



***“Reducing Funding Pressures in
Corporate Groups by Implementing a
Shared Services Organization”***

**Presentation to the Canadian
Public Sector Quality Association**

Luc Casault
Director, Finance and Procurement Services
Shared Services Offices

Natural Resources Canada

April 15th, 2008



Natural Resources
Canada

Ressources naturelles
Canada

Canada 



Purpose

- Share NRCan's successes and challenges in implementing shared services
- Offer lessons learned in government-wide administrative reform, such as Corporate Administrative Shared Services (CASS)





The Case for Change

- Context**
(pre-shared services)
- Highly decentralized support functions; greater resources for admin support in sectors than in corporate functional areas
 - Deficits in corporate groups, funding pressures to support new corporate initiatives

-
- Support Services Study**
(2003)
- Multiplicity of support services units (37)
 - Fragmented and inefficient processes
 - Inconsistent service levels
 - Excessive delivery costs
 - Opportunity for savings

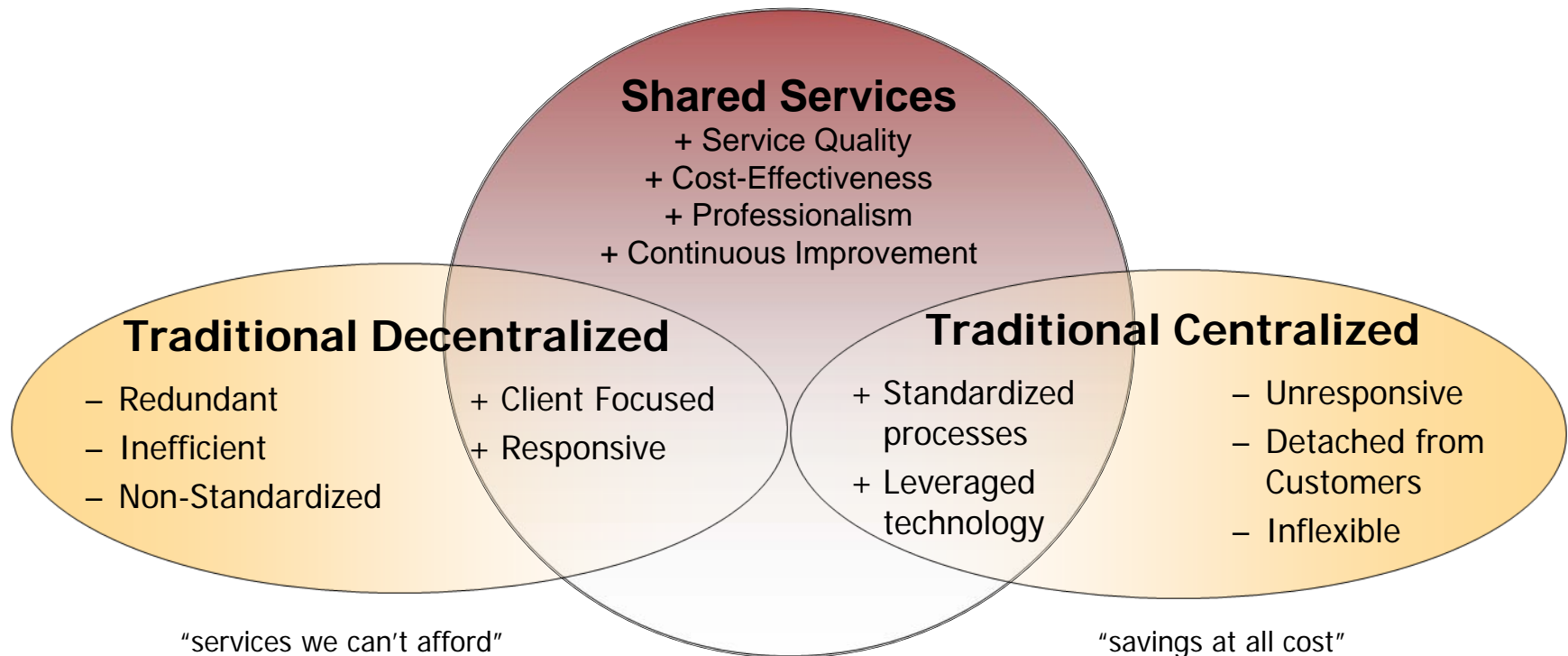
-
- Decision**
(2004)
- Establish a Shared Services Office
 - Separate policy or governance functions from services
 - Allow corporate groups to be more strategic
 - Allow sectors to focus on their core business
 - Create an organization whose focus is service





