

2010 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

Models of Shared Service Centers and How They Drive Administrative Efficiencies

UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

Succeeding in Challenging Times

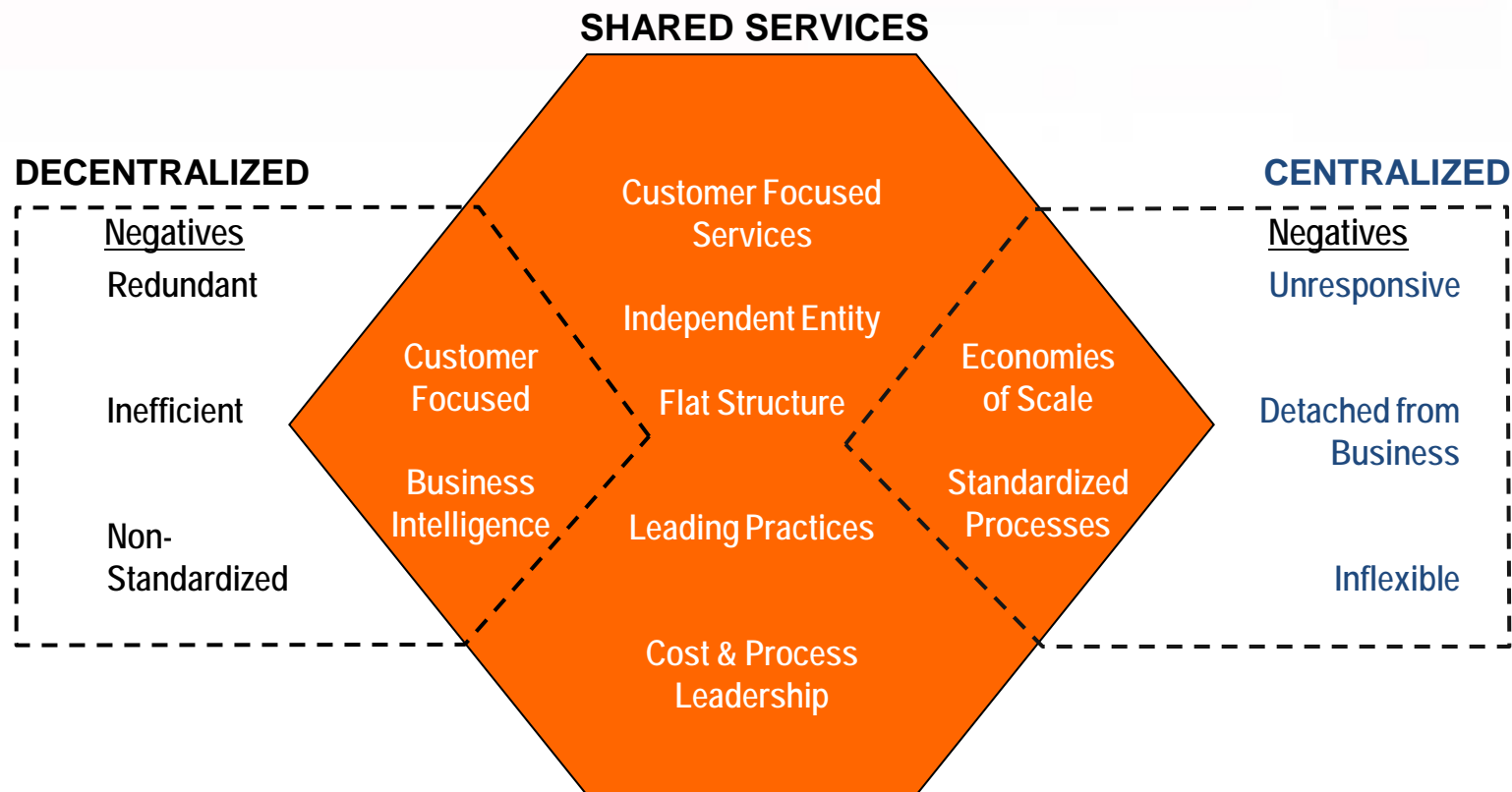
Workshop Presenters

- Richard Alpern – Associate Dean for Administration, LAS
- Frank Goldberg – Vice Provost for Resource Planning and Management
- Heather Haberaecker – Executive Assistant Vice President, OBFS
- Albert Schorsch – Associate Dean, CUPPA

Workshop Objectives

- To develop an understanding of:
 - shared services
 - centralized services
 - consolidated services
- Examine existing models:
 - how they can reduce costs and/or improve services
 - Under what circumstances is each model appropriate

Shared vs. Centralized Services



Description

- Interim President Ikenberry has recently formed a committee responsible for providing recommendations on shared service centers (e.g., teams of business, finance, research and human resources administrators who service more than one department).
- In this workshop, participants will learn about different models that are already in use at UIC and ones that are being considered.
- There will be discussion regarding how shared service centers can potentially reduce costs and how to effectively deploy them at UIC.

