

# Shared Services

A Summary of Three Pilot Projects

Involving Human Services Charities in Edmonton

2010 - 2013



Edmonton Chamber  
of Voluntary Organizations





# Introduction

In May 2009, the Edmonton Shared Services Steering Committee was struck to oversee a research study.

The purpose of the study was twofold:

- To identify appropriate shared services opportunities for Edmonton area human service charities
- To develop action plans and implement the shared service models as pilot projects.

With funding from the City of Edmonton, the Committee identified three pilot projects to take place between 2010 and 2013:

1. Financial Shared Services
2. HR Shared Services
3. Out-of-School Time Collaborative Shared Services.

Evaluations were conducted annually and learnings summarized in a final project report.

This report provides a summary of the three shared service pilot projects and explores strengths and limitations of the three models employed.

# Shared Services

“a structure that enables organizations with common needs to share costs.”

Louise Stoney

## Why Shared Services?

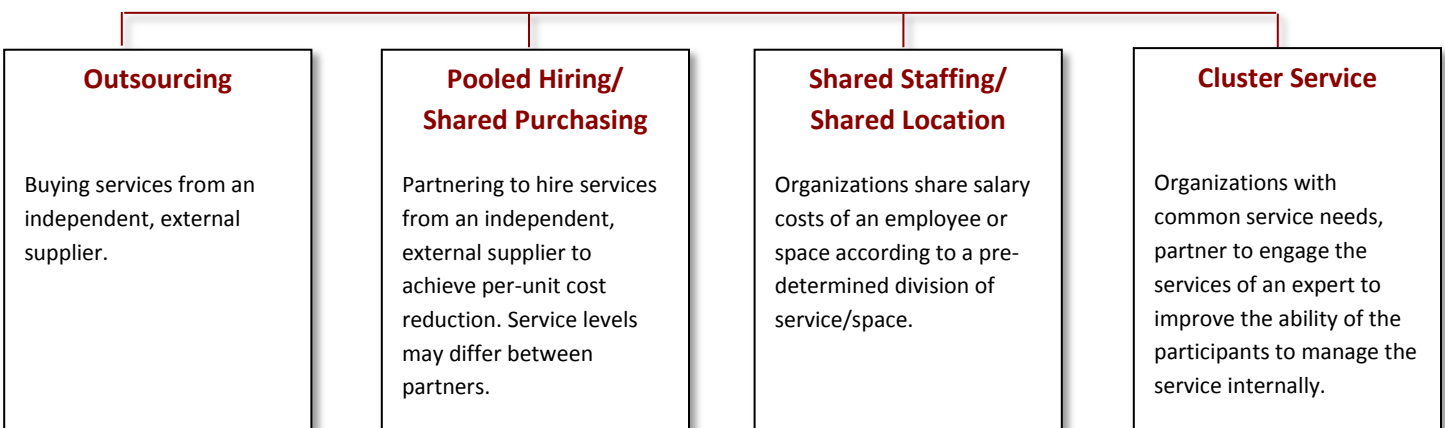
Shared services enable organizations to improve the efficiency and effectiveness of non-core operations. There is a broad continuum of shared service models that range from the direct purchase of services from external providers to efforts that improve the ability of the organization to deliver the service internally.

There are many different factors associated with the success of shared services for organizations. These factors include organizational readiness and buy-in; appropriateness and affordability of service offered; model structure; and sustainability.

## Continuum of Shared Service Models

Fee for Service

Developmental



## Financial Shared Services Pilot Project

*In April 2010, five Edmonton nonprofit, human services charities charted new ground. They agreed to test out an operating model that involved sharing a common financial service provider.*

*Day-to-day financial management is important to the efficient operation of all nonprofit organizations. A large organization in the community was found to act as 'host' by contracting finance experts to support the shared service participants.*

*At the outset, the group confirmed that they shared common operating values and agreed to adhere to the host's financial policies and practices. They agreed to full disclosure of all financial matters and confirmed their commitment to comply with all Canada Revenue Agency regulations.*

*On behalf of the group, the host contracted three full-time financial staff (one manager and two administrative clerks) to provide:*

- Payroll
- Accounts payable
- Charitable receipting
- Unaudited statement services.