The Case for Shared Services

Maximize value in service delivery
by combining the best of the traditional decentralized and centralized models



Enablers: Consolidation, Standardization, Automation





Implementation

Implementation Committee on Shared Services

- Committee of ADMs chaired by Associate DM to oversee transition (Feb 04 to May 05)
- Task Forces for each functional area to make recommendations on which functions would transfer to SSO or remain in corporate policy or line sectors
- Built on results of Support Services Study

Business Model

- Separation of corporate policy from services
- Consolidation of transactional and administrative work
- Sectors to purchase services (charge back) based on service agreement

Transition

- SSO launched Jan 05
- Transition of functions complete by Jun 05

Objectives

- Service improvement and excellence
- Savings
- Career opportunities for administrative professionals





Shared Services Office... since 2005

Quick Facts

- 600 FTEs serving 5000 NRCan employees in all regions
- 75% NCR, 25% regions
- Four service lines providing a broad range of services

Information Technology

- Support for desktop and laptop computers, BlackBerry devices
- IT Service Desk
- Application development
- Web services
- Forms management
- Records management and information services

Human Resources

- Classification and organization design
- Compensation and benefits
- Staffing
- Labour relations support
- HR system (PeopleSoft)
- Official languages testing and training

Finance and Procurement

- Accounts payable and accounts receivable
- Contracting and procurement
- Cashier services (e.g., petty cash)
- Assets management
- Other Financial Services (e.g. Specimen Signature Records)

Portfolio Services

- Mail and messenger services
- Telephones
- Fleet management
- Parking
- Facilities and property management and accommodation management





NRCan Successes to Date

- Consolidation**
- From multiple IT service desks to one
 - Dedicated teams processing travel, G&C and accounts payable payments
 - Tiered service delivery in HR, enabling Express Lane Staffing for high-volume transactions

-
- Standardization**
- Bulk purchase of computer desktops (\$1.8M savings)
 - IT Procurement Policy and enterprise-wide IT standards

-
- Automation**
- Web-based Specimen Signature Records and searchable database
 - My Service Provider application
 - eProcurement
 - Government-wide technology (e.g., on-line pay stub, travel Expense Management Tool)





Lessons Learned

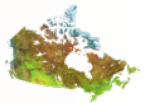
- Funding**
- Annual resource transfers painful
 - Other ways to hold SSO accountable than through charge back
-

- Investment**
- Cost of transformation underestimated
 - Investment required not only in technology but also in consultation, communication, training and people to lead projects
-

- Savings**
- Difficulty measuring savings, especially without an accurate baseline
 - Can result in focus on “savings at all cost” rather than performance
 - Need to operate for a few years before trying to achieve savings
 - Reinvest savings in continuous improvement
 - Highest savings number is the one that is remembered
-

- Leadership**
- Set and maintain at the highest levels in the organization





Lessons Learned

- Culture**
- Resistance to change demonstrated by clients and SSO staff
 - Requires a change management strategy: cold turkey approach is not effective
 - Some difficulty shifting from “control” mentality to “service” mindset
 - Clients complain of loss of dedicated resources
-

- Enterprise Approach**
- Must be part of culture for shared services to succeed
 - Shared services can enable enterprise thinking
-

