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Shared services in UK higher education: best practice and future possibilities

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Morning Keynote: Shared Services in UK Higher Education: Best Practice and Future Possibilities

Andrew Rothwell, Centre for Global Sourcing and Services
Ian Herbert, Deputy Director, Centre for Global Sourcing and Services, School of Business and Economics

Research project funded by CIMA

The Script

Loughborough Shared Services Research Group: who, what

Our 2015 report: Where are we now (very briefly)

Much more interesting: The Future (some possibilities, expert insights)

Who we are:

Andrew Rothwell: MBA Director
Research Associate in the Centre for Global Sourcing and Services

Ian Herbert: Deputy Director of the Centre for Global Sourcing and Services, Project Leader: Shared Services Research(CIMA) Programme Director (Singapore Programmes)

Collaboration and shared services in UK higher education
Potential and possibilities

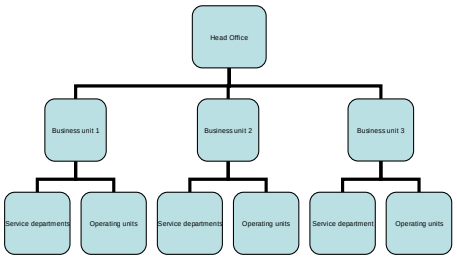
Andrew Rothwell and Ian Herbert
Loughborough University

Efficiency Exchange

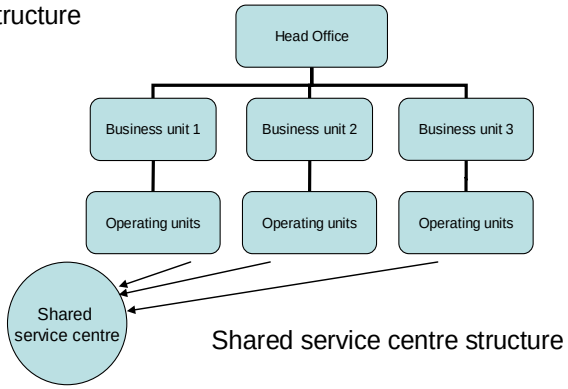
Centre for Global Sourcing & Services: what we do

"The Centre is dedicated to carrying out both academic and 'focus on practice' high impact internationally renowned research on how organisations source and manage business and IT services in a global context"…….*Centre for Global Sourcing and Services Website*

Cloud Services	Offshoring	Offshore Outsourcing	Near-shoring	Onshore Outsourcing	Captive Shared Services



