How to Create Successful Shared Services Using Northern Ireland's Enterprise Shared-Service Best Practices

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In this research, we provide CIOs and heads of share-service organizations a look at the nature and reasons for success in Northern Ireland's example of public-sector, multifunctional shared services.

**Key Challenges**

- **Regardless of strength of business case, successful creation of shared services in the public sector depends heavily on the personal engagement of executives to ensure that the inevitable resistance is overcome.**

- The shared-service leadership team must build trust through early success, which is critical to enabling cultural change.

- It is imperative for the shared service leadership team to gain an early understanding of the weaknesses of existing services and ensure these get fixed in providing shared services.

- Although getting buy-in is important for the head of shared-service organizations, having control of the purse strings brings an extra level of focus to everyone.

**Recommendations**

CIOs and heads of shared-service organizations:

- Ensure that stakeholders with the authority and political interest to achieve success are fully on board and engaged in the shared-service effort in the public sector.

- Focus on the process level and on the value to be derived from each unique process or service, rather than on the sharing at the organizational level.

- Obtain and maintain a cadre of subject matter experts who can ensure that service providers understand the business and process needs of the customers as the shared services are created and operated.
Introduction

Public-sector shared-service success stories can sometimes be difficult to find. The story of Northern Ireland’s Civil Service (NICS) shared-service transformation demonstrates the sort of good practice expected in the best shared-service organizations, including customer-centric service delivery, value-added services, a culture of continuous improvement and innovation, and value marketing.

The establishment of the NICS shared-service organization, Enterprise Shared Services (ESS), in April 2010 represented the final phase of the NICS Reform Programme. Reflected in the Programme for Government and endorsed by the Northern Ireland Executive, the Reform Programme was designed to provide better quality services to customers, while delivering efficiencies and releasing resources for frontline services. It focused on delivering common corporate services across the NICS in functional areas such as HR, finance and information and communication technology (ICT).

The various projects within the Reform Programme emerged as a result of different drivers and requirements, and included projects to provide new technological foundations, working methods, skilled people and citizen channels. In the first instance, a number of separate shared-service centers were implemented for HR, learning and development, finance, and ICT. Bringing these together in April 2010 into the single, cohesive organization, ESS, was instrumental in providing the governance and structural arrangements to manage the shared services efficiently, effectively and in a way that meets accountability requirements and stakeholder expectations, and enhances customer experience.

Public-sector shared-service initiatives are often beset by political, governance, organizational, operational and funding issues that frequently undermine their success. The particular success of NICS shared services is due to a combination of clear, coherent leadership, a shared vision and good execution.
The Challenge

The concept of shared services in the U.K. public sector has its roots in Sir Peter Gershon's 2004 Independent Review of Public Sector Efficiency, which highlighted the scope for efficiencies through greater sharing of support functions like IT, finance and HR. In Northern Ireland, the key strategy setting out the agenda for meeting the challenges of reform was published in 2004.²

Prior to the creation of the shared services, each of the NICS departments largely ran their own HR, finance and ICT operations. While there was an acceptance among the heads of departments that the inevitable duplication of effort and systems was not sustainable, the separate departmental operations faced a number of other challenges:

- Ageing systems that needed replacement — there was no ERP or integrated business system
- Creaking processes that were inefficient in terms of the number of staff required for administration
- New legislative requirements — meaning that the NICS couldn’t continue to depend on the existing manual and paper-intensive processes and records
- Ready availability of inexpensive, network bandwidth — meaning that previous requirements for close proximity to compute and for storage resources was much less of an issue

Analysis

Ensure That Stakeholders With the Authority and Political Interest to Achieve Success Are Fully Onboard and Engaged

Bruce Robinson, permanent secretary of the Department of Finance and Personnel (DFP), became a champion and key driver of this major Reform Programme, under the banner "Changing for the Better," chairing the board that governed the implementation of shared services for IT, HR and finance.

His personal drive and energy, and the support of the program directors, ensured that obstacles to progress were overcome. He then saw the opportunity for moving the NICS shared services onto a more consolidated and coherent corporate basis.

