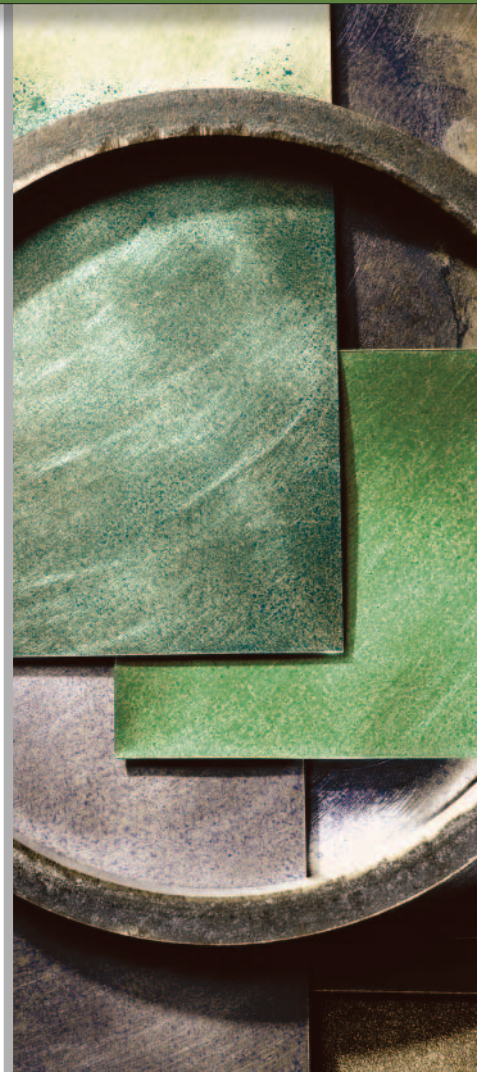


# Shared Services in Government

Turning private-sector lessons into public-sector best practices





**D**ismal service, soaring costs and rolls of red tape continue to muddy the reputation of many government agencies. But the time is right for fresh thinking on how government support services should be organized and managed. Governments in many of the world's mature democracies are struggling to improve services while managing costs—in other words, trying to achieve better value for money. Although this challenge is not new, ever-loftier election promises and higher standards set by private-sector companies have substantially raised both citizen expectations and political stakes.

Of course, managing these goals within the constraints of economic prudence and politically sustainable tax policies is becoming increasingly difficult. But removing unnecessary costs from government budgets is not only welcome, it's essential.

At a national governors' conference in 2003, New Mexico Governor Bill Richardson underscored the gravity of the current situation: "We're faced in the states with an economic crisis of historic proportions, a crisis that without quick resolution will continue to drag on our national economy and end up hurting those who are in most need of help.... Budget shortfalls across the states continue to deteriorate—US\$50 billion this year and it is estimated about US\$60 to US\$70 billion next year."

But the question remains: Can governments cut costs while seamlessly improving services?

Yes. In fact, this is the opportunity that shared services presents.

In the private sector, shared services have proven their worth. For the past 15 years, companies have been consolidating and centralizing various back-office functions—such as finance, IT, human resources and procurement—to reduce costs and gain competitive advantage. In fact, a recent A.T. Kearney survey reveals that 70 percent of senior executives claim success with their shared services programs. They cite reduced costs, improved productivity and better-trained employees among the benefits.

By following the private sector's lead, government agencies can enjoy these same advantages. In this paper, we discuss the opportunity for adopting shared services in the public sector and highlight best practices from the private sector. We present the key lessons for implementation—

including how to overcome common public-sector barriers. Finally, we peer into our crystal ball and predict what the next generation of shared services might be.

### The Precarious Balance of Higher Expectations and Lower Costs

Tony Blair's New Labour government swept to power in the United Kingdom in 1997 on the promise of radically improving public services while maintaining the spending guidelines set by its Conservative predecessors. Although the intention of reform was serious, achievement

**Continually increasing the tax burden on a diminishing base is an obviously unsustainable strategy—both economically and politically.**

during the first term was limited. Change became bogged down in planning—defining what should be done—and the difficulty of engaging people in the complex task of policy setting and service delivery. Although public acceptance of both the need for and the difficulty of change were high, the promise served to increase expectations still further.

Mr. Blair's 2001 manifesto upped the stakes even higher by committing to further real spending increases in education (5 percent), health (6

percent), police (18 percent) and transportation (20 percent). He also promised additional front-line services including 20,000 nurses, 10,000 doctors, 10,000 teachers and 6,000 police officers.

These improvements do not come cheap, and under the mantra “no investment without reform,” the government is understandably trying to balance some of the extra spending with cost savings and productivity increases. It's doing this through a broad-stroke transformation plan that will effectively change the way government does business. The scope of the plan includes improving procurement and other back-office functions,

transaction-based services and relationships with both private-sector organizations and the general population.

After the plan underwent cross-government review and was endorsed by various ministers, Gordon Brown, the Chancellor of the Exchequer, announced intentions to cut central-government operating costs by 16 percent. These savings—about US\$40 billion a year—will be channeled into frontline services.

**Rising costs.** The U.K. example is not unique. In Europe, several governments are struggling to stay within EU rules for spending deficits. Some of the causes are cyclical, but others are structural and long term. In particular, aging populations are making a bad situation worse: As the population grows older, it places greater demands on national health services and social security systems. At the same time, the number of active workers supporting those aging citizens is shrinking. Continually increasing the tax burden on a diminishing base is an obviously unsustainable strategy—both economically and politically.

