



A Call to Action on Shared Services

Federal agencies remain fiercely committed to their missions and continue to tackle large and complex issues even as budgets shrink. However, in carrying out efforts such as keeping our communities safe, our water clean and our population healthy, agencies often perform work that isn't part of their core mission.

They have another option. By moving to a shared services approach, agencies could delegate non-mission-related tasks—such as human resources or acquisitions—to organizations that specialize in providing those functions, allowing them to turn more of their attention to their main business.

Agencies are increasingly considering shared services because continuing to do business as usual is untenable, according to one top agency executive. “The path we are currently on, without shared services, is simply unsustainable,” said Ellen Herbst, chief financial officer at the Department of Commerce, during a recent panel discussion. “It’s irresponsible for us as leaders not to do anything about that. We see [shared services] as a much more sustainable path forward.”

The Partnership for Public Service and Deloitte envision a government that works to address its biggest challenges. As such, we see well-managed institutions sharing both support and mission-critical functions that

draw on the strengths and resources of organizations or units outside their own. In this scenario, agencies or units best equipped to perform a function do so for many others. To become more efficient, government needs to reach the point where sharing or merging functions is routine, making use of scarce but critical expertise and building high-quality capacity through economies of scale. It requires agency leaders to make critical choices about what their organization does well and what makes sense to obtain from others who can provide best-in-class services.

In 2015, Deloitte surveyed more than 300 public and private sector organizations, finding that about 90 percent experienced cost reductions and process efficiencies by moving to shared services. More than 70 percent of the organizations surveyed improved their organization’s service levels. Moving to shared services is by no means a simple process. Organizations must cede control of components of their operations to others and deal

with the fact that they will face major change-management challenges in doing so.

Changes are moving federal agencies in this direction. The Office of Management and Budget has put its support behind this issue and established the Unified Shared Services Management Office within the General Services Administration to lead the charge.

The process of moving to shared services involves difficult decisions. A fable from 1940 helps convey a sense of why it could be advantageous. George Reavis, then assistant superintendent of the Cincinnati Public Schools, tells of animals that organized a school where they had to learn to run, climb, swim and fly. The duck was an excellent swimmer, naturally, but a weak runner. Although the duck strived to do better, it practiced running so much that its webbed feet got worn and it could no longer swim as well. Similarly, the rabbit was a lightning-fast runner but a poor swimmer. In fact, all the animals faced similar difficulties with branching out into areas that weren't their strengths.

The moral of the story? Animals—and agencies—tend to perform better by concentrating on what they do best. Many agencies now perform work in areas that are not their strength—cutting into the time and focus

on mission work—when these tasks could be done more easily and efficiently by others. To gain efficiencies, agency leaders must decide what they do well and should do in-house, and be strategic about what to pass along to others.

Agency staff say they cannot hire the people or purchase the goods they need to accomplish their mission. In interviews we held in 2014 and 2015 for our prior report, “Helping Government Deliver II: The Obstacles and Opportunities Surrounding Shared Services,” federal chief financial officers told us that human resources and acquisitions functions are where agencies should focus transformation efforts when moving toward shared services. The greatest opportunity for economies of scale is in acquisition, according to one chief financial officer, who said the “biggest bang” for government is to use the aggregated purchasing power of the government. Agency leaders at the Department of Agriculture, the Department of Housing and Urban Development and other federal agencies are biting the bullet and taking charge of their future by embracing shared services.

In these two reports, we outline the current state of shared services in both the human resources and acquisition communities and share our vision for the future of these shared services.

The Partnership for Public Service is a nonprofit, nonpartisan organization that believes good government starts with good people. We help government serve the needs of all Americans by strengthening the civil service and the systems that support it.

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