

Shared Services Model		STAGE	Prioritization
<b>PROPOSAL OVERVIEW</b>			
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Problem Statement	Administration is highly decentralized, with units independently covering a range of duplicate functions. Unit-embedded functional support provides customer-centric knowledge at a cost of inefficiencies and organizational risk. Distributed specialists are under-utilized by central offices. Better balance can be achieved between centralized versus decentralized design.		
Proposed Solution	Create an administrative shared services center in A&F to support interested smaller units, funded by seed money and unit contributions. Build the center over time as attrition occurs and units opt in. Integrate distributed functional specialists with central functional specialists by defining workflows, roles and responsibilities to leverage their expertise, better load-balance across existing resources, and reduce the bottlenecks in central offices.		
Key Performance Indicators or Outcome Measures	Reduced process cycle times Increased staff capacity Improved allocation of services among units Improved allocation of services among staff	Stable service provider satisfaction Stable service user satisfaction	
General Time & Effort Required	VERY LARGE. Dependent on Doc Mgt Workflow for best success and ease of use, interdependent with HR process improvements. Significant effort in development and implementation of the shared services system pilot. Moderate training.		
Alternative Solutions	Implement a shared service center among multiple units without a reporting line to Administration and Finance.		
<b>ALIGNMENT</b>			
Data Support	<input checked="" type="checkbox"/> Surveys <input type="checkbox"/> Focus Groups <input checked="" type="checkbox"/> Professional Expertise		
Initiative Objectives	<input checked="" type="checkbox"/> Operational Efficiency <input checked="" type="checkbox"/> Employee Satisfaction		
Departments Served	<input checked="" type="checkbox"/> Academic Depts <input type="checkbox"/> Agencies <input checked="" type="checkbox"/> Fin & Acct Central <input checked="" type="checkbox"/> HR Central <input checked="" type="checkbox"/> IT Central <input checked="" type="checkbox"/> Purchasing Central <input checked="" type="checkbox"/> Sponsored Programs <input checked="" type="checkbox"/> University Comm		
Constituents Served	<input checked="" type="checkbox"/> Service Users <input type="checkbox"/> <100 <input type="checkbox"/> 100-500 <input checked="" type="checkbox"/> >500 <input checked="" type="checkbox"/> Service Providers <input type="checkbox"/> <100 <input type="checkbox"/> 100-500 <input checked="" type="checkbox"/> >500		
Problems Addressed	<input checked="" type="checkbox"/> Paper process <input checked="" type="checkbox"/> Customer service <input checked="" type="checkbox"/> Central/Dist model <input checked="" type="checkbox"/> Lack of integration <input checked="" type="checkbox"/> Comm/Coord <input checked="" type="checkbox"/> Redundancy <input checked="" type="checkbox"/> Staff expertise <input checked="" type="checkbox"/> Staff capacity <input type="checkbox"/> Allocation/prioritization <input checked="" type="checkbox"/> Compensation		
Processes / Services Addressed	<input checked="" type="checkbox"/> HR Recruiting <input checked="" type="checkbox"/> Purchasing <input checked="" type="checkbox"/> IT Support <input checked="" type="checkbox"/> Sponsored Programs <input checked="" type="checkbox"/> Web Dev & Content <input checked="" type="checkbox"/> BPAs <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> EPAFs/Payroll <input checked="" type="checkbox"/> IT Governance <input type="checkbox"/> Employee Relations		
<b>COST-EFFECTIVENESS</b>			
<b>DISCLAIMER: Hypothetical cost-benefit analysis. Estimates are only for demonstration purposes.</b>			
Upfront Real Cost	\$ 95,000	Upfront T&E Cost	\$ -
Ongoing Annual Cost	\$ 110,000	Ongoing Annual T&E Cost	\$ -
Benefits	<input type="checkbox"/> Cash Savings <input checked="" type="checkbox"/> Incr. capacity	Estimated New Net	\$ (284,000)
<b>COMMENTS AND RECOMMENDATIONS</b>			
Alignment Rating	0%	Cost-Effectiveness Rating	0%
Probability of Success Rating		0%	

<b>Shared Services Model</b>				
<b>REF</b>	<b>CATEGORY</b>	<b>FACTOR</b>	<b>METRIC</b>	<b>VALUE</b>
<b>ALIGNMENT</b>				
A.1	Institutional:	Mission	Outcome aligns directly to support of MSU discovery, creativity, service mission.	0
A.2	Initiative:	Increased efficiency	Outcome results in optimized process, productivity, and throughput.	0
A.3	Initiative:	Improved satisfaction	Outcome results in improved employee job satisfaction.	0
A.4	Scope:	Horizontal problems	Outcome addresses all the identified horizontal problems of the organization	0
A.5	Scope:	Processes/services	Outcome addresses all the identified process or service problems	0
A.6	Scope:	Functional areas	Outcome addresses all of the functional area departments in the initiative scope	0
A.7	Constituents:	Constituent reach	Outcome directly addresses deepest identified constituent needs.	0
A.8	Constituents:	Constituent span	Outcome directly addresses needs of the widest number of constituents.	0
<b>COST-EFFECTIVENESS</b>				
C.1	Cost:	Ongoing	Ongoing cost is minimal or none.	0
C.2	Cost:	Upfront	Upfront cost is minimal or none.	0
C.3	Fiscal:	Cost Savings	Outcome reduces cash outflow.	0
C.4	Functional:	Time Savings	Outcome reduces time on process.	0
C.5	Opportunity:	Resource Availability	Necessary FTE and other resources are available and underutilized.	0
C.6	Opportunity:	Alternatives Availability	Time & effort cannot be better spent on any possible alternative.	0
<b>PROBABILITY OF SUCCESS</b>				
P.1	Institutional:	Critical Success Factors	CSFs are achievable with a high probability of occurring easily.	0
P.2	Institutional:	Funding Availability	Upfront and ongoing funding is sufficient for the life of the project.	0
P.3	Institutional:	Cultural willingness	The institutional culture is ready and willing to adopt this solution over alternatives.	0
P.4	Planning:	Training	Training needed is minimal and has been adequately planned for.	0
P.5	Planning:	Measurement	Outcome performance is measurable and will be reported.	0
P.6	Planning:	Stakeholders	Stakeholders are identified; expectations are reasonable and manageable.	0
P.7	Scope:	Complexity	Complexity is minimal; scope is defined and manageable.	0
P.8	Sustainability:	Ongoing Support	Ongoing support needed is minimal or readily available at low cost.	0