Consider, for example, how rising health-care costs—a major portion of public-sector spend-

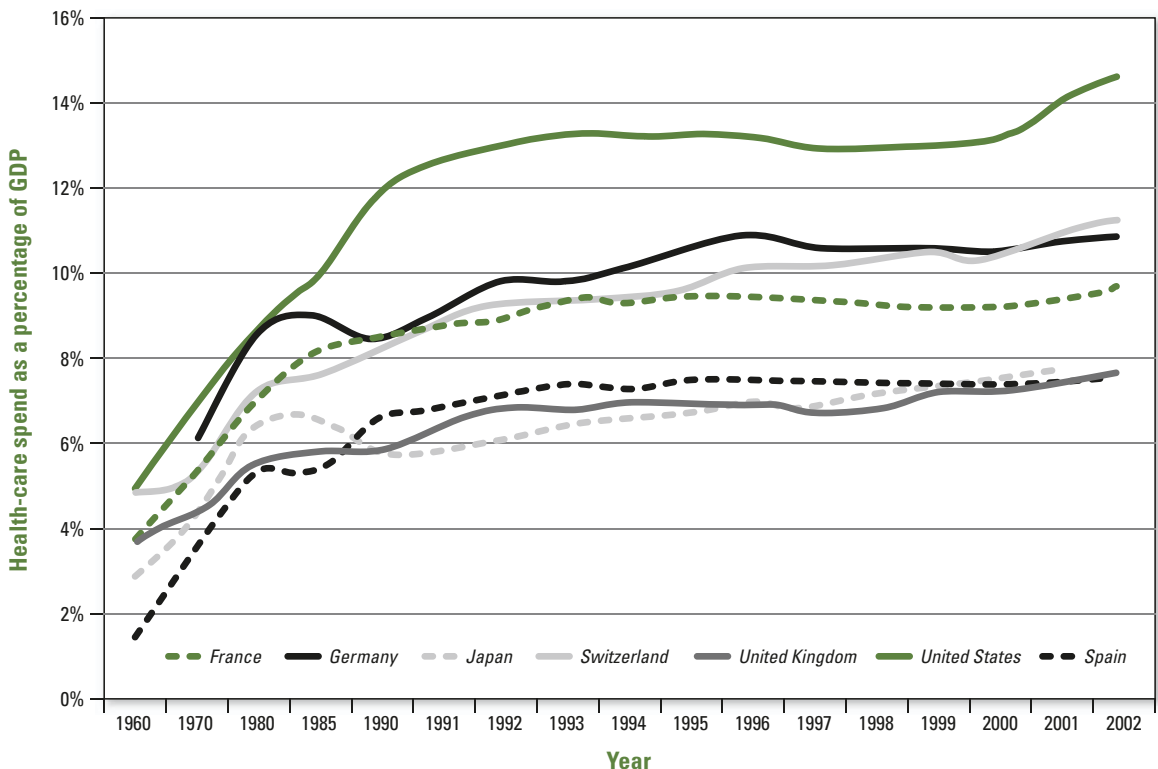
ing—are placing an increasingly heavy burden on the economies of mature democracies (see figure 1). And all estimates predict this trend will continue.

Technological advances are also adding to these cost pressures. For example, many governments have spent heavily to make services available online, with limited payback. Progress in medical and medical-related technology makes more conditions treatable, but these treatments often come with hefty price tags. For example, the U.K. government is currently implementing a US\$11 billion program to build an IT system for the entire National Health Service. In coun-

tries around the world, mounting economic pressures and inefficient operations threaten such critical programs; the details vary, but the struggle to find the best solution is common among all (see sidebar: *A Global Issue*).

**Rising expectations.** On the other side of the equation, citizens have higher expectations in terms of both quantity and quality. Whether or not services such as education, welfare, utilities, broadcasting and transportation remain under the state umbrella, all are becoming more consumer oriented. Citizens expect services to be constantly available, much like online banking

**Figure 1**  
Health-care spending in OECD countries, 1960–2002



Source: Organisation for Economic Co-operation and Development, DATA 2004, 1st edition

and shopping. And in the age of email, they also expect instant responses. Perhaps most important, however, they want service to be personal.

Many G8 governments are paying attention. Even the most traditionally statist countries throughout the European Union are adapting to a world of choice in which the consumer rather than the producer rules. Assembly-line service will decline as governments begin delivering services tailored to their constituents, not to the various agencies that provide them.

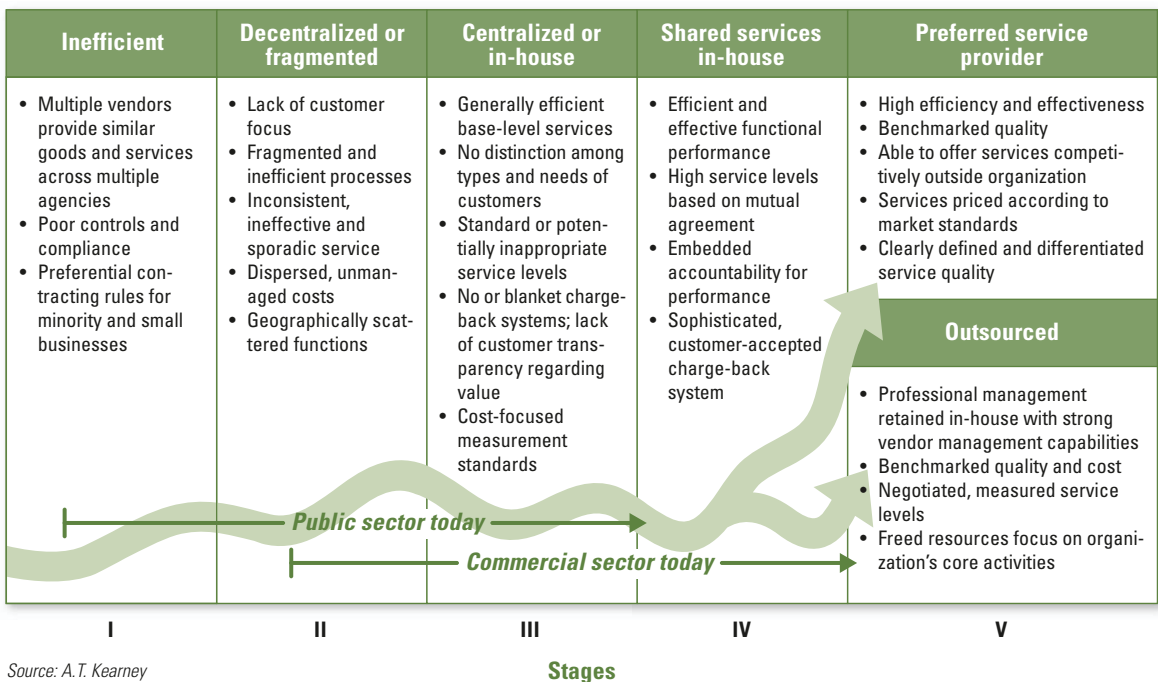
On both demand and supply sides, these are historic changes, which neither tax increases nor traditional (and often empty) statements about eliminating waste adequately address. The solution is a combination of standardization and econo-

