SHARED SERVICE & OFFICE SUPPORT
By Scot M. Faulkner

"It often happens that in prosperous public enterprises the applause of the nation and the rewards of the sovereign are bestowed on those whose offices are splendid and whose duties have been dramatic. Others whose labors were no less difficult, responsible, and vital to success are unnoticed…Victory is the beautiful, bright colored flower. Transport is the stem without which it could never have blossomed. Yet even the military student, in his zeal to master the fascinating combinations of the actual conflict, often forgets the far more intricate complications of supply." [1]

In his masterful first book "The River War" Winston Churchill articulated what leaders for centuries have understood - that the logistical support of an effort is as critical as the effort itself. Yet corporations around the world are only now understanding the importance of what is now known as "shared services" to the success of their operations, their brand identity, their market share, and their bottom line.

Shared services are a resource rich "lost continent" within an organization's capabilities. Over 28 million shared service and support professionals populate the United States. There are over 128 million in Europe. They are the people who make real-time decisions and take real-time action to support the basic functioning of organizations. They may work in a variety of support and service functions including security, facilities management, secretarial/reception, mailroom, printing and reproduction, records management, events and meeting management, travel, motor pool/parking, custodial, and food service/catering. The issues facing the world of shared services can impact the most junior worker to those executives with the titles of office manager, facilities manager, director of administration, vice president for administration, and chief administrative officer.

"Shared services" is more than just another version of highly centralized support operations. Consolidated logistical and administrative support has been utilized as long there have been large organizations. In the early 1980's corporations began to explore having one organizational unit take the lead in offering services to others. The form of "cross-servicing" allowed organizations to leverage their internal "best practices" for lowering costs, consolidating resources, and providing greater coordination across units. This was the first step toward thinking of administrative support not just as a cost center, but as a core capability.

Rapid globalization challenged corporations to effectively deploy their resources world wide. How do you hire staff, manage them, pay them, and provide various health benefits when the operation is in multiple countries? Tax issues, along with a wide array of national (and in the case of the European Community, regional) regulations, led most corporations to establish separate administrative service centers in each country of operation. One corporate office then had to stretch their span of control to the breaking point as these individual centers grew in size and complexity. Traditional conflicts over who was the boss arose. Does the human resource staff in Japan owe their loyalty to the managing director of Japan or to the corporate headquarters in the U.S.? These dilemmas were grounded in the traditions of administrative support being an arm of upper management. Control of policy and cost remained the key factors in crafting support operations.

The early 1990's saw a revolution in thinking regarding support operations. The speed at which global commerce was integrating stressed the existing centralized control management models. Corporations began experimenting with shifting the focus from what headquarters wanted to what the front line needed. The moment this shift occurred administrative support began a very quick transformation to "shared services". International corporations were challenged to meet the ever-changing needs of their highly diverse and multi-national customers. American Express, Amoco, and Deere & Company are just a few of the pioneers in shifting to a field driven service model. Once the market impact of this new way of thinking was documented a major trend toward shared services began. The term "shared services" began showing up in the business literature by the mid-1990s. Now it is an established term for supporting corporate operations.

While centralized services are part of the old top-down bureaucratic paradigm, shared services are very outward focused. The customer is king, not some corporate functionary. Corporations have begun rethinking how they present a quality branded experience to their customers. One way to assure this brand identity is to look at what front line activities generate branded customer value and then look at how to effectively and efficiently support them. This revolution in organizational alignment and customer focus has led to the rise of shared services as the driving philosophy in providing administrative and operational support.

Shared services has the dual role of strategically developing and managing organizational capability while at the same time taking instantaneous, minute-to-minute, tactical actions to support the rapidly changing requirements of frontline customer operations. This makes shared service professionals the explorers and pioneers of new ways to organize human effort to create value. They are also the first to encounter new technology and to find ways to harness its potential. They are the ones who are making corporations viable and competitive for the 21st century.

In 1994, I was asked to bring the concept of shared services to the U.S. House of Representatives. Over the next two years, my team of shared services experts reinvented the way the House operated. In place of a highly political system of favors and turf fights, we created a modern business-based shared service operation. In the process, we reduced annual operational support costs by 54.5 percent.

Our approach to shared services in the U.S. House is echoed in the best practices found around the world. First, we strategically deconstructed the U.S. House and looked at what supported its operations. We asked, "What is the House of Representatives?" We found that it was mostly a series of daily independent meetings, each requiring support. So, just like a major hotel or conference center, we began to master the processes that created successful meetings.

We also found that the U.S. House is really a collection of independent businesses. Each member, leadership, or committee office has independent budgets. Each of these separate units has its own space allocation, field offices, and hiring authority. So, we looked at how to support highly independent operating units, by drawing best practice examples from corporations and facility management companies.

As we sought to link business based best practices to this framework of a deconstructed House we also recognized that culture and operating style was more important than structure. Our goal was a culture with a proactive service focus. The old organization included up to twelve layers of supervision. After our reforms there were only two such layers. This flattened organizational structure was highly fluid and very virtual. Cross-functional and multi-skilled project teams drove daily operations. The front-line work force was fully empowered and skilled-enabled, to take the necessary actions to meet customer needs. Upper management's role was that of facilitator and resource provider. Ultimately, customer service experiences were folded into databases that allowed for tracking emerging issues and trends. In this way the entire shared services organization could ultimately anticipate, mobilize, and meet the needs of customers on a sustainable basis.

By the end of the two-year initiative, 44 national parliaments had adopted elements of the House's approach to shared service. It was a featured best practice by the Council of State Governments and the National Association of Secretaries of State as well as by corporate associations like the Society for Human Resource Management (SHRM), the Human Resource Planning Society (HRPS), and the American Society for Quality (ASQ). Harvard's Kennedy School of Government and the Ford Foundation designated the House's shared service approach as one of its 100 top Innovations in American Government in 1996.

