

Case Study

Implementing a Shared Service Centre

The leadership issue: How to significantly reduce expenditure on common functions and improve service to the business.

Background

A major UK water utility comprising of regulated and non-regulated businesses was based in disparate locations. The company wanted to centralise its back office and support functions, but was struggling to agree on how best to achieve this.

What we found

There was a need to develop the business case and deal with the practical issues involved. It was also critical to gain the full support of the leadership teams across the organisation for a plan to implement the required changes, as there were challenging political and emotional barriers to overcome.

What we did

A team of Curzon specialists initially undertook an intensive 8-week project to define the future 'Targeting Operating Model' of the Shared Services organisation. This included agreement as to the functions and departments to be included, clarification of the business case and the involvement of the regulator. By involving the Executive Team in a series of carefully planned workshops, we were able to gain their full support at each stage in the project.

Once the location for the new Shared Services Centre was agreed, the first wave of functions were selected for the pilot launch. These included: Finance, Communications, Payroll, Procurement, Fleet and Scientific Services. Following the success of the pilot launch other functions followed, including IT and HR.

Key features of the implementation were:

- ◆ Agreeing the future Shared Services organisation in detail
- ◆ Defining Service Level Agreements (SLAs), the charging arrangements, the Key Performance Indicators and the governance and reporting framework
- ◆ Identifying improvement opportunities for all functions and jointly planning improvement initiatives to achieve enhanced service levels at a lower cost
- ◆ Managing the communication process and ensuring the transition of people was completed by the target date

Results

The new organisation went live on time and has been a success for the Group as a whole. We helped to shape and deliver:

- ◆ A commercially aware organisation that is focused on serving its customers and achieving efficiencies through improved, standardised processes
- ◆ A robust SLA and charging framework that drives the desired behaviours on both the Shared Services and Customer side of the organisation
- ◆ A structured review and reporting process to ensure performance control and issue resolution

Significant benefits across Finance and Procurement were identified and combined, with our later work across operations and the capital programme, the programme has delivered tens of millions of pounds in annual EBITDA improvement, and our later work across operations.