Report on Shared Services

Stony Brook University Senate
Administrative Review Committee

Executive Summary

In December 2011, the University Senate issued a charge to the Administrative Review Committee (ARC) to gather and analyze data obtained from other higher education institutions that have implemented shared service activities. In Stony Brook, as at other Universities, outside consultants have recommended changes to administrative processes and organizations that have the potential to save significant expenditures devoted to non-academic activities[12] Data gathered from this study could inform Stony Brook faculty and administration concerning plans for implementation of shared services at Stony Brook. Initially, the institutions identified were:

- University of Michigan
- University of Californian, Berkeley
- University of California, Santa Barbara
- Cornell University
- University of North Carolina

During the course of the study, the committee identified the following additional institutions whose experience was relevant:

- Yale University
- University of New Hampshire

The ARC developed a study process in which one committee member would gather data for each institution using a common question set. The question set is contained in the appendix of this report, along with the association of a committee member with each institution. Our goal was to obtain a range of observations from administration, faculty, and shared service staff. ARC committee members reported observations for each institution during a series of ARC meetings. In these meetings, we looked for common themes and experiences and especially "lessons learned."

In practice, responses from many of the institutions were "hit and miss," with many unanswered telephone and e-mail requests. However, we received a sufficient number of responses from ARC member colleagues and administration sources to develop a consistent set of observations. The observations were consistent enough, both within an institution and among the institutions contacted, to give the ARC confidence that findings of this report reasonably reflect the state of shared services at the identified institutions.

The scope of this report is limited to observations of shared service implementations at other universities. We did not attempt to develop recommendations, leaving that to the Senate Executive Committee. We also did not draw direct comparisons with Stony Brook plans for shared services, but we expect that the observations contained in this report will guide the development of those plans.

We grouped the major findings into categories for motivations, implementation, and evaluation. Where possible, we also used this organization in each of the sections describing shared service activities at individual institutions.

Motivation

1. Implementation of shared services was begun at the institutions for financial reasons, typically public institution's reduced state financial support and private institution's reduced endowment (due to stock market fluctuations).

Implementation

2. Implementations of shared services are limited and recent. One news article mentioned twelve institutions, and most institutions we studied began shared services in the past few years.

3. Institutions consistently began implementation with non-academic shared services (e.g., financial, IT, facilities, and HR). Extensions of shared services to departments primarily involve the above administrative services.

4. Extension of shared services to academic processes is in the early stages, and is in some cases not addressed. Very few, if any, institutions reported significant changes to student-facing or faculty-facing activities. However, the changes to administrative processes still reduced the administrative staff of departments, and in some cases, universities reported a reduction of student traffic in departments.

5. Success in academic shared services comes only with full cooperation and participation of affected departments. This point was confirmed in a positive way through statements made by administrators where the changes were proceeding reasonably well. It was also confirmed in a negative way through indications of problems at UC Berkeley, where faculty involvement appears to be very limited. Other institutions (e.g., Yale) reported it as a "lesson learned."

6. Some departments were concerned, primarily with a reduction in academic quality associated with a loss of control over staff.

7. Strategies for achieving academic cooperation vary, with one institution (University of Michigan) using a financial incentive approach, while others use governance and cooperative implementation to achieve the result. In general, the successful implementations of academic shared services were associated with some departmental control over the pace and scope of implementation. There were unconfirmed reports of implementation only after rotation of department chairs and deans.

8. Many institutions reported implementations in which service individuals had "dotted line" responsibilities. Interestingly, none reported problems in transitioning from single lines of control to dual (or more) lines of control.

Evaluation

9. There was a consistent sense of savings associated with shared services, but limited precise data. In some cases, the savings were not immediately obvious, but projected to occur once standardization of processes occurred. Some institutions mentioned overall support staff reductions, while others reported reassignment of staff. Typical metrics used were overall FTE numbers.

10. There was little data to suggest long-term staff dissatisfaction with shared services. In many cases, institutions used financial incentives to motivate staff, along with improved possibilities for career advancement and training.

11. One of the reported implications of shared services is the ability to identify common processes and implement automation of those processes. Many institutions warned against doing both simultaneously, due to the difficulty of either of these changes. In one case (UC Berkeley), both changes appear to be occurring simultaneously, and we observe that the process is in turmoil.

12. Some institutions reported a loss of institutional knowledge, but little in the way of suggestions to reduce the loss.