mies of scale in the back office that enables flexibility and responsiveness to individual needs at the front line. To balance the books, governments must look at new techniques for service delivery to meet the ever-growing citizen demand at an affordable and sustainable cost.

### Moving to Shared Services

Concepts such as strategic sourcing, shared services and business process outsourcing matured in the private sector, but they are gaining increasing acceptance and adoption in the public sector. As figure 2 illustrates, there is a logical evolution of strategies, but the steps do not need to be taken in strict sequential order. In fact, organizations may take many different entry points.

**Figure 2**  
Typical evolution of agility and efficiency



The basic starting point, however, is clear: Improve internal operational efficiency for back-office functions and processes. This creates a solid foundation on which organizations can begin building their shared services programs.

**Reduce costs.** In reassessing their cost base, public-sector organizations should follow the lead of evolving best practices in the private sector. Leading organizations are rethinking how they deploy “non-core” transactional processes and back-office functions around the concept of shared services.

In the private sector, shared services can significantly improve cost performance, typically saving 5 to 15 percent, and as much as 20 percent. Other benefits include improved services and service delivery, organizational credibility and a more effective use of resources. The same potential exists for the public sector, as well: Our analysis of the United Kingdom estimates that the benefits could reach as high as US\$5.5 billion a year, achievable in two to three years.

Across the Atlantic, several U.S. states are reorganizing government to cut costs. Massachusetts

## A Global Issue

Both local and national governments face increased demand and expectations for services while being pressed to cut costs. Here are a few examples:

**Canada: increasing expectations for health care.** Growing waiting lists for tests and surgeries and a shortage of family physicians have turned health care into one of Canada’s thorniest political issues. A radical transformation of the health-insurance system is required to make it more efficient. However, this reform is not a straightforward matter of economics: The aging population, the appearance of new diseases and technological advances are leading to new models of patient care. Also, people’s expectations are changing, adding new pressures on an already faltering service.

**Germany: boosting the economy to provide adequate social welfare.** In response to changing demograph-

ics as well as a perceived lack of efficiency in public services, German Chancellor Gerhard Schröder launched Agenda 2010, a wide-ranging program that aims to stimulate economic growth to ensure long-term stability in the country’s social systems.

**Spain: catching up with EU neighbors.** Plagued by slow growth in productivity, Spain is undertaking a major reform program of policy initiatives and public investment. In fact, it is upping social spending to 3.3 percent of GDP, compared with an EU average of 2.3 percent, with the aim of bridging the gap with more advanced economies.

**Australia: investing to keep ahead.** Australia’s social infrastructure has been one of the strongest performing in the world thanks to wide-ranging structural reforms and sound economic policies. The econ-

omy has enjoyed 12 years of uninterrupted expansion, with annual growth averaging almost 4 percent. Unemployment, however, remains high, with 15 percent of Australian men aged 25 to 54 out of work. This is the fifth highest rate among the world’s 25 richest nations. Policies under consideration are tackling job creation and skills training. The government also passed the Age Discrimination Act in 2004 to combat unfair labor practices.

**France: expectations exceeding resources.** Although French health care is acknowledged to be first class, costs are spiraling upward. The French are second only to Americans in popping pills, and at 9 percent of GDP, the country’s health spending is exceeded in Europe only by Germany. In 2004, the deficit for France’s public-health fund is expected to top US\$15.7 billion.