The shared service experience of the House helps frame a review of best practices among corporations worldwide. First, it is clear that companies that are simply consolidating functions, cutting costs, or arranging for charge backs for internal delivery of service are not pursuing a shared service approach to their operations. These companies remain in the traditional mindset that services are overhead, not core capability. Second, companies that start with understanding their customer and then build a highly flexible support structure that maximizes the organization's response time and value to that customer are pursuing shared services. Once this is clear one can begin to see patterns of excellence emerge. Corporations that completely master shared services, not only reduce costs, but find themselves achieving greater capability to dominate and define, on a continuing basis, the global marketplace. The components of this mastery, and the opportunities that arise, are what will be addressed in this chapter as we review best practices in shared services.

Just like the U.S. House, corporations can be hampered by fragmented and bureaucratic support cultures. Turf wars and politics are no strangers to corporations. Shared services is a major opportunity for corporations seeking to reinvent themselves for the 21st Century, and for breaking from the confines of static functional silos. Corporations have found that implementing shared services mean substantial reduced costs, and cycle times. Shared services also aligns corporate operations to more aggressively compete and bring customized and branded value to the marketplace.

Another driver in shared services is agility. Time and space are no longer operational barriers. Mass production has given way to mass customization. Corporations can no longer afford spending time breaking through internal barriers to force cooperation. They must see an opportunity and act immediately. Creating a shared services organization creates this agility as it removes all existing barriers and becomes a preventive vaccine against any future remissions back into functional silos.

Corporate leaders think of a shared services organization as a service and product generating entity. Output may be, among other items, paychecks, data, facilities, security, or personnel benefits processing. The moment shared services is viewed as an internal supplier of tangible outputs that support the front line provision of branded value, there is a sea change in the forces and mind-sets shaping corporate culture. Successful corporations have used this change to harness larger market forces, quality customer service, and their strategic positioning in the global economy. The activities of a shared services organization cease to be just "overhead" and become strategic capabilities and profit centers.

Amoco used shared services to better manage the rapid expansion of their operations in Romania, China, and off shore sites in the Gulf of Mexico and the South China Sea. Amoco categorized their business unit processes as either "needed to win" (critical to business unit success) or "needed to Play" (essential but not critical). A shared services organization took over the non-critical functions. High volume, transaction processing, functions were centralized to achieve economies of scale. A shared services council was formed as a forum for the heads of the 14 functions to discuss standardization, integrated solutions, and visioning.

Some of Amoco's shared service function staff are embedded in the business units. One example is the Environmental Health and Safety staff is fully integrated with plant and facility operations so that they can acquire timely and intimate knowledge of plant operations.

Such a customer-driven culture breaks shared services out from corporate headquarters to be wherever they need to be. Many corporations have completely moved their shared services from the headquarters environment, know as "brownfields," to new nontraditional locations, known as "greenfields." This has led large corporations to establish fundamentally new support organizations in "greenfields" places like Dublin, Cardiff, Amsterdam and Glasgow in Europe, and Greensboro, North Carolina and Frederick, Maryland in the United States. They rethink their support processes, and the physical layout of their support operations. They flatten the organizations and make them team-driven, and they attract younger technology-savvy Generation X professionals to staff them.

Lucent Technologies' decision to locate its global shared services operational hubs used a methodical list of fifteen factors ranging from the skills of the local workforce to travel accessibility, taxes, political stability and communication infrastructure. Such a thorough and strategic weighing of major factors can both lead to the right decision and identify implementation issues early in the process. Among the decisions Lucent made was that more than one center was needed to support its entire global operation. This left shared services physically scattered but linked by technology. Creative use of technology eliminated barriers to maximizing the benefits derived from various locations, including larger pools of skilled workers and tax benefits.

Lucent's approach to locating shared services based on operational support, and objective factors, is a global trend. Naremco, a leading facilities management consultancy, found that successful corporations use similar criteria for organizing and siting their global shared services activities. They also found that the best run shared services, many found among oil companies, leverage global opportunities and find global service partners, even if various decision factors make multiple locations the most effective arrangement.

The following sections review the complex world of shared services. First, there is a review of best practices related to implementing shared services. Also covered are the ways corporations are strategically leveraging fully implemented shared services operations to improve their value chain, and competitive advantage. Second, there is an exploration of how corporations are deploying their shared services capability to confront strategic business issues, such as asset management, sourcing, and security. The final sections report on the changing skill requirements for shared service professionals and how shared service organizations are preparing for major 21st century work trends, like teleworking.

Implementing shared services

Many corporations begin their shared services experience with redefining their finance, human resources, or information management functions. However, some corporations have evolved to including core functions, like parts of a corporation's supply and production chain. These core functions, along with the traditional shared service functions of finance, personnel, information technology, and facilities, may be outsourced as corporations rethink what provides them with competitive advantage. In Australia, the four major banks consolidated check-clearing services among them as this process provided no inherent competitive advantage. They then spun it off as a separate company that is now the vendor to these banks. Nine West Shoes realized that its competitive advantage was in creating and marketing shoe styles so it sold off its factories and now contract out for production.

The British Broadcasting Corporation (BBC) followed a similar path in reviewing its shared services arrangements. Like the U.S. House, they strategically deconstructed its operations to analyze what operations were to be supported and why. It realized that they ran a sophisticated internal market where program producers had a choice on source of supply to support their various program offerings. These producers spent much time and energy making these sourcing arrangements. The best way to manage this market was to create a consolidated sourcing center to handle all administrative arrangements and then spin if off as a separate corporation, Media Accounting Service, Ltd. (MedAs).

