

Shared Services

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- London Higher and this agenda
- Shared Services in London HE
- Private sector perspectives
- Some thoughts on the way forward



Shared services, the private sector & us

We have studied both the HE landscape, its appetite for shared services and some questions of collaboration with/through the private sector

Phase 1: Gauge interest among HEIs

- GT commissioned to do a London-wide survey (July-Nov 2010)
- Road-tested findings with HE members (Dec 2010)

Phase 2: Gauge interest among Business Providers

- Met with BPO providers (Jan –Mar 2011)
- Met with successful shared services providers
- Met with legal, change management and accounting advisors



Scoping Study

To explore the extent of, and appetite for, shared services across London HEIs

Survey of Heads of Institution

- What services do you currently share & which would you be interested in sharing?
- 25 responses (61%)

Survey of Finance Directors

- What are your costs on 17 core services?
- 12 full responses (30%)

Interviews

- What are the barriers and work-arounds?
- 29 consulted



Grant Thornton

Our feasibility study was conducted by **Grant Thornton**. The full report is available from the London Higher website:

www.londonhigher.ac.uk/raiseandsave.html

Key Findings

HEIs are still sceptical of sharing services; specialist HEIs are the most interested. Not enough hunger yet?

Current Shared Services

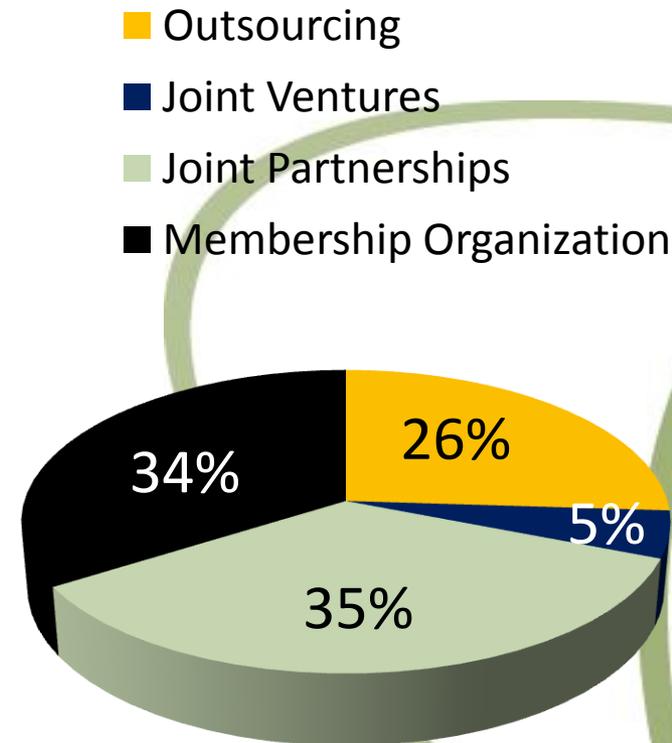
- Mainly front office
- Lack of understanding (cf. outsourcing)