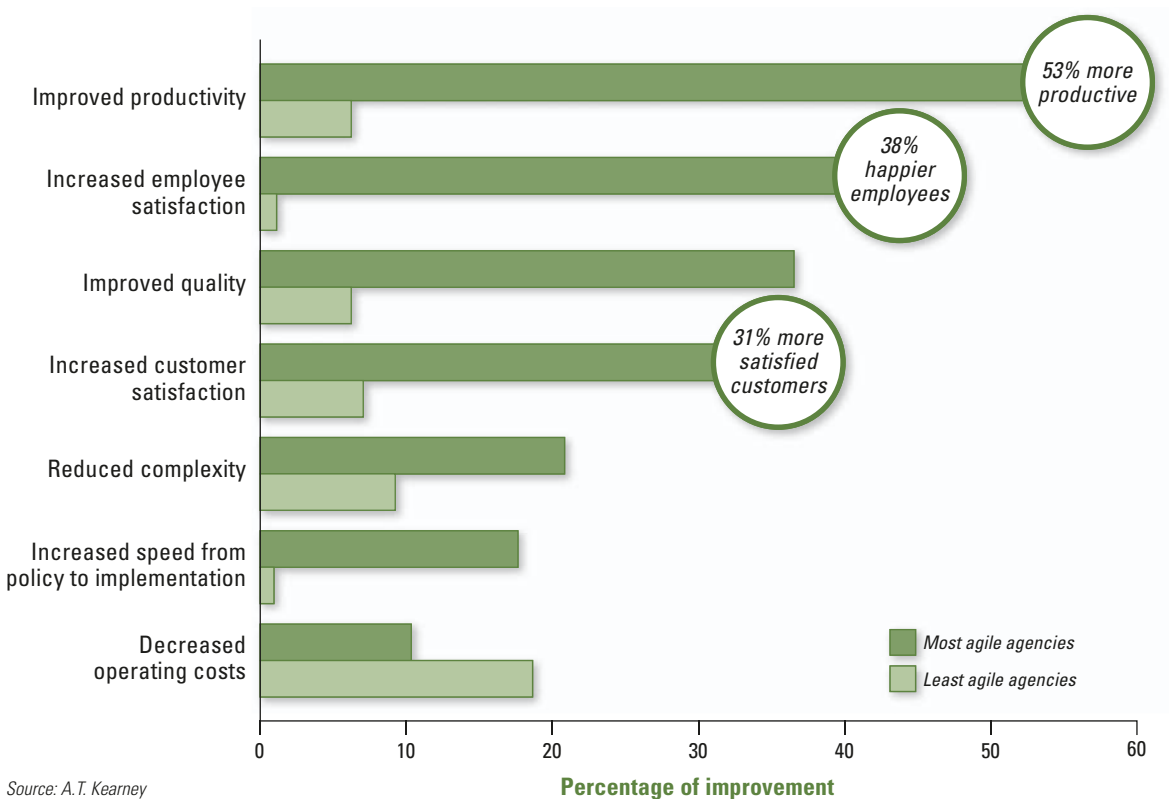
has a proposal to save US\$90 million by restructuring the commonwealth’s Executive Office of Health and Human Services. The State of Washington proposes to save US\$25 million by consolidating and streamlining environmental protection activities. And, in Arkansas, the government has proposed a massive realignment of 53 agencies into 10 departments.

**Improve services.** Our research shows that government departments that succeed in managing agility—defined as organizational speed, flexibility and responsiveness—are more effective

at satisfying both their customers and staff, as well as being more productive (*see figure 3*).<sup>1</sup>

A shared services program is critical in promoting agility for two reasons. First, by divesting non-core activities the unit can focus its hard-pressed resources squarely on its main objectives of satisfying and enhancing customer service. Second, a shared services program enhances internal customer service by formalizing the relationship between the internal customer and the shared services provider, and rigorously managing the performance.

**Figure 3**  
Agile government agencies enjoy stronger performance levels



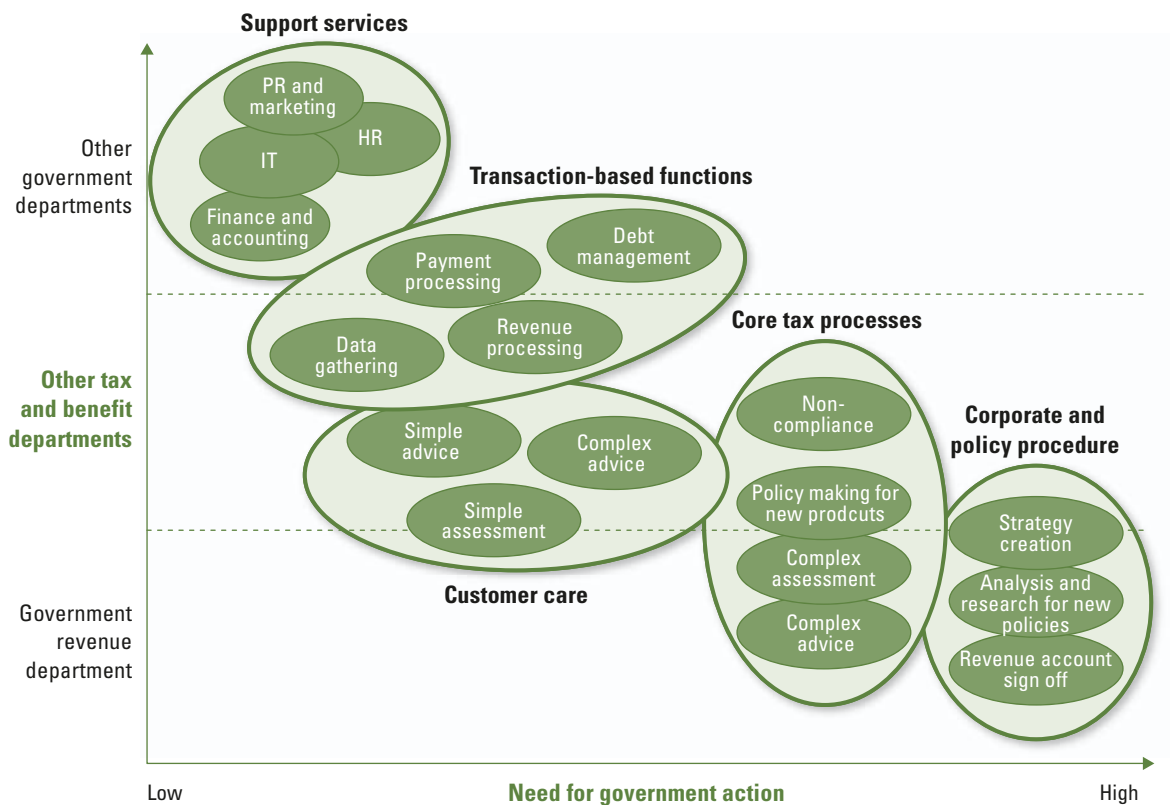
<sup>1</sup> “An A.T. Kearney Study on Agile Government: Improving Performance in the Public Sector,” at [www.atkearney.com](http://www.atkearney.com).

