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## **Beyond Shared Services in Government**

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With large deficits and constrained budgets, public sector leaders are now being mandated to reduce costs while maintaining strategic investments in core services. Historically, back-office improvements across government have primarily centered on technology enablement and government-wide transactional shared services with limited focus on business services (e.g., Finance, Procurement, HR, etc.) at the department level. Over time, the delivery of business services in departments has become extremely fragmented across program areas with duplication and/ or redundancy relative to centrally delivered department business services.

A recent Deloitte study identified that by enhancing and redesigning the business services function within departments can result in a 15% - 45% cost reduction. An optimal model involves enhanced business partnering with program areas, increased centralization of transactional activities and standardization of common processes. Other more business specific and strategic activities can, and need to, remain within program areas. Up to 25% of cost reduction can be achieved by harmonizing processes and consolidating functions into Centers of Excellence (COE) at the departmental level. In addition to the monetary benefits, major improvements in both quality and timeliness can be realized making the delivery of business services more value-add for program areas.

There are four steps to realizing these benefits:

1. *Realignment – Reallocate business services, creating a CoE whereby common transactional and strategic enterprise functions are centralized.*
2. *Process Standardization and Harmonization – Standardize and better automate business service related processes to realize synergies and efficiencies.*
3. *Role and Resource Reassignment – Realign roles and resources around the new delivery model.*
4. *Capability Development – Shift from value preservation to value creation, whereby business services is focused on helping to drive decision making across the organization while still maintaining effective stewardship.*

By focusing on these four elements government line departments will be able to streamline their cost base in a manner that is flexible and sustainable while simultaneously managing finances effectively, planning for the future and maintaining accountability and control.

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