

# Changing For Excellence

## Business Case Goal Completion Report

### Shared Service Centers

**Report Date:** August 2016

#### Context:

- Back-office department accounting, human resource and research post award administrative functions are carried out across the Lawrence campus with little standardization and no forum to share best practices.
- Staff report that training is ineffective, creating confusion when implementing policies and procedures; this is compounded by the low frequency with which many staff perform certain functions.
- Staff are dissatisfied with career opportunities on campus.
- Central offices have difficulty implementing system and policy changes due to the decentralized nature of activities and the large number of staff involved in administrative processes.

#### Goal 1

KU Shared Service Center – Build the Foundation: gather information and develop a plan for implementation, plan and assess staffing needs, redesign business processes, develop training resources and communicate with campus.

#### Goal 2

KU Shared Service Center – Implementation: transition all of campus to the KU Shared Service Center model

#### Goals

*For each goal answer the following: What percent is this goal complete? If the goal has been met, please describe how it was met. If the goal has not been met, how will you be completing this goal or why will it not be complete?*

- Gather information and develop a plan for implementation (100%)
  - Utilized consulting expertise and resources to implement initial SSC site.
  - Hired staff to manage the ongoing SSC project implementation, created training resources, developed communication tools, identified key performance metrics, etc.
  - Gathered information from other universities through phone calls, conference attendance and campus visits.
- Plan and assess SSC staffing needs (100%)
  - Established organization structure, developed PDs, created salary ranges in coordination with central offices.
  - Developed a staffing assessment survey tool to determine the appropriate level of staffing in the SSCs and Units post implementation.
  - Created a tool to query transaction type and volume for each Unit transitioning to SSCs. Developed standard workload expectations to guide staffing assignments.
- Redesign business processes (100%)
  - Leveraged many campus colleagues to review each business process that would transition to SSCs. This allowed staff to get involved with the project and led to the development of best practices.
- Develop training resources (85%)

- Worked with the central offices (e.g., HR, Research, Procurement) to develop policy and procedure training for new SSC staff.
- Developed online video training for SSC staff for the “how to” procedural aspects of their responsibilities. 15 video online training sessions have been developed thus far. They include detailed learning objectives and post-training tests to measure retention.
- Communicate with campus (100%)
  - Developed a number of communication channels during the initial phases of SSC design and implementation
    - Design Review Committee – Serves as the executive leadership committee for the project. Responsible for making SSC decisions regarding implementation model, space, scope of work and adherence to business case.
    - Communication Ambassadors – Held monthly open town hall meetings throughout the three years of planning and implementation to provide updates on the project and to provide a venue for staff to ask questions.
    - Process Improvement & Training Committees – Selected approximately 100 staff members from across campus to be involved in teams with the goal of defining the best practice for each process moving to shared services.
    - Transition Planning and Space Committee – Guide, influence, and advise on the physical plant and space aspects of the initial shared service center, and provide input into the transition plan.
    - Communication and Change Management Committee - Communicate the shared service center vision, facilitate the implementation of regional shared service centers, and inform the KU community of progress.
    - SSC Steering Committee – Guide, influence and advise on the implementation of the initial SSC.
    - Communicate often with central offices to discuss policies, process improvement and ongoing staff training opportunities.
    - Developed a SSC website for customers.
  - Transition the campus to shared services
    - This goal was completed on July 5<sup>th</sup>, 2016. All units are now supported by shared services. The only exceptions are Student Senate and the University Daily Kansan. Since these two areas are managed by students that typically turn over each year, it has proven difficult to engage their leadership long enough to transition staff and activities. Moving these last two areas is a priority in the coming year, assuming the current leadership is supportive of the change.

*Overall, how did goals change during Changing For Excellence and what goals were added or removed:*

- The SSC implementation model changed significantly between the planning and mid implementation stage. The initial plan included the creation of 9 regional shared service centers on the Lawrence campus. After initiating the first two SSCs, we realized having too many SSCs with small staff numbers would lead to significant management costs, less efficient organizations and little staff back up. We ultimately implemented 5 SSCs and continue to evaluate what the most effective model is in terms of service and cost moving forward. The implementation plan was extended from 2.5 to 3.5 years to provide adequate time to assess the needs of each School, Research Center or Unit as they transitioned to shared services.

### **Challenges**

- The most significant challenge of the shared service center project is managing the change and the impact to Units. When complete, implementation of shared services at KU will impact every faculty and staff member at KU. Upon completion of the project, approximately 160 staff members will transition from Schools, administrative departments and research centers to the SSC.
- Identifying space to locate SSCs is difficult and renovations are time consuming and require resources.
- Assessing human resource workload in the department is difficult due to non-conformity of the work and the lack of relevant and accessible metric data.