Paul Wickens was appointed as chief executive to create the new ESS organization, operating as a directorate within DFP. The role was to effect a merger and acquisition of various shared services into the new organization, which was branded ESS in order to differentiate it from a traditional NICS directorate. In creating ESS, Paul's focus from the outset was on achieving transformation, developing the organization by enhancing what was in place, expanding the range of services, strengthening governance, improving customer experience, encouraging innovation through creative solutions and driving greater value for money. Strong executive leadership was crucial to the successful delivery of an organization with some 900 staff and an operating budget of £125
million per annum, which provides shared services for HR, finance, ICT, estates management, digital transformation and records management to all NICS departments and a number of other public-sector bodies.

**Consolidate Shared Services**

The benefits that the NICS sees in consolidating the various shared services into a single, multifunctional shared services organization include greater accountability, a sharper and more consistent focus on customer experience, an enhanced level of collaboration, coordination and integration, improved efficiency through rationalization, and the opportunity to benchmark and share best practice. From the word go, the vision of ESS has been one of "better together," reflecting the synergies and opportunities that exist to deliver shared services from a single organization, to create additional efficiencies and greater effectiveness.

The future strategy of the shared services, including their extension into the wider public sector, is being taken forward under the auspices of the ESS2020 framework.

There are a number of factors that, when combined, have contributed to the success of the venture and to making it distinctive:

- The incorporation of flexibility and adaptability into the new services to accommodate potential organizational change.
- The emphasis on quality of service, service management, and significant investment in business relationship management (BRM) and customer relationship teams across all the service functions. These operate at the highest level of maturity of Gartner’s BRM evolution model, in which ESS senior staff members act as trusted advisors and client managers to the organizations they serve.
- The incremental nature of the implementation of the shared services, allowing lessons to be learned for future implementation phases, and also enabling the leveraging of the success to create the credibility, initiating the virtuous circle.
- A governance and oversight model (see the Appendix) that actively involves key stakeholders. This includes an ESS Strategy Board, comprising senior managers from across NICS departments and an independent board member, who also chairs the ESS audit and risk committee.
- A leadership team in ESS, which has adopted a practical, entrepreneurial and forward-thinking approach.
- Cost saving and efficiency through rationalization, standardization, benchmarking and coordination of skills, balanced with focused goals to improve the customer experience and enhance collaboration, coordination and interdepartmental integration.
- Engagement with subject matter experts from the departments being served, and in so doing, achieving high levels of buy-in. This expertise has helped with ongoing business relationship management by ESS with its customers.
Emphasis on information assurance and business continuity, which has resulted in high levels of credibility among departmental customers.

A pragmatic funding model, which adopts the best-fit mix of baseline funding, annual funding and hard charging.

Focus on Leadership and Governance

There are a number of leadership and governance-related critical success factors from the ESS example that leaders of public-sector shared-service organizations should implement:

- Clear and active leadership, which was a vital element of success, alongside the buy-in and commitment of the management team.
- Stakeholder buy-in and active participation in the governance of ESS. The NICS Reform Oversight Board provided a forum for other NICS departments to formally input to the implementation and development of the civil service reform agenda. When the shared-service projects were fully implemented and ESS created, this was replaced by a cross-departmental Strategy Board, a key element of the governance of ESS.
- A strong business case and vision, both for the Reform Programme and for bringing together the separate shared services into ESS.
- Compromise. Sticking to schedule is important, but getting execution right operationally is more critical. It is better to compromise on the schedule a little if, by doing so, operational issues can be avoided.
- Investment in business relationship managers, who represent a single point of contact for each shared service and can resolve queries and convey clear messages.
- Business process re-engineering, with minimum customization of systems and processes, which adds cost and reduces the benefits of standardization.
- Regular observation and evaluation of performance, both throughout the development of the shared services and on an ongoing basis for ESS.
- Effective communications with all stakeholders at all levels, from the start of the Reform Programme to the implementation of shared services.
- Independent peer review (Office of Government Commerce [OGC] Gateway) throughout the projects, which helped to increase the chances of successful delivery and provided important assurance that rigorous independent assessment of public-sector investment was taking place.
- A well-structured program and project management approach, with clear roles and responsibilities, which was key to ensuring that everything was on track. The NICS Reform Programme had an Oversight board, which provided a forum for consideration and discussion of key issues of relevance to the overall management and direction of NICS Reform and provided strategic oversight of change management and benefit realization.
Bottom Line

