Centralisation? Decentralisation? Or….???…
Services in Australian Higher Education

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2015
Australian Context

May you live in interesting times…. (Chinese curse)

Sector challenges

• Funding cuts 2012, Higher Ed and PAVE on the back of decreasing government funding
• Rapid expansion of private providers
• Uncapped demand
• Move to different delivery modes
• TEQSA and AQF
• Decreasing international student cohort;
• The student experience and retention;
• Increasing importance on research
• Decreased or lost capital funding;
Response

Transformation
• Financial efficiency
• Reduced admin
• Streamlined processes – avoid duplication
• Compressed and consistent faculty structure
• Improve student experience
• Improve service
**Decentralized**

**Challenges**
- Disparate processes
- Multiple standards
- Duplication of effort
- Different control environments
- High cost and costs unclear across the business
- Not scalable

**Benefits**
- Responsive to Business and Operational needs
- Business/Operations control decisions
- Customized solutions to meet Business/Operational requirements

**Shared**

**Benefits**
- Highly client focused
- Commercially driven
- Service Partnership Agreements
- Clear unit costs
- Flexible delivery
- Clear understanding of drivers and activities

**Centralized**

**Challenges**
- Remote from business
- Unresponsive and inflexible
- No Business/Operational control over costs
- Viewed as central overhead
- Prevalence of shadow operations

**Benefits**
- Common systems and support
- Consistent standards and controls
- Tight control environment
- Economies of scale
WE'RE CONSOLIDATING OUR MARKETING INTO A SHARED SERVICES MODEL.

WHY?

CHANGE CREATES THE ILLUSION THAT WE HAVE A STRATEGY WHILE GIVING OUR CEO AN EXCUSE TO FIRE A VP WHO BEAT HIM AT GOLF.

AND BLAH, BLAH, SOMETHING ABOUT MONEY.

MUST... NOT... CRY... ON THE OUTSIDE.
What’s in a name?
Shared Services Definition

• ‘the concentration of resources performing like activities spread across the organisation in order to service multiple internal partners at a lower cost at higher service levels thereby enhancing corporate value’

Schulman, Dunleavy, Harmer and Lusk (1999)
Trends in Shared Services

• Concept - mid 1980’s.

• "cost savings of 20%-50% on processes in scope”
  (Hfs-PWC report June 2012)

• “Today's business environment, nine out of every ten enterprises have shared services ".
  (Hfs- PWC report June 2012)

• Functional Drivers – Finance, HR

• increase in scale and up the value chain

• Very important now in the Public Sector.

• austerity agenda : Shared Services is moving from opportunity to necessity.
Trends in Shared Services (continued..)

- Technology options continue to grow
- Across all industry sectors
- Adapted to each organization’s unique requirements
- More focused - key support for enablement and delivery of business strategic goals
  - more end-to-end “wing-to-wing” process focused
- “Big data” and Data Analytics now a key “output”
- biggest concern - needing visibility and control – the “classic” centralized vs decentralized dichotomy
Trends in Shared Services

- Ultimately this is “all about the business”. A means to an end and Triple Benefits.
Why Higher Education

• Increasingly competitive marketplace
• Scarce resources (Chazey Partners 2014)
  – Thus need effective leaner structures
• escalating cost-containment pressures,
  (Accenture, September 2013)
• Help close the budget gap, increase efficiencies and provide better service - future viability
“higher education is in crisis”.

- TIME magazine and Carnegie Corporation 2012 survey
- 96% of the American public and senior administrators at US colleges and universities
“I see shared services as something that is inevitable,”

“It’s the next logical influx of thinking in the business world brought into higher education.”

(Rowan Miranda, Associate Vice President, Finance at the University of Michigan)
Meeting the Challenge

- Turning to business models
- Thus shared services
Characteristics

- Front-office mentality and culture for back-office functions (non-core).
- Accountable - high performance and quality.
- A cost-effective service provider.
- Balance
- Familiarity with the larger organization being serviced.

