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**SHARED SERVICES: LESSONS FROM THE
PUBLIC AND PRIVATE SECTORS
FOR THE NONPROFIT SECTOR**

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Abstract

This paper provides an overview of literature relating to shared service providers and arrangements. We first discuss what is meant by shared services providers and outline the benefits of this approach according to the literature. Given that the bulk of the literature dealing with shared services is primarily focused on the business sector, we then move onto a report of the critical success factors for implementation and ongoing operation of these arrangements as identified in the business sector. Lastly, this paper seeks to review the literature relating specifically to nonprofit shared service arrangements with a review of proposing five models or broad approaches to shared services in the nonprofit sector.

Introduction

The implementation of shared services arrangements now has a long history in the private sector. More recently, the public sector in Australia has also moved to adopt shared services as a means of achieving greater administrative efficiencies. However, there remains a question as to whether shared services holds out a potential for adoption in the nonprofit sector. This paper aims to review the critical success factors involved in the implementation of shared services providers and to explore the potential application for the nonprofit sector.

It should be noted from the outset that the literature identified in this paper primarily focuses upon the benefits and implementation issues for shared service models in the business or private sector and, to a lesser extent, the public sector. A review of the literature shows that public sector approaches have mirrored their private sector counterparts considerably. There is very little research or discussion of shared service arrangements for the nonprofit sector and, specifically, Australian literature on this issue is scant. The exception is some material from the United States which talks about “management services organisations” or “management support organisations” (MSOs) for the nonprofit sector as a substitute term for the for-profit model of “shared service providers” (e.g., Arsenault, 1998).

Discussions in the nonprofit sector, in particular the community services sector, have tended to focus more upon service integration and the streamlining of client pathways through the service system (see Glendinning & Means, 2004; Leutz, 1999; Waldfogel, 1997). To a more limited extent, discussions have also focused on organisational mergers, although this is claimed to be an almost un-researched area for nonprofits in comparison to the extensive literature dealing with mergers in the corporate sector (Taylor & Austin, 1992). There are also some recent discussions of the importance of organisational infrastructure for the

nonprofit sector and capacity building, once again from a US perspective (Backer & Barbell, 2004; Pratt, 2004).

Generally, the impetus for nonprofits to explore “management services” arrangements has come in response to the changing nature of the operating environment for these organisations. On the one hand, diminishing resources and increased output expectations have forced agencies to explore more creative approaches to achieving cost efficiencies and, on the other hand, legislative and program guidelines have mandated a more demonstrated approach to collaboration (Arsenault, 1998).

Within the Australian context, there appears to be little research or published material on the issue of shared services arrangements for the nonprofit sector. Indeed, there appears to be little experience of these arrangements. The Industry Commission in their report on *Charitable Organisations in Australia* (1995) identifies a couple of examples of organisations delivering infrastructure support to other organisations – a cooperative in Melbourne providing financial services to small organisations and the Family Resource Centres funded under the previous federal Labor government (three of which were in Queensland). However, the Family Resource Centre program was discontinued following the election of the Howard government in 1996 and no evidence can be found that the Melbourne cooperative is still operating.

In the Australian nonprofit sector the focus has been more fixed on the role of peak bodies as policy advocacy bodies (e.g., Jobs Australia), rather than as sector infrastructure development bodies, as is more common in both the United Kingdom and the United States. For example, the National Council for Voluntary Organisations (NCVO) in the United Kingdom provides a significant industry and infrastructure development focus for nonprofits that has no equivalent in the Australian context.

Anecdotal evidence suggests that where the most movement has occurred in relation to shared service arrangements in the nonprofit sector has been in the church sector. A case in point is the recent establishment of Uniting HealthCare by the Uniting Church Queensland Synod and this example is briefly discussed in this paper.

