

# Understanding & Utilizing a Shared Services Approach



# Who We Are

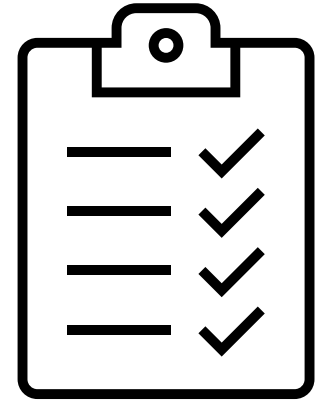


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La Piana Consulting helps the social sector navigate change.

# Today's Agenda

- Shared Services as a Collaborative Strategy
- Shared Services Case Studies
- Developing Shared Services Partnerships
- Questions
- Additional Resources



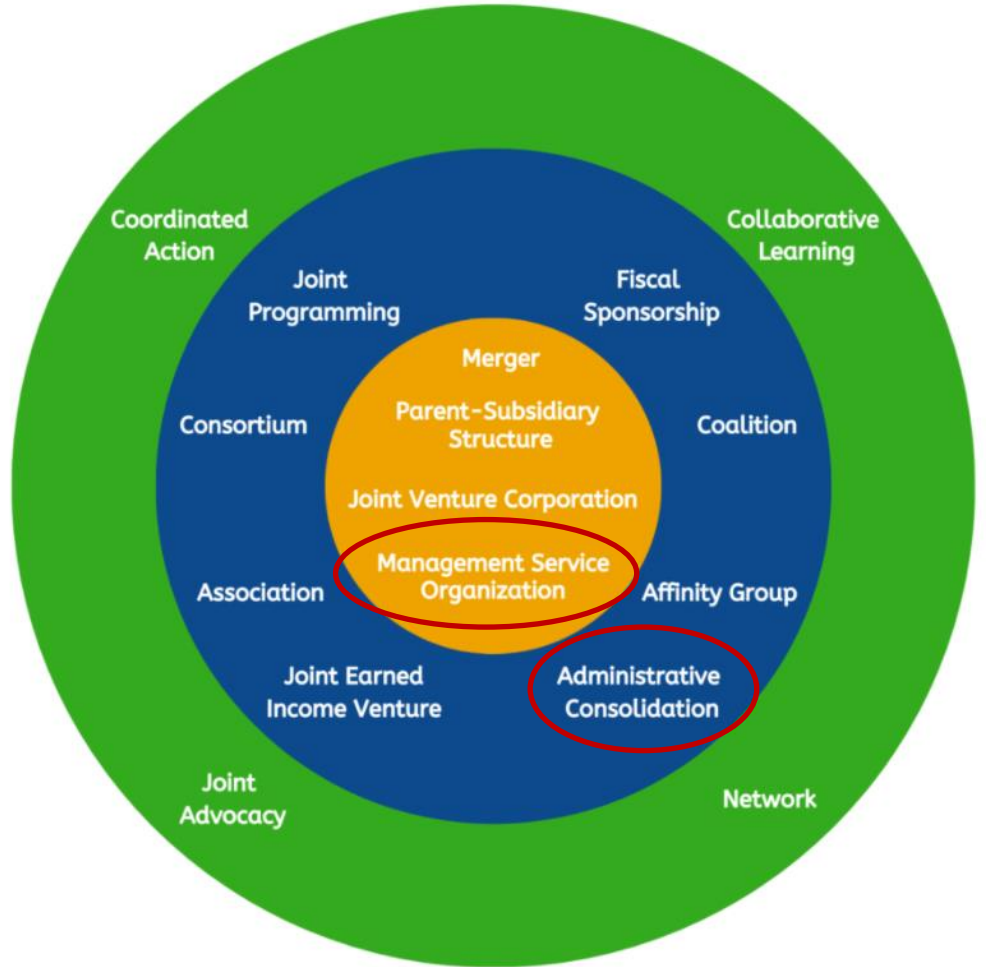
# Definitions

**Strategy** – a coordinated set of activities that build upon or create a differentiating strength to advance an organization's mission

