

Shared Services

An Opportunity for Increased Productivity

A report of a project on Shared Services undertaken by the United Community Services Co-op on behalf of the Non-Profit Sector Labour Market Partnership

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Introduction

In March 2010 the United Services Community Co-op submitted a proposal to the Non-Profit Sector (NPS) Labour Market Partnership (LMP) for a Shared Services Feasibility Study.

This report represents the outcome from this study. We will first review the context and overview that we included in our proposal, we will then consider the process to develop a shared service and some of the models that may be utilized in a shared services approach. Although the focus of the NPS LMP is on human resources and the labour force, we believe that there are numerous other opportunities for shared services and we have attempted to develop a generic approach to shared service opportunities while identifying other areas that could be considered for shared services.

To assist organizations in considering shared service opportunities we have developed an overview of the key services offered by Human Resources. This represents a template or check list of the service areas that need to be considered in relation to that shared service area. We have also identified a number of other opportunities for shared services that organizations could consider.

As part of this study, five clusters of organizations interested in developing shared services were identified and invited to pilot the use of the shared services templates/models. Using these five clusters we have piloted the use of our templates. In the last part of our report we will summarize our work with these clusters particularly with regard to the utilization of our processes, models and service templates.

Context and Overview

Non-profit organizations in British Columbia's community social services sector face critical adaptation issues as revenues decline as a proportion of costs, while service demands and accountability requirements increase. These organizations, over the next several years, will be in an extremely competitive employee market, leading to productivity challenges as organizations in this sector strive to keep up with the growth in community needs for these services. Technological change, demographic shifts and more highly accountable and transparent professional practices are now part of the landscape for these organizations. Insistent and constant change brings new strategic and tactical challenges that can only be addressed through adaptations within the sector's workforce.

The forces for change are now so pressing that many organizations are seeking, as a top organizational priority, long-term transition strategies. They want strategies that will build on organizational and practice strengths and strong employee bases to develop opportunities for future growth and success. These organizations want collaborative and inter-dependent business relationships with other similar organizations. They also want to maintain within their organizations the intellectual and social capital of strong leaders, highly performing programs and long-term financing arrangements.

Community based non-profit organizations face tremendous local stakeholder pressures to positively and optimistically change the way they do business. And, they need to change without sacrificing historical investments, assets, commitments and the support base upon which their missions have been accomplished over decades.

Whether the focus for change is on leadership, management, or the frontline work force, human resources are the lynch pin to any long-term transitional strategies. Any strategic transition plan will require a strong and adaptive human resources plan to make it successful.

Our Approach

Our approach to this project was to first gather information on the perspectives of individuals working in the non-profit sector on the concept of Shared Services. To achieve this goal we sent out a questionnaire to a group of individuals who had indicated interest in the shared services concept.

Our second task was to develop templates or models that would help organizations interested in developing a shared services approach understand the key issues in the development process. We envisaged these templates or models in three areas:

1. Process and steps for developing a shared service;
2. Organizational models for a shared service; and,
3. Service templates that identify the core service issues in an area where a shared service may be undertaken.

Our third task was to undertake some pilot projects in utilizing our approach to templates and models. We understood that the four month period in which we could undertake these pilot projects was very short but we hoped that the results would assist in understanding the process of developing a shared service

To facilitate our work we developed a workplan that outlined the steps in the study (please refer to Appendix A for a summary of our workplan).

It is important to note that the completion of Step 5 of our project workplan represents the completion of the Labour Market Partnership feasibility study. Step 6 will be funded separately either by the organizations of each cluster or through some other funding process.

The Survey

To assist the stakeholders in understanding some of the basic issues confronting the clusters a survey was developed and each organization who had expressed interest in being part of the project was requested to complete it. The core issues identified in the survey are summarized below:

Critical issues facing the non-profit sector:

- Succession planning
- Recruitment and retention
- Changing program areas
- Reduce infrastructure costs

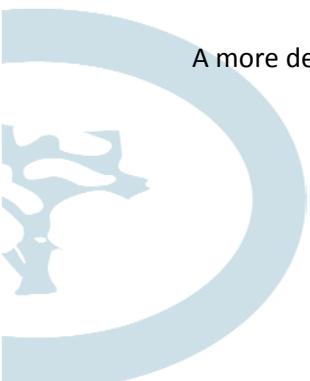
Opportunities a shared services approach would provide:

- Relationship building
- Social enterprise
- Shared learning
- Sustainability
- Increased program productivity

Reasons why to undertake a shared services approach:

- Increase capacity and wealth
- Stronger cooperative relationships
- Long term sustainability
- Expand the labour pool
- Reduce consulting and one-off costs
- Increase staff retention
- To be recognized as innovative and efficient

A more detailed summary of results of this survey are presented in Appendix B.



Our Approach to Models and Templates

1. The Steps in Developing a Shared Service

This section of the report addresses the process that we believe a group will go through in considering the development of a shared service. Individual organizations and individual groups considering a shared service will not all go through every step of the process. The risk associated with the process aside of any engagement is that too much process will cause the initiative to stall, while too little process can result in participants going a long way down the collaboration pathway only to discover that they are unable to work together.

Although the process outlined below suggests a linear approach moving from one step to the next, it is important to think of this process as either more a spiral process or an iterative process. That is, as the group moves forward to further depth and commitment it may be important to review past data and assumptions to be sure that these are consistent with the developing vision.

The process steps outlined in this section can act as a checklist and support participants to drill down more deeply in selected areas to insure that they are moving forward from strength to strength. By drilling down, the participants will be able to more clearly identify and define their objectives, possible pitfalls and opportunities, determine areas where they may need external support. In the doing of this they will build their group's working capacity and surface many of the key elements that will form the basis of their formal agreement to proceed with their initiative.

10 Steps in Developing a Shared Service

Step 1: The Scoping Dance

Step 2: Situational Analysis

Step 3: Decide Whether to Explore Further

Step 4: Formalize the Shared Services Committee

Step 5: Decision to Proceed

Step 6: Establish an Operational Group and a Champion/Leader

Step 7: Undertake a Feasibility Study

Step 8: Decide Whether to Proceed or Not

Step 9: Develop a Shared Services Business and Strategic Plan

Step 10: Implement the Shared Services Plan

Step 1: The Scoping Dance

This is the beginning of the process. Someone has an idea or sees an opportunity or threat and they start talking with stakeholders in other organizations to find a shared solution. The characteristics of this step are:

- A catalyst identifies an opportunity or threat
- Catalyst meets with his or her network and starts talking
- Additional individuals are identified who recognize the opportunity or threat

- Informal meetings take place and trust is built
- It is acknowledged that there is a need or shared opportunity for a defined relationship
- The stakeholders discuss the various governance and organizational models and test the group's boundaries for such models

Step 2: Situational Analysis

The situational analysis is undertaken to identify and clarify driving assumptions. That is, what evidence do we need of the threat or opportunity of a shared service and what do we know about each organization and its potential for a shared relationship.

During the situational analysis it is important to:

- Define the project clearly;
- Identify product and/or services;
- Define the market;
- Identify the competition;
- Identify any additional potential partners;
- Identify the cost/benefit potential;
- Assess the risk and liability issues;
- Clarify the resources each organization brings to the table; and,
- Understand what the 'deal-breakers' are for each organization.

Step 3: Decide Whether to Explore Further

Although there is no approval by the governing boards of directors required at this point, as the process is still exploratory, it is suggested that the agency boards should be updated on the shared service concept explored to date and they should indicate their support for moving forward. If the board of an organization indicates that they do not support the concept or the further exploration of the concept there is little reason to keep that organization in the discussion.

Step 4: Formalize the Shared Services Committee

If approval to move forward has been provided, formalizing a shared services committee with the responsibility for developing a formal document is needed. The formal document can take a number of different forms – Group Charter, letter of intent, letter of understanding – but whatever form it takes it should include the following:

- Vision
- Values
- Mission/Focus
- A statement of the scope (and therefore what is outside the scope)

- Governance and decision-making
- Potential benefits to be achieved (e.g. productivity gains)
- Outcomes
- Indicators
- Membership (how to opt in or opt out, sometimes referred to as the shot gun clause)
- Funding
- Timeline
- Identify and clarify possible options
- Protocols around:
 - Conflict resolution
 - Baseline participation
 - Confidentiality/ethical considerations/non-compete
 - Process leader
 - Communication (transparency)

Step 5: Decision to Proceed

When the shared services committee has reached agreement on the formal document then it should be presented to the boards of the individual agencies for a decision on whether to proceed to the next step. This is a critical step in the process. It is important to formalize the commitment of each organization to the shared services proposal.

Step 6: Establish an Operational Group and a Champion/Leader

This becomes the working group for developing the final shared services agreement. It is critical that this working group combine primary decision-makers with the administrative ability to develop the formal agreements.

Step 7: Undertake a Feasibility Study

The next step is to undertake a detailed feasibility study. The study would include the following activities:

- Mini-audit/operational review relative to the identified opportunity or threat (cost benefit analysis – including indirect costs (e.g. the manager who does HR off the corner of their desk)
- Definition of the shared service opportunities, including:
 - Workability and what would be the agreed upon definition of “feasible”
 - Market/competition
- Identify sources of funding
- Create pro-forma
- Stakeholder involvement (identify which stakeholders to engage at this point)

- Identify the most suitable governance/partnership model for the project and the organizations
- Consider qualifications of staff group and fit of current staff (within the cluster of organizations) or additional needs with focus on leadership and supervisory capacity
- Consider what space and other requirements are currently available and what will be needed
- A decision, after the study is complete, about whether the proposal is feasible

Step 8: Decide Whether to Proceed or Not

At this point some organizations may decide to withdraw from the process. The remaining organizations should have formal approval from their boards to proceed.