Unlike a traditional centralized procurement unit, the BBC unit was developed as a joint venture with EDS, a major information technology vendor, and PricewaterhouseCoopers to handle sourcing arrangements. This unit's mission was to become an efficient sourcing broker that would handle sourcing for corporations in addition to the BBC. This way the BBC received state-of-art ideas on sourcing and information management through an infusion of experience and creativity from their private sector partners. EDS and PricewaterhouseCoopers received access to seasoned expertise relating to media operations, well positioning both companies in this fast evolving market. This leveraging of expertise is another key benefit for shared servicing arrangements, especially for those who creatively explore outsourcing and partnering.

The first step in any successful implementation of shared services is developing a clear vision of what shared services should be for a corporation. Ciba Specialty Chemicals, a division of Novartis chose shared services as the method for supporting 1,000 product groups with sales in 100 countries and manufacturing operations in 29 countries. Ciba Business Support Centres, based in Switzerland, developed a clear vision for the centers' roles in global support and their tangible contribution to providing flexibility for future business changes. They used their vision to build a business case. Their business case was used for the critical step of obtaining and sustaining the support of their corporate leadership for the change process. This business case and its specific outcomes, were then used to guide implementation.

The results for Ciba were a 50 percent reduction in support costs while the overall corporation grew by 20 percent. In addition, the consolidation of operations led to a new globally focused service culture that built bridges within the entire corporation. This new global culture led to efficiencies in operations, including improvements in data quality. Ciba became the industry leader in annual reporting; it currently publishes its financials five weeks after the year-end, and are readying the move to real-time reporting.

J.D. Edwards Europe Ltd. found that another key component to successfully implementing shared services was managing the change from a traditional operational support environment. This enterprise software solutions company decided to move support of its 5,500 employees from national centers into four global centers.

It developed a number of ground rules for its change process. There rules included; "The job of management is to win in the short term while making sure that you are in an even stronger position to win in the future." This philosophy, along with the development of strong implementation teams with a focus on speedy success, allowed them to successfully - and rapidly - move the entire organization into the new way of doing business.

This speed in implementation, and emphasis on early wins are common elements of success for organizations implementing shared service. Many organizations encounter resistance from managers who are protective of their functional silos. The U.S. House's shared service reform was fundamentally complete within nine months. It also showed early operational savings. These early results solidified leadership support for the next phases of implementation. The speed of the implementation and the quick results completely overwhelmed the tradition-bound opposition, assuring the ultimate success of the shared services initiative.

The leaders of the J.D. Edwards change process also developed a model of an "agile entrepreneur" that could accept the ambiguity and uncertainty of change while implementing change. One of its attributes was to be creative and fearless in the change process; "If you are going to fail, fail fast so you can move on to the next opportunity." This allowed for the team to focus on exploring new ways of operating and identifying methods for quickly testing these innovations. This led to numerous early wins that built support and momentum for implementing the strategic change, including a 66 percent reduction for some Financial Service Center cycle times and a 30 percent reduction in costs.

Another key component of J.D. Edwards' and Ciba's shared services implementations is their emphasis on communicating the changes to all employees within their organizations. By involving people early and often, both corporations achieved their objectives. They also were willing to explore alternative actions during their implementation as various operational realities arose. A lesson from J.D. Edwards is, "Never forget the whatever the cost savings or strategic sense, this is a people issue, and therefore anything but predictable."

Competitive advantage through shared services

Once corporations have implemented shared services, and built supportive organizational arrangements and cultures, they are capable of pro-actively and effectively mastering the challenges of 21st Century operations. The Royal Bank of Scotland (RBS) found that its shared services operation offered it a major opportunity for strategically managing and applying knowledge. In the field of finance, less than 1 percent of knowledge obtained from daily operations is ever translated into customer value. RBS set about changing this. It found that instead of pockets of its 30,000 employees working separately, it could use information gathered through shared services to spread ideas and knowledge throughout. It created RSB Consultancy Services to mine this information and to foster and facilitate knowledge sharing.

RBS Consultancy Services also worked with the bank's employees to pool their knowledge on internal best practices in the areas related to shared services, among them, marketing, human resources, audit, distribution, accounting, and information technology. From these cross-functional information sources the Consultancy applied its knowledge in more efficient and imaginative ways. It also leveraged its collective knowledge to become better partners with their customers. One example of this new capability was being the first in Europe to establish full-service supermarket banking.

The supermarket banking joint venture with Tasco is only one of many initiatives that have helped the RBS move beyond its core operations to become a nontraditional bank and remain a leader in the financial field. The RSB Consultancy is now selling its knowledge based services as an external consultancy affiliated with RBS in the areas of call center management, change management, and implementation of the European Monetary Unit (EMU).

Managing fixed assets in a variable world

Shared services creates organizational capability to successfully navigate the challenges that are arising in the 21st century global work environment. One of these critical challenges is how to manage fixed assets when there is an increasingly variable need.

New World Jet was created to address one manifestation of fixed assets in a variable need world, the corporate jet. As organizations operate globally, their managers may need to go anywhere in the world in a matter of a few hours. Many of the largest corporations have made the decision that having their own corporate jet makes good business sense.

However, there is a downside to owning a corporate jet. It is an expensive fixed asset that is not always needed. Jets not in the air cost almost as much as jets on flights. A $40 million jet can generate about $400,000 fixed costs monthly (including interest costs on the investment, hangar, salaries for pilots and maintenance crews, etc.). This has to be paid whether the jet is in use or not.

New World Jet, initially a shared service unit of Kimberly-Clark, then spun off as a separate enterprise, found a solution. During downtime, jets can be self-supporting, and in some instances even contribute slightly to the bottom line. The company serves as an air taxi, contracting with corporations whose jets have downtime to keep their planes in the air by arranging for charter flights. Charters are handled through Jet Aviation, also a former division of Kimberly Clark, now owned by a Swiss company. The revenue from these charters is shared with the jets' owners.