Conventional Divisional structure



Shared service centre structure

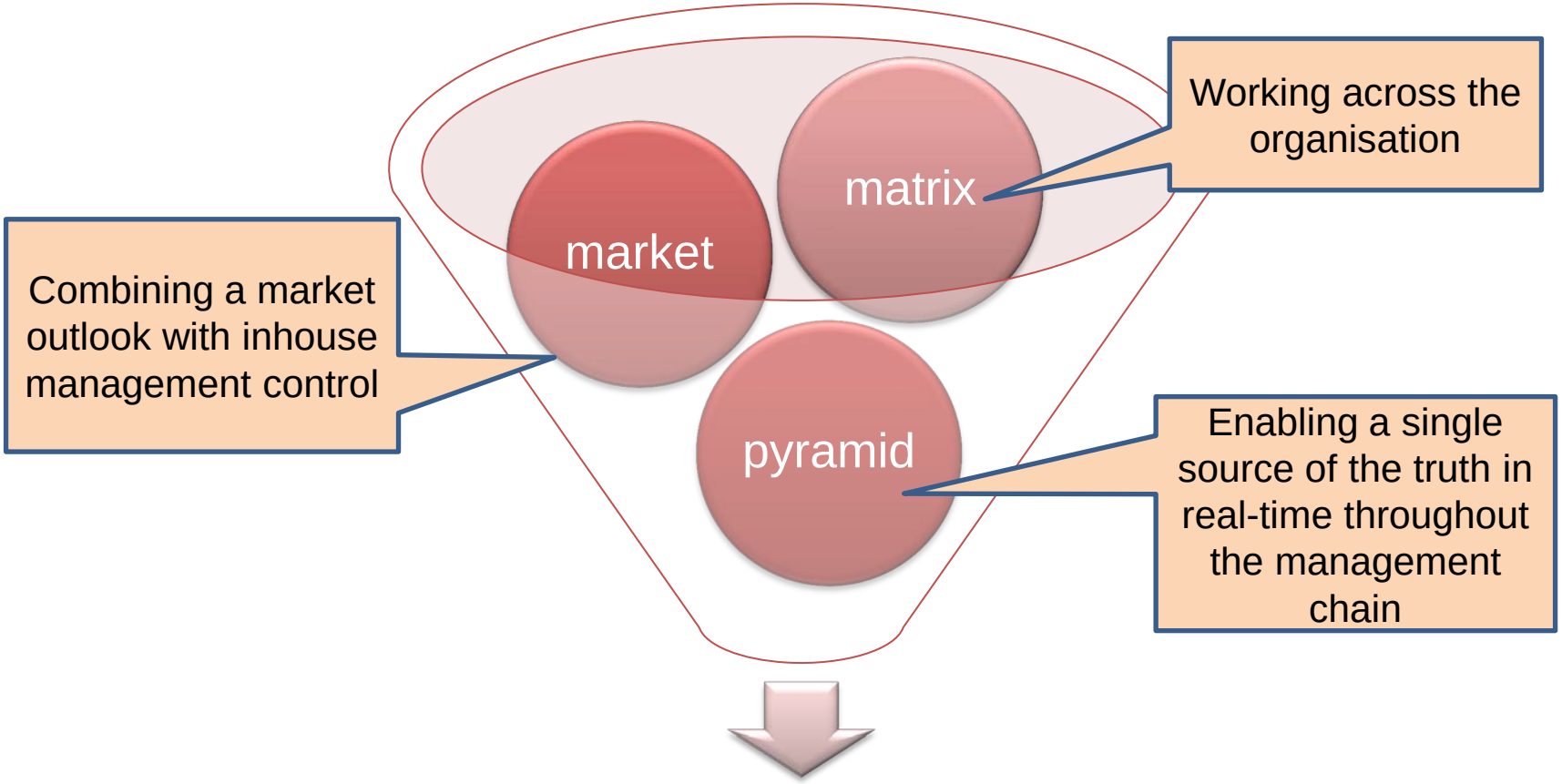
Figure 1. Moving to a Shared Service Centre Model

Semi-autonomous

Thinking like a business

Networking & benchmarking

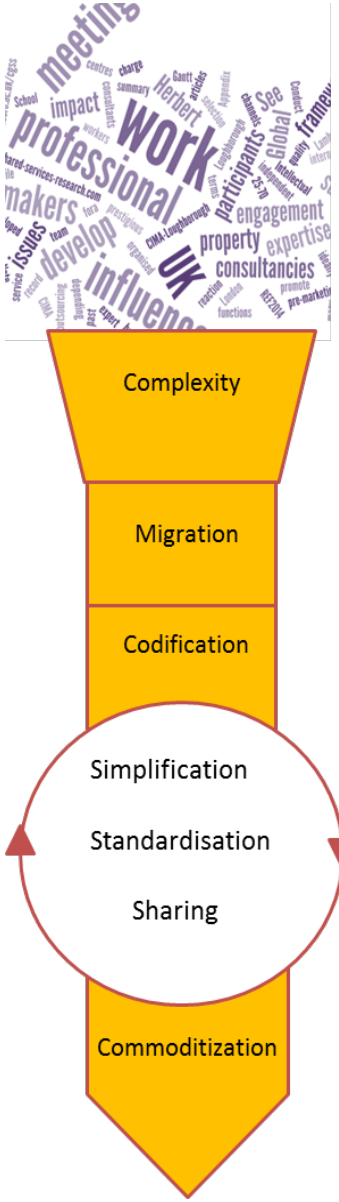
More than just a new organisation chart - The SSC model blends different approaches