This paper commences by discussing what is meant by shared services providers and outlines the benefits of this approach according to the literature. Given that the bulk of the literature dealing with shared services is primarily focused on the business sector, the following section of the report identifies the critical success factors for implementation and

ongoing operation of these arrangements relating to the business sector. There is a small amount of literature that looks at shared services in the nonprofit sector and this is explored in the following section of the paper. Five models or broad approaches to shared services in the nonprofit sector are discussed in the final section of the report.

What is meant by Shared Service Providers?

The notion of shared services first emerged in the private sector in the late 1980s when large corporations began to consolidate separate business units across organisational divisions into a single unit. This stand alone unit could then focus exclusively on delivering particular business services at lowest possible costs and a focus on improvements to service delivery. The early emphasis was on cost reductions. For example, when Pacific Bell consolidated its seven separate internal support services into a single shared services organisation in 1991, it reported a 54% reduction in the cost of delivering those internal support services over a five year period, along with an increase in customer satisfaction (Forst, 2001). Schulman and colleagues (1999) note that shared services is most often seen in larger and more complex organisations – those with over \$2 billion in revenue and with multiple business units.

The primary focus of shared services has been the concentration of transaction-orientated services that are repetitive and are much the same for each business unit. Generally, the types of services included in a shared services model include financial services including accounts payable and accounts receivable; procurement; human resources including payroll; property and facilities management; and information technology operations.

Benefits of the shared services approach

In one of the most detailed discussions of shared services from the perspective of the private sector, Schulman and his colleagues (1999) noted that in a shared service environment, a company pulls together activities that support core business processes out of each business unit and consolidates them into a separate operating unit that runs these supporting processes as its core business process. They define shared services as:

The concentration of company resources performing like activities typically spread across the organisation, in order to service multiple internal partners at lower cost and with higher service levels.

Their definition places an emphasis on *concentration of company resources*, as opposed to what they claim is an often mistaken view of shared services as being about *centralisation*. Shared services achieves the benefits of both centralisation and decentralization.

Centralisation is often seen as being remote and unresponsive to clients while decentralization can be seen as leading to higher costs, duplicated effort and variable standards. The shared services model, on the other hand, allows for business units to maintain control of decisions while delivering economies of scale through common business systems and consistent standards.

The goal of shared services units is to free up the time, energy and focus of service providers so they can focus on their core business of service delivery. Indeed, supporting processes are often seen as “non-value-adding” and as such can represent a distraction from the core business of the organisation. Indeed, corporate support services are more tactical in nature. Whilst they are certainly necessary and require diligent and competent completion for a company or organisation to achieve strategic goals, they are not necessarily strategic in and of themselves. By consolidating and improving these activities, business managers can focus more fully on strategic activities and the delivery of core services.

Public Sector Approaches

The private sector approach has been largely emulated by the public sector. For example, Queensland Treasury (2002) defines shared services as involving ‘multiple agencies sharing common corporate services through a dedicated shared service provider’. In the framework, agencies and the shared service provider develop a partnership approach to providing the services with responsibilities, accountabilities and authority clearly understood. As such agencies can purchase services based on agreed cost and quality parameters, and receive equitable customer service. Moreover, participation in the shared service arrangement ideally facilitates a process of continuous innovation and improvement in the quality and cost-effectiveness of services.

Shared corporate service arrangements have also been implemented in the New South Wales public sector. A recent report by the Auditor General of New South Wales (2004) found that the benefits realised from shared services were significantly below what was expected and that the NSW Government’s commitment to “no forced redundancies” may limit achievement of the savings target if surplus staff cannot be redeployed. In this report, five critical principles were identified in terms of the potential success of shared arrangements including (1) establishing services on a full cost recovery basis, (2) recognising the impact the varied and often incompatible systems, applications, processes, procedures and governance arrangements have on benefits, (3) maintaining service quality and customer satisfaction during transition, (4) establishing service level agreements that define service

types, costs and timeframes, and (5) being able to adapt to diverse customer needs and changes in customer profiles arising from mergers and restructures.