Over a year, chartering can mean a jet's owner gets paid about 60 percent of fixed costs after taxes and another 30 percent of operating costs. New World Jet Corporation also helps owners with regulatory issues and ensures quality maintenance. Jets used for commercial flights have higher maintenance standards to meet, and consequently, those corporate jets managed by New World Jet Company benefit from this added level of care and safety.

The largest fixed asset for most corporations is the facilities they use. In many companies facility costs are second only to personnel costs in their budgets. IBM has mastered how to track these costs and make strategic decisions based on this information. IBM has developed a comprehensive financial model for estimating the total annual operating costs for a typical industrial or university research and development laboratory with offices, various types of laboratories, computer facilities, and "cleanrooms." IBM shared services unit adds value to the strategic budgeting and planning for the corporation by managing and sharing knowledge about a major fixed asset.

IBM's T.J. Watson Research Center is a basic software research lab of approximately a million square feet and a current staff of almost 3,000 employees. In the mid-1990's budget cutbacks forced IBM's Research division to downsize its $550 million annual payroll by nearly $120 million and scale back basic science services.

The costs of maintaining the laboratory's space came under close scrutiny as management tried to determine more accurate means of charging for space. Various traditional allocation methods such as costing by headcount were studied, and management realized great gaps between what was being charged for space and the actual costs of maintaining it. A methodology was needed to identify all costs so the total cost space could be determined and space allocated more effectively. Since they could not identify costs, they could not charge back with any reasonable accuracy for space. The occupancy and use of space were free, and there was no incentive or mechanism for space to be given up and subsequently used in either restructuring research or reducing the amount of off-site leased space.

In response, the T.J. Watson Research Center developed the Space Plan Allocation of Costs Equitably or S.P.A.C.E. model.

S.P.A.C.E. is a financial model that identifies the total operating costs of the development center based on spatial function. The inputs for this model include the space mix of the complex;

the total operations budget, including full labor costs, energy, materials, taxes, leases, etc.; and other associated spaces and people (i.e., occupancy expenses such as safety, personnel, etc.). The output of this model is a cost per-sq-ft/per-year for a given type of space, such as offices, laboratories, or cleanrooms, plus a small per person cost. It is intended to bring awareness of the cost of physical space to management and occupants to illustrate the components of those costs. It also establishes the relationship between physical space cost and the expense associated with the support areas.

The model determines the total cost associated with supporting various technologies used in each class of space, thereby allowing facilities managers to effectively allocate and charge for services as a function of space. The model can also be used to size and benchmark facilities and services organizations and can be applied to any type of complex, from office tower to manufacturing and development as well as marketing and sales.

The use of S.P.A.C.E. has had amazing results. It has brought a focus on the cost of specific laboratories, projects and departments, thereby improving the decision making process. In addition, S.P.A.C.E. has enhanced the focus and understanding of operating costs of all space types, thereby allowing a logical sizing of operations as the space mix changes. By adding true costs of capital to specific project-driven S.P.A.C.E. costs, a clearer financial focus can be made on the cost of specific R&D programs. Consequently, at the IBM T. J. Watson Research complex, S.P.A.C.E. plays an integral part in the budget process.

Holistic thinking for facilities design and management

Facilities management has become an increasingly important component of shared services. The traditional approach of creating fixed areas and then fitting people and processing into them has given way to facilities managers truly managing the space as a partner. Workplace management is now an established practice of aligning operational needs with corporate branding and culture, technology, and alternative work arrangements.

The advertising firm of TBWA/Chiat/Day has mastered linking space design and management to brand identify and customer value. They view every move as an opportunity to reinvent the corporation. Advertising is a creative business and TBWA/Chiat/Day has broken out of traditional concepts of offices to establish new work environments including a separate "club house" in Venice Beach. It was designed as a place where the firm's professionals can hold meetings, exchange ideas, and generate ad campaigns. Combined with this "techno-nomadism" was designing their headquarters, called "Advertising City" as a community center. The design serves as a summation of everything the firm stands for.

The firm's 120,000 square-foot headquarters is a self-contained village. Its 500 Los Angeles-based employees reside in account-based neighborhoods and can walk down their own main street. They even have their own "Central Park." The firm asked nontraditional facility design questions like, "What's the right mix of public space, play space, and private space"? The design resulted in successful recruitment of both new employees and new clients. "It is the Disneyland effect: people's eyes pop open, their mouths drop, and they say 'Hey, I'd really like to work here." [2]

Citicorp in Japan is also following a holistic view of facilities management. It clearly understands how the physical work environment drives productivity. An interdisciplinary staff works with outside vendors to create the right mix of shared and private spaces. There is a clear recognition that facilities must be flexible to accommodate a workforce that is increasingly working from home, working at client sites, and working remotely while on travel and at outside meetings. Terms like "hot desking" and "hoteling" reflect a shift to supporting ever changing operational requirements instead of using space to institutionalize organizational turf and power.

Corporations have learned to reduce costs and be more responsive to their internal customers by strategically managing their facilities. Merging information technology, knowledge management, strategic thinking and partnering with vendors are the key ingredients for success. Such approaches create a single enterprise-wide view of space usage, providing a framework for coordination between the leaders of shared services, corporate leadership, and vendors. GTE created the Real Estate Management Information System (REMIS) to manage its 70 million square feet of leased and owned property.

The REMIS combined databases on its inventory and facilities management activities, with computer-aided design (CAD) that provided detailed views of all GTE space from room layouts to utility diagrams. An alert system allowed individual facility managers to feed in maintenance and management issues on a real time basis providing headquarters-based facility executives an instantaneous and comprehensive overview of all activities and issues throughout their space. They could prioritize actions, analyze trends and patterns, and identify emerging issues.

GTE's REMIS provided enough real-time data and insights for them to establish an incentive program for improved performance with their facility vendors. Through their "Partnership for Improvement" GTE reduced operational costs and cut lease processing time from 270 days to 42 days, creating high levels of agility in meeting shifting space requirements. Other corporations using similar integration approaches have reduced cycle times an average of 25 to 50 percent.