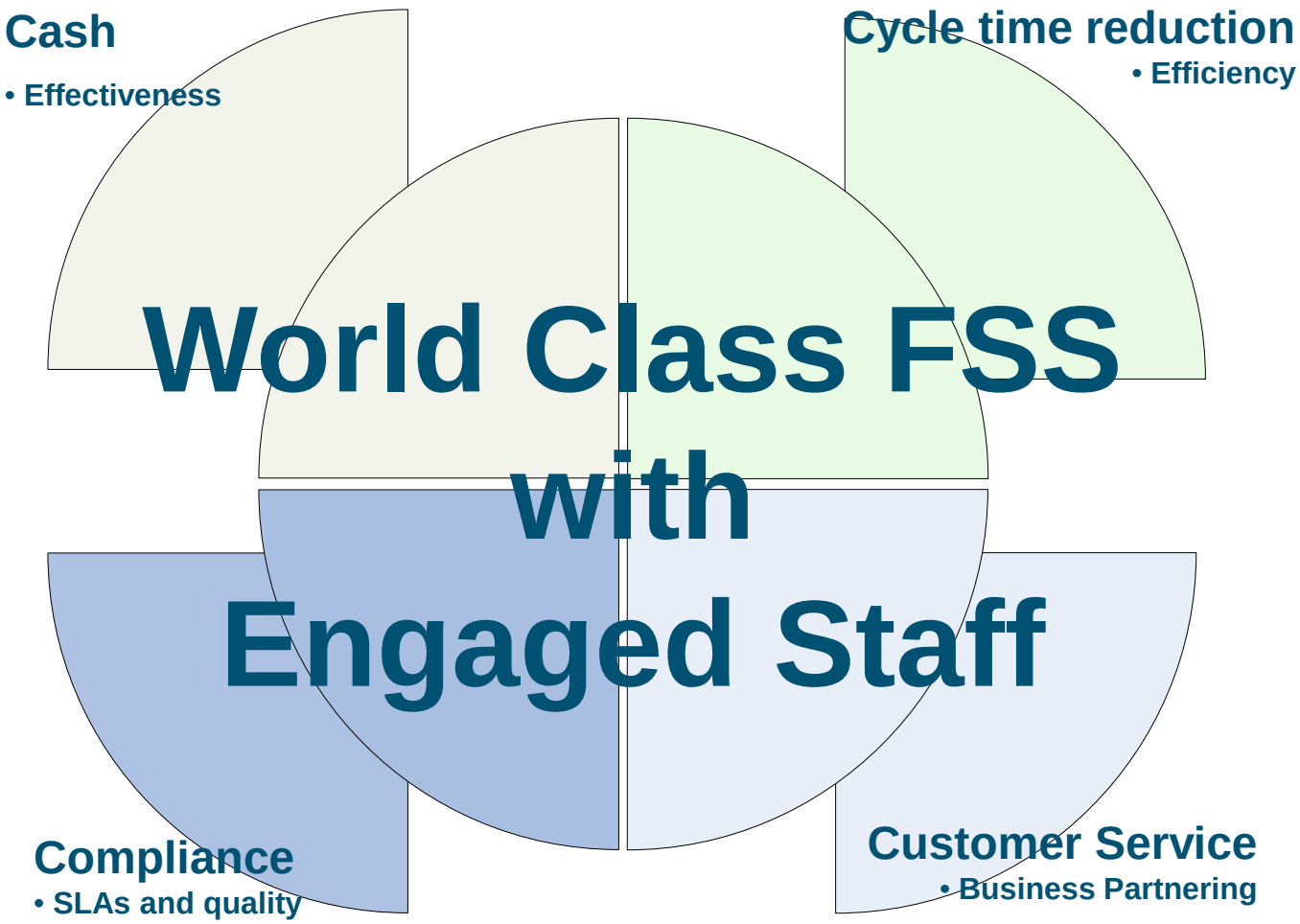
New structures, ‘philosophy’ & techniques

Success factors!