Critical Success Factors for Private Sector Approaches

Researchers investigating private sector approaches to shared services models have also identified a number of consistent themes in discussions of critical success factors (Aguirre, Couto, Disher, & Neilson, 1998; Cecil, 2000; Forst, 1997; Forst, 2001; Gunn, Carberry, Frigo, & Behrens, 1993; Hasson, 1998; Krempel, 2000; Mergy & Records, 2001; Schmidt, 1997; Schulman et al., 1999; Shah, 1998; Ulrich, 1995). Generally, these success factors can be categorized in terms of those associated with the implementation of the model and those associated with the ongoing operations of shared service centres. One of the key issues identified throughout the literature on shared services within the business sector is the importance of handling the implementation of a move to shared services in the most contextually appropriate way. Broadly, six key factors are consistently identified with the implementation of a shared services model:

1. the need for top management support and leadership;
2. determining which services to move into a shared services arrangement;
3. people management issues;
4. ensuring there is an effective governance arrangement in place;
5. balancing business process redesign and reshaping of roles and technology; and
6. building a new culture.

In terms of the ongoing operations for a share services model, there are four key success factors:

1. monitoring and managing costs;
2. accountability issues;
3. use of service level agreements; and
4. performance accountability.

Each of these factors related to implementation of the ongoing operations of shared services arrangements are discussed below.

Factors relating to implementation

Management support and leadership

Executive management support and leadership is crucial because success means crossing functional borders – “for best results, shared services should report to top management (CEO)” (Cecil, 2000: 66). Basically, the need for leadership in implementing a shared

services provider rests on the same arguments for the need for leadership in any major organisational change initiative. The essential idea is that “ a leader creates a vision and drives it deep into the fabric of the organisation” (Schulman et al, 1999: 236).

Here the assumption within the literature focusing on implementing shared services in the private sector is that this change will occur within a single (usually very large) organisation that has a clear hierarchical structure. Similarly, within the public sector, there is an emphasis on the importance of leadership and involvement of departmental CEOs in leadership and management of implementing a shared services arrangement (Queensland Treasury, 2002).

The need for strong leadership and executive involvement has implications for governance of these initiatives and how staff and others can have input. These issues are discussed in more detail below.

Determining which services to include in shared services

Aguirre and colleagues (1998) argue it is critical that, in order to determine the services to be consolidated into a shared services model, each staff function needs to be pulled apart into the discrete services it provides and these services “need to run the gauntlet of the burden of proof test”. They have developed a “decision tree” as a tool for determining which services should be retained centrally (the “global core”), which services should be retained in individual business units (or possibly co-located) and which could be included in a shared services entity.

They also make a distinction between services that are transaction-based, expertise-based and strategy-based as being suitable for shared service arrangements. However, the primary focus is on transaction-based services.

People management issues

Within the literature there is a strong emphasis on the need to effectively manage the implications and changes involved for all stakeholders, particularly staff, in moving to a shared services model. There are two key issues involved with this – staffing issues and the need for a strong communication program with stakeholders. In terms of staffing issues, the literature focusing on the private sector experience tends to emphasise the need to recruit new staff, or at least to have a mix of new staff with existing staff transitioned from previous

roles. As with any change process, good communication is critical with both those who are to become the centre employees and with those business units who are to become customers.

Governance arrangements

There is also a strong emphasis on the need for an effective governance arrangement for implementing shared services models. Generally, governance arrangements will involve establishing a number of groups or teams (Schulman et al, 1999). For instance, one such group includes an overall steering committee made up of senior-level stakeholders who have a vested interest in the activities to be consolidated into the shared services operation. This group has a strategic role focusing not on the operational detail, but on the key business problems to be solved and ensuring progress. Another group is the implementation team which is a small group of individuals who work full time and are accountable for the initiative. Lastly, project teams are established, representing cross-functional groups drawn from experts in particular areas and who have line responsibility for particular activities.