13. Institutions reported on the difficulty of the implementation process, and stated that information dissemination and transparency is very helpful. The University of Michigan appeared to be the most specific example of transparency. In many cases, the source of information is an administrative office with sole responsibility for shared services.

14. We found almost no examples of Service Level Agreements (SLAs) to ease transition to academic shared services, and the only example we found was not measurable.

Cornell University

Information concerning the Cornell University experience with shared services was gathered primarily from senior administration official as well as proceedings of a related EACBUO[3] workshop.

The Cornell Financial Transaction Center project is an evolution of their Business Service Center initiative which began in 2002-03, and has since evolved into the Business Service Center. Joseph Grasso, associate dean for finance, administration, and corporate relations at the Cornell University School of Industrial and Labor Relations, reported, "administrators created seven different financial transaction centers in 2010 — partly driven by financial difficulties from the recession — that were designed to share services among groups of schools [4]."

Cornell consolidated financial transactions among colleges, resulting in seven Financial Transaction Centers across Cornell which process standard financial transactions (e.g., travel reimbursement, accounts payable, p-card administration, cash management, and vendor establishment).

Motivation

The rationale for the implementation of shared service centers was to save money and to improve efficiency and effectiveness of various administrative processes They also were trying to process financial transactions in a more common and consistent manner.

Implementation

Cornell consolidated service center individuals into one central finance group and in one physical location. Concerning migration of staff members to the shared service centers, Cornell administrators report no problems. They interviewed and selected staff members to transfer, and reported that the staff members went to the shared service center "with a positive attitude." They dealt with the issue of institutional knowledge by assigning some members of the shared service unit to a specific school so they understand the unique aspects of the school or the department. However, they reported that some institutional knowledge and customization was lost.

Concerning their goal was of consolidating differing departmental processes into a standard set of processes, they report that it is now only "partially implemented and partially successful." As part of the consolidation, they allowed some schools, colleges or departments to maintain some of their different processes (e.g., travel). For example, they report that one college requires pre-approval for all travel and other expenses, while other colleges do not require pre-approval. The shared services center allows these differences to remain, although it appears that they expect to reduce these differences over time.

To gain support for the initiative, they formed an Executive Steering Committee and an Implementation Committee. No data was available on the composition of these committees.

Evaluation

The Cornell implementation of shared services was primarily "back office" financial, with little department level impact. They made very specific measures of service and productivity before they implemented the shared services concept. Their financial unit of measure is primarily the number of transactions per person. They reported some savings, but expect to experience additional savings over time as processes are standardized. They clearly stated that changing to a shared service concept

coincident with implementation of a new financial system was too much change at the same time. They also stated that there was broad acceptance by faculty and staff and little or no loss of control from the college perspective. In general, the Cornell migration to shared services has proceeded smoothly, although the process has proceeded at a modest pace and with limited scope.

University of California at Berkeley

The ARC committee member gathering data from UC Berkeley placed a large number of telephone calls and e-mail messages to relevant individuals and offices at UC Berkeley. Only one interviewee from the initial contact list was willing to cooperate, a response that is consistent with our observation of turmoil associated with the UC Berkeley implementation of shared services. In fact, telephone lines listed on the web are unanswered: the usual recorded message suggests sending an email instead, which the Berkeley contact usually ignored. Fortunately, we supplemented the "official" responses with telephone conversations with ARC colleagues working at Berkeley and with information gathered from official UC Berkeley publications. All these sources indicated a mood of turmoil concerning the current implementation of shared services. For example, the administration in a public Web document acknowledges a "tremendous amount of anxiety about this change."

The comments above refer to the second phase of shared services at Berkeley. UC Berkeley has gone through two distinct processes called "Shared Services:" the first one, concluded more than ten years ago, led to the reorganization of the secretarial functions internal to various departments within the college of Humanities. The second process called "Shared Services" is now underway, under the general umbrella of "Operation Excellence."

Motivation

Information concerning the development of a plan for shared services was limited, but appears to be primarily financial.

Implementation

The first process took place in the years 1999-2000 in which the secretarial services of some departments were combined under clustered units. For example, the Departments of Classics and South Asian Studies, while maintaining their institutional autonomy, had their administrative units combined under the label CASMA; the Departments of Scandinavian Studies, Italian Studies, and the Program in Celtic Studies were combined under the label ISSA. Although departments and programs remain distinct in their academic functions, they share the services of a single administrative staff, headed by only one manager. The process had been implemented to provide better services to teachers and students in the various departments through automation and streamlining of the various needs. Consequently, administrative employees were encouraged to find alternative employment, and some took advantage of early retirement opportunities. Most offices were physically relocated after the restructuring.