Step 9: Develop a Shared Services Business and Strategic Plan

This should not be an onerous step as it should build off the previous work in the situational analysis and feasibility study but it is critical to pull all of this information together to finalize the shared services plan. An equally important part of this step is also to finalize the governance/management model to be used.

Step 10: Implement the Shared Services Plan

Implementation can take many forms, but the work done in the previous nine steps will provide a concrete path forward for the organizations involved.

2. Choosing the Most Appropriate Governance/Organizational Model for the Shared Service

As the organizations interested in establishing a shared service pursue their discussions they must begin to consider the governance and management structure for the shared service. This section of the report addresses the different models through which a partnership approach may function. The task and the willingness of the organizations' to give up control will play a part in determining which model will work best for any given group.



Based on the work of the Sainsbury Centre for Mental Health (2000), the table below summarizes some of the possible characteristics of different partnership models:

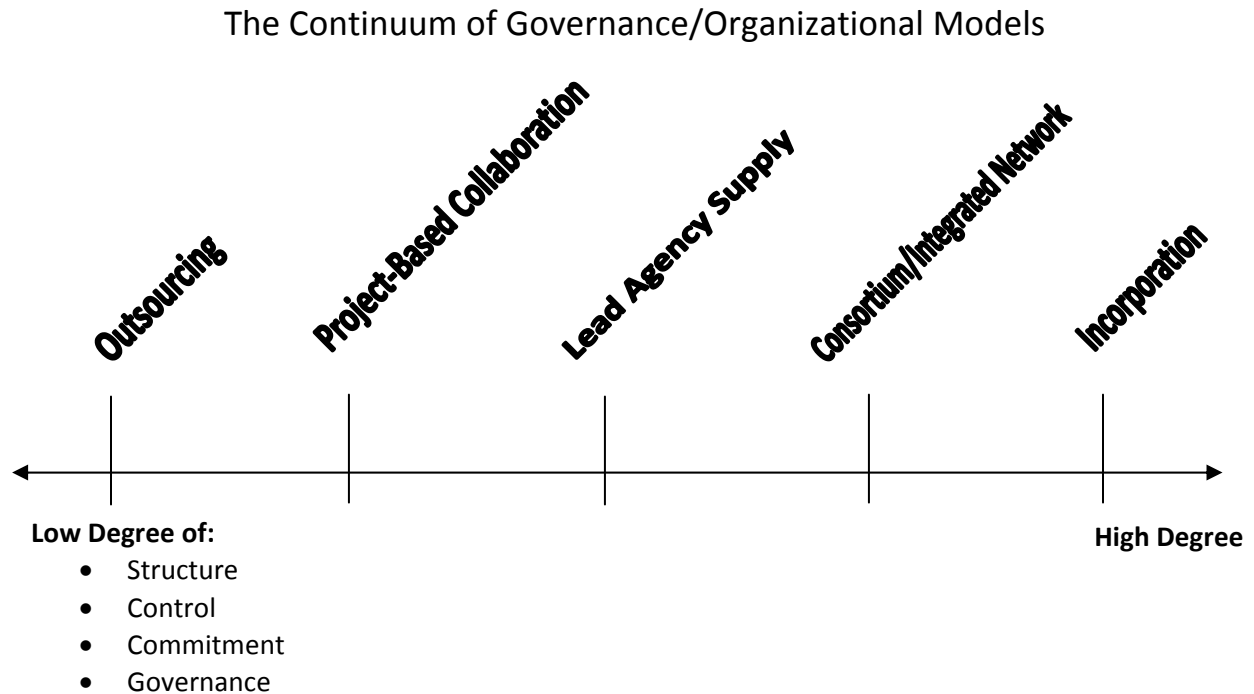
Examples of Three Partnership Models		
Cooperative Model	Collaborative Model	Integrated Model
<p>Each partner:</p> <ul style="list-style-type: none"> ● maintains its own decision-making responsibility ● remains autonomous ● retains own identity ● has own staff and budget ● has full responsibility for its actions 	<p>Each partner:</p> <ul style="list-style-type: none"> ● shares decision-making responsibility and authority ● has particular roles and responsibilities ● is accountable to the other ● contributes resources ● surrenders some measure of its autonomy 	<p>Each partner:</p> <ul style="list-style-type: none"> ● transfers decision-making responsibility to a new structure/new identity ● integrates its resources with other partners ● administers according to common policies and procedures ● surrenders a considerable amount of its autonomy
<p>Decision Making</p> <ul style="list-style-type: none"> ● by consensus ● agreement not necessary in all cases 	<p>Decision Making</p> <ul style="list-style-type: none"> ● by consensus ● agreement necessary 	<p>Decision Making</p> <ul style="list-style-type: none"> ● by vote if necessary ● agreement necessary

Possible shared service models can be viewed on a continuum that establishes governance and management. For example, project-based models represent high control of the shared service by the organizations involved whereas the establishment of a new organizational entity involves the transfer of control/governance to the new entity.

We have identified five models that provide an understanding of the continuum from the point where the organizations establishing the shared service have the most control over the governance of the service (the outsourcing option), through to the models where governance and management are the direct responsibility of the shared service (the incorporation option).



Diagrammatically, this continuum of the organizational models could be represented in the following way:



The characteristics, strengths and weaknesses of these five models are outline below.

Model 1: Outsourcing

The Outsourcing Model allows the organizations to develop a shared services contract with an expert supplier. There are a variety of contracts that can be used with this model including fee-for-service, retainers, retainers with specific project opportunities, etc. The outsourcing organization governs its own operations but the shared service organizations chose what services they wish to purchase. They are potentially able to secure a better fee-for-service or retainer rate because they have pooled their needs and represent a larger customer for the service provider.

Strengths and weaknesses of this model:

- The primary strength of this model is that another organization creates the service and each participating organization can determine how much they require at any particular time and the outsourcing organization can have a range of specialized services, depending on the size of the service provider.

- The weakness of this model is that the price tag will reflect the service uncertainty (i.e. what will the utilization level be) and the specialized services offered by the outsourcing organization will also increase costs. The service provider will also want to achieve some profit from the services they provide.

Model 2: Project-Based Collaboration

The Project-Based Model is designed to accomplish specific outcomes in a time limited and specific manner. There is a temporary allocation of resources (money, manpower, time) to the project. Individuals working on the project form a team with team responsibilities but they continue to have primary allegiance to the organization that pays their salary.

Strengths and weaknesses of this model:

- The primary strength of this model is that it is time limited and the organizations do not have to transfer resources on a permanent basis to this shared service.
- The primary weakness of this model is that it is time limited and there is always the expectation that the shared service will end and the organizations will return to their former operation.

Model 3: Lead Supply Agency

The Lead Supply Agency Model assumes that one or more of the existing agencies will provide the manpower/time for the task. In a group of agencies where there are multiple shared services, one organization could be the lead agency for one shared service (e.g. information technology) while another organization could be the lead agency for another (e.g. human resources). This model is a form of outsourcing that keeps the work within the shared services group. The lead agency is compensated by the other organizations for the services provided.

Strengths and weaknesses of this model:

- The primary strengths of this model is that one organization expands its services to meet the shared service needs without having to establish a separate organization with its own payroll, benefits, etc.
- The primary weakness of this model is that one agency has control over the shared service. As long as there is on-going collaboration this can work but if there is conflict the organization operating the service tends to have more power in resolving the conflict. There is the potential that the non-lead organizations will feel that their needs are not being recognized or supported and may withdraw, reducing the effectiveness and/or efficiency of the service provided by the lead agency.

Model 4: Consortium/Integrated network

The consortium model involves a contract between the organizations undertaking a shared service. The stakeholders are focused on a common specific purpose, generally over a specified time period, which requires the sharing of resources. The time period is generally significantly longer than the project-based approach and is intended to be relatively permanent. Consortia are also more typically multi-project/purpose than project-based models. In some cases, however, they can be one purpose.

Strengths and weaknesses of this model:

- The primary strength of this model is that a legal structure is not required, although a formal agreement is required, and the strengths of the shared service organizations are combined to provide an important service.
- The weakness of this model is that it may be difficult to plan for the future, as the commitment of the shared service organizations may be only perceived as temporary by some of the organizations. Most contracts will provide for the individual organizations to withdraw from the consortium at certain points.

Model 5: Incorporation

The Incorporation Model provides for a new organization to be established to deliver the shared service. This is a new legal entity with some involvement in the governance by the shared service organizations. The new organization provides the service that is required. The organization receives its primary/base money from the participating shared service organizations and it may offer services on an outsourcing or consultant basis to other organizations.

There are a number of considerations for the incorporation model, that should be noted.

First, there can be flowback issues, particularly on how resources and funds flow back and forth to the new entity and how those resources are directed. Around money:

- Money required for central administration costs;
- Shared services need to pay for administration costs; and,
- Administration costs are integrated throughout the agency.

And in terms of resources:

- The new entity may decrease expenses to individual agencies;
- Staff from the shared service organizations could be seconded to the new entity;
- Staff from the shared service organizations could be employed by the new entity; and,
- Specialized services might be contracted out.

Secondly, there are a number of risks in incorporating a new entity. They include:

- The agency might incur start-up costs that can't be recovered;

- The new entity might fail and cause one or more owner agencies to fail;
- The owner agencies may fall-out and cause the shared approach to fail;
- An owner agency may lose a particular expertise if it is no longer run through their organization;
- An owner agency may disappear altogether if their staff is absorbed by a new entity;
- An owner agency may lose its identity if a specialty they are known for is absorbed by a new entity; and,
- There may be challenges in maintaining brand and providing the range of follow-up services if staff is absorbed by new entity.