Consider a recent case where a tax department was assessing its current activities. Like many government departments, this organization kept virtually all processes and capabilities in-house in an effort to retain control. However, by reassessing the “make-or-buy” decision and performance levels, it was possible to redetermine which capabilities really needed to be provided in-house, which could be shared across other departments and which could be combined and potentially outsourced (see figure 4). The department could focus resources on its core corporate

policies and more complex tax processes such as product development, advanced advice, assessment and non-compliance. The more transactional and customer-care services—such as simple assessments, data gathering, payment processing and debt management—could be shared with other departments.

**Apply best practices.** Making shared services a success is no longer a mystery. In a study by the Shared Services and Business Process Outsourcing Association, 98 percent of respondents approved of the overall value, suggesting

**Figure 4**  
 Refocusing resources in a tax department by reconfiguring the value chain



Source: A.T. Kearney

that benefits quickly outweigh the disruption, new ways of working are rapidly institutionalized and that the corporate culture will adapt and evolve.<sup>2</sup>

Recent joint research by A.T. Kearney and Harris Interactive identifies an emerging consensus among private-sector organizations on a number of fundamental aspects.<sup>3</sup> The following are offered as best practices.

**Citizens expect services to be constantly available, they expect instant responses and, most important, they want service to be personal.**

*Decentralize support services.* Decentralizing support services is a luxury organizations can ill afford. Although geographically dispersed operations or transaction centers will not all go the way of the dinosaur, companies must design and manage each support function according to an integrated and, where possible, standardized model.

*Adopt a broad, strategic approach to support functions.* Organizations must determine where each function falls on the spectrum of strategic importance. Human resources, for example, includes strategic activities such as leadership development and compensation policy design, as well as more routine transaction-based functions

such as payroll and benefits administration.

*Professionalize support functions.* Each support function must behave as a professional, independent, internal organization. It must be held accountable for performance in the same way as any external service provider.

*Create sound program management.* Many executives cling to the misconception that shared services will lead to higher costs. Examples of companies that have abandoned shared service initiatives because of higher than expected costs or escalating operational complexity are not hard to find. In almost all cases, however, the difficulties are the result of flawed execution. Moving too far too fast, for instance, will likely result in more problems than benefits. The keys to avoiding unexpected costs are to establish clear objectives, set a realistic timeline and remain focused.

### From Private to Public

Although the public sector is relatively late in adopting shared services, examples of best practices already exist. Consider the recent case of a large welfare department that was failing to channel services sufficiently to vulnerable citizens. The disconnect was a result of weak branding and poorly targeted customer service. To remedy this, the department was reorganized into three national customer-focused organizations, each with policy, management and transactional operations as well as change management and some

<sup>2</sup> "Shared Services: The Evolution of Higher Performance," *The Shared Services and Business Processing Outsourcing Association*, [www.sharedexpertise.org](http://www.sharedexpertise.org).

<sup>3</sup> "From Back-Office Functions to Strategic Drivers: Success through Shared Services," at [www.atkearney.com](http://www.atkearney.com).

support capabilities. The majority of the support functions (HR, finance, IT delivery and communications) were organized into centralized shared services. In fact, one of the three new organizations consolidated 450 transactional processing offices into 26 regional centers.

Many countries have adopted shared services in the public sector. Australia and New Zealand have successful shared services programs operating at both the federal and local-government level. The Auckland District Health Board, for example, has consolidated the back-office functions that support its major hospitals.

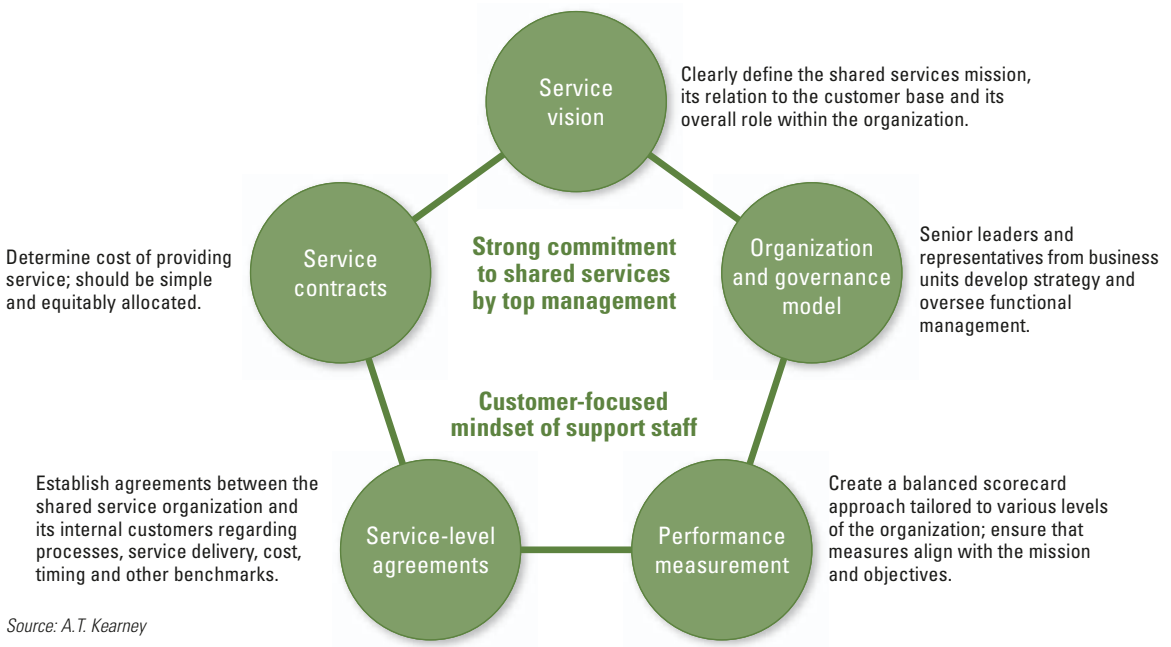
In another example, the Canadian province of Ontario consolidated payments, payroll and strategic procurement functions from 21 different ministries into the Shared Services Bureau, which operates under a separate management structure.