Strategic sourcing

Shared service professionals work in a world of complete flexibility where branded customer value can move unimpeded globally - and - instantaneously. This means that those corporations that master the art of support and logistics can achieve and sustain competitive advantage. Those that are becoming the dominant players understand that "virtual just is." They cannot dwell on the novelty of new technology and alternative work arrangements; they must weigh their value and take action as part of normal operations.

This new creativity has led to moving beyond downsizing, right sizing, and outsourcing to strategic sourcing. Corporations continually determine what needs to be done and then swiftly and creativity reinvent the support required to make it happen. This means a constant reconfiguring of internal and external resources to provide seamless support. The Outsourcing Institute foresees the rise of a "Chief Resource Officer" (CRO) to direct this strategic effort and to seek value and opportunities beyond the sum of the parts, like the Royal Bank of Scotland and the BBC.

A key element to sourcing is to move beyond traditional procurement issues of dollars and documents to building partnering relationships with sources both internally and externally. Companies need to ask: "Are they truly outsourcing, which can mean delegating strategic direction, or are they 'out-tasking' which means they remain in control of the activity, but tap other resources to make things happen"? Once they understand the parameters of the sourcing relationship, they must be very specific about what value they will derive from having a sourcing partner. Tangible measurable benefits and tangible measurable outcomes built into the contracting document are the foundation of a successful sourcing partnership.

The partnership between IBM and the National Bank of Canada started as a 200-page document and three binders of appendices. These explicit and thorough contracting documents were just the first step in the relationship. What made the sourcing relationship work and grow was managing it as an ongoing and evolving relationship. The focus was on the clear intent of the relationship not just enforcing specifics in a contract document.

Another successful partnership that evolved beyond documents was Henredon Furniture's usage of Ryder Transportation Services. Until the 1980s Henredon had owned and maintained its own fleet of delivery vehicles. It then deconstructed its operations and identified transport as a shared service that could be strategically outsourced.

Ryder's account manager seamlessly works with Henredon fleet managers to handle all aspects of transport operations, including preventive maintenance, DOT/EPA regulations, vehicle substitution, washing, permitting, tires, parts, road service, tags, tax reporting, and dispatch. One of the great advantages to sourcing with Ryder is it resolves issues of variable usage and fleet availability during peak periods as Henredon can draw from Ryder's own vehicle inventory. The other benefit is creating value from the otherwise costly practice of back hauling. This is where a truck makes a delivery and has to return to base empty. Ryder can arrange for deliveries in both directions, generating additional revenue to offset a fixed cost.

Strategic sourcing is growing in every field of shared services. Hospitality is the fastest growing area. Universities, public schools, office buildings, airports, and corporate headquarters are finding that hiring outside experts to provide food service and run meeting operations is cost effective and assures quality. Outsourcing, just in the food and facility service industry in the U.S. and Canada, is now a $157 billion a year business while conference management is an $85 billion a year business in the U.S.

Security management

The increasing complexity of organizational arrangements and supply chain management has led shared services into another strategic role in the corporation - preventing theft and reducing threats. Corporate security is at a critical junction, much like quality assurance was in the 1980s. Security is fast becoming everyone's business, where the successful corporations are those that imbed prevention into their culture and daily operation. Security is no longer just the domain of a few experts armed with motion detectors and remote cameras.

This holistic approach to security issues has paid dividends for some corporations. Marriott's Courtyard Hotels were the first to build preventive security into their design. Security experts worked closely with architects and hospitality executives to develop the first usage of card keys for rooms. This emphasis on security became part of the Courtyard brand identity and its competitive advantage in the highly competitive hospitality marketplace. Marriott spread this emphasis on security through its entire line of hotels. In national surveys, women, now 50 percent of business travelers, choose Marriott, by 35%. Likewise, Marriott was selected as the brand these women believe best caters to the needs of women travelers. Security was the leading determiner of this brand preference.

The American Society for Industrial Security (ASIS) has tracked the expanding role of security in corporate operations. One area is the loss of proprietary information. The loss of revenue and competitive advantage due to theft of intellectual property exceeds $250 billion a year for U.S. based companies.[3] There are numerous reasons for this, including the shift to a knowledge-based economy, the growth of electronic records, the mobility of the workforce and the erosion of employee loyalty. ASIS found companies that improve their training and awareness programs for all employees reduce these losses.

Another key development in corporate security is the convergence of professional skills and capability requirements. Security professionals are most effective when they can communicate their concerns in language and context corporate leadership can understand. Corporate leaders can best use security professionals when they build preventive programs into their work culture. This means an all encompassing approach that includes employee selection and screening, workplace design, policies and procedures, employee development, supply chain management, information management, and the use of shared services as a unifying factor.

The successful reduction of threats from a multitude of internal and external sources can be directly linked to the partnering of security professionals with corporate leaders and their joint involvement in building a holistic prevention culture. One of the most successful of these was in the design, building, and managing of offshore oil platforms near Indonesia. Oil companies included security experts and conducted a threat assessment of piracy as part of their strategic process. The result is that there has been no assaults on platforms in the region even though the general level of pirate attacks on shipping and other facilities in Asia waters has increased by 100 percent in recent years.

Enablers-in-chief

One of the key factors faced by shared service professionals is that they must work with and through others to be successful. The executive leadership of shared services, as well as the front line providers, must many times handle more responsibility than they have authority. This has created the need for mastering collaborative skills as they work outside of normal channels to establish partnerships for performance.

Beckman Coulter, a worldwide medical instrument company, has seen the rise of formal networks among their shared service professionals. Their executive secretaries and office professionals established an administrative support council to foster cross-functional cooperation and partnerships among the corporation's internal shared service providers.