- Adherence to Policy**
- Consolidation and standardization can highlight lax practices
 - Adhering to policy and legislation may lead to perceptions that SSO services are slower and more bureaucratic
-

- Persistence**
- Takes years before benefits can be realized
 - Early years are messy





Relevance to GoC Initiatives

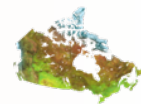
Shared Services Proof of Concept

- Shared services can position an organization for further consolidation of services at government level
- Facilitates introduction of administrative change via an enterprise-level organization dedicated to service delivery
- Service improvements and economies of scale achievable

Benefits of Enterprise Approach

- Standard financial and HR systems would benefit all departments
- Lower training costs and reduced learning curve for employees moving among departments





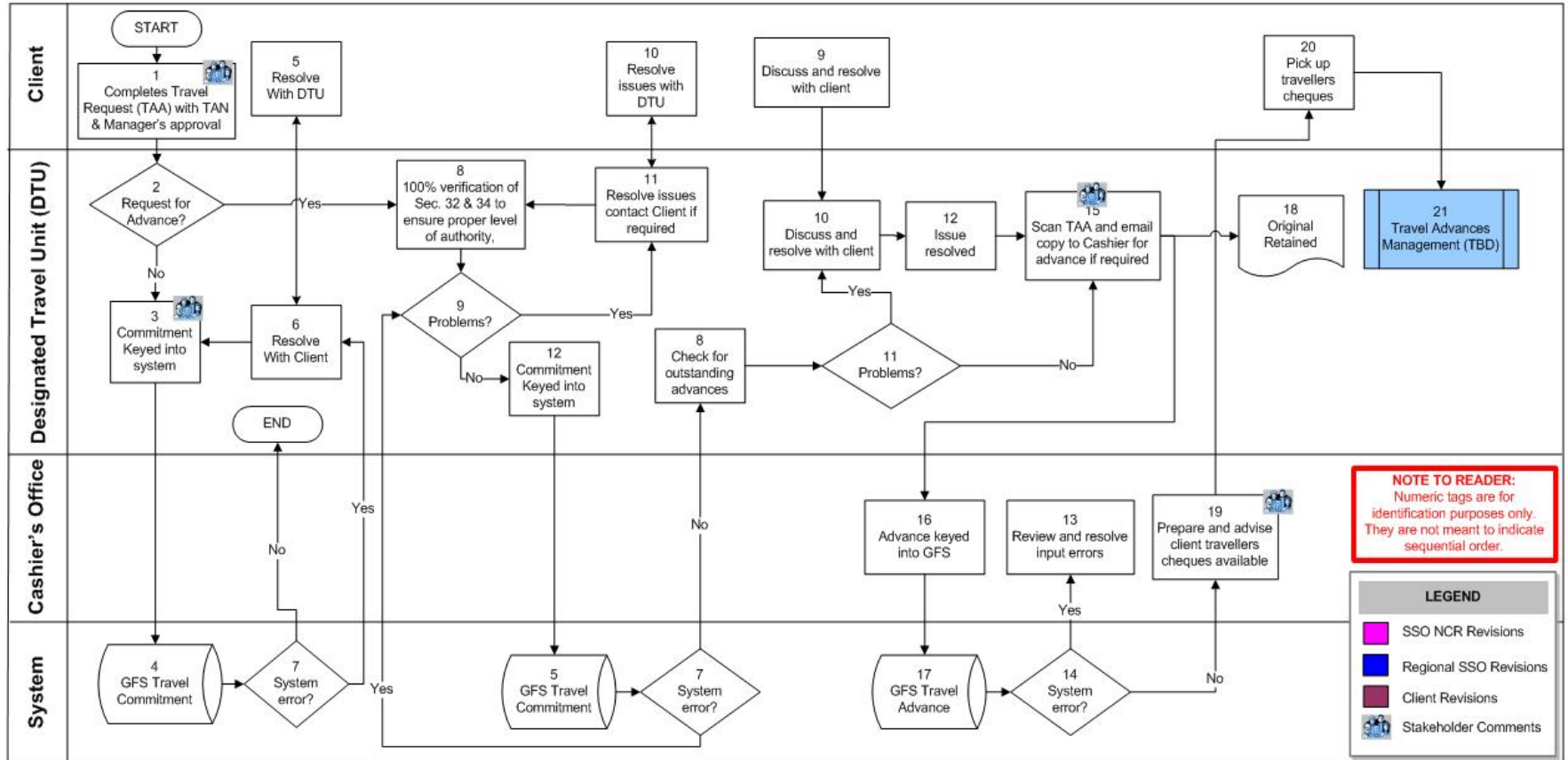
TRAVEL CASE STUDY



Travel Request – Old Process



Natural Resources Canada Travel Authority and Advance (TAA) – NCR Current Practices (Draft)