In summary, strengths and weaknesses of this model:

- The primary strength of the incorporation model is that it is a separate entity from the shared service organizations with its own focus and operating processes. It is a permanent structure that provides a focus for the shared service without being beholden to any of the shared service organizations.
- The primary weakness of the incorporation model is that its independence may lead it away from being a service for the cluster of organizations and to having a “life of its own” that may not continue to meet the needs of the shared service organizations. This weakness can be reduced by the sharing organizations establishing clear ownership/control but, over time, the marketplace may lead the organization away from the initial purpose for which it was created.

In addition to the generic, profit based corporation model, there are three specific incorporation models that could be considered: co-ops, non-profit corporations (with or without charitable status) and a social enterprise.

5A: Non-Profit Organization

The non-profit organization is member based and may or may not have charitable status. Charitable status would allow it to provide receipts for donations and, therefore, to fundraise for its own specific services.

Strengths and weaknesses of this model:

- The primary strength of the non-profit model, in this context, is to provide a consistent perspective that supports the non-profit approach of the shared service organizations.
- The primary weakness of the non-profit corporate model is that the membership tends to be quite broad and may not provide the focus required by the organization.

5B: Social Enterprise

Social enterprise is a profit corporation that is owned by the non-profit shared service organizations. It produces or sells products in the marketplace and its profits are used to benefit a social mission, not the individual stakeholders.

Strengths and weaknesses of this model:

- The primary strength of the social enterprise model is that it's focus on selling products or services provides clarity of purpose for the organization, and the ability to sell these products to any potential purchaser, shared service member organization or not.
- The primary weakness of the social enterprise model is that the focus on profit may mean that its attention is diverted from the shared service members to the broader marketplace

5C: The Co-op Model

A co-operative is a member-owned organization where each member invests in the co-op. That is, each member is required to put some "skin on the table". Each member has one vote and the overall process is democratic. Co-ops can be profit or non-profit organizations. If it is a profit co-op, then the profits, if there are any, can be shared either by the number of shares each organization has or their percentage of usage of the co-op services.

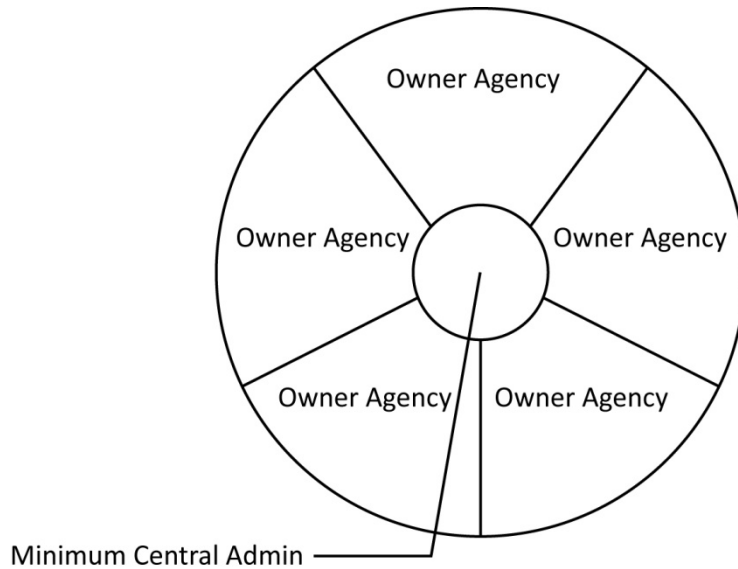
Strengths and weaknesses of this model:

- The primary strengths of the co-op model stem from its democratic and ownership principles. No matter the size of each owner-member, they each have an equal say. So one member, one vote. The principle of ownership of a co-op can create a strong commitment and high levels of engagement from the owner-members. For example, shares in a co-op can be listed as an asset on an agency's balance sheet and not an on-going expense.
- The primary weaknesses of the co-op model are that with a strong focus on member benefit, a co-op can be viewed as not benefiting the broader community, but only its owner-members. As well, in many ways a robust co-op is one that has strong engagement from its owner-members. Sometimes, if membership become quite large, or when engagement isn't high, decisions and actions may not be made/done in a timely manner, or a small group of more engaged members can take it over.

There are three different co-op models: the Hollow Co-op, the Primary Contractor and Sub-Contractor Co-op and the Full Co-op. Briefly, the characteristics and differences between these models are outlined here.

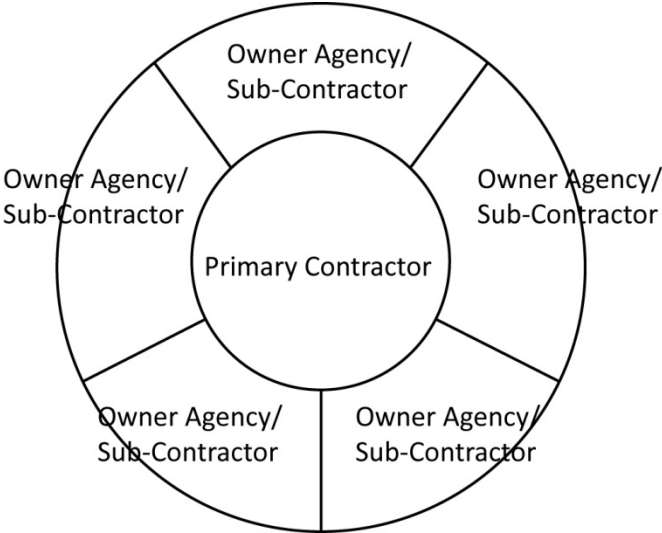


The Hollow Co-op Model:



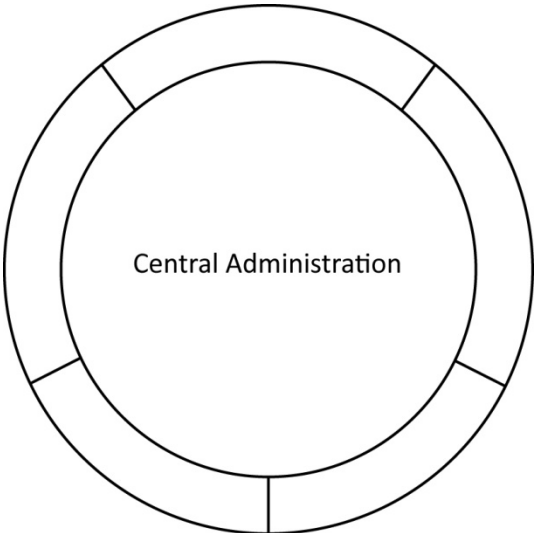
- Minimum central administration
- Service delivery/functions handled by owner agencies directly – agencies maintain staff, areas of expertise and identity/brand
- Central administration may include:
 - Governance
 - Public relations and marketing
 - Contract accountability
 - Centralized billing
- Core functions left with individual agencies:
 - Finance
 - Payroll
 - HR
 - Facilities management
 - Quality assurance
 - Technology/case management (tracking clients & outcomes)
 - Reporting and billing (to central entity)
 - Research and development (looking at future shifts and preparing)
- Co-op may create service sites that offer diverse range of services beyond employment, thereby meeting agencies desire to maintain identity/brand
- Co-op may pay dividends to owners
- Co-op may intentionally express the owner agencies’ mission values, including quality service within the community

The Primary Contractor & Sub-contractors Co-op Model



- A single prime contractor for each contract (cluster members may agree not to compete with each other)
- Prime contractor enters into agreements with relevant sub-contractors to deliver services
- Prime contractor is responsible for all core administration and contract accountability
- Risk can be shared through individual service contracts and performance bonds
- No need to create a new entity

The Full Co-op Model



- Maximum central administration (this may be contracted out to owner agencies)
- Agency staff become co-op employees (where applicable and acceptable)
- Specialty services outside agency expertise may be contracted out

- Co-op may create service sites that offer diverse range of services beyond employment, thereby meeting agencies desire to maintain identity/brand
- Co-op may pay dividends to owners
- Co-op may intentionally express the owner agencies' mission values, w including quality service within the community

3. Service Opportunities for a Shared Service

There are potentially a number of areas in which organizations could develop shared service agreements and at the end of this section we have listed a number of these areas.

In considering the development of a specific shared service it is important to understand all of the components of that service so that the shared needs of the organizations can be carefully assessed. In this report we provide templates for human resources and financial services.

The Human Resources Template

In organizations where there are volunteers the management of such volunteers should also be a part of the Human Resource mandate.