**Strategic Partnerships** – collaborations that enhance the capacity of the participating organizations for mutual strategic benefit

# Collaborative Map

- Collaboration
- Alliance
- Strategic Restructuring



## Program / Administrative Partnership

- Organizations share in administrative and/or specific program initiatives
- An MOU or contract specifies partnership goals, responsibilities, and decision-making authority
- Can be more or less integrated; sharing best practices and tools or sharing staff
- No changes to organizational structure; may not require board involvement

# Management Service Organization

- New entity created in which administrative functions are housed and through which programmatic collaborations are coordinated
- Administrative staff are employed by the MSO
- Administrative services are delivered to each organization for a fee or contribution to the cost of services
- Creation of new 501(c) with its own board and staff, and agreement on services, activities, cost-sharing, and revenue-generation for entity required
- Organizations do not change structure, but do cede some authority to MSO; may require board involvement

# Shared Services Structure Options

	Program / Administration Partnership	Management Service Organization
<b>Finance</b>	Develop integrated budget for specific work to be integrated, but maintain separate organizational budgets	Develop a budget for the MSO, but maintain separate organizational budgets for each of the other entities
<b>Board</b>	Organizational boards remain intact, with perhaps the creation of an oversight committee for specific work to be done	MSO will need a board, most often created from members of the other entities' boards
<b>Staff</b>	Staff organized as best positions the partnership for success	MSO staff organized as best positions the MSO for success
<b>Operations</b>	Only those functions related to partnership are integrated operationally (and not structurally)	The MSO operates as a separate entity, providing specific services to each organization
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Develop partnership idea(s) with implementation plan</li> <li>▪ Draft MOU or other agreement detailing terms of the relationship. Depending on nature of the work, may / may not require board involvement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Create new corporate entity, including submission of all documents needed to incorporate and secure 501(c)(3) status</li> <li>▪ Recruit board and identify staff (may be new staff or may come from existing organizations)</li> <li>▪ Develop services to be provided to existing organizations</li> <li>▪ Secure funding needed to launch and deliver services</li> <li>▪ Enter into service contracts with each existing organization to specify the services to be provided and the fee to be paid</li> </ul>



# Shared Services Examples by Function

Option	Human Resources	Information Technology	Finance	Other
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>▪ Sharing policies, procedures, best practices</li> <li>▪ Cross-training (e.g., spending time in each other's office[s])</li> <li>▪ Shared recruiting, training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sharing policies, procedures, best practices</li> <li>▪ Coordinated IT analysis and assessment</li> <li>▪ Joint training of staff on new software</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sharing policies, procedures, best practices</li> <li>▪ Joint finance training for staff and board</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sharing policies, procedures, best practices</li> <li>▪ Coordinated long-range planning</li> </ul>
<b>Consolidation</b>	<ul style="list-style-type: none"> <li>▪ Mentoring</li> <li>▪ Standardized HR practices, training</li> <li>▪ Development of a common recruiting pool</li> <li>▪ Shared HR professional</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shared database and server</li> <li>▪ Shared IT professional and other key staff</li> <li>▪ One organization provides IT services for another</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shared accounting systems</li> <li>▪ Shared CFO, key staff</li> <li>▪ One organization provides accounting services for another</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advocacy training for boards</li> <li>▪ Joint marketing/branding</li> <li>▪ Bulk purchasing, translation services</li> </ul>
<b>Management Service Organization</b>	<ul style="list-style-type: none"> <li>▪ Shared employment</li> <li>▪ Co-employment</li> <li>▪ Single benefits program</li> <li>▪ Benefits administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Intranet</li> <li>▪ Common Help Desk</li> <li>▪ Shared accounting software</li> <li>▪ Centralized servers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Centralized finance staff and systems – report generation, cash management, billing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Centralized facilities management</li> <li>▪ Coordinated grants management and reporting</li> </ul>