Travel Request – New Process



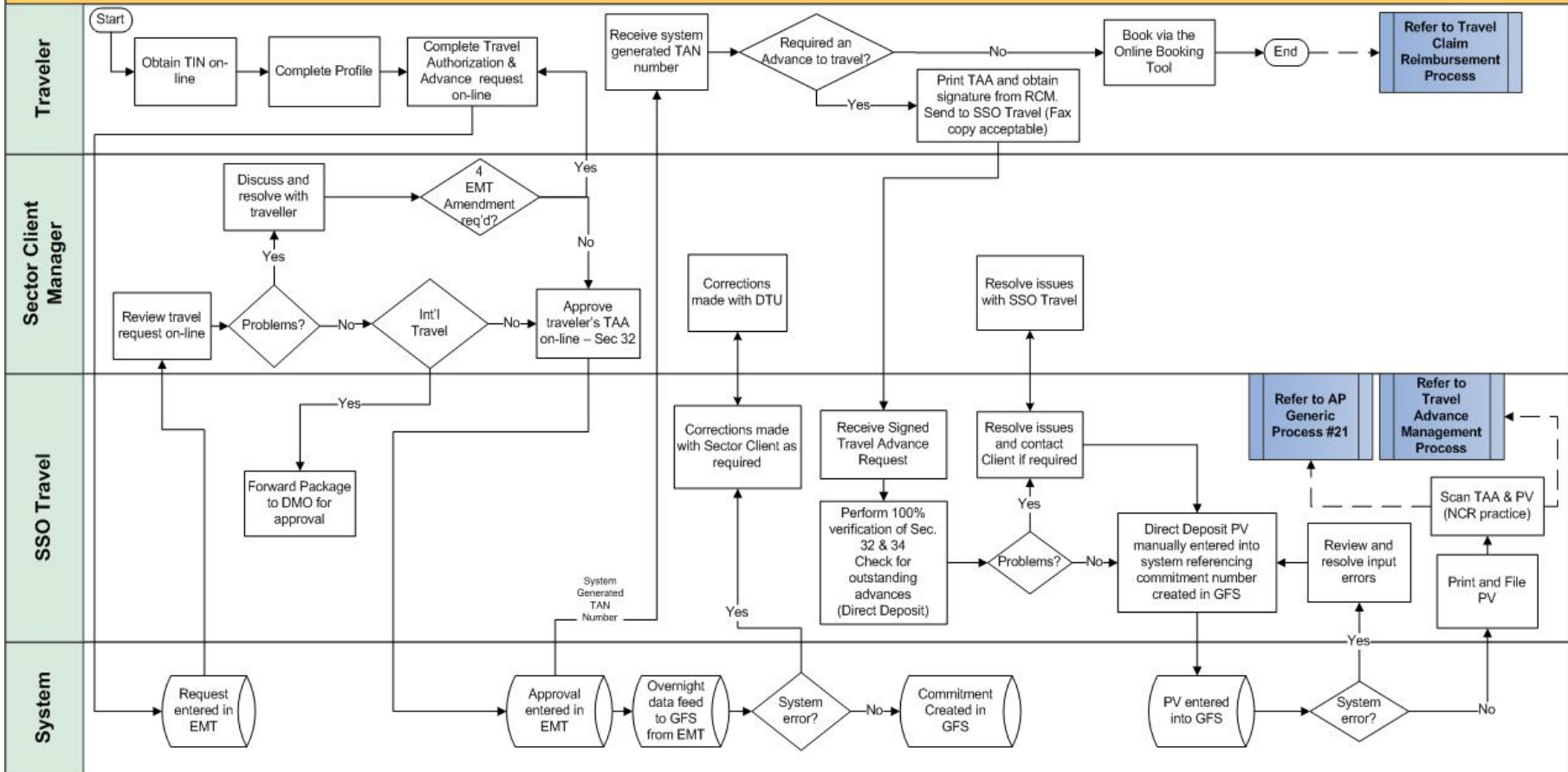
Natural Resources
Canada

Ressources naturelles
Canada

Canada

Travel Authorization and Advance Approval Process

NCR "STSI – Expense Management Tool" To Be Process



Natural Resources
Canada

Ressources naturelles
Canada

Canada



Performance Reporting



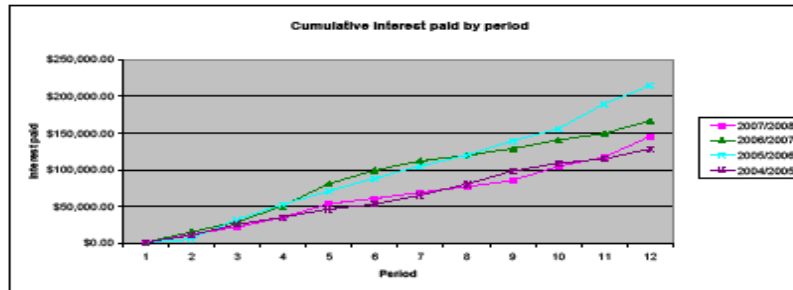
Performance Reporting



Payments for the period of April 1, 2007 to April 10, 2008 NRCan

Period: 12

Supplier payments services



	Total Interest paid to suppliers*	% Interest paid versus total dollars paid to suppliers**	% NRCan meets 30 day Delv.†	Cumulative Interest paid up to period 12
2007/2008	\$144,846.85	0.026%	82.04%	\$144,846.85
2006/2007	\$186,337.31	0.037%	84.06%	\$186,337.31
2005/2006	\$214,528.98	0.043%	83.82%	\$214,528.98
2004/2005	\$126,093.29	0.029%	87.74%	\$126,093.29

* To date for current fiscal year. Full year for all other fiscal years

All payments services

	# transactions	% of Transactions	Average # of Business days with Client	% of transactions where Client meets 30 business days	Average # of Business days in SSO	% of transactions where SSO meets 30 business days standard*
2007/2008 (To date)						
Suppliers	35586	85.70%	9.11	72.95%	4.80	91.78%
Grants and Contributions	3758	8.96%	N/A	N/A	11.90	86.79%
Travel	13238	24.43%	N/A	N/A	7.61	71.65%
Other Employees Reimbursements	1558	2.88%	N/A	N/A	4.49	91.01%
Overall	54160					85.11%
2006/2007 (Full year)						
Suppliers	31784	88.90%	5.67	84.23%	5.71	85.83%
Grants and Contributions	2761	5.96%	N/A	N/A	11.80	84.14%
Travel	10236	22.19%	N/A	N/A	6.21	80.07%
Other Employees Reimbursements	1352	2.93%	N/A	N/A	5.40	85.79%
Overall	46133					83.34%

** Based on tracking of 61% of transactions

N/A = not available



One Final Message

The short-term challenges pave the way for long-term benefits to departments and the government as a whole.