1. Employment and Advisory Services

- a. Recruitment and Selection of Both Employees and Volunteers
 - i. HR forecasting
 - ii. Job analysis and design
 - iii. Interview design
 - iv. Interviewing skills
 - v. Referencing checking
 - vi. Criminal records checks
 - vii. Probationary reviews
- b. Employee Relations & Best Practice Services
 - i. Advice regarding day to day issues (performance, coaching, discipline etc) with employees incorporating Best Practice Services.
 - ii. Answers to compliance related questions for major legislation (employment standards, human rights and best practice)
 - iii. Regular updates on changes in practice and law that may affect any area of service
- c. Human Resources Metrics
 - i. Measurement of HR related issues (i.e. turnover, cost of vacancy, return on investment [ROI] of all HR services, including volunteers)
- d. Policy Development

- i. Research and advice on existing and new policy
- ii. Draft policy development

2. Compensation Services

- a. Job Evaluation
 - i. Job evaluation plan design
 - ii. Salary structure design
 - iii. Evaluation of positions
 - iv. Job description creation
 - v. Regular review of positions as required
- b. Benefits
 - i. Review of existing benefits plans
 - ii. Advice on maintenance and application of benefits programs
- c. Salary Administration
 - i. Compensation surveys
 - ii. Recommendations for changes to salary structure
 - iii. Updates on sector increases and application

3. Health and Safety (H&S) Services

- a. H&S Policy and Advisory Services
 - i. Safety regulation advice
 - ii. Research on existing and new policy in keeping with legislation
 - iii. Draft policy development
- b. H&S Program
 - i. Program audits
 - ii. Program design
 - iii. Committee design
 - iv. Claims management model
- c. H&S Administration
 - i. Claims management
 - ii. Workplace Hazardous Materials Information System (WHMIS), a comprehensive plan for providing information on the safe use of hazardous materials used in the workplace.
- d. H&S Training
 - i. First aid
 - ii. Violence in the workplace
 - iii. Role of the supervisor
 - iv. Effective H&S committees
 - v. WHMIS

4. Orientation and Training Services
 - a. Design
 - i. Design of organizational training plans
 - ii. Management training programs
 - iii. Design of orientation programs
 - b. Delivery
 - i. Delivery of HR related training programs such as performance management, attendance management, diversity etc
 - ii. Coordination of training

5. Organization Development Services
 - a. Strategic HR Planning
 - b. Organization Culture Assessments
 - c. Organizational Design and Structure
 - d. Change Management

Financial Services Template

While not in the same depth as the HR template, some of the major components of a financial services template are outlined below.

1. Payroll and Benefits Processing
 - a. Receive and review all approved timesheets, enter and process
 - b. Review and adjust all benefits remittances as appropriate

2. Accounts Payable
 - a. Receive and review approved AP (Different processes and procedures for each organization)
 - b. Process AP, print cheques and assemble for signatures of each partner organization
 - c. Mail when received

3. Accounts Receivable
 - a. Develop invoices as needed, monitor cash receipts and follow up on outstanding amounts

4. Financial Statement Development and Analysis
 - a. Prepare journal entries
 - b. Print, review, analyze and revise statements
 - c. Develop variance analysis and present to staff, finance committees and the board as needed

- d. Develop funder and other reports and analysis as needed
5. Budget development
 - a. In collaboration with staff and executive director, develop budget working papers, summary information and financial and narrative information for presentation to Finance Committee and Board
6. Purchasing
 - a. Consider establishing common purchasing for all organizations
 - b. Ensure appropriate allocation of costs between organizations
7. Policy Development
 - a. Will policies be merged and consolidated or stay distinct

Other Service Areas with Potential for a Shared Service Agreement

Some other general areas of opportunity for collaboration (but were not explored for the duration of this project) include the following:

- Information Technologies (IT)
- Fundraising
- Marketing
- Communications
- Resource Development
- Advocacy and Government Relations
- Property Management
- Courier Services, Supplies
- Purchasing
- Vehicles and Fleet Management
- Catering
- Health and Safety
- Policy Development and Accreditation
- Board and Governance Development
- Strategic Planning
- Programs
- Co-location



Piloting Our Approach

Five clusters of organizations interested in developing shared services were identified and invited to pilot the use of the shared services templates/models. Briefly, this section of the report will review the background, focus, how the models/templates were used and the learnings from each cluster as they went through the four months of the pilot.

Cluster 1

Background

This small cluster began discussions at the very end of 2009 to explore staff collaboration potentials between the organizations. These two urban larger social service organizations have a combined revenue base of approximately \$26 million, both provide services in several locations in the Lower Mainland and both have strong organizational and service histories.

Focus of the project

The focus of this shared services project was on exploring, defining and shaping how a shared services approach would strengthen the strategic and operational productivity of the two organizations. Over the course of the discussions, this cluster, while retaining a commitment to back office integration, extended its focus to include more strategic issues.

Using the models/templates to develop a shared services agreement

The Process for Developing Shared Services

Step 1 – The Scoping Dance:

The two Executive Directors (EDs) engaged directly over several meetings, scoping out the vision and direction of the other organization and proposing sets of ideas and steps towards formalizing both the process and the outcomes. The trust relationship between the EDs played a very important role during this period. And, while the initial conversation focused on building a shared back office system, the discussion turned towards sharing, on a progressively more intense basis, strategic direction as well as internal and operational services.

Step 2 – Situational Analysis:

During this period several different dynamics were considered: environmental and historical relationships; the most pressing needs of each organization; possible other organizational partners; larger sectoral issues; and, the steps required to engage other staff throughout the organizations.

This group continued to focus on leadership functions rather than detailed technical analysis of the sharing plan. These leaders exercised detailed analysis through high level, iterative discussions of various scenarios and proposed outcomes. The planning to this point produced:

- A shared vision statement;
- Statement of major challenges and shared opportunities;
- Statement of shared organizational values;
- Mission statement;
- Principles of partnership;
- Listing of goals and key outcomes of the strategic partnership;
- A “pathway to success” plan; and,
- Series of concrete steps starting in September 2010 to implement the partnership plan.

Other discussion items between these partners included: competition and how to address it; how integration of services could occur, though the services are quite diverse; the need for leadership from the top; identification of one program as the place to start, how to produce a “quick win” that would start out the partnership on a positive step.

Step 3 – Decide Whether or Not to Proceed:

An initial decision to proceed was taken through a jointly orchestrated series of discussions with internal staff managers and leaders as well as with carefully worded and scripted announcements and discussions with the respective boards. The leadership focus was evident in the ease with which both organizations confirmed continued and more detailed programmatic steps required to move the shared approach forward.

Step 4 – Develop a Formal Proposal:

The most formal proposal developed was contained in a two-page set of notes arising from the final meeting of the Executive Directors. Aside from the jointly written commitment statement, the rest of this agreement was a series of bullet points. The simplicity of this planning process points to the trust level that was developed by the two Executive Directors over the course of several months.

Step 5 – Board Approval to Proceed:

The Board of Directors of the two organizations have signalled a “go ahead” to the plans but have not formally adopted a shared strategy or workplan.

Step 6: Establish an Operational Group and a Champion/Leader:

The groups have established a series of shared steps in getting organized to implement the plan:

- Announcement of the vision and plan with key staff not previously involved in the planning;
- Production of a shared work charter to be developed by team leaders from both organizations;
- Joint team meetings amongst identified staff leaders; and,
- A shared board meeting to focus both organizations on:
 - Joint organizational capacity and how the partnership can address such issues;
 - Public policy issues on which both organizations can cooperate and bring in new partners; and,
 - Look at future areas of concern, direction and possible concrete action.

No champion beyond the two Executive Directors has yet been identified

The Organizational Model Template

This cluster has not yet identified the best organizational model for the proposed service.

Service Template

This cluster was focused on a program area. No template has been developed for this type of shared service.

Learnings

- On a process level, clear, present and thoughtful leadership by formal and informal managers is powerful and capable of taking decisive steps after trust has been built. Storytelling, anecdotal incidents and unique historical factors require time and patience. Managers who lead at this level need to be able to exercise considerable skill in dealing with ambiguity, partially stated directions, and some “zigging and zagging”.
- The organizations recognize that a clear commitment to an overall strategic set of goals is required before a model can be conceived or selected. This group is working without a clearly articulated or detailed operational model of how the “strategic partnership” will function. The overall vision presents a strategic and operational scope that has room to grow over time.

Cluster 2

This cluster was established based upon the interest of three organizations to consider the development of shared services in either the human resources or administrative financial services areas. Due to changes in leadership in the organizations, the pilot did not proceed and no formal meetings were held.

Cluster 3

Background

Three agencies operating in a tight geographic area came together to explore the potential for a shared human resource (HR) management service. The combined annual operating budget of the three agencies is in excess of \$30 million, with a further \$30 – 40 million in capital assets. In total, there are approximately 750 staff employed, with some staff employed by more than one agency.

Presently, each agency has a small HR staff function, with a total of 6.5 full-time equivalents (FTEs). Primarily, the emphasis is on “transactional” human resource functions – recruitment, selection, time reporting, grievances/discipline. Very little “strategic” human resource functions – staff attraction and retention, organization development and culture, succession planning, etc. – is presently done.

The proposed shared services model is intended to create economies of scale and is anticipated to meet the transactional needs of the three organizations, as well as the strategic needs. It will provide economies and efficiencies and, more importantly, increase the effectiveness of human resource management across the three organizations.

Focus of the project

The focus of this shared services project was on the sharing and development of HR services.

Using the templates to develop a shared services agreement

The Process for Developing Shared Services

Step 1 – The Scoping Dance:

The initial dance started before the commencement of this project. The three agencies had held informal discussions about the possibility of creating a shared service arrangement for some of their back office functions. This project provided them with an opportunity to explore these arrangements with one specific back office function – human resource management. Monthly meetings have been held with the three Executive Directors and a UCS Co-op consultant. Periodically, an additional staff person from one agency has been present, but confidentiality has been a critical factor in these early deliberations.

Each agency completed the costing model (see Appendix C) and the HR Shared Services Metrics Analysis (see Appendix D) This analysis provided a snapshot of the current allocation of HR functions within each agency, and the respective costs associated with each function. Based on this preliminary analysis, it was concluded that the status quo was not a basis for planning for the future, and a “blank sheet” approach was adopted.