A few colleagues of the ARC contact (in different departments) agreed to a group interview on Skype under the condition of anonymity. Their recollection of the restructuring process can be summarized as "total chaos." It was "imposed by the administration" and has led to "disastrous consequences," including the loss of the possibility to organize special events, such as conferences and exhibitions. The colleagues consider the organizational restructuring, along with pay the reason for the defection of many senior faculty members to other universities, particularly Stanford.

UC Berkeley is now "expanding the notion of shared service with Operational Excellence." The scope of the latest implementation of shared services include Human Resources, Academic Personnel

Office, Transaction Support, IT Services, Financial Services, and Research Administration. They define a set of shared services[5], distinct from central campus and campus unit services.

UC Berkeley has developed a website[6] to explain Operational Excellence to its employees and the public. In the words of the Operational Excellence Program Office, Operational Excellence (OE) is a group of projects at UC Berkeley intended to lower administrative costs, improve the quality of campus operations make them more efficient, and direct more money towards teaching, research, and public service. It began in fall 2009 and is currently in transition from design to implementation. More than forty project proposals were submitted from campus teams focusing on different areas of campus operations. As of November 15, 2011, twenty of these projects have been approved and have begun implementation.

Although the functions planned for shared services are non-academic, individual departments are affected. Departmental employees who spend more than 50% of their time performing "shared service" work will be offered positions in the shared service organization. Most of these employees will be located in a new shared service center. The location has not yet been finalized, but the UC Berkeley administration states that it will be off-campus in the Berkeley area.

The primary impact on departments appears to result from the process mapping activity in which they "held multiple Process Mapping Workshops to determine how that work is being done in different units/departments." "Those processes were then reviewed for similarities that can be reengineered in a standardized way, and that common work will make up the initial Shared Services service menu."

UC Berkeley is currently in an important phase of the transition with the recommendations for specific shared services and the governance model just published. They intend to publish the implementation timeline and the funding model in June 2012.

UC Berkeley documentation mentions an organizational workgroup and governance structure,[7] but that structure does not indicate any faculty involvement. Other review committees (OR Coordinating Committee and OE Executive Committee) show very little or no faculty involvement. The only organization that appeared to include significant student and faculty participation were the Functional Advisory Councils.

The recently released Workforce Planning Guidelines[8] indicates that administrative staff currently located in departments will have an option of moving to a shared service center. If an employee does not accept the transfer, the employee has responsibility to find employment elsewhere in the institution or leave the university.

Evaluation

The first OE project, Unit Restructuring, resulted in 120 layoffs, approximately 1% of staff. Unit restructuring was completed in June, 2011, and the remaining OE projects do not have plans for additional layoffs. However, as the administration becomes more efficient through improved business processes, better technology, and Shared Services, they anticipate a smaller administrative staff in the future. The administration expects that much of this downsizing will occur through normal attrition and retirements, but some of it may occur through layoffs. They expect to define final staffing levels by July 30, 2012.

Any layoff would not relate to teaching faculty. Operational Excellence is focused entirely on improving the efficiency of the campus administration in its role of supporting Berkeley's teaching and research. The faculty's role is academic and not administrative, and therefore "out-of-scope."

There is some mention of service levels, but we were unable to obtain specific measures.

University of California at Santa Barbara[9]

Motivation

The Santa Barbara campus of the University of California has recently implemented two initiatives that consolidate administrative services. These programs are responses to budget cuts in the UC system, and they aim to preserve current levels of service and performance, insofar as is possible. "Operational Effectiveness[10]" is a program from the Chancellor's office, while the office of the Dean of Humanities and Fine Arts reorganized administrative services for academic departments in its division into several Administrative Service Centers. This section briefly describes both programs.

Implementation

UC-Santa Barbara's Operational Effectiveness initiative (OE) grew out of the planning process for the 2010-11 UCSB budget. A subcommittee of the Coordinating Committee on Budget Strategy (CCSB) was charged with evaluating administrative processes and procedures and identifying ways of improving operational effectiveness across the campus. The rationale for this was that UCSB had suffered significant budget cuts and needed to increase efficiency and effectiveness in order to preserve its levels of service. The subcommittee recommended an initiative to create a set of recommendations affecting six areas. The broad categories are: 1) IT and communications, 2) campus personnel, 3) finance, 4) procurement 5), shop services, and 6) conferences and events.

