GOVERNANCE OF SHARED SERVICES
BEST PRACTICES

A strong governance framework that ensures accountability, cooperation and strategic direction is the cornerstone of a strong federal shared services marketplace. Such a framework was advocated in "Building a Shared Services Marketplace: Recommendations from the Shared Services Roundtable," a report released in March 2015.

Shared services operate in a complex environment that requires leadership to support and promote an integrated, enterprise governance framework among all actors, including central management agencies such as OMB and GSA, line-of-business managing partners, public and private providers, and customer agencies.

Having a clear shared strategic vision and knowing who makes decisions, how they are made, and how performance is measured can build trust among all those involved, and make shared services a success across government.

To expand on the report's governance recommendation, members of the roundtable continued to interview shared services leaders, this time from both the public and private sectors, to learn how successful organizations make decisions.

This guide is a first look at governance best practices from those discussions and describes the roles and responsibilities needed to apply those lessons in the federal government. Following these practices can help to sustain growth and mitigate risk across the shared services marketplace.

RESPONSIBILITIES FOR EACH LEVEL OF GOVERNANCE

FINDINGS	STRATEGIC DIRECTION (OMB)	CENTRAL MANAGEMENT AGENCY (GSA)	MANAGING PARTNERS	PUBLIC AND PRIVATE PROVIDERS	CUSTOMER AGENCIES
1 FOCUS ON THE ENTERPRISE Central enterprise governance is critical to driving standardization, automation, economies of scale, and consistent funding authority and financing.	• Develop policy guidance that drives standardization, automation, economies of scale, and consistent funding authority and financing • Establish common terms and definitions • Identify and authorize eligible services and providers • Set government-wide policy, budget and performance integration • Leverage best practices from industry	• Implement guidance and drive standardization, automation, economies of scale, and consistent funding authority and financing • Establish and maintain inventories of approved offerings and providers • Implement acquisition vehicles • Oversee and ensure provider business activity compliance • Implement pilot programs to test innovations and expand the market • Implement all necessary regulatory, governance, performance management, risk management, acquisition, dispute resolution, and compliance processes	• Collaborate with central management agency, providers, and customers to ensure policy aligns with established government-wide requirements • Drive business process standardization and process improvement in and across lines of business (LoB)	• Execute policies and operational guidance from OMB and central management agency • Introduce new automation and process improvements	• Provide continuous feedback through participating in governance • Provide agency leadership support for business process standardization and automation
2 ESTABLISH A PERFORMANCE FRAMEWORK The framework serves as the key to trust and moving to an environment of continuous improvement	• Establish policy across the enterprise requiring standardized SLAs/KPIs • Continue government-wide benchmarking initiatives for cost, quality and mission outcomes	• Establish standard SLAs/KPIs • Provide guidance to agencies and providers to mitigate switching costs when an agency moves from one provider to another • Provide guidance on how to quantify and assess agency "as-is" cost and quality metrics • Establish best practices for issue escalation and resolution at the customer-provider level • Establish policy for dealing with non-performers	• Establish function specific SLAs/KPIs and commonly defines services • Determine what types of issues at the customer-provider level need to be escalated and resolved at the managing partner level.	• Develop and implement dashboards and tools for transparently and consistently update customers on performance • Establish issue escalation and resolution procedures with the customer	• Quantify and assess "as-is" cost and quality metrics Negotiate SLAs/KPIs to align expectations with providers • Monitor SLAs/KPIs for continual improvement
3 EVOLVE GOVERNANCE WITH SERVICE MATURITY Governance and personnel evolve with maturity of the shared service and the marketplace as a whole through Construction and Development, Transition and Operations.	• Set strategic direction for the entire federal enterprise during the development phase that evolves through the operations phase • Initiate and oversee marketplace expansion	• Assist customer agencies and providers to structure governance systems and share best practices • Collaborate with providers and customers to specialize and optimize service potential • Identify core competencies and characteristics for personnel and assist in identification, recruitment and retention of appropriate talent	• Maintain business process councils, agency advisory councils, and standards for LoBs • Convene new business process groups as new services emerge and disband groups as services matures	• Establish cross-agency business process committees during construction and development • Involve customer agencies and end users, as necessary, in decisions about process improvement and automation in operations phase	• Participate actively in governance system • Foster cross-functional leadership at the executive level for each phase • Establish and discontinue business process committees as appropriate • Recruit for personnel competencies