The council's purpose is to identify and implement process improvements and thereby increase productivity and profitability. In the process, it has improved cooperation, communication and teamwork and supported the personal and professional development of its members. In one project, the office professionals divided the core group into teams and developed a flow chart that would track work flow of support operations and then spotlighted redundancies and process simplification opportunities. In a little over a year, the group completed work on 60 work processes. Their comprehensive guidelines for operations are online, consequently, they are available for updating and expanding by all employees as circumstances warrant.

The group has demonstrated that administrative support isn't a job but rather a function. As a continuous improvement team, the council has streamlined workflow, saved money for the company, and increased productivity—and not solely for office support. For instance, the advisory council has instituted a system to ensure that work charts are always up-to-date, and that the most recent, dated and signed, are always available. This helps Beckman Coulter achieve and maintain its ISO 9000 certification. The ISO 9000 is the international standard for process integrity, and quality assurance. It is needed to compete in the medical technology marketplace.

The organization's administrative manager sponsored the council. Its initial success eventually gained it the support of the company's president and CEO. Besides improving productivity by streamlining workflow and removing redundancies. In one example, after the group's presentation to the CEO, he mentioned his concern about the high cost of overnight mail. Focusing on the issue, the group was able to come up with various solutions that saved one department alone $45,000 a year. The council is now looking for ways to save the organization a total of $1 million from overnight mail.

Employee morale, retention and productivity has improved as participation in the council provides a unique opportunity for administrative people to gain a sense of belonging and inner satisfaction from doing critical work. The administrative council has also improved communications across the organization and thereby further increased productivity. Similar results have occurred in other organizations that have deployed cross-functional solutions to improve communications and facilitate coordination. A study by OfficeTeam has found that clear communication saves a company up to seven weeks in achieving corporate goals.

Competencies for office professionals

There are many indicators of how multi-faceted shared service professionals have become. Terms like "secretary" and "administrative staff" no longer fully express their roles in support of corporate operations. In the case of the executive secretary, they are first and foremost the "shock-absorber" for executives and managers. They are the ones who must make every new technology, work redesign, policy and procedural change, and process requirement work in everyday operations. Often their role in making the "new" an operational reality is never defined, supported, or recognized. They just do it, many times breaking new ground in shaping the work environment.

Office professionals have always been the resident experts of technology. In 1972, J.C. Penny's early involvement and training of their office professionals assured the rapid adoption of word processing technology throughout their corporate headquarters. Today, most spreadsheets, computer designed presentations, Internet research and GroupWare activity is done by office professionals. The success of most executives is clearly tied to the level of technology mastered by their assistants.

In their roles of shock absorbers, and technology experts, office professionals are the outward symbol of their office. They have become the brand identity for their organization, whether office unit or corporation. More than gatekeepers, they are the first point of contact for anyone external to their unit or organization. The most successful companies and executives understand this and develop a high level of capability in the way their office professionals project their image to the rest of the world.

The demands of work are now 24 hours a day and seven days a week, the 24/7 environment much discussed. Most office professionals are responsible to multiple executives in multiple locations. Many of these executives are absent most of the time, either in meetings or on travel. It is left to the office professional to interpret fragmentary and fleeting direction into coherent and tangible results. They become the project manager, team leader, and linch pin for making an executive's vision a reality. It is this achievement of certainty that is the full value of the office professional.

As the one constant in an ever-changing work environment office professionals are the knowledge manager for their operation. They consolidate, translate, interpret, and communicate information from multiple sources to multiple consumers. They are the stewards of process documentation and the collective memory.

In these roles the office professional, and their colleagues who support operations within shared services, must master numerous skills. They must be self-directed, yet collaborative. They must work creatively and without boundaries. They must acquire problem-solving skills along with process analysis, improvement and simplification skills. They need to be leaders and effective members of teams. They must keep a thirst for learning and open-mindedness about new ideas and ways of doing things.

Successful companies have realized that office professionals are the true phalanx of change. They have supplanted the diminishing ranks of middle management in their role as chief translators and implementers of executive will. This is why the term "secretary" has almost completely disappeared in entrepreneurial and flattened organizations. They are now "management associates" and "team members". In a number of leading international corporations, who are reinventing and redesigning themselves for the 21st century, the first professionals to be trained, sometimes even before the executives, are now the office professionals.

The teleworking/telecommuting phenomenon

The world of support services is bracing for a fundamental change brought on by the knowledge economy: teleworking. When time and space are no longer barriers to creating value then people begin choosing where and when they contribute to an organization.

Over sixty percent of the Denver metropolitan area workforce now teleworks at least one day a week. In the U.S., 34 million non-agricultural professionals now telework a majority of their work week. For the leading world economies this number is projected to rise to 130 million in 2000.

The implications for corporations and shared services are incalculable. Facilities need to be fundamentally rethought. What happens if no one works at corporate headquarters anymore? The interaction between colleagues takes on new challenges when most interactions are by e-mail. The planning of meetings, and travel management take on new value when everyone must travel hours to be together. Leaders must find new ways to inspire, communicate, and foster loyalty when physical proximity disappears.

According to AT&T's Corporate Telecommuting Policy, teleworking/telecommuting can be used to better meet business and employee needs; attract and retain high-quality workers; comply with the Clean Air Act and other Federal, state and local laws; and improve productivity. Many organizations now have a policy that permits teleworking/telecommuting. Governments at all levels have surveyed teleworkers and corporations with teleworkers. In every case there are well-documented dramatic gains in productivity and morale, reductions in costs, and positive environmental and community impacts. [4]

Teleworking is becoming an effective business best practice. Successful corporations are learning how to strategically harness this phenomenon to support value creation and brand management. These corporations support their words with specific actions in the form of programs to help identify suitable telework candidates, address communication and performance management issues and thereby relieve managers' fears, encourage pre-telecommuting family discussions to clarify work/family issues, and offer systems support.