The process is largely collaborative. For example, the President of the UCSB University Senate reported: "The operational effectiveness initiative is indeed largely administrative in its objectives, though following our system of shared governance, faculty are consulted and participate in the oversight. For example, I am co-chair of the steering committee."

The objectives were to 1) identify duplication of effort in the management and administration of technological and business processes across campus divisions, 2) to develop solutions to appropriately streamline and optimize functions and staff, and 3) to develop strategies to optimize space and use of equipment across divisions.

The committee also developed a set of principles and constraints to guide the process. They intend to maintain UCSB's ability to recruit diverse and well-qualified faculty, staff, and students, and the recommendations would preserve and enhance support for faculty research so that chances for external funding could be increased. OE solutions would focus on the previously mentioned operational areas, and would protect and improve the delivery of services across campus. Ideally, any staff reductions would be accomplished via normal attrition, planned retirements, or voluntary reductions in lieu of staff layoffs.

Initially, it appears that the academic sector did not fall under OE. For example, the OE newsletter from October 2010 states, "... the University is committed to elevating its administrative operations to the same level of excellence as its academic and research enterprise." However, after further investigation we determined that there are shared administrative support centers in the Humanities. This reorganization wasn't part of the University-wide initiative from the Chancellor's office, nor was it mentioned in any of their documents.

In addition to members of the CCBS subcommittee, the top-level OE leadership consists of three individuals from the Chancellor's office and the Dean of Letters and Sciences, and each of the above operational categories receives its own subcommittee. Phase 1 is largely a planning stage, extending from August 2010 to May 2012, while Phase 2, running from 2011 to 2013, is largely devoted to implementation. In addition, Phase 1 focuses mainly on the first four categories mentioned above. Planning appears to have been extensive, with early meetings selecting working group members and establishing planning priorities and later meetings in which metrics and benchmarks from other UC campuses were identified. Staff, students, and faculty were asked for input as the planning continued. A survey of Payroll and Personnel employees was conducted, a "contact us" link is on the OE website, and an email list is maintained. Recommendations of the subcommittees were combined and passed up to the Steering Committee, which selected the set of solutions to implement. During the final part of Phase 1 (May 2011-2012), the Steering Committee and project leaders are developing the "implementation roadmap for Phase 1:D."

The major projects from Phase 1 concern employee time-keeping (moving from a by-hand system to a computer-based system), consolidation of some campus shop services, centralization of campus scheduling, and consolidation of ticketing offices for arts and athletic events. Student email is being outsourced, and telephone and VOIP standards are being implemented.

The adoption of the new time-keeping program begins in May 2012, with the final phase ending in June 2013. Concomitant with the roll-out of this initiative, Payroll and Personnel Services will be moving to a single payroll system as part of a UC system-wide process, one that will trim eleven versions down to one. Procedures for implementing this latter system are being developed during spring 2012. Some services which have largely local impact will not receive a system-wide facelift, such as recruitment, performance management, labor relations, etc.

The campus will be contracting with a firm to provide web-based procurement software. Purchasing and procurement activities will be centralized in order to improve contract negotiation and savings opportunities. This streamlining begins in the 2012-2013 fiscal year.

The Dean of Humanities and Fine Arts (HFA), as a response to budget cuts in 2009, implemented Administrative Service Centers[11]. These centers include some academic shared services. The divisional deans had autonomy in determining how to reach their reduction targets, and the divisions of Social Sciences and Mathematical, Life, and Physical Sciences resorted to staffing cuts, reduction in instructional support (e.g., fewer TA and lecturer lines, reduction of labs and field trips), and cuts in IT service or cancellation of equipment maintenance contracts. Within HFA, four Centers were established in buildings housing HFA departments.

According to a PowerPoint presentation prepared by an Assistant Dean of HFA (made available via email from the Associate Dean of HFA), there are 22 departments in the Division, and some departments had fewer than three staff members, while others had five or more, and there was a wide disparity in faculty-staff ratios across departments throughout the division.

The staffing model that was developed provided for some staff to continue to focus on single programs (mainly in student advising), while others would work across programs.