Accenture, 2006
Shared Services is the organization that...

Employs a specialist team

Geographically unconstrained

Client-focused

Providing services that are...

High quality

High efficiency

Non-core

Lower cost

Mission critical

Repetitive or professional

Achieve by leveraging...

Organizational realignment

Technology

Standardization

Best Practices
## Shared Services vs centralisation

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Shared Services</th>
<th>Centralization</th>
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<tbody>
<tr>
<td>Accountability</td>
<td>Business Unit</td>
<td>Corporate</td>
</tr>
<tr>
<td>Key Performance Target</td>
<td>Service excellence and continuous improvement</td>
<td>Cost reduction and central control</td>
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<tr>
<td>Service Partnership Agreements</td>
<td>Widespread</td>
<td>Rare</td>
</tr>
<tr>
<td>Classification</td>
<td>An independent unit</td>
<td>Another corporate function</td>
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<tr>
<td>Responsibility</td>
<td>Partnership</td>
<td>Demarcation</td>
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Shared Services Models

- Usually 4 models, (Quinn, B. Cooke, R and Kris, A., 2000)

- **Basic**
  - Consolidation of transactional processing – Finance, HR, IT
  - Drivers – cost reduction
  - Focus on client interest

- **Marketplace**
  - Extends basic – includes professional and advisory services – business analysis, legal, materials management
  - Principle: internal consulting company, customised products, additional cost but not mandatory to use
Shared Services Models

- **Advanced Marketplace**
  - Provide internal clients with the choice of the most effective supplier for cost
  - Internal services charged back to the at market rates
  - Competition: internal and external, limited commercialisation of internal services

- **Independent Business**
  - Evolve to compete commercially and provide to external
# Activity Classification

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Characteristics</th>
<th>Examples</th>
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</table>
| **Transactional & Administrative** | • Results more quantifiable  
• Processes benefit greatly from standardization, automation and technology  
• Clear linkage between effort and results (outputs generally experienced in short-term)  
• Generally not client-facing | • Accounts payable  
• Payroll  
• IT service desk  
• Fleet management  
• Facilities management  
• Mailroom |
| **Professional & Technical** | • Results are more qualitative  
• Standardization, automation and technology have less of an impact  
• Relationship between effort and results is not as clear (medium-term perspective)  
• Generally requires interaction with client | • Procurement advisory  
• Recruiting/staffing  
• IT applications  
• Health & safety  
• Space planning  
• End user training |
| **Policy & Strategic** | • Distant relationship between effort and results (long-term perspective)  
• Standardization, automation and technology are not significant factors  
• Clear linkage to strategic goals of organization | • Signing authority policy  
• Business & strategic planning |
## Critical Success Factors (CSF’s)

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<th>Client</th>
<th>Process</th>
<th>Technology</th>
<th>People</th>
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</table>
| - Service orientation in place  
- Structured way of dealing with customers  
- Customer satisfaction levels understood  
- SPAs in place  
- Reality versus perception  
- Account management | - Processes documented  
- Standardized, controlled & repeatable activity  
- Recharging methodology  
- Benchmarking – internal/external  
- Metrics: Control Based; (ii) Efficiency & Effectiveness | - ERP implemented  
- Document Scanning Solution  
- Workflow  
- Automated Payments  
- Elimination of Side Systems  
- Self services tools  
- Automated Score Cards | - Skilled Leadership in place – do not compromise on competencies  
- Team shape & stability – process shaped/spans of control/staff – perm v temps  
- Team members – culture, values & behavioral competencies assessed  
- Team morale, reward & retention  
- Working environment conducive to team working |
SOMETHING TOLD HIM THAT MERGING THE CUSTOMER SERVICE TEAMS WAS GOING TO BE TRICKY....
Problems with Shared services

1. Not measuring costs or service levels before a move to shared services

2. Not documenting processes and work streams pre-implementation

3. Not focusing sufficiently on the transition period

4. Not having a robust project plan clarifying employee resources

5. Fighting the battles of yesterday, not those of tomorrow

Liddell, J (2012)
6. Becoming bogged down standardizing technology and processes pre-implementation