The results include cost savings of about US\$240 million and high praise from citizens. In fact, surveys reveal that more than 70 percent of residential and business users are very satisfied with the integrated system. The provincial government continues to build on this success by rolling out new integrated services to both its employees and the public.

Figure 5 outlines our shared services framework, highlighting the best-practice aspects. The need for executive commitment and to nurture a customer-focused culture is central to this framework.

Although achieving some success with shared services is relatively easy, exceptional results demand addressing all the critical success factors. This is where the public sector can turn its stance as a late adopter to its advantage by learning from

**Figure 5**  
A framework for shared services



and building on the experience of the private sector. Our research shows that the following six conditions are necessary to achieve best-in-class performance:

**1. Define the scope and set realistic targets.**

In the private sector, the earliest shared services consolidated back-office and general support functions such as finance, HR and payroll. They evolved to include functions such as technology (for customer contact and internal help desks) and transaction-based processes (accounts receivable and payables, for example).

Leaders should clarify which functions are strategic, which require decision support and which are transactional. Strategic tools such as value chain reconfiguration help leaders to conceptualize their organization as a collection of capabilities and then assess those capabilities in terms of how strategic they are and how they compare to best-in-class practices.

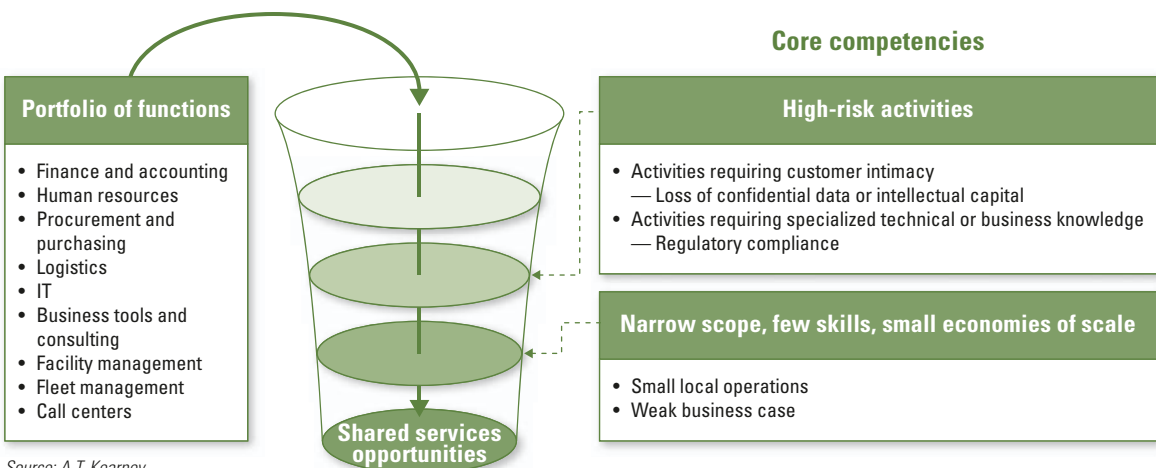
Managers should then assess the possibilities for sharing services, filtering them for unique-

ness and potential economies of scale (see figure 6). Successive filters will screen out required core competencies (policy development, for example), high-risk activities (such as handling sensitive information), specialized or legal functions and, finally, processes that offer little scope for scale economies.

Once grouped on this basis, functions can be managed accordingly. Strategic activities are best managed by an expert, center-led organization. Transaction-based activities are prime targets for a shared service organization. Activities that require decision-making support lie somewhere in between, depending on how specific they may be to an operating unit. The key is to identify potential economies of scale that can be managed in the shared service without jeopardizing quality of service.

Setting realistic goals, managing expectations and closely involving internal customers in the design, implementation and ongoing management of a shared service are also key to achieving or even surpassing planned results.

**Figure 6**  
Filtering opportunities for shared services



Source: A.T. Kearney

## 2. Select the appropriate operating model.

New technology and a growing supply of third-party service providers mean that organizations have a bewildering array of shared services operating models to choose from. They can establish internal shared services, outsource in part or completely, or establish shared services on a geographic basis, such as national or regional service centers. Figure 7 illustrates a typical decision-making framework. This allows managers to rationalize activities according to the best functional strategic fit, determining whether they should be eliminated, located in a corporate center, outsourced,