In the planning stages, there were detailed discussions with chairs and senior staff, as well as more general discussions with faculty and less-senior staff. Only current senior staff in affected departments were eligible to apply for the lead manager positions, and they, along with chairs designed more detailed configurations. Further reassignments were coordinated with Human Resources staff, in accord with HR polices. Other major desiderata in the planning and implementation process were that restructuring would involve transfer rather than layoffs and new hires (thereby retaining staff as well as the broad knowledge base). Some positions were reclassified in recognition of new and greater responsibilities, and positions were defined by areas of specialization. Further, administrative offices were reconfigured and centralized within the buildings that housed HFA departments.

During the planning process, various pros and cons of competing models were identified and debated. Factors in favor of the individual department model were tradition, physical closeness of staff to department, and the collegial bonding that develops among staff, faculty, and students. On the other hand, it was noted that there are inequities across departments in staff responsibilities and duties; in small departments with part-time staff, there was still a certain minimum that had to be accomplished, and staff members had multiple responsibilities, sometimes with fractional appointments. Against the Service Center model were the separation of staff from the department, a danger of overspecialization, and the problem of many masters, while in its favor were specialization (a two-edged sword, apparently), shared resources, and efficiency. It was also argued that there could be more professional opportunities for staff specialization and advancement within the Service Centers than within departments.

The permanent parts of the separate departmental budgets allocated to administrative support were returned to the Division, and allocations are now made to individual departments and the centers themselves. There was enough flexibility in the overall scheme so that the four versions of the model could be implemented in line with departmental goals and cultures. There are ongoing meetings between the Center Directors and HFA divisional staff, and meetings of staff across the Centers in order to identify ways to streamline job duties.

Departments or programs were not merged. Each department remains with its own chair, faculty, and degree programs. There were major space changes in each of the affected buildings. According to the Associate Dean of HFA, where available space allowed the creation of entirely new offices, a sense of unity and purpose was easier to reconstruct than where the staff was on separate floors. This new space could be configured with the needs of the Center in mind -- student walk-up counters, for example. The Associate Dean remarks, "a lot of people are saying that it is not as bad as they expected and that it actually works surprisingly well. Most people are happy."

Evaluation

UCSB reported results in an Operational Effectiveness Final Report[12] and in an Operational Effectiveness Survey[13]. In addition, we received reports from non-administrative sources. For example, the President of the UCSB University Senate stated, "This [shared service centers] created quite a bit of turmoil at first, and did not go smoothly in at least one of the buildings. In that building (HSSB) there were lots of complaints from faculty and staff that the new staff organization was not working. It

appears the complaints have largely stopped after the administrative head in the building was replaced."

According to an email message from the Associate Vice Chancellor, UCSB is in Phase 2 of its shop evaluations, and expects a final set of recommendations at the end of the 2011-12 fiscal year. The primary obstacles here concern space for the relocated or newly-merged shops. The evaluation metrics used so far are particular to the tasks. For ticketing, for example, one of the goals is improved turnaround time, while for procurement, improved sourcing should lead to monetary savings. Personnel "effort" and budgetary considerations, on the other hand, are being tracked in order to evaluate the restructured timekeeping procedures. As mentioned previously, OE efforts were almost exclusively directed toward administrative units rather than the academic sector. Shop services, which does have some impact at the academic level, did receive discussion at Faculty Senate meetings and meetings of the Graduate Council (according to minutes of meetings posted on the web), and comments and recommendations were passed up to OE committee. In addition, surveys and visits to the 21 campus shops have been conducted. It seems as though planning at UCSB has been fairly extensive, and consultation with potentially affected individuals has been part of the process throughout. Phase 2 reports will be presented in May 2012.

The Senate president also reported that "One other aspect of the operational effectiveness initiative that involved faculty is the reorganization of "shops", because they include not only administrative maintenance facilities but also units that serve academic departments -- e.g. repairing and maintaining lab equipment, mainly in the sciences and engineering. The initial goal was to save space and gain efficiency by combining units that do similar work. It created concerns among faculty that specialized expertise might get lost. This has now been turned over to the science and engineering deans and their faculty. I am not sure how much progress they have made."

We received a less-positive comment from a Humanities faculty member who reported that since students are taking care of their administrative tasks elsewhere, there's not as much traffic through the department space, and they're not "milling around the halls and department office and commons the way they used to."

University of Michigan

In the fall of 2009, the University of Michigan established the Creative Staffing and Shared Services task force to look systematically at ways to share resources "for more efficient delivery of administrative support services." The final report[14] provides a detailed roadmap for their implementation of shared services.