Some corporations create teleworking advocates or coordinators who not only can make a business case for corporate support of telecommuting but also help coach and counsel those involved in the program. One such corporation is Alltel Information Services, a subsidiary of Alltel, an Atlanta-based telecommunications company. Their coordinator was asked to research telecommuting. The findings suggested how they could put substance behind the holding company's policy statement and thereby address some problems within the division, like high turnover, low morale, and space constraints.

Since Alltel's full program was implemented over a year ago, the firm has experienced no turnover. They have also realized major dollar savings based on a cost estimate to locate and train each new employee of $125,000 per data administrator. Productivity is up by 10 to 30 percent since telecommuters have been found to put in at least one extra hour of work per day. Teleworkers are absent two days less per year than traditional workers. Finally, the need for extra office space has disappeared. AT&T encountered similar results when their salespeople, working at home, had sales boosts of 20 to 40 percent. Now the percentage of AT&T managers who work at home an average of at least once a week has increased from eight to 29. Of that 29 percent, one in 10 doesn't even have an office to go to outside the home.

Both telework programs have generated lots of publicity for the firms, which helps in recruitment efforts. Lucent Technologies, a high-tech firm that split off from AT&T in 1996, also promotes the teleworking system as a key competitive advantage in finding and retaining qualified professionals. Lucent executives have found teleworking offers a recruiting advantage, because flexible work arrangements weigh heavily with today's employees. Another benefit for Lucent is that telecommuting uses the technology it provides to the world. Lucent can promote its own products; use its own workforce as pioneers in telecommunications; and gain marketing knowledge and product knowledge.

Alltel's program has been so successful that the program is expanding beyond the division's Twinsburg, Ohio, offices to the parent company in Atlanta. Cost/benefit forms have been developed to help managers put dollar amounts on benefits from the program, like that for no turnover.

These forms ask managers to measure the cost of recruitment, purchase of outside services until a suitable candidate is found. Time spent by co-workers, including any overtime, assisting the new hire is converted to a dollar figure based on a percentage of salary. Supervisors time usage is also captured. Negative impact on productivity is measured in a similar fashion, calculating lost hours as a percentage of salary.

A key success element of the Alltel program is the guidelines it offers supervisors to help them evaluate employees who express interest in telework. The organization has identified work style traits--not merely personality issues--to get best fit between employees and the program. Work traits include: self-motivation and responsibility; results-minded; capability of working independently; familiarity and comfort with job requirements; knowledge about corporate policies and procedures; successful in the current position; effective communications; adaptability; and commitment to the idea of telecommuting.

The AT&T teleworking program is more structured. It establishes clear requirements and expectations for both employees and managers. AT&T's telecommuting employees are obliged to sign a formal agreement, in which they stipulate location, hours, assignments, output, equipment to be provided by the employer, reimbursable expenses, and even how many times per day they'll check their voice mail back at the main office.

Lucent uses two telecommuting arrangements, "formal" and "casual." In a "formal" arrangement, an employee has no office space in the Lucent building. Instead, employees are provided with the necessary equipment, telephone connections, and coaching—and are rarely seen on the company premises. Employees with "casual" work-at-home arrangements work at home only occasionally, for instance if there's bad weather or a family illness. Approximately 20% of Lucent's 150,000 employees worldwide have some sort of telecommuting arrangement. Of that 20%, most of whom are based in the U.S., more than half use the formal system.

To meet their operational obligations, Alltel teleworkers must be able to meet with co-workers onsite when needed on specified days of the week. They may substitute telecommunications for face-to-face interactions when necessary. They must meet internal and external client needs while telecommuting, schedule their use of resources in the central office, set clear work objectives, control workflow, benefit from quiet or uninterrupted work time, and have clearly defined tasks. To help managers, the organization uses job analysis and performance assessment tools purchased from Washington State University.

At Alltel's pre-telecommuting training program, supervisors are taught how to assess candidates and, most important, say "no" to those individuals who fail to meet program specifications. The program recognizes that many employees can see telework as a given benefit available to all, which can make for a difficult confrontation for supervisors unless they have been prepared. Supervisors are taught to make a "no" into a coaching session that could lead to acceptance into the program in the future.

Alltel managers who previously relied on physical proximity and observation to supervise workers learn how to manage by results, which includes training in job analysis, communication, and performance monitoring. In this respect, the training speaks to fears of managers that teleworkers can't be well supervised. Future teleworkers are taught how to organize their home office but, more important, they are taught how to plan their day and sustain self-motivation. Training is conducted by a former teleworker who lends experiential knowledge.

Both Alltel and AT&T address the work-life balance as teleworkers are encouraged to meet with their family members to set ground rules for their new workstyle. Spouse and others in the family may see the teleworker as someone who is now available to run errands or otherwise help out. They need to understand that working at home means *working at home.*

Alltel provides all software and hardware and remote access capability. If a fax machine is needed, the company provides it. Purchase of furnishings is left to the employees but the company provides guidelines for selection of ergonomically correct furniture, in keeping with OSHA requirements. Unlike many firms that have turned to laptops for all teleworkers, Alltel provides PCs for those who work mostly at home. Laptops are provided for road warriors. The company has a contract with an outside vendor and can repair or replace machines within 24 hours, but most problems are remedied by the firm's help desk. Those at the desk have a different script to use with teleworkers. They also have the technical capability to dial into offsite computers to make adjustments.

Offsite expenditures are processed by Alltel's telework coordinator who monitors them both for ongoing cost/benefit analysis and for any performance problems. But expenditures aren't the only aspect of the program being tracked. Focus groups with supervisors and teleworkers are used to get insights into any common problems experienced. One such meeting revealed that teleworkers felt guilty when they missed a call. They asked for cordless phones to ensure accessibility. Expressed desires for more information about happenings on site and for communications among teleworkers have prompted a move to build an Intranet for teleworkers with a chat room.

