access/share work.	A central service provider serves all campus needs.
Benefits	<ul style="list-style-type: none"> • Staff are available as backup, avoiding delays due to leave or absence • Shared knowledge, best practices • Cross training opportunities 	<ul style="list-style-type: none"> • Balanced workloads • Staff can become experts, rather than generalists • Career ladders possible • Lead by units, lives in units • Reduced delays due to leave/vacancies • Best practices and exposure to tools to handle volume processing 	<ul style="list-style-type: none"> • Balanced workloads • Staff can become experts, rather than generalists • Located in units, potentially with central oversight • Increased access to central systems for trained staff • Allows central to serve in oversight capacity/reduces steps in process • Reduced delays due to leave or absence 	<ul style="list-style-type: none"> • Staff can become experts, rather than generalists • Career ladders possible • May provide greater/ more evident FTE savings • Reduced delays due to leave/vacancies • Consistency and standardization
Challenges	<ul style="list-style-type: none"> • Limited FTE savings, if any • Limited growth/ specialization opportunities for staff 	<ul style="list-style-type: none"> • Dependent on unit initiative; use may be sporadic or limited depending on motivation, knowledge • Shared supervision agreements and service level guarantees may be needed 	<ul style="list-style-type: none"> • Reporting/ management structure need to be defined to ensure services are responsive to unit needs • Additional access comes with additional unit accountability 	<ul style="list-style-type: none"> • Reporting/ management structure need to be defined to ensure services are responsive to unit needs
Resource/ Structural Needs	<ul style="list-style-type: none"> • Staff must be empowered to share/implement best practices • Agreement between units on service levels 	<ul style="list-style-type: none"> • Agreement between units to provide services and ensure needs are met (SLA) • Appropriate controls and flexibility 	<ul style="list-style-type: none"> • Monitor structure to ensure service needs are met • Balance training/access with compliance 	<ul style="list-style-type: none"> • Established funding model • Monitor structure to ensure service needs are met