

Exploring the Benefits of Shared Services Arrangements

As states, counties and cities work to balance budgets while facing rising operating costs and continuous funding challenges, many are beginning to explore the benefits of shared services initiatives to streamline and centralize administrative tasks. But is a cost-sharing partnership right for your agency?

Eileen Roberts, J.P. Morgan Treasury Services Specialist, encourages CFOs and treasurers to ask themselves a few important questions that, surprisingly for some, are more closely related to organizational strategy rather than size. "Some of our clients are concerned that their organization isn't large or complex enough to warrant shared services," explains Roberts.

"But the question isn't about the complexity or size of a government entity, it's about having the ability to consolidate similar functions into a single office. This can often free up scattered resources to streamline processes, resulting in financial savings and a better constituent experience." When considering shared services arrangements, Roberts suggests a few key considerations below.

Clearly Established Goals

Before exploring shared services initiatives, Roberts recommends identifying the key goals your organization has that could benefit from such an arrangement and the success metrics you'll use to quantitatively measure its performance. In the initial data-gathering phase, begin by assessing financial operations and identifying where your organization has tried to bring about change in the past. Then, compare yourself to other case studies from similar government entities, or ones facing a similar challenge or need. "By clearly defining the 'what' and the 'why'—two foundational elements in any change management effort—officials can take a more metric-based approach to the discussion, which can help with securing senior stakeholder buy-in," says Roberts.

Think Outside the Box

According to Roberts, shared services can help improve efficiency and manage costs in numerous departments for government organizations. "Governments who consider shared services beneficial only for their Accounts Receivable and Accounts Payable departments are often missing out on a larger opportunity for their citizens," she explains. "Often, these are the most obvious areas to consolidate first, but frequently, they're just the beginning. Areas such as Human Resources, Payroll, Connectivity Services, Purchasing, Audit, and Compliance are also prime contenders for shared services benefits."

Timing is Everything

One of the most frequent challenges to successfully using shared services arrangements, in Roberts' experience, is failing to consider when they should happen. "It's critical to consider other organizational changes that are either in progress or planned to occur in the near- and mid-term that could interfere or cause a resource drain," says Roberts. Instead, she suggests mapping out future resource planning efforts and the impacts they could have during historically busy periods (e.g., the beginning or end of the fiscal year) to determine the optimal timing for this type of initiative.

Leadership Support

"By their nature, shared services arrangements will impact both operations and culture at any organization," adds Roberts. "Securing senior leadership buy-in and willingness to commit resources is key in successfully implementing this type of initiative." She recommends reviewing any existing strategic plans that may compete with the resource and management commitment needed to pursue shared services. She also suggests taking the time to think through all the different levels of senior leader commitment and executive sponsorship needed to provide the oversight, guidance and visible

support necessary to ensure funding and implementations are achievable.

Training and Implementations

Taking into consideration the knowledge, experience and tools your organization currently has related to the services you're exploring can help determine what types of training may be needed across the organization to implement a shared services arrangement. Roberts recommends reaching out to peers in other areas of the country who can offer advice and serve as a sounding board for questions and obstacles that arise and proactively identify answers.

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Eileen Roberts is a member of the Public Sector & Healthcare Solutions Group at J. P. Morgan. She works with state and local government agencies to provide innovative, results-oriented ideas reflecting her broad experience in strategic and transactional situations within the public sector industry, developing solutions for clients that provide significant bottom line impact.

Eileen has been with the firm for 30 years and over her career has developed a keen understanding of public sector processing needs. Eileen was involved in the technical design for the tax processing solution currently used for the various state and local programs across the country that J.P. Morgan operates. In addition, she has been an integral member of teams supporting federal paper and electronic receivables processing programs.

A graduate of Loyola University, Eileen holds a BS in Accountancy. She is a Certified Public Accountant, an active member of the AICPA and the Federation of Tax Administrators. She is also a member of the industry council for the South East Association of Tax Administrators.

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