Balancing business process redesign and reshaping roles and technology

Within the literature there is an emphasis on the need to balance redesigning business processes while also reshaping roles and technology to support the redesign (e.g., Aguirre et al., 1998; Cecil, 2000; Forst, 2001; Schulman et al., 1999; Shah, 1998). Process redesign is a requirement at some point in the implementation of a shared services model. Essentially, process redesign involves changing strategic business processes, usually through standardising processes and removing unnecessary steps, in order to optimize productivity and flow of work. However, this necessarily impacts on roles and usually has implications for the technology needed to support these processes. Whilst there appears to be some consensus that redesign and restructure should be pursued concurrently, it is also acknowledged that this increases the complexity of the overall change process.

Culture change

One of the consistent themes in the literature is the need to establish a new culture when implementing a shared services model (see Aguirre et al., 1998; Forst, 2001; Schulman et al., 1999). This culture has a strong focus on service excellence and continuous improvement. In particular, business units using the shared services provider are seen as partners rather than necessarily customers. This is because the relationship within a company between those who perform a task and those for whom the task is performed is not a simple transactional relationship. It is an interdependent relationship that is vital to achieving the company's goals.

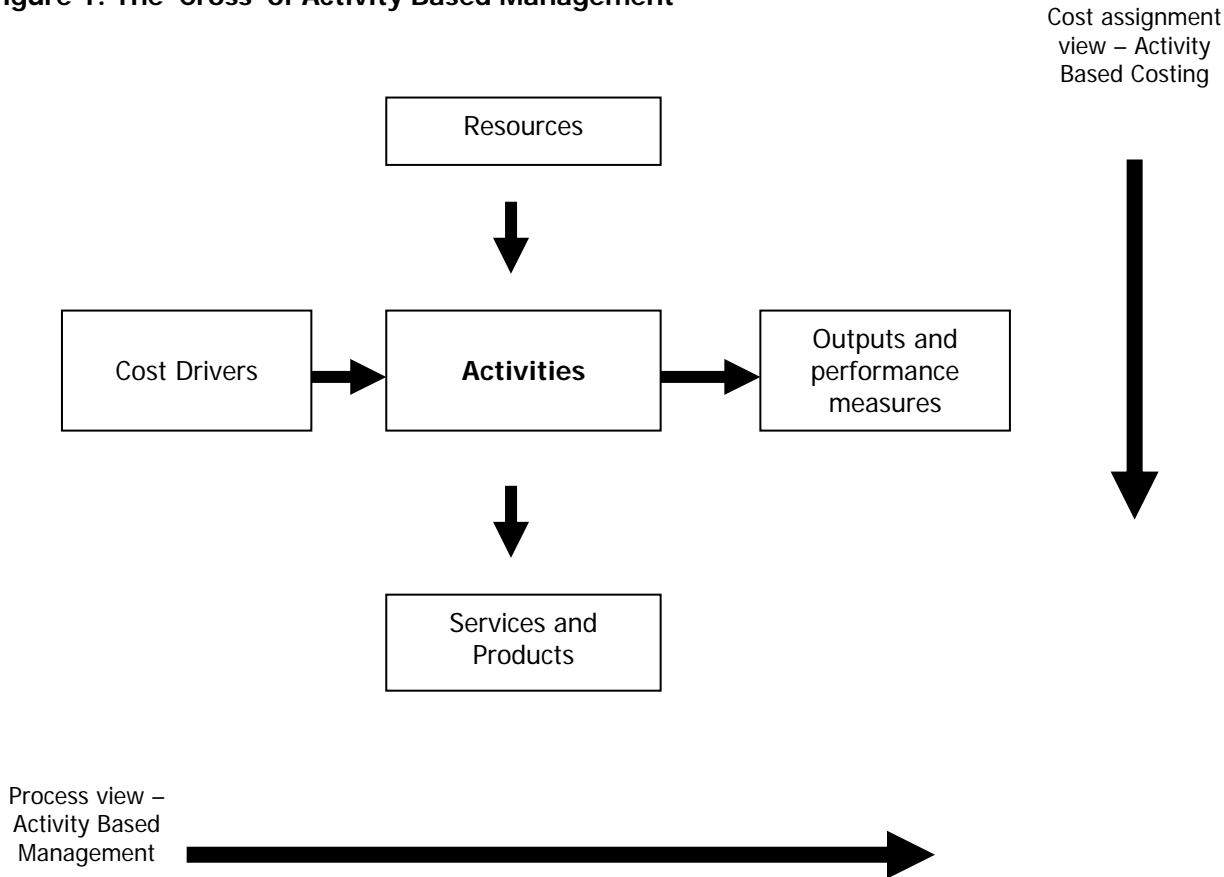
Factors relating to ongoing operation

Overall, a number of factors can be identified when considering the predictors of ongoing, successful shared services operations. For instance, these include monitoring and managing costs, accountability issues, the use of service level agreements, and performance management. Each of these factors will be discussed below.

Triplett and Scheumann (2000) argue that critical to the success of any shared service centre is a thorough understanding of costs and the ability to impact those costs. Regardless of services provided, all shared service centres are faced with three key costs questions including (1) what causes costs in our operations and how can these be managed, (2) how much is the charge for each customer for services provided, and (3) how do our costs compare to those of others. In order to deal with these questions, shared service centres should adopt an activity based management framework in order to be successful (Muras, Calhoun, & Stripling, 2000; Triplett & Scheumann, 2000).