Philosophy

- Organizational change must occur within the context of professional development and improved communication and teamwork
- Performance measures necessary
- Something lost, something gained

Pitfalls

- Beware of Dilbert principle
 - Centralize what was decentralized, decentralize what was centralized.
 - Centralization or Decentralization for change's sake only
- Lack of communication
- Over-promising results

50,000 foot overview

- The old, pre-research university organization based around the do-everything departmental business manager is moving to the research university organization often requiring specialized staff within given professional areas of HR, finance, grants management, student services, etc.
- Each area of specialization in a research-oriented college may be too complex and time-demanding for an individual staff person to master all of them

Concerns

- Each unit head may prefer to have their own staff
- Unit interest in controlling their own resources, information

Change in a service organization must include more comprehensive changes

- Communication
 - You must reconnect what you disconnect
 - Directors, Heads, PIs, faculty, staff must all be engaged in some way in the process
- Reporting Methodology
 - Must be adapted to new staffing availability to produced reports
 - Must integrate HR and Finance information, so finance staff are kept regularly informed of HR costs
- Professional Development
 - Essential to the long-term success of staff

Select Strategies

- Incremental pairing of units with shared staff - consolidation
- Share Service teams integrated with several units in general space
- Formal centralization in dedicated space

Make a decision about what can and can't
be successfully centralized

- More successfully centralized
 - HR
 - Post Award
 - Accounting
- What can more successfully stay home
 - Student services
 - Specialized Pre-Award

Process

- Establish a pattern of Transparent communication on budgets, financial data, so faculty and staff can have rational basis for action
- High touch, low touch communications
 - High touch--direct, in-person communication
 - Low touch--e-mails, memos, etc.
- Administrators set structure and goals, staff take ownership of details
 - Goals--accurate and timely pay first; efficiency of operations and cost-savings second

Advice

- Get advice from other units/colleges
- Meet with with Directors, PIs, staff on the changes being considered
- Take considered and well-communicated steps
- Establish performance measures, measures of success
- Have staff make as many of the critical operational changes/decisions as possible
 - Centralize forms, centralize HR intake

Factors to Consider in the Implementation of a Successful Shared Service Center Model

Service Level Agreement

- Exactly what services are/are not Included
 - Determine what is additional to what is already provided
 - Examples – LAS IT, Hospital/HR
- Measurable Goals and Metrics
 - Incentives/refunds for performance
 - LAS IT – Help Desk Tickets, response time
 - HR – Error rate, Late Pymts, Cost savings
 - Student Admin – Retention rate, graduation rate
- Financial Arrangement/Cost Chargeback
 - % of savings, Per transaction, Additional costs to SC, Other
- Will have to modify over time

Find a Champion

- In a decentralized university a top-down mandate may not work
- One or several well respected leaders – Deans, DH's, Faculty
- Need to communicate specifically how this will help the customer
 - Cost savings
 - New or additional services
 - Allow the customer to focus on their core business
 - Help protect a program from reduction/elimination
- Examples
 - LAS School of Literature, Culture and Linguistics

What Services Should be Shared?

- Back-Office transactional - Centralization or Consolidation
- Shared Services require judgment, skill, expertise, specialization
 - HR – Benefits Admin, grievance, discipline, labor relations
 - IT – networking, hardware/software specs, solutions, new tech
 - Purchasing – negotiation, bundling, compliance
- Services that help achieve strategic goals
 - Carnegie Mellon, Univ of Cinn, Univ of Minn - Student Service
 - Advising, enrollment, registration, records, Fin Aid, SAR
 - One-stop shopping
 - Goal of improving graduation and retention rates

What Services Should be Shared?

- Disciplines are similar or related
 - LAS IT includes humanities and social sciences but excludes natural sciences
 - School of Chemical Sciences at UIUC
 - Business, IT, Mailroom, F&M, Advising, Career Serv, Safety training and practices
- Physical Proximity
 - Aids one-stop shopping
 - UIC Student Services Bldg
 - Aids communication and collaboration
 - Web-based or other technologies can help
 - Satellite offices

Focus on the Customer

- What do they really need – Listen
- Building a level of trust – needed because services are complex and require judgment
 - LAS IT – “proved” itself by helping to update web sites and other consulting for free before share service model was proposed
 - Consider a pilot program with selected units
- Select a customer service rep or one point of contact
 - Eases interactions between organizations
 - Builds a relationship
 - Reduces need to “go to the top” for every issue
 - HR/Hospital has instituted this

Focus on Customer

- Consider having rep from customer org serve on search committee
 - Gives customer sense of ownership
- Communicate, Communicate, Communicate!