4 ILLUSTRATE THE ART OF THE POSSIBLE Illustrating the "art of the possible" and emphasizing shared services as a way to minimize mission distraction is critical for creating buy-in.	• Leverage existing venues such as the President's Management Council and CxO councils • Collaborate continuously with Congress and agency Chief Operating Officers on shared service issues	• Market shared services to customer agencies by showing the "art of the possible" and the vision of how shared services can help organizational mission	• Contribute to the development of communication and messaging strategy to market shared services	• Demonstrate the "art of the possible"	• Redirect resources to the mission • Highlight organizational transformation successes • Develop metrics that tie service delivery to mission outcomes
5 MOBILIZE SUPPORT AND SPONSORSHIP Executive sponsorship is key– both from a practical and change management perspective	• Sustain top down support • Establish collaborative governance system as a best practice	• Establish collaborative governance system as a best practice • Ensure governance approach facilitates relationships, communication and continuous coordination with all stakeholders	• Convene LoB process committees that include provider and customer representatives	• Provide assistance to agencies in identifying key personnel for governance bodies • Communicate and coordinate with parent agencies of federal providers	• Include executive support, middle management and front-line/end users in decision making
6 PRIORITIZE CHANGE MANAGEMENT Strong change management plans and strategies for building cohesive and mission-oriented cultures are required	• Establish and communicate the vision and goals for shared services across the enterprise • Support tools that assess cultural readiness in coordination with central management agency	• Institutionalize and communicate the vision and goals for shared services across the enterprise • Have SWAT team or staff to help customer agencies and providers with change management and other challenges, including how to engage internal/external stakeholders • Market best practices • Collaborate directly with providers and customers	• Institutionalize and communicate the vision and goals for shared services across the enterprise • Embrace and communicate best practices to respective LoBs	• Institutionalize and communicate the vision and goals for shared services across the enterprise • Provide change management capability as needed	• Institutionalize and communicate the vision for shared services across the enterprise • Establish an organizational plan for change management in all phases • Identify all internal and external stakeholders and understand their interests and perspectives
7 BALANCE STANDARDIZATION AND FLEXIBILITY Governance structures need to facilitate economies of scale while ensuring customer needs are met	• Establish policy to minimize customization and maximize agility	• Establish Board that would review requests by customer agencies or providers • Collaborate with providers to identify innovative and unique capabilities that may benefit all	• Collaborate with providers and customers to identify opportunities for innovation, scaling and enhancement of services	• Execute policy set by OMB • Collaborate with customers through governance bodies to understand custom requirements and communicate need for standardization, focusing on continuous improvement opportunities	• Provide continuous feedback to providers and determine opportunities for innovation, scaling and enhancement of provided services • Understand internal requirements of what can be standardized versus customized
8 PROMOTE BEST PRACTICES Foster new ways to highlight and promote best practices across the enterprise	• Highlight and drive best practices across the enterprise, including how to establish incentives for customer behavior • Use budget incentives to encourage "good" behavior by customer agencies • Consider scaling shared services across the enterprise to reduce redundancy in mission related activities and resources	• Highlight and drive best practices across the enterprise, including how to establish incentives for customer behavior • Develop ideas on ways shared services can be expanded to realize future benefits	• Provide a venue for providers to share best practices • Coordinate policies that do not discourage or disadvantage providers that take innovative approaches to encouraging good customer behavior • Communicate available incentives to current and future customers	• Share information on best practices and be willing to try best practices of other providers • Collaborate with central management and policy for new ideas to scale and optimize new shared services	• Capture economies of scale and early payment discounts

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SHARED SERVICES ROUNDTABLE

FEDERAL SHARED SERVICE PROVIDERS

Interior Business Center, Department of Interior

Administrative Resources Center, Department of the Treasury

Enterprise Service Center, Federal Aviation Administration

Program Support Center, Department of Health and Human Services

Financial Services Center, Department of Veterans Affairs

Global Financial Services, Department of State

Human Resources Solutions, Office of Personnel Management

NASA Shared Services Center, National Aeronautics and Space Administration

INDUSTRY

Accenture Federal Services

Avaya

Booz Allen Hamilton

CACI

Censeo

CGI Federal

CSC

Deloitte

IBM

Microsoft

Savantage

PAE

GOVERNMENT STAKEHOLDERS

Office of Management and Budget

Office of Personnel Management

General Services Administration

Office of Financial Innovation and Transformation, Department of the Treasury

Department of Commerce

Department of Veterans Affairs