Step 2 – Situational Analysis:

A preliminary series of guiding principles and values were identified, and include:

- Controllable/manageable in scope and size
- Cost effective
- Responsive to needs
- Measurable
- Democratic in nature (may involve formal consensus building or not)
- Strengthen agencies politically
- Flexible
- Equality of access
- Maintain independence of each partner (doesn't weaken anyone)
- Transparency of process and services received
- Formal conflict resolution process
- Builds long-term capacity
- Service driven
- Provides processes for asset and risk Management
- Clear entry and exit strategy
- Confidentiality
- Formal schedule review, monitoring and evaluation processes
- Consistent with "motherhood" principles
- Links to detailed operating principles and procedures

Step 3 – Decide Whether to Take the Next Step:

Based on the situation analysis, a decision to take the next step was made by the three Executive Directors.

Step 4: Develop a Formal Proposal:

The three Executive Directors have informally informed their respective boards about the initiative and progress to date. A formal recommendation requesting authorization to undertake a detailed feasibility study and, if appropriate, the creation of a comprehensive business plan will be presented to each board within the near future. Next steps will be dependent on the response from the Boards.

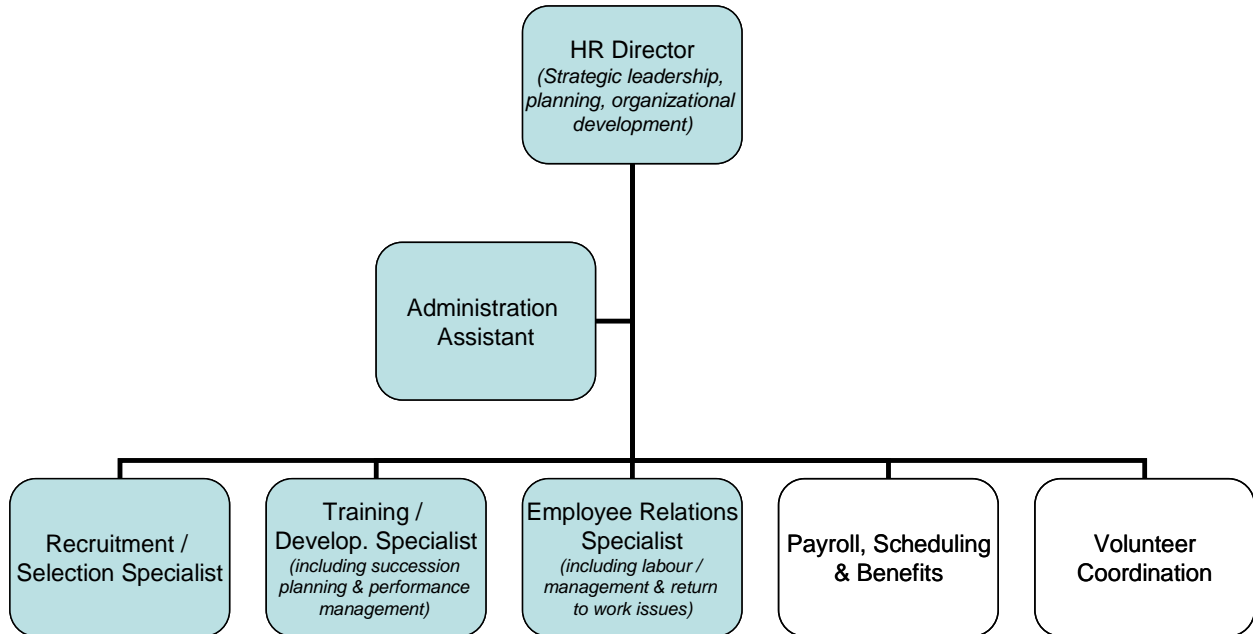
The Organizational Model Template

The cluster reviewed the three partnership models discussed earlier in this report on page 9 and reviewed the continuum of organizational models.

Incorporation appears to be the most appropriate organizational model for this shared service. All three of the corporate models (non-profit, co-op and social enterprise) are still being considered. Whichever

model is chosen, it is important that the three agencies be equal members/shareholders in the new legal entity.

In considering a possible Functional Organizational Chart, the cluster is considering the following reporting relationships:



Services Template

This cluster found the Human Resources Template (see Appendix D, Metrics Analysis) very helpful and they used it to gather information on the present availability of HR resources and the future need that is indicated in the proposed organizational positions.

Learnings

- The organizations in this cluster understand the day-to-day work of HR specialists. They have recognized that there is also some more strategic leadership that is required. This has provided the basis for them to move forward quickly to define the type of shared service for their organizations.
- Development of a shared service can impact staff and this must be handled very sensitively.



Cluster 4

Background

Three organizations initially expressed interest in the development of a Human Resources (HR) shared services agreement. None of the organizations presently have dedicated HR staff.

- One organization has 340 staff, 1000 volunteers and an annual budget of approximately \$15 million. This organization believes that it should have some dedicated HR resources and plans to do this in the near future.
- The second organization with a \$4 million plus annual budget, 85 employees and 150 volunteers is interested in how shared HR resources could improve its effectiveness and efficiency.
- A third organization with an approximate annual budget of \$5 million expressed interest in attending the discussions but was unsure how shared services could assist them.

Focus of the project

The focus of this shared services project was on the sharing and development of human resource services.

Using the templates to develop a shared services agreement

The Process for Developing Shared Services

Step 1 – The Scoping Dance:

The three organizations nominated individuals to be part of a shared services discussion group. Two of the organizations nominated their Executive Directors plus another manager and one of the organizations nominated a senior manager to the committee.

The committee met on two occasions to discuss how shared human resource services could support their individual programs. The consultant met with the supervisors and managers in each organization to discuss their human resource needs.

Needs identified in these interviews included:

- Human Resources tend to be something done “off the edge of the desk”;
- Assistance with recruitment and hiring would be a primary focus;
- Improvement of training;
- Better understanding and prioritizing of HR;
- Reduction in fragmentation;
- Need for a HR data base;
- Common position descriptions between the shared service organizations;
- Support in developing an effective performance management system; and,

- Inclusion of volunteers within an HR service.

Concerns expressed in the interviews included:

- An HR resource would not understanding the non-profit sector;
- An uncertainty on how to access and the availability of information (paper versus computer);
- Some organizations are unionized and some are not;
- It would be important to have comprehensive knowledge of the collective agreement(s);
- The challenge in determining what contribution each individual organizations would make;
- There are difference work culture and values at each organization;
- There are differences in the culture in the communities served by each organization; and,
- There would be a need to allow for the different strategic focus of each contributing organization.

Anticipated benefits identified in the interviews included:

- A shared data base of persons interested in working at the organizations;
- Separation of the macro and micro decision-making processes;
- Improvements in cost effectiveness and enhanced productivity;
- Standardization;
- Better understanding of the labour laws;
- Ability to manage HR data (e.g. attendance, disability); and,
- Availability of coaching through HR processes.

Following these interviews one of the three organizations decided not to continue being a part of the shared services discussions. The other two organizations agreed that it was critical to begin to collect and review specific data on the HR function and they moved into the second step of the process.

Step 2 – Situational Analysis:

The two remaining organizations embarked on a data collection process to identify the amount of time supervisors and managers were spending on HR related issues.

A worksheet to collect this information was developed by the consultant and finalized with input from the members on the share services exploration committee. The worksheet utilized the HR template to identify the HR service areas with the addition of HR management services that would be the responsibility of individual supervisors and managers, not of a centralized HR person or service. The collection of this data began the first week of September for 8 weeks.

At the time of publication of this report, the committee has reviewed the first few weeks of the data collection but the data collection has not been completed.

The Organizational Model

With regard to the Organizational Models, there has been some discussion of the different organizational models but the group is not ready to identify the most appropriate organizational structure for the potential shared service.

The Service Template

The focus of this cluster was on the development of shared Human Resource services therefore they used the HR template as their guide. They were particularly supportive of the importance of including volunteers in this process as both organizations made extensive use of volunteers. As noted above, the HR template was used to assist with data collection on how HR services were presently being provided and to look to the future on how they could be provided.

Learnings

- In the area of process, the most critical learning is that one needs to be very patient and committed to searching for solutions that will be meaningful for each organization. In this cluster the initial steps represent the process required, but there is still much to do.
- The continuum of organizational models has been well received and the organizations recognize that a clearer focus of a shared services project is required before a model can be chosen.
- The HR template is working very well. It clearly spells out the HR services that could be allocated to a shared services process. In collecting data on the HR activities in each organization it has been important to identify those services which should always be the responsibility of supervisors and those that could be part of a shared HR service.

Cluster 5

Background

This cluster began discussions in March 2010, when a major program announcement was made by a Provincial Government Ministry to completely revamp one of its service programs. This change in program deployment imposed a series of threats and opportunities on each of these organizations, as each was currently engaged in delivering portions of the service in the same geographic region.

This cluster consisted of five urban and suburban small to large organizations. They have a total combined annual revenue base of approximately \$43 million, operate in the Lower Mainland and provide a range of services from highly professional, formalized services to street level services. The volume of revenue in the specific service program undergoing transition and geographic area is about 10% of the total revenues of these organizations.

Focus of the project

The focus of this shared services project was on defining and operationalizing a co-ownership model that would bring a shared risk and shared benefits approach to one single program area in which each organization currently provides stellar services.

Using the templates to develop a shared services agreement

The Process for Developing Shared Services

Step 1 – The Scoping Dance:

This cluster was formed through one person taking the initiative to call colleagues together on the basis of previous successful working relationships. From the beginning the Executive Directors and other senior staff of these organizations were driven together by three factors:

1. The threat of dramatic change and potential loss of local programs in the community;
2. The active formation of alternative groups in the community lead by competitive organizations;
3. A strong desire to continue to provide high quality services to clients; and,
4. A level of pre-existing trust that brought them together in the first place and then grew over the course of this consultation.