Its Not Only About \$

- Savings are certainly a driver but there are other considerations
- Allows customer to focus on their core business
- Improves service - Specialists are handling
- Makes operations more seamless
- Standardizes University processes
- Helps with compliance
- Initial startup costs
- There is Overhead in managing the relationship
- An increase in cost may be fine if you are getting better/more services

Challenges

- Change is threatening
- Perceived loss of control and resources
- HR/Labor Issues
 - Resistance of staff
 - Realigning staff who perform multiple roles
 - Union, Civil Service, Legal Issues
- This takes time – Don't rush it – Get it right
 - Large Public University environment
 - HR/Hospital took over a year
 - LAS IT will go through one-year pilot before made permanent

Challenges

- Service Center must be adequately resourced.
- Staff professional, personable and adequately trained
- Communication/Transparency
- Lack of trust
- Technical Issues
- Belief that units' needs are unique
- Service Ctr may not be appropriate – consider centralization or consolidation

CUPPA

- Increased flow of information to faculty and staff prior to changes: Released college financial data going back to FY95, and added much more information going forward on secure college website.
- Dean's office built confidence by making revenue transfers to units visibly and regularly.
- Staff professional development efforts preceded change by several years. Ongoing certification training by some staff in CRA, CGFM, SPHR.
- Need for HR organization changes discussed well in advance with leadership groups.
- External consultation with VCHR, CON, others.
- Internal consultation with staff and directors. Informal discussions with PIs. Staff white papers on HR and Finance.
- Nevertheless, announcement of change was still a surprise.
- Result: Pre-award and student services presently stay in some units.
- Result: Consolidation/pairing of finance in several units.
- Result: Incremental migration of HR to hybrid centralized, service-center model.
 - Weekly consultation with HR staff advisory group to shape changes to operations.
 - Performance measures under active development. Accuracy and timeliness first, then speed and efficiency.

Research Intensive Shared Services Center Concept

- A shared services center like this could include the following functions:
 - Budgeting (incl. state, institutional, grants)
 - Human resources and payroll
 - Accounting and CFOP reconciliation
 - Research compliance and
 - Grants administration

Research Intensive Shared Services Center Concept (cont'd)

- The advantage of this configuration is that well trained staff would:
 - Help PI's prepare their proposal and award budgets and PAF's
 - Help hire and place new staff on grants
 - Conduct labor redistributions as soon as new grants are received to ensure effort is properly accounted for
 - Review monthly financial statements for accuracy and compliance with grant requirements and go over with PI's
 - Review activity and effort reports and go over them with PI's
 - Consult with PI's and chairs on staff appointments that are ending and whether to provide bridge funding for staff, as necessary

Research Intensive Shared Services Center Concept (cont'd)

- Assist PI's in preparation of their progress reports, particularly on staff years/effort
- Review ROE's and prepare specific reports for PI's as requested and
- Perform other research compliance functions; i.e. IRB, animals
- Services could include such functions as purchasing and managing self-supporting entities as well, depending on what makes sense for the departments involved

Key Criteria for the Success of Research Intensive Service Centers

- In a large college such as a COM or LAS, would expect to have a number of shared services centers
- Key criteria for success include:
 - Centers that are small enough to allow for good communication with PI's and chairs
 - A detailed listing of service center staff responsibilities, along with their frequency, which would be provided to PI's and chairs so they would not feel they are losing support
 - Knowledgeable and responsive service center staff

What role could/should OBFS play in shared services centers?

- The Grants and Contracts Office, which is organized by school and college, could easily have dedicated staff deployed to provide service either on site or electronically
- Functions provided could include:
 - Award set-up
 - Federal reporting
 - Consultation on research compliance issues such as effort reporting and cost sharing
- Purchasing also has somewhat more limited capabilities, due to staffing, to either imbed staff in service centers or have designated staff serve as a resource electronically. Would expect such service to be limited to less complex bids/RFP's

What role could/should OBFS play in shared services centers? (cont'd)

and processing of requisitions and development of contracts for those items below the bid limit

- Both departments view shared services centers as a wonderful opportunities to partner with center staff to provide better and more focused support to PI's and departments and we are eager to participate

What Role Could Other Central Units Play in Research Intensive Service Centers?

- Another central unit that could be considered for inclusion in a shared services center is the Office of Research Services. That way, designated pre-award and post-award staff would work together to provide service to PI's from the inception of an award to the close-out of the award, thus, providing more seamless service to the research community.
- Are there other central units that should also be considered?