

# Considering a Phased Approach to Implementing Shared Services?

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Has your organization decided to move to a shared services model? More than likely, you are already preparing for the massive changes ahead as you transform your service delivery model. Any change of this scale should be managed with care, as it can be hard on the customers you are serving as well as your staff. In many cases, it is wise to transition to a new service model using a phased approach, which will help to manage the change over time.

### WHAT IS A PHASED APPROACH?

As your organization transitions to a shared services model, you may decide to introduce the change over time. Essentially, you will launch the new delivery method in a few manageable segments versus one “big bang.” Employee groups or services are phased into your new model until your total population and/or chosen processes have transitioned. The phases may be grouped according to site population size, business unit, process, service, or geographical region.



### WHO SHOULD CONSIDER A PHASED IMPLEMENTATION?

How do you know if a phased approach is the right decision for your organization? If your company fits any of the criteria below, you may want to consider phasing your implementation over multiple launch cycles to increase your chances of a successful implementation:

- Your institution has low to moderate departmental buy-in and stakeholders who may need to “see it to believe it”
- You are a large (50,000+ employee), complex organization and have multiple lines of business and service offerings
- Your employees are spread across a large geographical area, which may have different compliance regulations for single processes
- You plan to include functions and/or processes in your new service center which vary greatly in complexity
- Your project plan includes hiring a new team who will benefit from extended training

- Your organization has reason to be risk averse, such as operating in a highly regulated industry
- You need to spread the costs of the transformation across multiple fiscal years

## BENEFITS OF A PHASED APPROACH

There are many benefits to using a phased approach to implement a new shared services model. First, this is a great opportunity to build credibility in the organization prior to your full launch. Second, the timeline will allow for flexibility to adjust as needed. You can elect to have a small initial launch in order to identify and resolve any issues in a more controlled environment. A phased approach allows for mid-course corrections; it is easier to update processes and materials for a small customer group before your entire organization depends on them. Third, this approach allows for additional on-the-job training for new service center agents in a reduced, more manageable customer population. You may elect to save more complex processes for a later phase to provide ample time to prepare. The organization can adjust to its new delivery model prior to introducing the most vital and complex processes. Finally, your company's effort and resources, including dollars, are spread out over time.

## POTENTIAL DISADVANTAGES TO A PHASED APPROACH

While there are plenty of benefits to a phased approach, you should enter into this decision with your eyes open to the disadvantages. Implementing through multiple phases may be more expensive than a "big bang" approach as you are extending support resources across a longer time period. Another consideration is the length of time your organization will undergo disruption from the change. Change at this scale can be exhausting for your resources, and there is a risk that your key project team members can lose momentum over time and potentially suffer from burnout. Additionally, a phased approach often means operating in a hybrid service and technical environment, which creates complexity. During a transition such as this, organizations typically need to utilize multiple service pathways and technologies until all service is unified, extending the cut-over period to the new technologies.

## OPTIONS FOR STRUCTURING A PHASED APPROACH

You should carefully consider a few key questions when developing the approach for phasing your implementation:

- Who is the target group for your initial launch?
  - Ideally, a leadership team member will volunteer for the opportunity. Volunteers indicate you have project support from key leaders who will help make your implementation successful
  - The initial launch group should be diverse enough to represent your overall employee population. You want a true sample of the organization in order to ensure the response to the initial phase mirrors what you can expect in the remaining phases
  - The employee group should have departmental buy-in, strong leadership, and willing participants who will provide honest, constructive feedback that will help you make improvements in later phases

- How many phases are appropriate based on your organizational structure?
  - Your implementation segments should be divided into logical groups that will be understood by leadership and staff-level employees with a simple communication plan and launch timeline
  - You may decide on a timeline which entails a gradual implementation over an extended period of time (four to six phases) or a shorter implementation (two to three phases), which will reap benefits of a phased implementation while reducing the overall timeline
- How much time is appropriate for a phased approach?
  - You should consider the length of time your company can manage operating at the peak of the change curve
  - Time spent in each launch phase should be as minimal as is reasonable to maintain a modest overall implementation timeline
  - A common cadence for phasing is every three months. While shorter intervals are possible, they are typically used for smaller or less complex populations

A few examples of how organizations have phased their implementation are outlined in the table below:

Industry	Employee Count	Phases Grouped According to:	Phase Count
Healthcare	190,000+	Geographical Region	6
Food Services/ Facilities/Uniforms	250,000+	Business Unit	3
Healthcare	4,000+	Function	2

## KEY CONSIDERATIONS

A phased approach comes with known challenges, which you can prepare for in advance by having responses ready as situations arise. As previously mentioned, extending the transition to your new service delivery model also extends issues that come with change. It is critical to have a change management plan in place to minimize the stress and interruption involved with your transition. Be aware of the impact on your most important resources—your people. Extensive projects come with long, high-stress hours, which often lead to employee burnout and ultimately low-quality work. Keep this on your radar and encourage self-care. This may mean allowing enough time between each launch to let key employees recuperate and allow for the stabilization of operations. Additionally, phasing your new delivery model may confuse your customers. It can be difficult to understand what falls under the new delivery model and what remains in the legacy model during the transition. A clear communication plan is important to build and maintain understanding throughout any implementation project.

## CONCLUSION

If you have decided to move to a shared services delivery model, you should consider a phased approach based on the complexity of your services and employee base. This decision should not be made lightly, because it comes with unique challenges, including extending your resources and time spent in the peak of the change curve. Change is hard and managing the change appropriately is important to the success of your project. If your organization decides to pursue a phased implementation, be sure to develop a clear plan with effective communication for your organization, including how to respond to issues that will arise.

## HOW SCOTTMADDEN CAN HELP

ScottMadden has completed hundreds of successful implementations at highly complex and geographically diverse organizations. We can help you identify an optimal approach to move forward in your new shared services model with the least disruption to your organization. We will utilize our expertise, leading practices, and past client experiences with proven success stories to ensure a successful project and to avoid potential pitfalls. ScottMadden will also leverage leading change management techniques to adequately prepare your workforce for the service transformation.

To learn more about phasing your shared services implementation, [contact us](#).

## ABOUT SCOTTMADDEN'S CORPORATE & SHARED SERVICES PRACTICE

ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago. Our corporate & shared services practice has completed more than 1,600 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Examples of our projects include business case development, shared services design, and shared services build support and implementation.

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