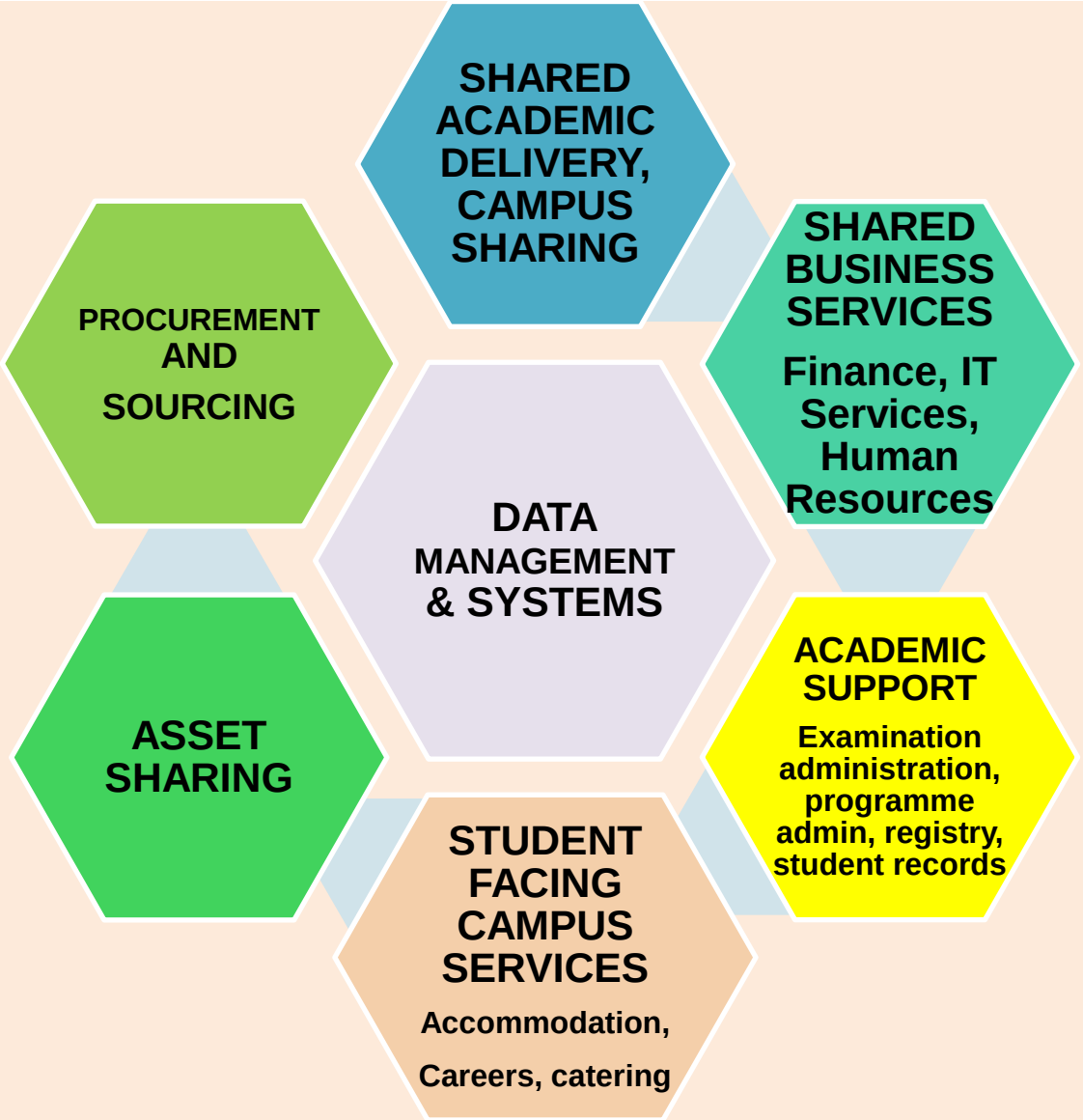
- ✓ Simplification
- ✓ Division of labour
- ✓ deskilling
- ✓ Standardisation
- ✓ A single version of the truth
- ✓ Objective/independent
- ✓ Scalable
- ✓ Efficient & continuous cost reduction
- ✓ The cheapest place on earth
- ✓ Invisible to the business
- ✓ Networking and open (best of breed and vanilla solutions)
- ✓ Phased migration, building on the wins



NETWORK RAIL
Performance Management: Process Measures



HE: WHERE ARE WE NOW? (*see report p.15)



Examples of practice

	‘Public’ (most institutions, notionally not for profit)	**‘Private’: for profit (= where traditional universities collaborate or compete with private organisations)**
Competition	League tables, league tables, league tables! Research funding Employability But UK Clearing system gives student choice	Areas where competitive advantage crucial: e.g. include INTO (Outsourcing arrangements international student recruitment/Newcastle) UK ISIS (International student internship scheme: UK/China…Birmingham)
Collaboration	Non competitive areas e.g. Digital technologies Manufacturing, Sports and medicine, Procurement frameworks (employability?)	Public/private partnerships FX Plus (3rd party company) Procurement where separate company set up: NWUPC

Sharing and collaboration in HE

In our sector…….UK Universities have their own 'take' on sharing and sourcing, are (mostly) highly efficient, and (mostly) have lots of expertise:

- ✓ Things that could not be done alone eg. ESISS
- ✓ Things that would be unsustainable done alone: Asset sharing
- ✓ Things that should not be done alone eg. UG Admissions – UCAS, Research Funding
- ✓ Cost saving by collaboration: Strategic Sourcing (see also 'buying groups')

We have done well so far – but what do we predict for the future?