### OpenMSU Objectives Addressed

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- **Increase capacity-** through standardized processes, error reduction from greater specialization and reduction of transaction volume.
- **Reduce cycle times-** standardize processes.
- **Coordinate activities-** implement shared services with defined relationships to central functions to improve coordination between central and distributed service providers.
- **Improve allocation-** share services to improve the allocation of services among MSU units.

### Supporting Data

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- MSU-Bozeman has about 140 units supported by central and distributed service providers in different functional disciplines:
  - Finance & accounting: about 130 total service providers with about 100 distributed (about 80%).
  - HR: about 30 total service providers with about 10 distributed (about 30%).
  - IT: about 140 total service providers with about 85 distributed (about 60%).
  - Administrative associates: Many of the about 190 service providers are providing finance & accounting, HR and IT services.
- Larger units have more specialized functional staff; however, many units have a small number of generalists providing a combination of finance & accounting, HR, IT, purchasing, sponsored program administration, Web development and content management services in addition to general administration and academic support (such as assistance with advising).
- In response to the OpenMSU Service Provider Survey, the majority of respondents stated that they spend less than 50% of their time on any one function.
- According to organizational management principles, different organizational designs have different strengths and weaknesses. An optimal fit exists between organizational design and business needs. Organizations evolve over time and may digress away from optimal fit, requiring conscious effort to refit the design to better support business needs. (Donaldson, Lex. 2001. The Contingency Theory of Organizations. Sage Publications, Inc.: Foundations for Organizational Science.)
- A large land-grant university in the northwestern United States reported a significant decrease in routine errors from better trained, more specialized distributed staff. Centralized staff spent less time correcting and explaining and more time analyzing and directing (phone interview Spring of 2012). Other institutions report similar improvements with distributed shared services models.

### Detailed Problem Statement

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The MSU-Bozeman administrative organization has evolved into a highly decentralized structure, with units operating independently of each other covering a range of duplicate administrative functions. Unit-embedded functional support has the benefit of customer-centric knowledge at a cost of inefficiencies and organizational risk. Distributed specialist expertise could be leveraged to better support central offices. Better balance can be achieved between the trade-offs of centralized versus decentralized design.

# Shared Service Center Pilot

## OpenMSU Proposal

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Administrative roles are not consistently allocated to units based on volume. For example, smaller units may not have the need for a full-time administrative person but employ one because the alternative would be to have faculty or academic staff performing administrative duties. To fill out the fulltime capacity, duties are performed by administrative staff that might be better performed by others. The result is an inequitable distribution of administrative staff across large and small units.

Duplicating functions in each unit is inefficient for the institution overall. In smaller units, generalist staff must obtain more training to maintain the skills and knowledge necessary to cover a broader set of responsibilities. They perform many specialized tasks less frequently, with less expertise, and less efficiently than functional specialists. Functional services are fragmented across departments creating challenges with training, coordination, communication, equitable allocation and overwhelmed staff. Disparate software systems burden limited IT resources with duplication and prevent load sharing among functional staff. Lack of backup staff degrades service during absences and turnover and compounds risk.

In larger units, functional specialists have expertise that is often untapped by centralized departments. Lack of defined roles and collaboration between distributed specialists and centralized specialists causes duplication of effort. Additional specialized capacity is available that is not being leveraged, while limited capacity in the central offices causes bottlenecks and slow service.

Finally, a highly decentralized approach to functional support creates operational and compliance risks for the campus. Work is developed in different ways to accomplish the same tasks without always following the same standards and protocols. Staff may be performing specialized functional tasks without proper oversight, they are often without peers to rely upon for consultation and support, best practices and lessons learned are not shared, and staff development is not fostered. Lack of backup during normal or unplanned absences creates both mission risks and delays in service provision.

While a highly decentralized design is not optimal it has the advantage of customer-centric service and knowledge that would be lost in a fully centralized model. Generalist staff also report satisfaction with a variety of tasks to perform. For those reasons and for the practical lack of space, full centralization is not a good model for MSU but better balance can be achieved.

### Detailed Solution Statement

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Assign a project team of distributed and central stakeholders to build a Distributed Shared Services model based on best practices and lessons learned from other institutions:

- Create an administrative shared services center in A&F to support smaller units currently interested in better coverage with more efficient use of funding for their vacant positions.
  - Recruit a manager and 1-2 functional staff from internal or external candidates.
  - Build the shared services center over time as attrition occurs and units opt in.
  - Fund the center with initial seed money from A&F and from participating unit contributions at lower cost than filling their vacancies independently.

## Shared Service Center Pilot OpenMSU Proposal

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- Integrate distributed functional specialists with central functional specialists by defining workflows, roles and responsibilities to leverage their expertise, better load-balance across existing resources, and reduce the bottlenecks in central offices.

### Alternative solutions

- Implement a shared service center among multiple units without a reporting line to Administration and Finance.