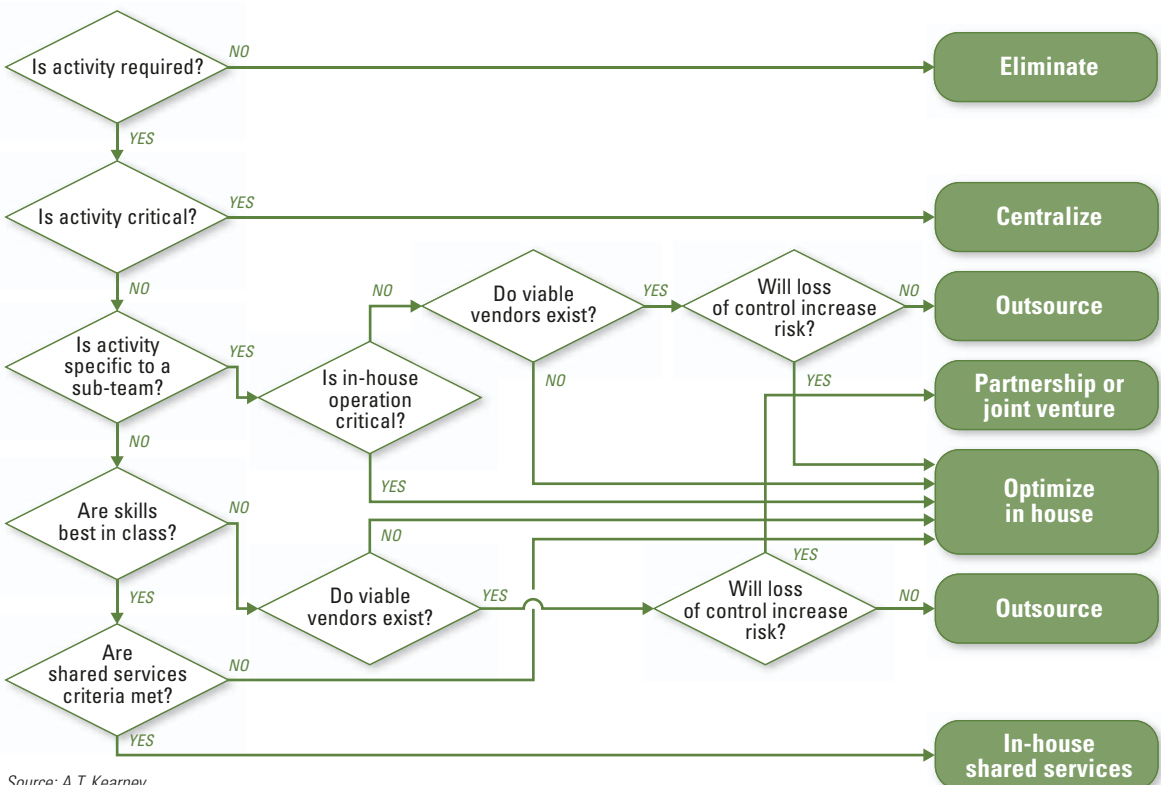
subsumed into a joint venture, optimized as a local operation or combined in an in-house shared service unit.

**3. Create and follow an effective governance regime.** Effective governance is the single most important success factor for shared service organizations. How the “parent” organization and shared services units relate to each requires careful planning and periodic reviews as technology, customer expectations, private-sector competition and legislation evolve.

While relationships vary according to circumstances, each must address the following key issues:

**Figure 7**

A decision tree for determining operating models



Source: A.T. Kearney

*Economic model.* How will the shared service be priced? What payment mechanisms need to be put in place? What are the contingencies if the service turns out to be over- or under-profitable?

*Growth philosophy.* Is the unit expected to grow? Will the new shared service focus only on the “host” organization or will it also seek third-party business?

*Capital requirement.* Who is responsible? How is return on capital to be managed?

*Management philosophy.* What role will the core organization play in the management of the

**The key to avoiding unexpected costs is to establish clear objectives, set a realistic timeline and remain focused.**

shared service? Will it take a hands-off approach or be directly involved in decision-making?

*Visibility and transparency.* How open will the accounts be?

From an operational standpoint, management philosophy is typically the trickiest aspect to handle. For the served organization, relinquishing day-to-day decision-making to a new shared service management team can be challenging, even if initial agreements seem clear and above board. Effective governance structures and processes are essential at both formal and informal levels. At best, governance arrangements are simple, flexible and open.

**4. Ensure transformation is inclusive and be certain to manage the change.** All successful implementations begin at the concept and design stages where decisions are made about make-or-buy strategies, operating models, organizational structure and locations. Typically, small project teams prepare a case for change, together with alternatives and proposals for executive consideration. It is critical to involve future operational leaders as early as possible. There are practical and conceptual reasons for this. First, an inclusive solution is always more readily accepted by those responsible for ongoing service delivery; the solution will be more comprehensive when challenged by those experienced in day-to-day operations.

Maintaining normal services to the end-customer throughout the transformation process is also critical. This challenge is often much greater in the public sector because of the enormous customer base and the usual practice of deploying legislation and policy on a national scale. The best shared service implementations identify links to customers and closely monitor them throughout the change process.

**5. Manage technology and associated costs.** Successfully implementing shared services depends on first understanding and managing technology expenses. This is a key lesson from the private sector, where poor management of technology causes many organizations to underestimate overall project costs and the level of necessary effort. In some cases, technology costs have doubled in the course of implementation. With benefit projections often erring on the optimistic side, this puts the overall business case under severe pressure.

With the arrival of standardized “off-the-shelf” ERP (enterprise resource planning) software,

it is easier to anticipate and manage technology costs—although standard software has yet to be widely used in the public sector.

To get the most out of shared services, leading private-sector organizations make centralizing and standardizing IT a top priority. But to be effective, this requires strong project management.

**6. Keep performance management simple and customer focused.** Managing shared service performance remains a sensitive issue for the private sector and is likely to cause similar concerns in the public sector. The most popular instrument remains the service level agreement (SLA). Unfortunately, many organizations have abandoned their SLAs on grounds of excessive complexity, administration costs and inflexibility. On the principle of holding the shared service provider to account, many agreements incorporate detailed specifications from the outset. However, this runs the risk of locking in both technology and processes, and leading to dissatisfaction.

But there is strategic value in SLAs, and there are ways to address these shortcomings. Leading organizations do not overcomplicate the SLA process and sometimes do not even formalize it. Rather, they keep the arrangement simple and turn the process into an ongoing dialogue with the internal client, focusing mostly on performance levels.

Top shared services organizations in the private sector reach beyond the usual performance measures of cost, quality and service levels to ensure that the support function behaves as a professional and independent body. To quantify this, they measure performance in softer customer-oriented aspects, such as perceived performance levels and perceived innovation.

The key lessons here are to ensure that internal customer focus is at the heart of the performance management system and that, wherever

possible, the customer team is involved throughout the transformation.

## Overcoming Barriers to Progress

Despite the potential, shared services can fail to live up to expectations. In fact, implementation in government and the wider public sector has a mixed record. As a result, understanding the reasons behind failure—and then anticipating how to avoid them—is critical.