# Case Study: Chattanooga Museums

- Creative Discovery Museum and Hunter Museum of American Art struggled to maximize limited resources
- Formed administrative consolidation with Tennessee Aquarium, which had greater operational capacity
- The three partners shared directors of back-office functions, each employed by TA
- Has saved over \$4 million for CDM and Hunter and generated over \$1 million in funding for TA since 2001
- Has led to new revenue streams, better financial controls, improved systems, new programs and community engagement, increased staff benefits

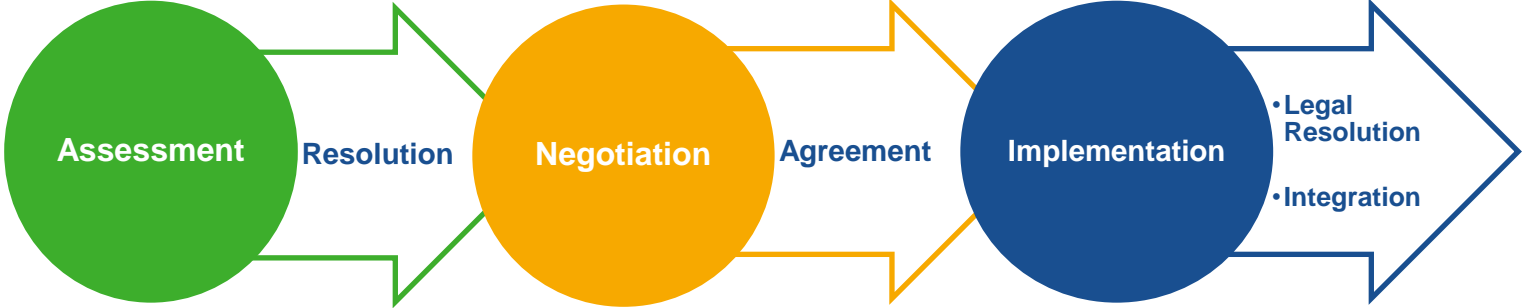
# Case Study: MACC CommonWealth

- 5 Minnesota community centers struggled with the capacity of their back-office functions (IT, HR, finance, data and evaluation, etc.)
- Formed an MSO called Metropolitan Alliance of Connected Communities CommonWealth with a board representing each organization; the MSO would handle the back-office functions so each org could focus on program delivery
- MACC CommonWealth grew to provide fee-based back-office services to dozens of additional organizations across the country

# Case Study: Horizon Healthcare Partners

- MSO formed by four community mental health centers to share services and build capacity
- HHP acts as a hub, an intermediary, a broker, and a networker for nonprofits, businesses, health plans, and state and municipal organizations
- Partnership outcomes include
  - Six-digit savings on employee health and IT expenses
  - Advocacy success due to increased government relations expertise
  - Tens of millions in funding secured for state-wide programs and expansion

# Strategic Partnership Phases



# Merger and Alliance Toolkit

Flexible support for the journey toward a strategic partnership

Practical guidance and concrete methods for:

- Assessing collaborative opportunities
- Negotiating agreements
- Implementing partnerships
- Integrating systems and structures to pursue a common mission

<https://www.lapiana.org/resources/toolkit>

# Consultation Support

Meet with a La Piana consultant to discuss your current situation and get advice on what steps to take next

Topic areas may include

- Assessing readiness and partner compatibility
- Evaluating strategic alignment, benefits, and risks of a strategic partnership
- Developing negotiating or implementation plans
- Addressing roadblocks to successful partnership

Contact information on final slide

# Closing Thoughts

- Partnership is a strategic tool, not an end in itself
- Clarity of purpose is important!
- Clear, proactive communication is critical to success
- Develop shared expectations of authority, accountability, and conflict resolution
- Shared services arrangements may need to evolve over time
- Be clear on costs (variable & fixed) and financial objectives
- To sustain a partnership, develop, monitor, and refine shared strategic plan



**Thank you!**

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