Step 2 – Situational Analysis:

In the six months following formation this group undertook both high level strategic planning that included consideration of a vision, sets of values, operational principles as well as detailed operational and program plans.

Analysis among these partners included a wide range of strategic and tactical considerations: disclosure and sharing of quickly changing information, including multi-level rumours; changing potential competition patterns and how to address them; how to relate to additional partners and partnerships as those arise in a very dynamic market; how to share knowledge, experience and specialized expertise within the business; inter-organization relationships and intra-co-operative relationships as those arise.

This two-level approach was structured as:

- The business leaders (the Executive Director or designate of each organization) focused on the overall planning and major decisions required of the partnership. This was done through a series of meetings where strategic and tactical issues would be dealt with in an iterative manner and responsive leadership planning was undertaken and documented in bullet form.
- A second level group, the program leaders (a senior Program Manager from each organization) focused on the technical and programmatic functions to be analyzed and considered for holding within the new business structure. This group undertook detailed analysis of current information and factors, projected likely caseloads and costs, and developed operational and program models for consideration by the higher level group.

Cross group sharing happened regularly at informal and formal meetings of the two groups.

Step 3 – Decide Whether or Not to Proceed:

By mid-August 2010 the group had progressed to a point where it could identify all of the key factors to consider in a “shared future” including a vision statement, a clear set of values underlying the business relationship, operating principles and an ownership model on which all could agree. Through individual consultations with the boards and management of each of the five organizations a decision was reached that it would be desirable to undertake an exclusive business partnership that would result in shared ownership and complete co-operation in this program area. This has not yet happened but remains the plan.

Step 4 – Develop a Formal Proposal:

Much of the work towards a formal proposal has been completed through documented notes of the meetings at both the strategic and operational levels of planning. At the present time the group is preparing a case statement and concrete proposal to be taken to each board. A tight timeframe for a “go / no go” commitment for each party has been tentatively established through a Memorandum of Understanding to be signed by the executive staff.

Elements of the formal plan include:

- Statement of shared business goals;
- Statement of shared opportunities and risks;
- Statement of shared values for the business structure;
- Principles of the business partnership;
- List of concrete business and financial goals;
- Key outcomes of the business partnership;
- A concrete plan of action in two phases; and,
- A series of concrete steps starting with forming a business model based on co-operation.

In addition, the formal plan will set up mechanisms to:

1. Finalize the relationships structures; forming up the business model and incorporating it;
2. Make basic and fundamental decisions about the service model;
3. Analyze the program Request for Proposals (RFP), determine bid production methodologies, secure appropriate resources to ensure a good bid;
4. Cost out the financial investment and expenditure costs required at various stages of business development; and,
5. Meet with appropriate sources to secure the financial resources required.

The Organizational Model

After considering the continuum of organizational models, this cluster has decided that the most appropriate organizational model for their shared service would be incorporation.

Service Template

This project was focused on a program area. No template has been developed for this type of shared service.

Learnings

- On a process level, leadership has been a critical element in the progress of this group, from forming the original group to strategic analytical skills to keeping the group focused on a particularly important concern or opportunity. This element played a role in keeping both groups nimble and flexible as new information became available over the course of this work. This group also took leadership by investing in a facilitator to assist in development.
- The value of an external threat cannot be under estimated. The complete change of government operational policy for this program area resulted in a potentially highly competitive situation in each community. One core value of the group is a commitment to share both risks and benefits through a co-operative model. The timeframe for the RFP tendering process facilitated an urgency to make agreements and plans amongst members of this group.



In Conclusion

This project was focused on understanding the processes and models that support the development of shared services.

Today, many organizations are seeking collaborative and inter-dependent business relationships with other similar organizations. They also want to maintain within their organizations the intellectual and social capital of strong leaders, highly performing programs and long-term financing arrangements.

During this project we developed templates and models that are critical in developing a shared services relationship. We believe that it is important to:

1. Understand the process steps in establishing a shared services project;
2. Clarify the governance and organizational structure that the new shared services project will use; and,
3. Thoroughly understand the service area that will be addressed by the shared services project.

In an effort to test these models/templates we identified five clusters of organizations who had expressed an interest in developing shared services. None of these clusters have completed the task of establishing a shared service although four of the five are clearly still moving towards that goal.

In the course of this project the consultants identified a number of key learnings related to the development of shared services. These are:

- Although there are a large number of service templates that could be developed there are many shared service opportunities that will continue to be one-offs.
- While the process model contained in this document is presented as a linear sequence of steps, the reality is that the process is often more of a spiraling approach than a linear one. In this respect, as the discussions reach increasing depth, it may be necessary to go back and review earlier steps to ensure that data and assumptions are still aligned with the overall direction. The process may flow backward and forward, sometimes leapfrogging steps to meet the unique needs and situation.
- Confidentiality is an important component during the early stages of the process. Shared services can impact a variety of staff and it can also be a competitive advantage for the organizations undertaking the process. It is critical that trust is established early in the process and that confidentiality is respected and maintained according to the expectations of the members.
- Inclusion is an important component of the process. In the early stages it may be necessary for a small group of senior managers to work on the shared services project but it is important that once the decision has been made to move forward, than it will be necessary to shift to a broader mode of inclusion. For example, line managers, who are the primary “consumers” of HR

services, will need to be brought into the loop during the feasibility study. Their commitment to the planned organizational change will only flow from their meaningful involvement in planning that change.

- Developing a shared services agreement takes time and patience. Many say that the process will take a few years so it is important not to rush it. The resulting shared services agreement should last for a significant period of time so it is best to take it slowly and cover all the bases.
- Power and culture are important components of all organizations. It is critical that the process is respectful and the shared services agreement recognizes the cultural and power needs of all the partners. Sometimes these cannot be aligned but it is worth trying.
- Leadership is a critical element in the development of a shared services agreement. This requires the early involvement of the CEO and the commitment of the senior management team.
- The value of an external threat cannot be underestimated. As in any change process, the 'burning platform' forces organizations to consider opportunities to change and survive.
- It is critical to understand the difference between what a central HR service can provide and the HR services that must remain at the front line. Supervisors must always be part of the hiring decision and they must own the goal setting, coaching and evaluation process if employees are to develop the competency and commitment to make the organization successful.
- A clear commitment to an overall strategic set of goals is required before an organizational model can be conceived or selected.

The United Community Services Co-op is pleased to have had this opportunity to develop these templates and models on behalf of the Labour Market Partnership.

We believe there are many opportunities for the development of shared services and we hope that our efforts will be helpful to those organizations interested in developing a shared services agreement.



Appendix A: The Workplan

Step 1: Launch the Project

1. Consultant review of the project
2. Develop workplan
3. Meet with all organizations to be involved in the study to review the proposal and the workplan
4. Finalize the clusters and workplan
5. Assign consultants to a cluster

Step 2: Establish the Issues to be addressed

1. Survey the participating organizations to develop a clear understanding of their expectations and their HR issues
2. Summarize the expectations and issues
3. Meet with the clusters (individual organizations)
4. Conference call with all the organizations and agree on the project deliverables

Step 3: Develop a generic Feasibility Study / HR template

1. Research available process examples and HR templates
2. Convene a meeting/workshop of the consultants plus additional experts (on a voluntary basis) to develop a detailed list of HR services and to consider the process steps
3. Prepare a summary of the HR template and the process steps

Step 4: Identify possible models that could be used for shared services

1. Research available shared service governance and management models
2. Convene a joint meeting/workshop of the consultants to consider different governance and management models that may be used to support shared services
3. Prepare a summary report with strengths and weaknesses of each model
4. Integrate the process, models and HR template materials into a first draft of the report
5. Share the first draft with all the stakeholders and discuss

Step 5: Establish the feasibility of implementing a model for each cluster and prepare Final Report to Labour Market Partnership

1. Consultant and cluster determine feasibility of using one of the models for a shared services project.
2. Each consultant prepares a feasibility report for their Cluster identifying potential outcomes
3. Approval of feasibility report by cluster
4. Preparation of overall draft feasibility final report integrating all the clusters
5. Present the draft final report to all participants and make any changes recommended by the meeting
6. Submit the Final Report to the Labour Market Partnership

Step 6: Apply the proposed appropriate model to each cluster

1. Cluster confirms that it wishes to proceed with a Shared Services project with UCS and establishes a budget for the project
2. Consultant prepares a workplan within the constraints of the proposed budget

3. Cluster approves the workplan
4. Implement the proposed workplan
5. Bring representatives from the clusters who are implementing a model together to review progress (Report backs from each cluster).
6. Develop a final report for each cluster



Appendix B: Survey Results

Results of the Survey on Shared Services

May 7, 2010

1. What are some critical issues for your organization over the next year?

- Shrinking/Funding reductions
- Growing/Managing growth
- Succession planning
- Generating increased revenues
- IT enterprise
- Sustainability
- Recruitment and retention
- Infrastructure costs
- Being an employer of choice
- Certification across employers for casual staff
- External accreditation
- disciplinary actions, etc.
- Training and supporting staff
- Changing program areas
- Strengthen corporate operational areas (e.g. HR)
- Build resource development
- Build communication function
- New employment services model (one stop shopping)
- Need for HR personnel with common approaches to hiring, succession planning, performance management,