Alltel's recent cost/benefit analysis shows that their investment in technology has been more than returned in improved job satisfaction, elimination of turnover problems, and higher productivity.

Managing the administrative professional of the future

The changes in the nature of work, the workplace, and the professionals who do the work are creating new ways to manage. In order to effectively locate and mobilize the needed resources for value creation, companies are using skill databases.

The Human Resource department of Century Computing Division of AppNet, Inc., a developer of software applications, developed a skill matrix that identifies the expertise of current staff members in various software programs and applications. This "Mission Impossible" method for building teams through digital dossiers allows AppNet to field its expertise with more agility than its competitors. It can maintain a flattened and project-focused work culture as moves of professionals are based on the skills needed for each project, not organizational alignment.

On the horizontal axis of the matrix there is a list of 30 software programs. On the vertical axis are listed all 100-plus employees. Employees have each rated their skills in each of these programs, including the division's president, from one (least familiar) to ten (an expert.). The matrix is on the company's Intranet and can help track the need for new skills and new hires. It also helps in identifying internal candidates for promotional opportunities. Managers in need of software expertise can find the help they need with a specific computer program by going to the skill matrix.

Another approach to dossiers and databases to coordinate and mobilize shared service professionals has been mastered in the City of Virginia Beach, Virginia. The city manager was continually hearing that information on the director level never got down to the next level. He recognized that a great resource of information in most departments was the department assistants. So, the Professional Support Development Team (PSDT) was created.

From 1994 until 1996, the team focused on the sharing of information and keeping up with presentations made to the department directors at director meetings so that members could share the information with staff. To facilitate this process, the team modeled its meeting agendas after the department directors' staff meetings. Since executives never seemed to have the time to share with them the information disseminated at these sessions, the Group invited these executives to make the same presentations they had made at the directors' sessions. From attendance office assistants learned what every department did. Pieces came together, and members stared putting faces to names. Barriers came down, information was shared, and resources were mobilized on a more effective and timely basis as people knew where information and expertise resided.

As the City of Virginia Beach began to rethink its own organization, so, too, did the assistants' group. The department managerial meetings went from "show and tell" to working meetings. The city's organizational change consultant, who had taken the managerial group through its change process, was invited to attend assistants' meeting.

The Professional Support Development Team facilitated this flow of information across and down though departments. PSDT members began to create, within their own departments, information networks of their own. There are now ten such groups whose function ranges from mentoring new hires in the departments to improving departmental communications.

The PSDT itself has several subgroups that align to management's goals. Customer Service & Quality Standards has linked with the inbound calls group in the office to come up with a telephone etiquette training program for front-line people. Electronic Resources conducts demonstrations of new technology for PSDT and offers user support throughout the organization. New Membership has created a handbook containing the PSDT charter, member roster, and most important minutes from the previous six months to shorten the learning curve for new hires.

The group's motto, "be informed to inform", helps the group keep focused on its essential responsibility of communication. Today its charter extends beyond improving communications, with the group involved not only in communicating policy decisions but having a voice in them. Its creation has dramatically changed the responsibilities of office professionals at the City of Virginia Beach. Now, in addition to their traditional responsibilities, as part of their jobs assistants participate, with office managers, on other teams formed as a part of a transformation the city is undergoing.

Tourists and other visitors to the offices of the City of Virginia Beach are being better served because those helping them are more familiar with what is happening in the organization's 33 departments. The quality of public services has grown dramatically.

The future of Shared Services

Those who are served by shared services will require an increasingly agile and technologically capable workforce that can effectively handle multiple tasks from multiple bosses in a team environment. As virtual becomes what "just is" and as increasing numbers of businesses are run remotely, those needing support services and those providing them must find creative and cost effective ways to cope with the new work environment while maintaining service quality.

Shared services professionals will increasingly require the technical skills of project management, information management, problem solving, communication, and team development to handle complex tasks that are being delegated to them by multiple bosses who, themselves, spend increasing amounts of time away from the office in meetings or on travel. The support professional has become "mission control," shaping and controlling operations and embodying the institution's memory and equilibrium.

For all the challenges and responsibilities, support professionals receives minimal training or recognition. Their offices and work areas are often windowless and in basements. Their ability to travel is limited, as theirs is a minute-to-minute world with little tolerance for absence. Whether as the vice president for administration, the office manager, or one of the front-line support personnel, their world of "such duties as assigned" offers hard work and little recognition. Fostering their self-esteem is and will remain a major challenge for corporations. Shared service professionals need to know they are valued and not alone.

Relevant professional networks and professional growth opportunities are limited for the shared service professional. Training, outside of limited technical skills, is virtually nonexistent as organizations have been unwilling to spend more than minimal funds on training and developing this sector. This must change. Market leaders are those who are establishing and maintaining their dominance through investing in the development, support, and mobilization of human capital.

Worldwide, the 20th Century emergence of the shared services sector has marked the rise of modern economies. As the world prepares for the 21st century, those organizations that assure the needs of these vital professionals will not only reap riches, but will shape the course of economic progress.

END NOTES

[1]Winston S. Churchill, The River War (Hodder & Stoughton Ltd, London 1987) p.165.

[2]Examples of innovative space design are an ongoing feature of numerous business journals like Business 2.0, Wired and Fast Company. The TBWA/Chiat/Day article appeared as "Work Different" by Eric Ransdell, Fast Company, June 1999 page 142.

[3]Dan Swartwood, Richard Hefferman, "Trends in Intellectual Property Loss", ASIS, March 1998.

[4] The Washington Council of Governments, and the state governments of Arizona, California, Colorado, Massachusetts, Minnesota, and Washington have completed major studies on teleworking. The California State government's website on teleworking is a particularly complete resource on these studies with links to other states.