Lessons Learned by ESS

- Develop and keep under review a sound business case, setting out all delivery options and a realistic assessment of associated costs and benefits.
- Develop a pragmatic benefit realization plan based on a number of key benefits identified and baselined at an early stage so that the realization of benefits can be measured.
- Plan realistic time scales, and ensure you have the skills and other resources to deliver the plan.
- Have in place a change management program, including cultural change, and engage staff in the change with the opportunity for discussion, to build trust and improve engagement.
- Maintain momentum, so as to get buy-in and agreement, but do not stall progress for want of some compromise.
- Branding is important to establish independence and build a reputation for quality and service.
- Develop service-level agreements to manage expectations and make clear that any nonstandard services will cost more.
- Make all stakeholders feel involved in the transformation so that they have a common understanding of the nature of the change and the approach, and they do not simply feel that this is something being done to them.
- Focus program priorities on quick wins and/or the key deliverables. This ensures that collective energy is expended where it is needed most, and momentum and support is built up throughout the overall program.
- Transfer individual businesses to shared services incrementally, to allow lessons to be learned from each transfer phase.

What Success Looked Like for ESS

Testament to the success of ESS is that it delivers services to not only all NICS departments, but also more than 40 other public-sector bodies by their choice. Many of these had previously outsourced requirements to external service providers, yet by using ESS, they have been able to make significant savings. Examples of NICS shared-service achievements include:

- Savings of £75 million.
- A reduction in the cost of ICT provision per user by more than 30%.
- A reduction in the cost of network services by almost two-thirds.
- Leading Northern Ireland public-sector prompt payment performance of more than 90% of invoices within 10 days.
- Payroll accuracy consistently at 99.9%.
- Customer satisfaction levels of at least 90%.
- Over 25 million visits in 2014 through 2015 to nidirect, the official government website supported by ESS (one-third higher than the previous year). ESS also has a platform from which it can build a much more integrated and cohesive digital transformation strategy over the next five years.

In accordance with OGC best practice, a peer review of ESS in February 2012 was carried out by an independent team, including the CEO of the largest shared-service organization in the U.K. government, and concluded that "the NICS has in place, through implementation of the shared services, an exemplar of best practice in public service delivery."

Appendix: ESS Description

Established in April 2010, Enterprise Shared Services (ESS) is a directorate within the Department of Finance and Personnel (DFP). ESS brings together responsibility for HR, IT and finance shared services, properties division and digital transformation service (including nidirect) into a single organization within DFP, overseen by a number of boards and committees (see Figure 1). The primary function of ESS is to deliver efficient and effective customer-focused services primarily to the NICS. A number of services are also provided to the wider public sector.

The vision of Enterprise Shared Services is "better together," which reflects the fact that there are synergies and opportunities to deliver its shared services from a single organization, to create additional efficiencies and greater effectiveness.

The ESS purpose is "providing shared services, which enable our customers to focus on delivering their core business," while the mission is "to make a positive difference to the delivery of public services through being customer-focused, high-performing and innovative."
Figure 1. ESS Governance Model

ESS Governance Model

ESS Strategy Board  \[\leftrightarrow\]  DFP Permanent Secretary  \[\leftrightarrow\]  Departmental Audit and Risk Committee

ESS CEO and Executive Board

ESS Audit and Risk Committee

Service Boards  \[\downarrow\]  DFP Internal Audit

Source: Department of Finance and Personnel Enterprise Shared Services (May 2015)

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.


"Clarifying the Outcomes From Central IT Versus an IT Shared Service"

"Executive Advisory: Working Through Conflicting Priorities of the Power Triangle to Gain Competitive Advantage"

"CFO Advisory: Shared Services; Overview"

"Gartner's Shared-Service Research for Government"

"Case Study: British Columbia, Canada, Executes a Viable Shared-Service Initiative"
"Shared Services in Government: Critical Success Factors"

Evidence

This research is based on interactions with ESS staff over an extended period of time, and on a recent interview with the CEO of ESS and the ESS director of IS Shared Services and Strategy.

1 Department of Finance and Personnel (nidirect)

2 "Fit for Purpose: The Reform Agenda in the Northern Ireland Civil Service," October 2004.