*Describe if these challenges were encountered during Changing for Excellence and what unanticipated challenges occurred during the process:*

- These are common and on-going challenges for any large public university that embarks on such a significant change in how business operations are organized.
- The original SSC business case included key assumptions that were not accurate, thus impacting the final outcome of the project. Specifically, the business case included an assumption that the leadership positions would be funded from excess capacity in the departments served. This was not the case and impacted the financial savings. Additionally, it was assumed that 30% more staff would be moved from Units to SSCs than were actually transitioned. This also impacted the business case. The estimated savings target for Shared Services has been reduced \$2M as projected in the Huron Business Case amount to \$1.5M.
- Another unanticipated challenge was the effort needed to reorganize the administrative activities that remained in the department. Significant time and skill was required to rewrite position descriptions, train staff and transition responsibilities within the organization.
- Quite a few model and/or process compromises were required in order to transition units from active resistance to at worst, resignation, or at best, to be supportive toward the implementation. As a result, there are numerous process deviations from the standard SSC process. While having fewer, more focused staff makes training and system implementations easier than they historically were, the model comprises still impact our overall ability to train staff effectively and implement new systems in a cost effective manner. Ultimately, our ability to deliver future cost savings will be directly related to the amount of support executive leadership provides to further standardize the SSC model and associated processes moving forward.

### **Opportunities**

- Implementing SSCs across campus is a transformational opportunity for KU to reduce costs and improve processes. Once fully implemented, creating business centers to centralize and streamline transactional functions across campus are expected to create a net annual cost savings of approximately \$2M.
- Regional SSCs will be created to process high volume financial and human resource transactions that are currently managed in a decentralized manner across campus. It will take 3.5 years to fully implement business centers and realize these savings.

*Describe if these opportunities occurred during Changing for Excellence and what unanticipated opportunities were realized during the process:*

- Implementation targets have been realized. It took 12 months longer to implement shared services than originally anticipated. However, the extra time allowed for careful planning and successful implementation with minimal political backlash.
- One benefit that was not fully recognized during SSC inception was the ability to more easily implement campus wide process improvement changes. For example, this past spring the SSC team implemented a new system to gather, audit and report on faculty summer appointments. This new process was very successful and would not have been realized without a concerted effort of SSC staff from all 5 centers.

### **Changing For Excellence Summary**

*Summarize the process to date and lessons learned. Provide specific future direction, next steps, and strategy for this business case. Indicate what metrics will be used to measure success:*

To date, KU has implemented five shared service centers serving about 99.9% of campus. KU has transitioned staff from across campus and the SSC organization currently employs approximately 175 staff members. The project was completed in the summer of 2016. The SSC organization generated recurring savings of \$480K and \$315K in FY15 and FY16, respectively. To date, SSCs have generated \$795K toward its \$1.5M goal.

### **Key Performance Metrics**

The SSC organization has placed a great deal of emphasis on identifying and gathering metrics. These metrics will help us manage our progress, improve processes and ultimately better serve our campus. A sampling of the SSC metrics that have been identified as high priority are:

- Customer satisfaction survey data gathered from Schools and Units we support. These surveys are administered three times a year and results are posted on the Changing for Excellence website.
- KU Procurement Card - % of transactions that are not reconciled by the end of the card cycle
- Time and Leave overrides - % of staff with unapproved time or other errors at the end of the pay period
- Travel reimbursement
  - average time to reimburse a traveler after all receipts have been received
  - % of travel reimbursements that are sent back by Central Audit due to errors

### **Lessons Learned**

- Senior/Executive leadership support is critical to project success during and post-implementation.
- There are many benefits to shared services beyond staff salary cost savings and in fact, these cost savings should not be the sole driving factor for transitioning to a shared services model.
- The level of training and accountability across campus varied greatly. Changing the level of performance expectations for staff requires thoughtful communication and discernment.
- The initial SSC site must be successful. A failed pilot site will derail the remaining implementation plan. To this end, the leadership of the initial implementation site must be supportive.
- The process for determining which staff will remain in the Unit and those that will transition to the SSC must be done in a way that leverages staff strengths and allows for continued professional development

so that both entities will be successful. Sometimes this is simply not possible due to poor selection and management of staff.

- Significant communication efforts are necessary to bring about transformational change. Although time consuming, one-on-one meetings proved to be the best communication method.
- Maintaining patience and preventing burnout of staff on the implementation team is critical to success and frankly very challenging with a project of this magnitude.
- Communicating the story of shared services is critical in combatting the rumor mill. In an information void, individuals across campus will believe the few process mistakes represent all of the work processed by shared services.

#### **Post-Changing For Excellence Updates (Completed Projects Only)**

*The CFE business cases, while complete for routine reporting purposes, are never considered done as they are constantly being monitored and grown. With this in mind, please provide your detailed strategies on the continued growth and development of these business cases. Information about how units continue to improve and innovate from these business cases should be addressed. Details could include information about refining processes, new projects, measuring success, metrics being reviewed, and other methods for understanding improvements.*

- Continue to focus on meeting the \$1.5M cost savings target
- Training and Performance Management
- Expand metrics tracking to measure staff performance and to manage workload
- Increase partnership with central offices to create additional university efficiencies
- Create a positive “brand” for the SSC organization