Essentially, an activity-based management framework focuses on drivers of costs (both internal and external drivers) associated with different activities undertaken by the centre: “It is absolutely necessary for managers to identify which activities are required to provide specific services and to understand the drivers of SSC costs [Shared Services Costs]” (Triplett and Scheumann, 2000: 43). Internal drivers might include things like the number of internal levels of approval required for a particular transaction. An external driver is likely to be those factors controlled by customers. Figure 1 below provides a basic conceptualisation of activity-based management on two axes where the horizontal axis is the process of activity, product or service costing and the vertical axis is aimed at identifying opportunities for improved cost performance (Muras, et al, 2000).

Figure 1: The 'Cross' of Activity Based Management



It is important in this model to focus on the level of activities rather than tasks involved in each activity to avoid unnecessary complexity.

Whilst this framework is claimed to be part of the critical success factors for shared service centres, applying this framework is considerably complex and time and resource intensive and, if undertaken, is best done after a centre has achieved stability, that is, after 2 to 4 years of operation (Triplett and Scheumann, 2000).

One of the key issues to be clear about in a shared services environment is that of maintaining accountability. Schulman et al (1999) point out that just because business units hand over the operations of activities to a shared service organisation does not mean that the management of the business unit abdicates ultimate responsibility and accountability for the performance of those activities. Rather, management responsibility shifts from directly

managing actual activities and individuals to managing the relationship with a business service partner, along similar lines to managing the relationship with a consultant.

The use of service level agreements is also an important component in the operations of shared services centres. It becomes a tool for establishing dialogue between the shared service provider and those using their services. These agreements primarily identify services to be provided at agreed levels and costs. They also spell out expectations, priorities and improvement plans and include performance measures and standards. It provides a means for price transparency describing the fee-for-service cost basis.

Lastly, a strong theme in terms of the operation of shared services providers is the need for having good performance management and monitoring systems. This provides a basis for continuous improvement and the adoption of best practice approaches in the delivery of shared services.