*The host charged a management fee of approximately 1.5% of the participants' annual revenue.*

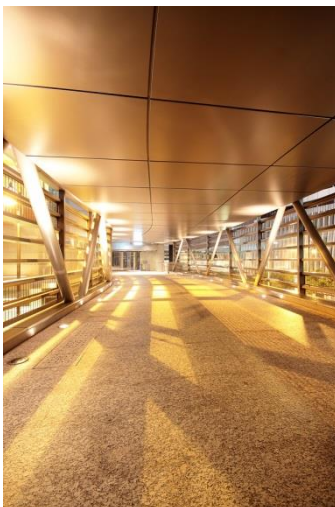
*The project operated under this model of contracted services for about four months. After that point, challenges led the host organization to transfer responsibility for financial service delivery from the contracted staff to the host's own finance department until April 2013.*

*At the end of the project, two organizations from the original group of five, agreed to cost share a bookkeeper. The bookkeeper will visit their respective offices on a weekly basis. Another organization chose to independently contract a part-time bookkeeper-accountant.*



**“There is great potential for the provision of financial shared services to small and medium sized nonprofit organizations”**

**“It is critical to convey the importance of a deeper needs assessment prior to implementing the project”**



## What the Human Service Charities Learned

### There were benefits to the participants:

- Reliable, expert financial services
- Administrative cost savings
- Expert services at below-market rates
- More financial management knowledge
- Improved accuracy and reliability of financial transactions.

### There were some challenges:

- Considerable turnover of the contracted financial staff impacted efficiency. After turnover the participating organizations had to spend time orientating new staff, re-establishing processes and systems.
- This model consolidated financial data in one location, offsite from the participating organizations. As a result, organizations had limited access to the financial data they needed for planning and decision-making. It also necessitated travel to exchange documents and sign cheques.

### Strengths of this model:

- Pooling resources through an existing host's infrastructure system made it cost effective to receive a level of service otherwise unaffordable to participants.
- By having access to a knowledgeable professional, participants are able to increase their knowledge and skills.

### Limitations of this model:

- Financial services are a common need, but organizations do things differently. This model requires each organization to dedicate time and resources to ensure the shared services staff understand and adapt to unique requirements.
- This model supports improved financial transactions for participating organizations but does not improve their capacity to plan and manage their organization's financial situation.

## Collaborative Shared Service Pilot Project

*The Out-of-School Time (OST) Collaboration was an existing partnership with over 35 agencies collaborating to improve summer programming for refugee and immigrant children living in Edmonton. The partners developed a strategic plan and a collaborative structure through which to implement the plan.*

*Utilizing the Shared Service pilot project funding, the Collaborative established an OST Secretariat to provide the necessary leadership and coordination to implement the strategy through collaborative activities. The Secretariat supported improved alignment and effective engagement of partners – backbone supports - for this large collaborative. These supports enabled the collaborative to:*

- *Develop and strengthen networks between organizations involved in summer programming*
- *Identify and deliver relevant and culturally appropriate summer programming to children in immigrant and refugee communities.*
- *Improve the quality of summer programming through coordination of staff training and development*
- *Coordinate access to, and use of, space and funding for summer programming.*

*With supports in place, the OST collaborative successfully conducted research into after-school programming, built networks with organizations offering after-school programs, and developed and delivered programs and services to immigrant children and youth during the summers of 2009 to 2013.*

*At the conclusion of the pilot in March 2013, OST partners indicated that this model had contributed to improved summer programming. The community has continued to support the work of the OST partners through a one-time grant from the United Way of the Alberta Capital Region and the Edmonton Community Foundation. The OST work will continue through the summer of 2014 and the Secretariat is now formally working with REACH Edmonton (Schools as Community Hubs) and the United Way (Partners for Kids) to create a new strategic direction for our community that will bring together the OST work and other important work in the community.*



**“The Collaborative brought to the summer camp programs what they had been missing: the voice of community.”**

**“Those involved in the Collaborative have learned about building relationships with various partners.”**

## What the Human Service Charities Learned

### There were benefits to the participants:

- Stronger networks.
- Increased outreach to diverse immigrant and refugee communities.
- Improved access to training and development.
- Improved access to funding for summer programming.
- Successful joint use of space.

### There were some challenges:

- Collaboration had hidden costs for the partners including the commitment of significant staff time.
- Organizational structure and culture impacted how much and how quickly individuals could contribute to the collaborative.

### Strengths of this model:

- Administrative supports are resourced.
- A well-developed strategy provides leadership direction and keeps participants focused on common goals.
- Engaging partners from different organizations and sectors brings a diversity of perspective, knowledge, skills, and opportunities.

### Limitations of this model:

- The model works best when all partners can shift practices at the same time.
- Turnover impacts successful use of the model. It requires partners to have a solid understanding of the Collaborative's history structure and activities.
- Unless the collaborative has access to alternative funding, new initiatives and programs may not be implemented.
- Maintaining a shared understanding and engagement across all participating organizations (grass roots to funders) is essential, but a significant challenge.