Motivation

The UM Provost charged the committee to "examine all major administrative service areas, including finance, human resources, student services, development, facilities, marketing and communications, and clerical support, and to look systematically at creative approaches through shared services opportunities in academic units." The goal of the task force was to determine how shared services and creative staffing could generate cost savings while maintaining current, or improving on currant, standards. The task force was composed of four deans, four key administrators from schools and colleges, and three representatives of central administrative units. The committee met biweekly for approximately six months. The committee considered a broad range of delivery models and service functions and examined specific job functions to see if that function was a good candidate for shared services or creative staffing. In addition, a key consideration of the committee was to ensure that shared services and creative staffing did not alter the "decentralized structure" of the University which they believe has enabled the University to have such "broad excellence" in educational and research units with "vastly different missions and programs."

Implementation

The committee made eleven major recommendations in their final report. The first, and perhaps the most important of these, was "in all cases in which there is a consolidation of administrative functions, that consolidation should be made with a deliberate emphasis on a shared services approach, including service-level agreements, and empowered customer governance structure, and the provision of individual customer-relationship managers." Central to this recommendation is the maintenance of accountability through "specific and enforceable service level agreements that specify in detail the performance each unit can expect." It also includes "customer-run governing boards that are responsible for setting the metrics used in the service level agreements, for assessing performance, and for setting priorities for the service center," and by "assignment of individual customer-relationship managers (or 'account managers') who provide a cognizant and responsible point-of-contract for customers." A working view the operational aspects of such a system can be seen in documents on the web page of the University of Michigan's School of Dentistry web site[15]:

This site provides an organizational chart, charter, and membership of their Administrative Quality Assurance Board, and the Service Level Agreement (SLA).[16] The SLA is of interest since it was rare among universities investigated in this study. Unfortunately, it does not provide a good model since the discrete expectations are not measurable. The University of Michigan's College of Literature, Science & Arts has also begun the process of implementing administrative shared services.

One of the task force's recommendations is worthy of highlighting since it recommends that "In most cases where shared services are adopted, a 'private school option' should be implemented, with a cost structure that incentivizes participation but allows a unit to opt out if there is something special about job function that makes it essential for that unit to take local responsibility for it. In a small number of cases, we recommend the provision of shared services on an optional, pay-for-use basis." The authors used the "private school option" in an "analogy to the situation where citizens of a town all pay real estate taxes that support the public school, but may opt to send their children to private schools if they bear the additional cost." They rejected the use of a "Fully optional participation by units" model and the "Mandatory participation by all units (schools, colleges, centers, central units)" model.

The committee believed that one of the most obvious ways to increase quality of service while reducing costs was the use of improved technology. Another recommendation was to "Invest in information technologies that are more intuitive and user-friendly, require less training, eliminate incentives to create shadow systems, and make use of electronic work flow."

Yet another task force recommendation suggested that the University "begin the process of shifting to shared services and creative staffing with job functions from the human relations, financial operations, and Information Technology areas." However, they cautioned "it is extremely important to have a carefully planned and ultimately successful transition of some job functions to shared services and creative staffing, rather than to attempt to do massive transformation all at once."

Their final recommendation was to "appoint an implementation committee to quickly operationalize the recommendations made by the shared services and creative staffing Task Force, selecting a small subset of job functions identified in this report, making a detailed business case for their shift to creative staffing or shared services, and implementing the shift. The identified functions should include both ones for which a shift to shared services is the best approach, and ones for which enhanced work-flow technology is most appropriate."

An important task undertaken by the task force was to define general criteria for "Characteristics of Good Candidates" and "Characteristics of Poor Candidates" for tasks considered for shared services or creative staffing. They also outlined good and poor candidates for shared services and creative staffing in Human Resources, Financial Operations, and Information Technology.

Beyond the Dental School, other academic units have begun the process of putting in place creative staffing and shared services arrangements. Among these units are the basic science departments of the Medical School and the College of Literature, Science & the Arts at the time the Task Force report was published. They now anticipate that the University of Michigan "Administrative Services Transformation" process will see a cost savings of $120 million between 2013 and 201717 and a 20% job cut in their non-unionized administrative staff

Evaluation

The University of Michigan provides an excellent model for the implementation of shared services in that their plans, rationale, and goals are widely disseminated. They also have adopted a shared governance model in which stakeholders actively participate in the transition. This has led them to balanced solutions that are often encouraged, but rarely mandated. They are cautious in the implementation in that they have focused primarily on non-academic services.