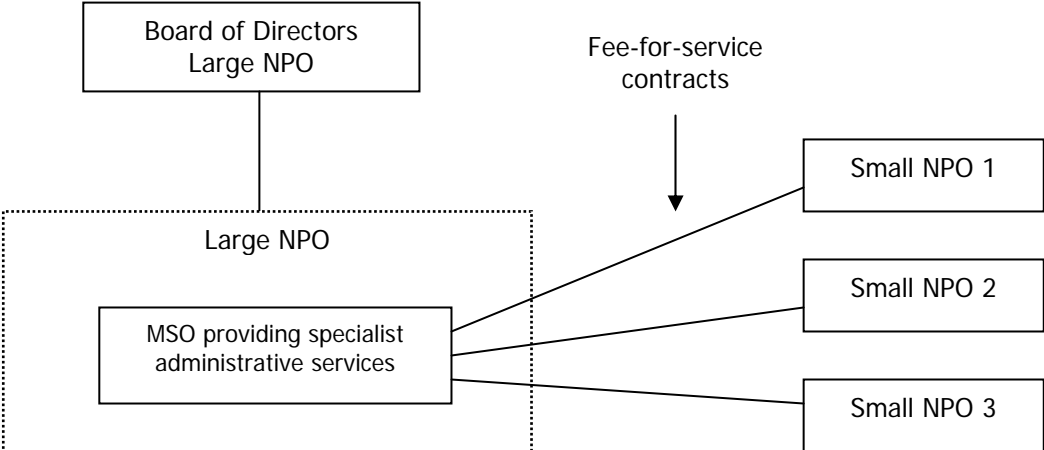
Applications in the Nonprofit Sector

In the nonprofit literature, shared service providers are referred to as “management service organisations” (Arsenault, 1998; Kohm & La Piana, 2003). As with a shared service provider, a management service organisation (MSO) is “an entity created by one or more nonprofits to provide management and administrative services to other organisations” (Arsenault, 1998: 50) with the aim to achieve efficiency and increase effectiveness across these administrative functions.

In the United States these sorts of organisations appear to be relatively common. Generally, they are nonprofit organisations themselves with the purpose of providing infrastructure support to varying degrees to other nonprofits. For example, Third Sector New England (TSNE) is based in Boston and provides a full “auspicing” facility: providing training, capacity building skills and information for small organisations in the area (see www.tsne.org).

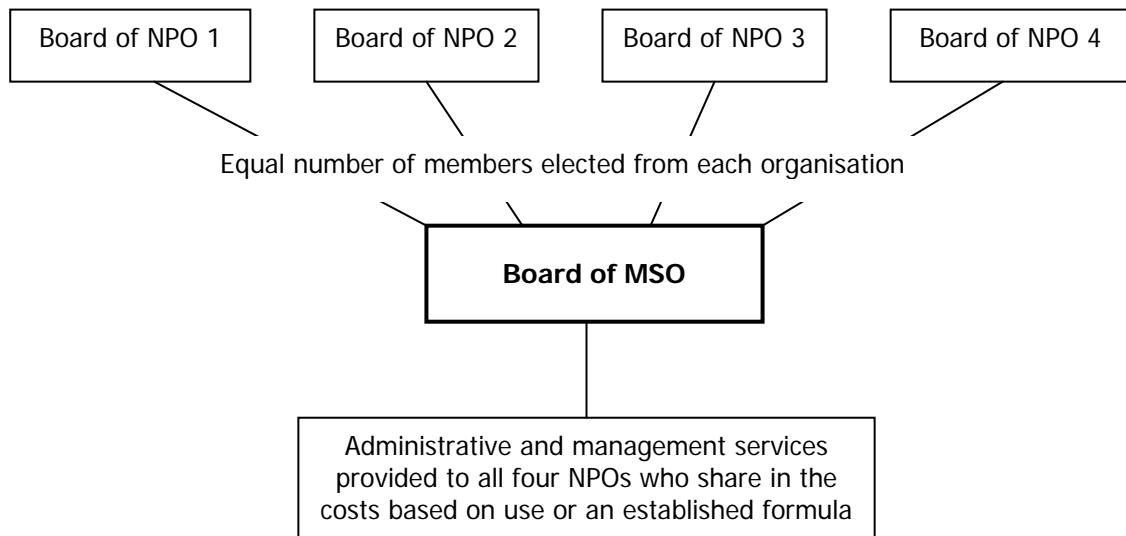
In one of the more detailed discussions of these organisations, Arsenault (1998) suggests that an MSO can take two forms. The first is the creation of a specialist MSO within a single nonprofit with sufficient administrative capacity to share with others, as shown in Figure 2 below. A large organisation with well developed management and administrative systems could provide higher quality services to smaller organisations on a fee-for-service basis than they could afford on their own.