## Human Resource Shared

In 2009, the Shared Service Steering Committee in Edmonton hired a consultant to recruit organizations to participate in a pilot project in which participating organizations would share a Human Resource Specialist.

The specialist's role would be to provide the following supports to participants:

- Recruitment and selection
- Employee relations
- Discipline and terminations
- Workplace culture and employee retention
- Review of policies and procedures
- Develop policies and procedures on a variety of topics
- Review performance appraisal programs and processes
- Create job descriptions
- Review and analysis of compensation systems
- Conduct workshops on performance appraisal and team building.

Medium-sized organizations, employing between 10 and 30 employees, with no in-house HR staff were invited to participate and were screened by the consultant. Six organizations were ultimately selected to form the Shared Services Cohort with one selected to act as fiscal sponsor. The group developed a Memorandum of Understanding setting key outcomes, scope and types of services available to participants, structure of the cohort, group processes and relationships.

With support from the contracted consultant, the cohort conducted two recruitment drives between January and June 2010. A specialist was hired in July, but left to take on full-time employment a few months later. Another recruitment drive in the winter of 2011 was successful and a second HR Specialist was in place by May 2011. The project operated as planned until September 2013.



**“The processes that we had to go through (e.g. several rounds of hiring) was not easy.”**

**“It took time to build the relationship with the HR Specialist. It was certainly better in the third year of the project.”**

**“Putting procedures in place was challenging and perceived well by some.”**

**“Individually, I was not successful in finding the time to utilize the services of the HR Specialist as fully as I might have.”**



When the project ended, three participants indicated they would try to find internal funding to purchase smaller, discrete pieces of HR support. A fourth organization had already set aside funding to continue to access a similar level of service from the HR Specialist once the project ended. One organization made plans to join another existing HR shared service arrangement and the final participant decided not to continue using HR specialist services.

All organizations agreed it would be valuable to keep meeting as a cohort of Executive Directors.

## What the Human Service Charities Learned

There were benefits to the participants:

- Access to expert knowledge and guidance at below market rates
- Improved knowledge of HR functions in relation to organizational effectiveness
- Development of a peer network for problem solving and trouble shooting
- Support to create and implement HR best practice policies and procedures
- An opportunity to see HR best practices modeled in the participant's organization by a HR Specialist.

There were some challenges:

- The time spent attracting the right HR Specialist decreased the amount of time the project was actually operational. This negatively impacted the shared service for participating organizations.
- Despite the development of the MOU, there were differing perspectives regarding in and out of scope activities of the HR consultant.
- It was a challenge to get leaders together for the cohort meetings.
- The implementation and impacts of the services provided were challenged by organizational readiness, culture and challenges with change management within organizations.

### Strengths of this model:

- Having both direct service and professional development for Executive Directors means that HR capacity is developed within the participating organizations and the sector as a whole.
- This model successfully supports the development of peer networks and supportive cohorts to help with trouble shooting and problem solving.

### Limitations of this model:

- The model includes a developmental component which is dependent on trust-based relationships - between participants and between the participants and the HR specialist. Any HR specialist in this role must have both the technical HR skills and the ability to facilitate and nurture strong relationships.
- Implementing new HR policies and practices within an organization requires change management and leadership skills. Readiness on the part of the Executive Director(s) to implement change in the participating organizations is critical to achieving the shared service outcomes.

## Overall Learnings About Shared Services

### Readiness Matters

A means of assessing need and organizational readiness are critical to the success of a shared service initiative. Careful analysis of need ensures that the organization is getting relevant services and supports from the initiative. Readiness is central to ensuring an organization can fully benefit from the products and services of a shared service. It is also a key success factor to being an effective partner in the management and administration of the shared service.

### Relationships Matter

Shared service models require the development of open and trusting relationships - between the shared service contractor and between the shared service participants. Relationship building requires an investment of time and resources.

### The Model Matters

Include shared service recipients in the design and development of the model. Carefully define the service demands the model must meet. Invest in ongoing evaluation of the chosen shared service model to ensure that it continues to effectively meet the recipients' original and evolving needs.

### Clarity Matters

Invest time upfront with participants. Carefully articulate the scope and scale of services that will be provided with the chosen shared service model. The clearer the expectations, the more likely they will be met and the less likely that service delivery will be negatively impacted.

### Cost Always Matters

Before starting, cost out **all** of the costs associated with the delivery of a shared service. This includes the cost of delivery, as well as the administrative and management costs.