Visions of the future (1)

- *"In 50 years, if not much sooner, half of the roughly 4,500 colleges and universities now operating in the United States will have ceased to exist. Technology driving this change is already at work, and nothing can stop it.*

- *The future looks like this: access to College level education will be free for everyone; the residential college campus will become largely obsolete; tens of thousands of professors will lose their jobs; the bachelor's degree will become increasingly irrelevant; and 10 years from now Harvard will enrol 10 million students*."
  - Nathan Harden, (December 2012) The end of the University as we know it, The American Interest (online)

Visions of the future (2)

- *"Our primary hypothesis is that the dominant University model - a broad-based teaching and research institution, supported by large asset base and a large, predominantly in-house back office - will prove unviable in all but a few cases over the next 10 - 15 years"*
  - *Bokor, 2012 (The University of the future, a thousand year old industry on the cusp of profound change) (Australia)*

- *"Just as we've seen the forces of technology and globalisation transform sectors such as media and communications or banking and finance over the last two decades, these forces may now transform higher education"*
  - *Barber, Donnelly and Rizvi (2013), An avalanche is coming: Higher Education and the revolution ahead, London, Institute for Public Policy Research*

Moderately Likely

We predict

"Universities will become more or less virtual and content fully commoditised"

- An increased focus on Learning and Learners
- New structures eg. Greater use of shared campuses
- Joint ventures with industrial partners
- Fewer international students coming to the UK
  – see eg. Education City Qatar

"Why can't virtual learning environments harness learning from innovation in computer games?"

Where are we now

- PSB, UC Suffolk, FXPlus
- Employer-branded degrees
- MOOCs
  – power of the brand

Quite Likely

We predict

- Outsourcing of registry and professional service functions
- Extensive offshoring of student administration
- More ‘Shoutsourcing’
  - (Hamilton, 2015)
  - Shared, outsourced

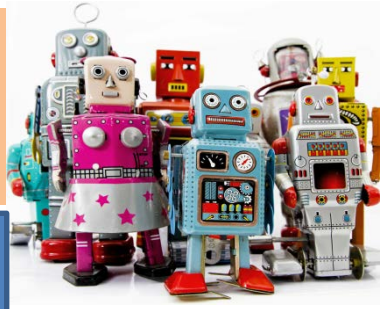
Where are we now

- **Middlesex University, India…first of many?**
- **The ‘Cloud’ is essentially offshore, offshoring**

“Systems arbitrage not labour arbitrage”

“what are the relevant skills for academic and support staff in a global and online world?”

Highly Likely: the big story?



Re-Engineering, Self Service, Automation

We predict:

- Greater automation of student-facing administration processes (self service)
- Greater automation of academic-facing administration processes
- Greater automation of 'teaching delivery' through ever more re-usable objects, online resources
- Shared services principles
  - One front door
  - One version of the truth
  - Process Efficiency

"Should student expectations drive the definition of services?"

Where are we now:

- Further down the road than we realise?
- 'Manager self service' systems commonly used
- If we have automation through expert systems, are current worries about skills shortages or workforce shortages actually relevant or redundant?

"Do students actually care about attending classes?"

"Is teaching contact just a proxy for value for money?"

Questions and Challenges

- How likely are further pressure on finances, further efficiencies required, more pain to come and significant structural and organisational change? (answers on a post-it)
- UK Academics as an endangered species?
  - Skill sets for the future? Talent pipeline?
- The assumption of the continued demand for UK HE overseas
  - What if 'they' stop coming?
- What are the expectations of ***millenial*** learners/BYOD's….of their learning, of us?
  - Do we actually know?
  - Do they only accept what we offer now because they perceive no choice/no options?
  - Do we actually understand their psychological contract?
- Is what we offer now actually worth it?
  - In many cases, definitely yes
  - In some cases, emphatically no