Figure 2: Integrated MSO controlled by one Nonprofit Organisation



The second model identified by Arsenault is a partnership model whereby an MSO is created by a group of nonprofits as a freestanding entity with its own separate organisational and legal identity. Here, the group of nonprofits is considered to be the “owners” of the MSO who provides management services under contract to this group and possibly to others as well. This model is shown in Figure 3 below. The model also assumes that staffing for the MSO will be achieved by the transfer of administrative staff from the separate NPOs to the MSO and this has a number of implications (discussed below).

Figure 3: Jointly Held Management Service Organisation



The second model is seen as a preferred one when the NPOs are relative equals and it allows joint ability to influence or direct the operation and menu of the MSO.

Benefits of MSOs

The key benefit of an MSO of either model is the potential to reduce unit costs of services by consolidating costly overheads. In addition, Arsenault (1998: 51) claims that, “increasingly, the MSO model is used to conduct third party contracting and contract management” whereby groups of organisations combine under an MSO who then negotiates and holds a single contract with a government agency. The MSO distributes funds and provides administrative services to support the contract for its owner-members so that not only does it provide services to its members, but also serves as a vehicle to market and contract for sales of services. This kind of approach to contracting was one flagged by the Industry Commission (1995) as a way for smaller community social welfare organisations in Australia to cope with the increasing environment of tendering by government for community services.

Whether integrated or freestanding, an MSO is considered to be “one of the most effective tools to link small organisations and to improve the quality of management infrastructure” (Arsenault, 1998: 51).

In addition to the provision of the conventional suite of business and administrative services, an MSO for nonprofits might also provide other services more specific to the nonprofit sector

such as combined fundraising, social marketing and, importantly, the establishment and management of quality assurance systems.

Risks and Success Factors

In the first model where an MSO rests within a single, larger nonprofit, authority over the MSO's operations is clearly within the control of the management of the sponsoring organisation. Even if it were separately incorporated as a subsidiary, the governance of the MSO is defined by its corporate "parent". The relationship with outside organisations using the services of the MSO is a contractual one, usually based on a fee-for-service. In the second model, governance is achieved through a separate Board of Directors drawn from the Boards of the participating organisations. The MSO Board of Directors need to determine the level, quality and menu of services to be provided, how fees and payment schedules will be set – all of which requires an extremely high degree of collaboration and problem solving amongst the members of the Board. Hence, the establishment of a freestanding MSO requires considerable investment of time and energy and also a high level of trust and ability to work together on the part of the organisations involved.

For the first model of an MSO, service contracts between the MSO and external client organisations are crucial to survival. These contracts need to be comprehensive and include, amongst other things, clear specification of performance parameters. For the jointly held MSO, apart from the usually required legal documents involved in incorporation, the key requirement is an operating agreement in the form of a contract that outlines the way in which each party will participate in the new body, covering issues such as the formula for sharing costs and revenues of the MSO; the specific functions to be undertaken by the MSO; the process by which organisations can "draw down" services from the MSO; the process for assessing the quality of services provided by the MSO; and the process for organisations to exit the MSO.

In either model, a key additional issue is the need to create a strong culture of customer service within the MSO. These organisations are essentially service bureaus that do not direct the activities of its members or client organisations, but serve their needs in very specific ways. Creating a strong customer service culture around the provision of administrative and management services requires careful management of staff, particularly where staff are transferring from an existing role to either a new MSO integrated within a parent organisation or a free standing MSO.