Most of the major challenges that organizations must overcome in adopting shared services are common to every change-management program, and include issues such as poor scope, communication and training, and unstable technology. In the public sector, however, two issues in particular—leadership and execution—stand out. Leadership and accountability for change do not always sit easily with officials. Private-sector leaders who move into the public sector are often surprised by the slowness (or avoidance) of decision-making and the lack of accountability. Change is a risky business and government cultures are heavily risk-averse, but finding the right balance between risk and reward is key to success.

Additionally, too many transformation initiatives in government begin with lofty visions that quickly fade during development and implementation and then disappear altogether—leaving frustrated citizens and disillusioned staff. Our research, however, shows that successful leaders not only set long-term visions and strategies, they also manage priorities and pressures to ensure key initiatives are followed through to completion.

## The Next Generation of Government Shared Services

History shows that governments are typically late adopters of innovations in operating models and organization development, and lag well behind the

Too many transformation initiatives in government **begin with lofty visions that quickly fade** during development and implementation and then disappear altogether—**leaving frustrated citizens and disillusioned staff.**

private sector in picking up on everything from total quality management and customer relationship management to e-services and strategic sourcing. Shared services is following the same path.

But this cautious behavior is easy to understand. Because government services typically affect everyone in a jurisdiction, there is a natural reluctance to meddle with the status quo, even when there is a compelling case for change. Prudence is often exacerbated by a complex decision-making process and governance structure, which again tends to make business as usual the default option. Strategic activities such as shared services can require considerable upfront investment, often placing it second to sustaining current operations.

There is a silver lining. By learning from companies that pioneered the steep learning curve, more conservative organizations can avoid the pitfalls and leverage the benefits. Unquestionably, the time is now ripe to take advantage of the 5 to 15 percent efficiency improvements that can be obtained by implementing in-house shared services. With this in mind, what are the next steps beyond shared services for the public sector?

Again, the private sector evolution suggests two potential steps.

**Outsource shared services.** A highly competitive outsourcing market exists, with major and

niche service providers delivering high-quality, cost-effective services. As noted earlier, using private-sector experience as a guide, outsourcing has the potential to yield efficiency improvements in the range of 15 to 20 percent.

**Offshore shared services.** More and more companies have developed the capabilities and confidence necessary to jump on the offshore bandwagon. The benefits of lower costs and highly skilled employees have helped turn offshoring from a risky strategy to an accepted practice. Despite some setbacks, many companies report significant cost saving—in some cases up to 40 percent—along with simultaneous service improvements.

However, offshoring remains controversial. Data protection is an increasingly important issue, with test cases coming before the courts. Although these challenges may blunt the quick-win potential for offshoring, organizations may look again to improve their operational efficiency and revisit the business case for automation. Developing a lean home-shore operation may become an increasingly attractive option, particularly for public-sector organizations.

How far and how fast governments will follow the private sector along the shared services continuum is open for debate. But while directly offshoring government services may not be in the cards

in the next few years, several trends are emerging:

**Standardization will define the future organization.** While government policies intend to provide standardized service to citizens, complex organizations, non-integrated IT and tensions (between headquarters and regional localities) often lead to highly uneven service delivery. As organizations become more centralized through shared services, and as IT capabilities continue to improve, standardized service delivery will become more common.

**Location will become irrelevant.** Generally, location in the private sector is determined by the ability to drive competitive advantage. In the public sector, while in principle telephony and IT already enable work to be moved around, location has traditionally been a function of proximity to ministerial or municipal bosses, with civil service and local-government departments generally located in capitals or major provincial cities. Cost is another consideration, as is the potential for relocating work and wealth to prime economic development in less privileged areas. Today, there is opportunity in most regions to achieve cost benefits within one's own boundaries without moving offshore.

**Technology will shape opportunity.** Productivity will increase significantly as new technology enables more automated processes, especially in transaction-based functions. Scanning and electronic transfer will eliminate paper-based processes. Although, as with all IT decisions, managers must ensure that they improve underlying processes before applying new technology. As many private-sector organizations have learned, technological features are

not necessarily the same as benefits. Technology will also affect the location decision. Taken to its extreme, full automation, enabled by ever-shrinking IT costs and corresponding investments, will fundamentally influence nearshore and offshore strategies.

**Outsourcing will become commonplace.** As service providers mature and examples of best practices multiply, outsourcing will become increasingly common. A number of government agencies are already leading the way. One state government, for example, is combining its transaction-based services (billing, remittance, collection and debt management) for non-income-tax revenue (health care, ambulance services, student-loan payments and property tax) into a common shared service across ministries and outsourcing it to a private-sector supplier. The

By learning from **companies that pioneered the steep learning curve**, more conservative organizations can avoid the pitfalls and leverage the benefits.

result is reduced collection costs and smaller overall government debt, improved services for citizens and business for the service provider.

**Partnering for delivery of services.** As the outsourcing theme develops, some in-house service providers will become so proficient that they

will see an opportunity to extend their offering into other markets. This has already happened in the financial services sector, where GE Capital has expanded from its original base market within GE to soliciting clients in other markets and customer segments.

### The Time Is Right

Reducing government costs is a necessity, not an option. With government finances under pressure at every level and treasury departments increasing their drive to reform service delivery for the welfare, health, taxation, education and justice sectors, the time is ripe to identify and grasp the benefits.

Shared services is a viable, proven approach to achieving the necessary rationalization. Business cases should be sound, typically targeting at least 5 to 15 percent in cost reductions, together with significant improvements in service levels for citizens. The key is not whether to do it, but rather to ensure that you do it well.

In the long run, the effort will be worthwhile. Shared services is a crucial step in an evolutionary cycle moving toward more dynamic and flexible public-sector services—consistent with the vision of an agile and responsive government that benefits all citizens.

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