University of New Hampshire

As Ken Cody, Vice Chancellor and Treasurer/CFO, reported at the EACUBO workshop, UNH in 1995 faced an impending budget problem. In order to avoid layoffs (and reduce costs and improve service) they began a three year program they refer to as Administrative Services Redesign (ASR). A major component of the program was the creation of Business Service Centers (BSCs), coincident with a redesign of their business processes.

Motivation

The motivation was primarily financial. However, they also intended to improve service since they observed that most administrators had "too many other responsibilities to be good at transactions." They also observed that many administrators "were not properly trained, equipped, supervised, or centrally supported" and further reported that there were inconsistencies among departments. They intended to improve controls while at the same time eliminate "shadow systems."

Implementation

UNH created thirteen BSCs, with a staff of three to twelve in each center. They mandated the use of the service centers for all typical business transactions, which enabled them to standardize processes and therefore reduce staffing. Central to the change was the modification of business processes, in which UNH simplified, standardized, and automated transaction processing. They cite a reduction in the number of transaction steps as a "fundamental reason why UNH has been able to reduce cycle times and improve service."

They actively engaged stakeholders by building a credible business case and "finding a win for everyone." They noted the effectiveness of communicating "broadly and often." Of note is their practice of creating local teams of service providers and internal clients to discuss the implementation.

Evaluation

By the end of the 3-year implementation period, UNH reported elimination of 39 administrative positions through natural attrition and provided internal promotional opportunities for 89 others. Secretarial and clerical duties remained at the department level. There were no layoffs. They report sustainable cost savings, with improved services and controls.

University of North Carolina at Chapel Hill

Motivation

In 2009, UNC - Chapel Hill completed a study[18] with Bain & Company. This report, easily accessible through the Carolina Counts Web site[19], recommends ten areas in which the university could consider addressing cost reduction and efficiency measures. The Chancellor created the Carolina Counts program to respond to the recommended areas of the report. Administrators in the program, called Champions, are responsible for these individual areas identify projects to address cost reduction and efficiency measures. Champions subsequently create project teams of relevant faculty and staff to implement the project.

Some of the original Bain & Company recommendations included an indication that the creation of shared service centers may reduce cost and increase efficiency. Shared service centers include Finance, Information Technology, and Human Resources operations within "some schools and divisions." This broad indication of "some schools and divisions" may be interpreted as services that are provided by support staff in academic areas. However, the indications from other online documents seem to suggest that the university has only focused on shared and consistent processes in these areas to date.

Implementation

The significant characteristics of UNC – Chapel Hill's implementation of the Bain & Company recommendations seem to be the planning, the openness of communication and progress conveyed to the public, and the level at which affected staff are involved in implementation of change. Planning for both the Bain & Company study and the Carolina Counts program specifically state a desire to hold the academic endeavor of the institution harmless from any changes due to cost reduction and efficiency measures. Communication regarding the Bain & Company study, the Carolina Counts program, and all related projects are readily available online. Additionally, the UNC – Chapel Hill Faculty Senate leadership and membership were proactively informed of progress dating back before the 2009 report was completed. Involvement of affected stakeholders throughout the Bain & Company study for input and through Carolina Counts project teams for output is apparent in several online documents originating from the administration, faculty senate, and outside media.

The measures of quality for implementation, while not clearly stated as such, seem to be a particular projects ability to reduce cost or improve efficiency. Particular data for project process is limited to those individuals with UNC IDs and login identities (Faculty and Staff). Exact measures were not attainable for this report.

Documents that exemplify the planning for, communication to, and involvement of pertinent faculty and staff include the presentation referenced above as well as the summary of the mission, objective, and structure of the Carolina Counts program[20]. The reports state guiding principles such as preservation of academic quality while stating the areas of consideration for cost reduction (overall University structure, administration support, teaching, research, public service, and University operations).

Evaluation

Carolina Counts is well into the assessment of potential options identified in the Bain report. Leading those efforts are Joe Templeton, immediate past faculty council chair, former chair of the Department of Chemistry and now part-time special assistant to the chancellor for planning and initiatives. He has been joined by Mike Patil, former Associate Dean at the University's Eshelman School of Pharmacy, as full-time program director.

Templeton and Patil spent the last part of 2009 engaging campus colleagues from schools, units, and departments who could best delve into the main options identified in the Bain report and what they could mean for future University operations. Their focus is on guiding the University's analysis of those options, developing solutions that address them, and planning implementation.