Real Benefits

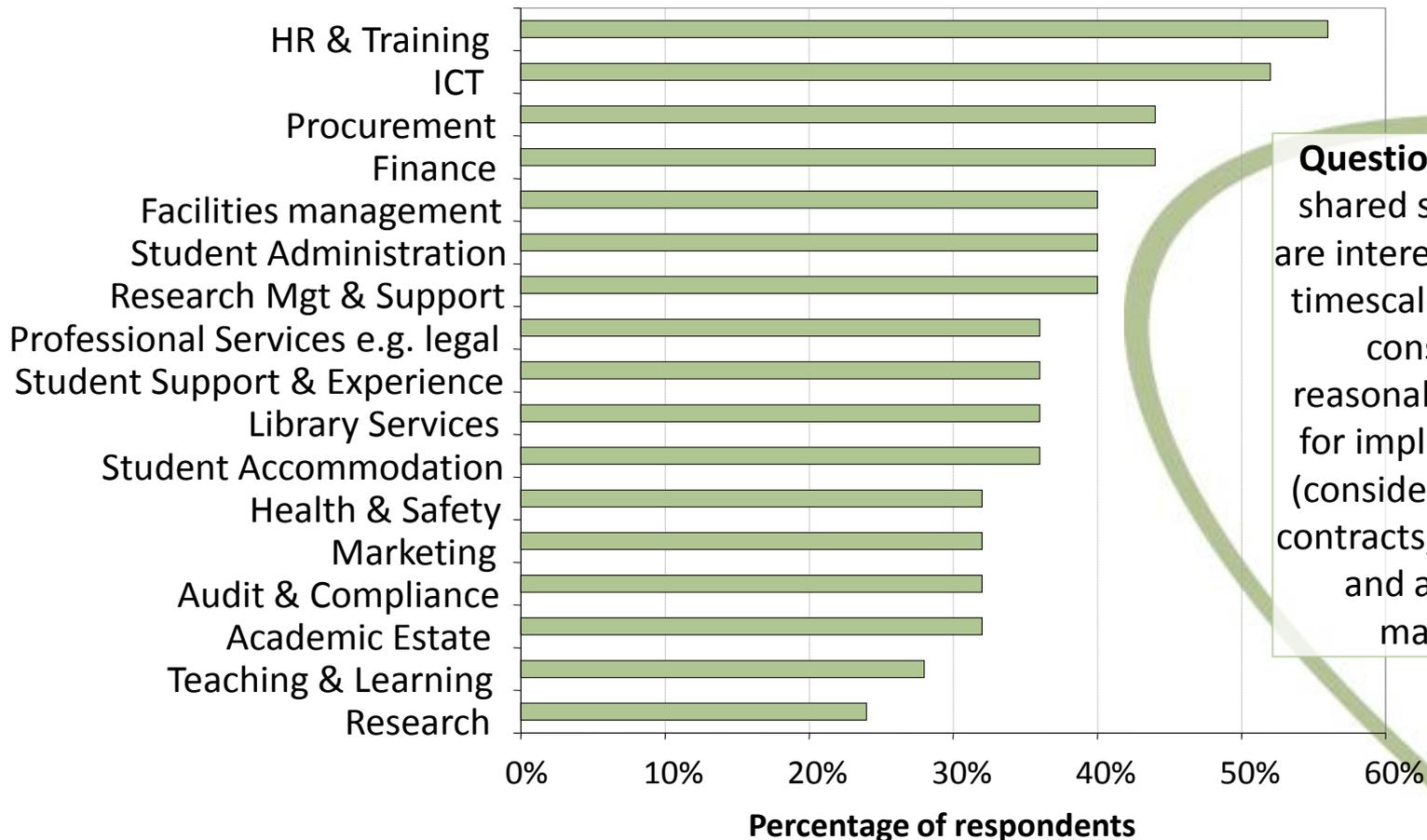
- Quality and resilience

Myths

- It will solve all my £ worries
- It reduces my competitiveness
- VAT makes it not worthwhile?
- It has to be with another HEI



Proportion of respondents expressing an interest in medium term (1-3 years) implementation



Question 5. For the shared services you are interested in, what timescale would you consider as reasonable/ feasible for implementation (considering existing contracts, costs of exit and any other matters)?

Private Sector interest

Most projects follow a similar pathway, even though the outcome may be different; all seem to involve working with the private sector

Step 1	Step 2	Step 3
1a) HEI decides to investigate shared services	2a) Consultant conducts benchmarking study (££)	3a) Change practices to make savings (£)
1b) Appoint consultant to look at savings (£)	2b) Consultant conducts detailed cost/benefit analysis (£££)	3b) Outsource certain processes to private provider or partner (£££)
	2c) negotiates with potential suppliers / partners (££)	3c) Enters into a shared service arrangement (£££)
		3d) Other solutions (?)

Private sector perspectives

Business is interested, but wary of false starts

Consultancies

- See the potential of the market in HE
- Track record of / interest in dealing with HE
- But focused on development; will advise but not do

BPOs

- Need critical volume to be profitable
- Dislike multiple-party contracts
- Many will do benchmarking for discount/free - in return for future business
- A view that HE is 'still not ready'.



The art of the possible

What can and what cannot be done?

Bringing HEIs together

- HEIs must come together to discuss their objectives; this may require a **neutral space**

Working with the Private Sector

- It is inevitable, but the relationship needs to be stronger; this may require **trusted intermediaries**

Start small and take time

- It will not happen over-night; quick-wins versus long-term gains; this will require a **long-standing process**



Some thoughts

The role of the private sector in shared services needs to be sensitive, systematic & progressive

Sensitivity

- There is no 'one-size-fits-all'; take time to find the right solution & partner(s); care with trading out of current arrangements

Systematically

- HEIs and their partners will approach shared services at different paces
- A pipeline is needed to progress interest and discussion towards actions

Progressively

- Some things can be done now, some will take longer; work with the grain and expand into it

"...given the low level of uptake of shared services to date, we suggest that it will be important to start small and grow over time, with more institutions becoming members as the case is made and the benefits are realised.

(Grant Thornton 2010)