7. Believing that “it’s already a centralized process: there’s nothing we should do”

8. Having no, or inadequate, risk management or monitoring

9. Omitting the “make versus buy” equation

10. Not working with the client on their needs

Liddell, J (2012)
Recent backlash from Faculty at the University of Michigan highlights the importance of engaging key stakeholders and internal customers at the beginning of the initiative and providing open communication channels throughout the entire process

(Chazey Partners 2013)
What am I doing?

• Explore the perceptions of effectiveness of shared services in the Australian higher education context.

• Specifically consider:
  – the drivers and benefits
  – the fit of shared service models for the Australian higher education sector
  – possible hybridisation to move towards required efficiencies
  – perceived levels of efficiency
  – Frameworks which can be adapted to fit the Australian Higher Education sector (possible development)
Small scale study
Findings

- Consistent frameworks are not the norm
- Distinct foci for the delivery of services across the universities rather than a uniform approach
- Drivers - a predominant shift to Shared Services models within universities,
- 2 different focuses
- What services are needed - face to face or through technology?
- Reviews of delivery in silos
Findings …

- Regional and/or small campus issues – community provision
  - Use of specialist-generalists as well as funding constraints

- Technology perceived as essential balanced with personal approach

- Communication an issue (staff resistance)

- Low hanging fruit are often Finance, HR and IT services

- Often more centralisation (should be an element of it)

- Still duplication
Findings

• Research into the best approach for the provision of services was not evident from the interviewees
• Maintaining consistency of standards – efficiency
• Meeting staff and student requirements – (high touch/low touch)
• Change – IR and people – an issue
• What we do depends on the leader we have
Change Managers vs Change Leaders

Change Management - a set of basic tools or structures intended to keep any change effort under control. The goal is often to minimize the distractions and impacts of the change.

Change leadership - concerns the driving forces, visions and processes that fuel large-scale transformation.’

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<th>Kurt Lewin</th>
<th>John Kotter</th>
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| **Unfreeze** | **1. Establish a sense of urgency**  
**2. Create the Guiding Coalition**  
**3. Develop a Vision and Strategy**  
**4. Communicate the change vision** |
| **Change** | **1. Empower broad based action**  
**2. Generate short term wins**  
**3. Consolidate gains and make more change** |
| **Re-freeze** | **1. Anchor new approaches in the culture** |

Change leadership is associated with:

• the bigger leaps we have to make,

• windows of opportunity coming at us faster, staying open less time,

• bigger hazards and bullets coming at us faster, a larger leap at a faster speed.
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<th>Managers</th>
<th>Leaders</th>
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<td>Seeks order and consistency</td>
<td>Seeks change and movement</td>
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<tr>
<td>During planning and budgeting—establishes agendas, sets timetables and allocates resources.</td>
<td>Establishes direction—looks at the big picture, clarifies the situation, creates a vision and determines strategies.</td>
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<tr>
<td>With relation to staffing—provides structure, job placements and defines rules and processes.</td>
<td>With relation to people—aligns people, communicates goals, builds teams, looks for commitment.</td>
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<tr>
<td>Focuses on control and the solving of issues by taking actions to correct issues, creating solutions and defining incentives to reward good work.</td>
<td>Focuses on motivating and inspiring people through empowerment, looking at how to satisfy unmet needs, and energizing people.</td>
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Trends in the global leadership space?

Existing Trends
Emerging Trends

• Thinking Globally
• Appreciating cultural diversity
• Developing Technological savvy
• Building partnerships and alliances
• Sharing leadership
So…

- Centralisation vs decentralisation circle is broken
- **A valid need in common**
- No one framework for universities
- Define what shared services is for you - hybrid
- Need a change leader as well as change managers
- Technology
- Address outlier campuses and other differences
- **One size does not fit all**
Thank You!