In November 2009, Carolina Counts formally launched with the designation of Champions who will lead the ten areas identified for major improvements. In January 2010, all of the Champions were brought together for an orientation session on understanding the process and their roles, and to formulate projects that would accomplish the objectives of Carolina Counts initiative. Carolina Counts is currently working with the Champions to assess the projects, help prioritize them, and ensure a broader participation from across the campus where appropriate.

Yale University

Yale University has divided shared services into functional groups (e.g., Finance, Operations), and these groups have responsibility for classical back-office operations as well as departmental support. Currently the implementation is well underway, and the entire shared service process has been in place for about two years.

Motivation

The plans for shared services were primarily a result of the need for cost-savings, in their case due to the lowering of endowment levels (stock market fluctuation). However, the overall goal is to devote a greater percentage of the resources at Yale to research and education.

Implementation

The shared services organization includes various levels with differing reporting responsibilities, and sometimes multiple reporting responsibilities. Personnel in the shared services organization have overall responsibility for functional areas. At a lower level, they have Business Managers, who provide department support (from 1 to n departments). The Business Managers, who report to the Office of Business Operations, provide many of the financial and budgeting support for each department. There is no precise rule of thumb for the size of a department to justify a dedicated Business Manager. Departments directly support positions for most of the student and faculty facing functions. There is limited justification for sharing of these services.

Yale is still looking at strategies for support to smaller departments (i.e., when one Business Manager supports multiple departments). They have considered support by geography (e.g., same building) or by discipline. It is not clear yet which approach they prefer.

Measures for cost reduction and service improvement do not appear to be very precise, but overall, Yale sees some financial advantages. The basis for the measurement is in "benchmark studies." These studies look at overall FTE levels for departments of varying size and complexity. They look to see where they can achieve some savings, and then follow-up to see if they have achieved the savings.

When a department is moving to shared services, they implement an elaborate planning effort with the department (e.g., 16 weeks with the School of Drama). They intend the effort to be collaborative, and it can take as long as necessary to understand the department's business processes and recommend changes to coordinate with shared services. Their policy is to not go live with a given department until that department is comfortable with the changes.

Yale is committed to an on-going effort to consolidate differing departmental processes into a standard set of processes. They have considered strategies in which both a tool is adopted and processes are modified. They consider it unwise to attempt both at the same time, and prefer a commitment to shared services, followed by process reengineering and tool deployment in either order. In many cases, the consolidation of processes appears to be tool-driven. That is, after they better understand processes, automated tools supporting the processes are developed or purchased. Conformity with the tool then leads departments to update a process to be in better conformance with

the tool. They appeared to have many administrative automation tools in place (budgeting, expense reporting, purchasing, etc.), and departments are active users of the tools.

Consolidation/relocation varied with each function integrated into shared services. In all or almost all cases, departments kept some administrative support. However, they provide support functions for some smaller departments remotely. Individual responsibilities changed because of the service centers. They have tried various approaches from "lift & shift" to job postings with an interview process for transitioning workers.

It appears that early attempts at shared service were top-down, but as they learn more about the process, they are now attempting to be as inclusive as possible, especially concerning faculty.

Evaluation

Yale reported no major problems with the attitude of individual workers. They stated that they emphasized the advantages to employees of the move to shared services, specifically in terms of career paths and improved job training. There were some hints of problems with users of services, but no details.

Both employees and departments were actively engaged in the planning process, although they believe that more can be done to engage departments. They clearly need to "do a better job to engage faculty." They reported that success is linked to active cooperation with the faculty as well as with the unions.

Appendix

Question set

The committee interviewers used the following questions when discussing shared services with each of the institutions mentioned in this report.

1. What was the rationale for the implementation of shared service centers?
2. How is efficiency of the shared service center measured?
3. When tasks are moved from individual departments to a shared service center, is institutional knowledge recorded? If it is recorded, what techniques are used? Can they provide samples of knowledge so captured?
4. Were there attempts to consolidate differing departmental processes into a standard set of processes?
5. If processes were consolidated, how were differences among departments resolved?
6. Were there measures of service levels made before consolidation? If so, how did they differ with measures after consolidation?
7. Were individuals consolidated in a physical and/or organizational sense?
8. What was the approximate timeline for the implementation – divided into planning and implementation?
9. What changed as a result of the shared service centers?
10. How would you describe attitudes of individuals (workers and users of services) involved in consolidation?
11. Where the affected individuals actively engaged in the planning process?
12. Would you describe the implementation process as top-down or inclusive?

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