2. What are the opportunities/possibilities that you see for your Cluster through a shared services approach?

- Relationship building (greater capacities, better results, meaningful partnerships)
- Explore social enterprise and/or Co-op models for client benefits
- Shared learning/introduction to new ideas
- Sustainability model
- E-learning
- Improve infrastructure capacity
- Financial efficiency
- Demonstrating to government our efficiency/effectiveness
- Improved program productivity
- Increased opportunity for programming and additional contracts
- Client benefits, better quality service provision
- Areas to explore include: fund raising, IT, property management, janitorial, minor repairs, lands/grounds maintenance, courier/delivery, fleets/vehicles; HR; catering, finance; staff learning; first aid;
- Shared HR services, tools and other resources

3. What are the factors that are motivating your organization to be engaged in this process?

- Innovation
- Relationship building/enhance current relationships
- Long-term sustainability/Capacity building
- Economies of scale
- Cooperative principles and economic model
- Critical mass may create opportunities
- Leveraging our collective power/knowledge/influence
- Busting the perception that agencies can't work together
- Stay in the game
- Fear, excitement, reality testing
- Changes in expectations
- Currently the responsibility for HR related issues is left to departmental managers who already have too many responsibilities and who don't necessarily have distinct HR qualifications/skills

4. What are the top 5 reasons for considering a collaborative or shared services approach?

- To increase capacity and wealth
- Build stronger cooperative relationships/build strategic alliances
- Long term sustainability/maintain and improve service
- See what new ideas are possible
- Cost savings/redirect cash if we find savings/decrease costs
- Not going to make it as a stand-alone in the long term
- Networked organizations can achieve their mission easier/strength in partnerships
- Greater capacity to serve when infrastructure is strong
- Employee opportunities
- Service improvement
- Achieving consistent sectoral HR practices
- Demonstrating that we are making efforts to increase efficiency (Seen by funders and donors to be exploring new ways of doing business)
- Achieve greater strength
- Expand our labour pool
- Finding efficiencies (HR, corporate services)
- Attaining more diversity in labour pool
- Explore organizational models
- Curiosity
- More time to spend on HR issues
- Increase stability
- Maximize resources
- Sharing the risk
- An opportunity to be innovative and a leader
- Expand our presence in the community
- Ascertain needs and opportunities
- Great value in synergistic learning
- Supporting like-minded services strengthens community
- Provides impetus for action to take place
- Increased collaboration and trust



5. What 3 important factors could you use to measure success for your organization in seeking a shared services solution?

- Frees up resources and expands the pie
- Builds stronger cooperative relationships
- Did we actually set something up?
- Does it work?
- Does it last?
- Reduced grievances
- Reduced cost in consulting and one off costs
- Increased achievement in strategic plan goals
- Improve financial outcomes/cost reductions- money resources saved
- Improved capacity with no cost increase/capacity gains
- Ability to explore/grow our knowledge base
- Better retention of staff
- Realistic governance models to deliver potential gains
- Clear roadmaps for effective processes of implementation
- Significant incremental value added
- Amount of time managers are immersed in HR issues
- Staff satisfaction
- Positive partnering
- Continue to be a service provider/be recognized by Government as providing a viable solution
- Financial sustainability
- Ability to maintain culturally competent and relevant services to newcomers
- Decision made and action taken towards securing HR personnel/HR personnel hired
- Transfer of responsibilities from managers to the HR person

6. What's your 'showstopper'; what limits would your organization place on finding cooperative, shared services?

- Maintenance of program models and an adequately supportive infrastructure
- Long processes that don't do anything,
- Costs are prohibitive
- Bad faith
- Boards don' agree on shared vision
- Misalignment of operational objectives
- Lack or break of trust
- No financial benefit or improved service
- Board of Director resistance
- Loss of policy independence
- What makes us unique
- An inability to find a governance model that would deliver gains while maintaining individual organizational integrity.
- Radically differing concepts of partnership on the part of the respective organizations
- Increased costs
- Exposure to risk from others
- No financial remuneration
- Loss of agency branding
- Differing values of participating agencies
- 'Hijacking' of the group to serve self-interests
- Inability to provide specialized services

- Insufficient ability to direct the outcomes.
- Ongoing lack of willingness, within the cluster, to find common ground

7. What might compromise your ability to stick with this feasibility process?

- Not all partners agree to contribute monetary resources
- Manpower not available to meet timelines
- Template doesn't meet partner needs
- Break of trust/loss of a respectful and fair relationship
- Inequality in the contractual relationship
- Breaches in confidentiality
- Loss of confidence in the integrity of the process
- Board or staff dissatisfaction
- Loss of uniqueness
- Time demands for 'Cluster business'
- Required buy-in from the Board
- Can't meet timelines
- Costs exceed revenues
- Differing values
- Differing organizational directions
- Service models that do not meet funding requirements
- Nothing: we are committed

8. If you have listed issues that would compromise your ability to stick with this feasibility process, what would be some preferred ways to overcome these issues?

- Agreed upon workplan with timetables
- Clearly written agreements with all the organizations involved
- Confidentiality agreements
- Clear process ground rules and principles
- Clear communication of progress
- Clear and frequent communication to our Boards
- Have to be open to more than just HR
- Lots of discussion

9. What are the top HR issues facing your organization right now?

- Securing finances for an HR Manager
- Recruitment, selection and retention of qualified staff/especially casual employees
- Offering equitable wages and compensation
- Standardized response to common workplace issues
- Innovative leadership development on a shoestring
- Consistent orientation/training and supervision
- Policy development and enforcement
- Performance management
- Lay-offs and recalls
- Documented policies and procedures (recruitment to termination)
- Diversity
- Crating a common vision for HR management and development within the organization
- Creating a strategic plan to implement this vision (aligning programs/procedures/processes)
- Grandfather clause benefits
- Labour relations
- Clearer understanding of the HR role and function

- Better cohesion between stakeholders (management, union and staff) about supporting the vision and strategy
- Developing clear measures to determine if the vision is being achieved.
- Lack of consistency/structure
- Require cohesive policies and procedures
- No work for employees when current contract ends
- Training, development and retention of senior managers
- Managing HR data
- Cost of HR
- Competing with government for retention and recruitment
- Lack of innovation
- Spread too thin
- Change averse
- Salary/benefit gap with public and private sector
- Replacement of CSSEA job evaluation plan with an in-house plan
- Getting control of our own collective bargaining
- Building an adequate internal HR system
- Management development

10. What HR system/function do you currently have in place?

- Some software (not sure what it is)
- ADP system
- Limited dedicated manpower, some information
- Management capacity
- Lots of internal structures and directives
- Overseen by ED and managers
- One person does it all with the help of a bookkeeper
- HR administrator, Accreditation Manager, Payroll clerk, Director of operations, Heavy involvement of Directors, managers and Coordinators in HR Matters
- We are a member of HEABC
- Central HR department of 2
- Working on creating a centralized scheduling function with HR which would also include transferring payroll from accounting.
- Each manager is responsible for most HR functions for their individual programs. The operations director provides internal support for all HR issues and liaises with CSSEA and the union, finance staff track benefits and seniority
- Each manager is responsible for HR issues within their department. Some standardized practices and forms but much occurs on an ad hoc basis

11. How do you currently resource the HR function in your organization

- HR administrator, Accreditation Manager, Payroll clerk, Director of operations, Heavy involvement of Directors, managers and Coordinators in HR Matters
- HR Manager, HR Clerk, Payroll clerk
- 1 bookkeeper 32 hrs/wk plus ED 40 hrs/wk
- Hr Director, HR Generalist (who focuses largely on recruitment)

- None specified: par of each manager's responsibilities XXX
- Through admin feeds and based on year to year/ contract to contract
- .2FTE for HR plus personnel clerk

12. Where would you like to see your HR capacity grow?

- Urgently need an in-house manager and expect to appoint within a few months
- Generally adequate
- Strategic direction re recruitment and retention
- A specific role with structured policies and procedures
- Recruitment and retention
- Would be great to have an HR department that could take on more responsibilities , but this is not a priority of the organization at the moment
- General HR knowledge and skills across organization
- Improved performance management, training and development and succession planning
- Improve employee communication and engagement
- Better labour/management climate
- More strategic HR planning and recruitment strategies
- Capacity to define and measure HR success
- More effective HR processes and functions
- Volunteer management capacity
- Consolidate HR responsibilities for consistency and effectiveness without compromising the employee/manager relationship
- Eventual hiring of an HR Manager

13. Additional comments:

- The formation of this cluster is very timely
- While we are intrigued to look at the possibilities of shared HR services we are not yet convinced that it is feasible given geographic, financial and relational (staff/manager) restraints. We look forward to the feasibility study with great curiosity.
- HR is just one area for us to consider. We are hopeful that the template will be useful in other areas such as Finance, IT, etc.



Appendix C: Sample Financial Feasibility Tool

This is an example of financial considerations in a feasibility review.

Current Operations

- There are three organization of equal size, A, B and C, who are proposing to consolidate some services
- All three have four program managers who are each spending .25% of time on HR
- They also have an HR Manager and 2 clerical payroll processing staff.
- The Proposed Structure information - second column from end - comes from the following Proposed page with the Change column representing the difference
- This analysis does not quantify the improved services provided by the new Director of HR which may include savings on benefits costs, lower turnover, best practices etc.

