



*Shared Services – Strategy for  
Modernization*

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# Shared Services as Strategy

- ❖ Strategy for modernization, integration, transformation and capacity building—adoption worldwide in private and public sectors, and emerging in broader public sector and not-for-profit
  - **Huge cultural changes**
    - *in the case of large organizations, the creation of a “one company” mindset with enterprise wide benefits*
  - **Sustained commitment**
    - *For the largest of organizations, usually between three to five years after the majority of investments -- in people, processes and systems -- have been made*



# What are Shared Services?

❖ A relatively new approach to business architecture that consolidates business/administrative support functions on an enterprise, sectoral, or community basis, transforming them into specialist centres, under common management, and operating them as free standing businesses accountable to clients, for the purpose of driving down costs and increasing service quality

- Reducing costs by 10%-40%
- Sharing scarce resources;
- Eliminating redundancy and duplication, especially in information technology systems;
- Redeploying savings to mission critical areas

## Typical Lines of Business:

- employee portal for business and employee services
- Customer/client portal services
- Contact centres
- financial processing; accounting
- Legal and other professional services
- strategic and common procurement services
- Utilities acquisition and management
- Facilities management
- payroll and benefits; labour relations
- insurance and risk management
- IT services



# A Relatively Simple Business Model

## ❖ Three Fundamentals:

- Geographic consolidation of similar activity in as few locations as possible
- Deployment of enterprise-wide information technology systems
- Standardization of redesigned business processes

## ❖ Basic Building Blocks

- Baselines—without which progress cannot be measured
- Service Level Agreements—basic accountability mechanisms
- Pricing/costing/benchmarks—running it like a business
- Governance and Customer accountability—optimizing a service culture

# More of a journey than a destination

**From**

**To**

Redundant. Inconsistent. Incompatible.  
Resource intensive. Information Poor

Standardized. Efficient. Integrated.  
Cost effective. Customer-focused.  
Information Rich

- ❖ Multiple departments and agencies each with its own administrative/business/information technology arrangements
- ❖ Disaggregated procurements
- ❖ Paper-based business transactions
- ❖ Centralized services with little customer focus
- ❖ “Silo” governance
- ❖ Information Light

- ❖ Multiple departments and agencies sharing selected services on a government -wide basis
- ❖ Strategic and leveraged procurements
- ❖ Online business transactions; web enabled and portal assisted
- ❖ Private sector service delivery model—more customer centred services and sophisticated customer relationship management
- ❖ Enterprise-wide governance
- ❖ Information rich

**Strategy**

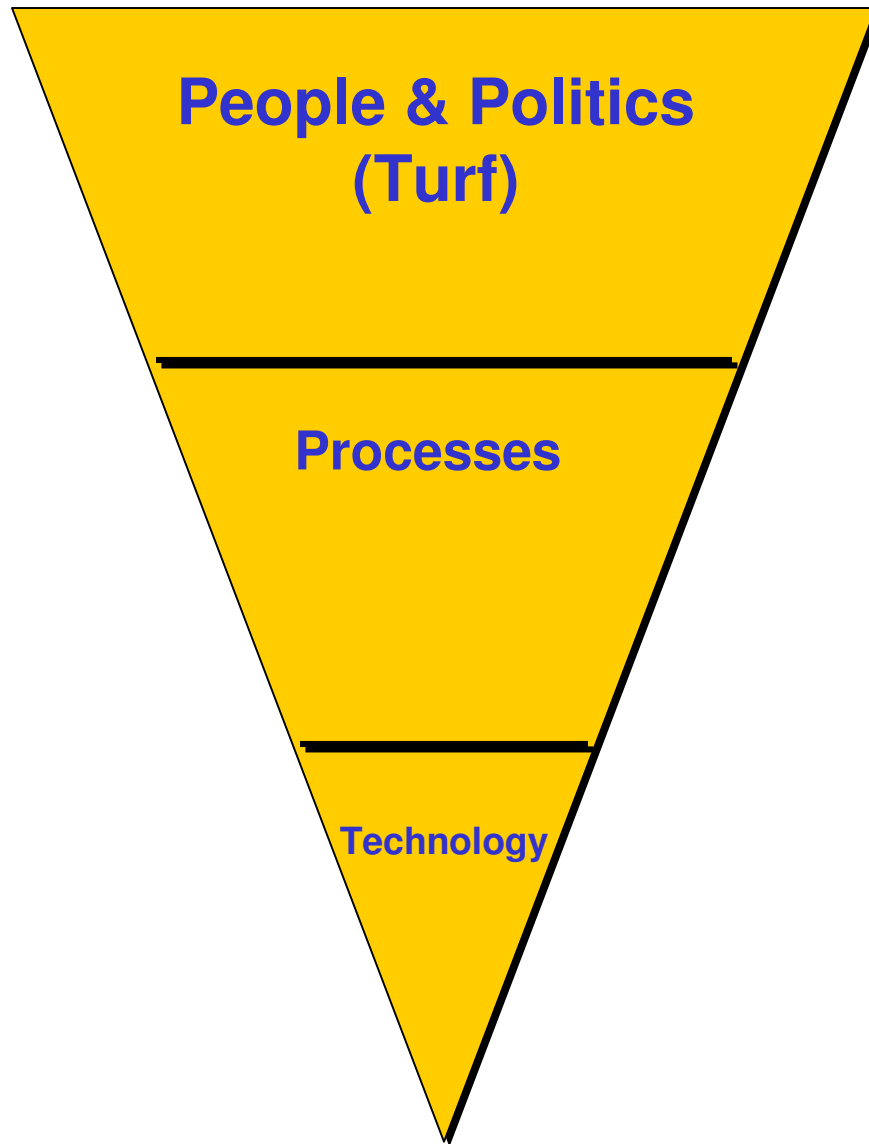
# Not Centralized, but Shared

## Centralized

## Shared Services

Central functions set policy and direction	<b>Governance</b>	Direction set with the aid of a "board of directors" with customer representation
Corporate goals take precedence	<b>Accountability</b>	Customer's needs shape priorities
All services mandatory	<b>Flexibility</b>	After moratorium, compete with external providers in some/all business lines
Corporate goals establish standards for judging performance	<b>Performance</b>	Report on performance, judged against internal and external benchmarks
Services paid for through direct allocation	<b>Funding</b>	Once pricing model is established... customers charged based on usage

# Why not Shared Services?



- ❖ People and Politics (turf) are the principal barriers to shared services implementations, therefore the primacy of leadership
- ❖ Need to optimize change management strategies—no change without pain
- ❖ Goals of shared services journey must be clear and unambiguous—shared services as a strategy for modernization

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