		Organization A			Organization A		Total		Total for		Proposed		Change
		Program Management			HR Management		Org A		A, B and C		Structure		
Program			Total for	HR	Clerical	Total			(A x 3)				
Manager			Four Managers	Manager	2 Staff	HR							
1. Employment and Advisory Services													
	a. Recruitment and Selection	10%	40%	25%		25%	65%		195%		123%		-73%
	b. Employee Relations & Best Practice Services	2%	8%	10%		10%	18%		54%		37%		-18%
	c. Human Resources Metrics	0%	0%	5%		5%	5%		15%		25%		10%
	d. Policy Development	0%	0%	15%		15%	15%		45%		35%		-10%
	Total Employment and Advisory Services	12%	48%	55%		55%	103%		309%		219%		-90%
2. Compensation Services													
	a. Job Evaluation												

			Organization A			Organization A		Total		Total for		Proposed		Change				
			Program Management			HR Management		Org A		A. B and C		Structure						
		Program		Total for		HR				(A x 3)								
		Manager		Four Managers		Manager												
						2 Staff		HR										
	b. Benefits					5%		50%		55%		55%		165%		135%		-30%
	c. Salary Administration	8%		32%		5%		150%		155%		187%		561%		436%		-125%
	Total Compensation Services	8%		32%		5%		200%		210%		242%		726%		571%		-155%
3. Health and Safety Services																		
	a. H&S Policy and Advisory Services					5%		5%		5%		5%		15%		14%		-1%
	b. H&S Program					1%		1%		1%		1%		3%		11%		8%
	c. H&S Administration					5%		5%		5%		5%		15%		20%		5%
	d. H&S Training					3%		3%		3%		3%		9%		18%		9%
	Total Health and Safety Services																	
				0%		14%		14%		14%		14%		42%		63%		21%
4. Orientation and Training Services																		
	a. Design					5%		5%		5%		5%		15%		11%		-4%
	b. Delivery	3%		12%		10%		10%		22%		22%		66%		50%		-16%
	Total Orientation and Training Services	3%		12%		15%		15%		27%		27%		81%		61%		-20%
5. Organization Development Services																		
	a. Strategic HR Planning	2%		8%		2%		2%		10%		10%		30%		23%		-7%
	b. Organization culture assessments					2%		2%		2%		2%		6%		8%		2%
	c. Organizational design and structure					1%		1%		1%		1%		3%		5%		2%
	d. Change management					1%		1%		1%		1%		3%		5%		2%
	Total Organization Development Services	2%		8%		6%		6%		14%		14%		42%		41%		-1%

			Organization A			Organization A		Total		Total for		Proposed		Change
			Program Management			HR Management		Org A		A. B and C		Structure		
			Program	Total for	HR	Clerical	Total			(A x 3)				
			Manager	Four Managers	Manager	2 Staff	HR							
			25%	100%	95%	200%	300%	400%		1200%		955%		-245%
		FTEs	0.25	1.00	1.00	2.00	3.00	4.00		12.00		9.55		-2.45



Proposed Operations

In each of the three organizations which have equivalent operations:

- Reduce program managers from 4 to 3.5 FTE, reduce HR time per manager from 25% to 10% FTE
- Move the savings in Manager time of .5 FTE to the HR Manager position, and eliminate the HR manager position in each of the three organizations

In the new Shared Services Entity, serving all three organizations:

- All clerical positions are transferred to a new Entity - 6 positions are reduced to 5 positions with each of the three having one designated contact person.
- One HR Director tasked with strategic objectives and one HR Admin person with prime responsibilities to hire new staff are appointed
- This analysis does not quantify the improved services provided by the new Director of HR that may include savings on benefits costs, lower turnover, best practices etc.

		Organization A Program Management			Organization A HR Management		Total Org A	Total for A, B and C (A x 3)	HR Manager	New HR Admin	Shared Service Entity		Consolidated All Levels
		Program Manager	3.5 Managers	Total for 3.5	.5HR Manager						Clerical 5 Staff	Total	
1. Employment and Advisory Services													
	a. Recruitment and Selection	5%		18%		5%	23%	68%	5%	50%		55%	123%
	b. Employee Relations & Best Practice Services	1%		4%		2%	6%	17%	10%	10%		20%	37%
	c. Human Resources Metrics	0%		0%		5%	5%	15%	5%	5%		10%	25%
	d. Policy Development	0%		0%		5%	5%	15%	15%	5%		20%	35%
	Total Employment and Advisory Services	6%		21%		17%	38%	114%	35%	70%		105%	219%

	Organization A Program Management			Organization A HR Management		Total Org A	Total for A, B and C (A x 3)	HR Manager	New HR Admin	Shared Service Entity		Consolidated All Levels
	Program Manager	3.5 Managers	Total for 3.5	.5HR Manager						Clerical 5 Staff	Total	
2. Compensation Services												
a. Job Evaluation												
b. Benefits									10%	125%	135%	135%
c. Salary Administration	2%		7%		10%	17%	51%	0%	10%	375%	385%	436%
Total Compensation Services	2%		7%		10%	17%	51%	0%	20%	500%	520%	571%
3. Health and Safety Services												
a. H&S Policy and Advisory Services					3%	3%	9%	5%	0%		5%	14%
b. H&S Program					3%	3%	9%	2%	0%		2%	11%
c. H&S Administration					5%	5%	15%	5%	0%		5%	20%
d. H&S Training					5%	5%	15%	3%	0%		3%	18%
Total Health and Safety Services			0%		16%	16%	48%	15%	0%	0%	15%	63%
4. Orientation and Training Services												
a. Design					2%	2%	6%	5%	0%		5%	11%
b. Delivery	2%		7%		3%	10%	30%	10%	10%		20%	50%
Total Orientation and Training Services	2%		7%		5%	12%	36%	15%	10%		25%	61%
5. Organization Development Services												
a. Strategic HR Planning	0%		0%		1%	1%	3%	20%	0%		20%	23%
b. Organization culture assessments					1%	1%	3%	5%	0%		5%	8%
c. Organizational design and structure					0%	0%	0%	5%	0%		5%	5%
d. Change management					0%	0%	0%	5%	0%		5%	5%
Total Organization Development	0%		0%		2%	2%	6%	35%	0%		35%	41%

			Organization A Program Management		Organization A HR Management		Total Org A	Total for A, B and C (A x 3)	HR Manager	New HR Admin	Shared Service Entity Clerical 5 Staff	Total	Consolidated All Levels
			Program Manager	3.5 Managers	Total for 3.5	.5HR Manager							
		Services											
			10%	35%	50%	85%	255%	100%	100%	500%	700%	955%	
		FTEs		0.35	0.50	0.85	2.55	1.00	1.00	5.00	7.00	9.55	



Appendix D: HR Shared Services Metrics Analysis Tool

HR Service	Include in Shared Services? (Yes/No) If "Yes", brief description of service to be included in shared services ¹	# of transactions per year	Time Allocated (in FTEs) Breakout HR staff and Line Mgr time	Salary Breakout HR staff and Line Mgr time
1. Employment and Advisory Services				
a. Recruitment and Selection				
i. HR Forecasting				
ii. Job analysis and design				
iii. Interview design				
iv. Interviewing skills				
v. Referencing checking				
vi. Criminal records Checks				
vii. Probationary reviews				
b. Employee Relations & Best Practice Services				
i. Advice regarding day to day issues (performance, coaching, discipline etc) with employees incorporating Best Practice Services.				
ii. Answers to compliance related questions for major legislation (Employment standards, Human Rights and best practice				
iii. Regular updates on changes in practice and law that may affect any area of service				
c. Human Resources Metrics				
i. Measurement of HR related				

¹ Only provide details of # of transactions, time and cost for those services to be considered for inclusion in the Shared Services model

HR Service	Include in Shared Services? (Yes/No) If "Yes", brief description of service to be included in shared services ¹	# of transactions per year	Time Allocated (in FTEs) Breakout HR staff and Line Mgr time	Salary Breakout HR staff and Line Mgr time
issues (i.e. Turnover, cost of vacancy, ROI of all HR services)				
d. Policy Development				
i. Research and Advice on existing and new policy				
ii. Draft policy development				
2. Compensation Services				
a. Job Evaluation				
i. Job Evaluation Plan design				
ii. Salary structure design				
iii. Evaluation of positions				
iv. Job description creation				
v. Regular review of positions as required				
b. Benefits				
i. Review of existing benefits plans				
ii. Advice on maintenance and application of benefits programs				
c. Salary Administration				
i. Compensation Surveys				
ii. Recommendations for changes to salary structure				
iii. Updates on sector increases and application				
3. Health and Safety Services				
a. H&S Policy and Advisory Services				
i. Safety regulation advice				
ii. Research on existing and new policy in keeping with legislation				

HR Service	Include in Shared Services? (Yes/No) If "Yes", brief description of service to be included in shared services ¹	# of transactions per year	Time Allocated (in FTEs) Breakout HR staff and Line Mgr time	Salary Breakout HR staff and Line Mgr time
iii. Draft policy development				
b. H&S Program				
i. Program Audits				
ii. Program design				
iii. Committee design				
iv. Claims management model				
c. H&S Administration				
i. Claims Management				
ii. WHMIS				
d. H&S Training				
i. First Aid				
ii. Violence in the Workplace				
iii. Role of the supervisor				
iv. Effective H&S Committees				
v. WHMIS				
4. Orientation and Training Services				
a. Design				
i. Design of organizational training plans				
ii. Management training programs				
iii. Design of orientation programs				
b. Delivery				
i. Delivery of HR related training programs such as performance management, attendance management, diversity etc				
ii. Coordination of training				
5. Organization Development Services				
a. Strategic HR Planning				

HR Service	Include in Shared Services? (Yes/No) If "Yes", brief description of service to be included in shared services ¹	# of transactions per year	Time Allocated (in FTEs) Breakout HR staff and Line Mgr time	Salary Breakout HR staff and Line Mgr time
b. Organization culture assessments				
c. Organizational design and structure				
d. Change management				