From another perspective, Arsenault (1998) suggests that some MSOs have failed because they were designed in an entrepreneurial way to 'capture' external contracts in addition to serving the original members. When the additional contracts failed to appear, the MSO became unsustainable. Two key implications to be drawn from this experience are, first, the MSO must have sufficient capital to be sustainable and, second, an MSO should be built slowly and incrementally in order to be sustainable. Pratt (2004) suggests that the nonprofit sector's lack of access to capital is at the core of the difference between business and nonprofit infrastructure systems.

A further key issue to be dealt with is the means by which prices for services will be set. In terms of sustainability, a straight fee-for-service model based on an hourly rate for services provided may be difficult, especially when there is a lack of history to make future projections. In the early stages of establishing an MSO, a better model may be one that apportions costs and expenses across the partners/participants. The key here is to ensure that, whatever approach is adopted, the formula for allocating expenses is transparent and agreed to by all partners.

Lastly, it should be noted that, whilst an MSO such as TSNE in Boston is able to provide charitable registration and IRS exemption for the groups it auspices, a similar provision may not be possible under Australian tax legislation for a dedicated MSO type organisation. That is, an organisation set up to provide dedicated shared services may not be eligible for income tax exemption, GST exemption or Fringe Benefits Tax exemption. This would have significant implications, for example, in not being able to salary-sacrifice.

Five Models of Shared Services in the Nonprofit Sector

An investigation of literature reveals five approaches or models to shared services arrangements in the nonprofit sector. These include (1) the classical business model of shared services, (2) the establishment of dedicated shared services centres, (3) a peak body support model, (4) a co-location model, and (5) an amalgamation or merger model. Each of these different shared services approaches will be reviewed below.

The classical business model of shared services is representative of situations whereby an organisation establishes a separate shared services provider which brings together the business functions previously performed by separate business units within the organisation. This model is generally contingent on the size of the organisation and is not particularly common in the nonprofit sector. However, one of the few examples of this approach is the

recent formation of a Financial Services Department in Uniting Healthcare. Uniting HealthCare was formed in 2000 to bring together into one organisation five hospitals owned and operated by Uniting Church Queensland Synod. A Financial Services Department was established centrally to replace functions of this nature operating in each hospital separately. This department handles the full range of financial services for each hospital and for the group as a whole. These services include accounts payable, accounts receivable, asset re-valuations, purchasing, and reporting. Previously, each hospital was using different systems and operating as a stand-alone entity. There are now a common chart of accounts and a common system across the group of hospitals providing an improved set of accounts, common purchasing contracts and a consolidated capacity to negotiate with suppliers and funding bodies.

Another example of this approach was with Meals on Wheels. In 2003 the state office of Meals on Wheels offered to take on all “paperwork” for its 136 local branches, thus allowing them to focus more on service delivery – that is, the state office would in effect become a shared service provider for all local branches. However, following a trial of this arrangement, it was decided not to proceed due to concerns amongst the local branches about possible loss of autonomy.

The establishment of a dedicated shared services centre is characterised by a separate organisation or entity that is sub-contracted to perform specific business functions. One of the most common examples of this model is the body corporate manager who is engaged by the body corporate of a building to do things like pay certain bills, and ensure meeting notices and papers are distributed correctly. This is also a model that a number of non-government agencies may be already using, for example, sub-contracting to a local accountancy firm for book-keeping services or to Infoxchange for internet services.

However, as noted above, consideration needs to be given to the taxation implications of this approach. A dedicated organisation providing shared services may not be eligible for certain tax exemptions such as income tax, GST and FBT. Without exemption from FBT, the organisation would not be able to undertake salary sacrificing arrangements.

A peak body support model, whereby a peak body within a particular sector or industry provides a range of services for its members in return for a membership fee or a subscription fee or a combination of both. An example of this model is the Local Government Association of Queensland (LGAQ) which offers a range of subscription products via the web (such as EB and HR manuals, legislation and award services, census data, web design and hosting,

e-procurement with full integration with financial management systems). Some community service peak bodies (such as Volunteering Queensland, QCOSS, and Jobs Australia) do this to a more limited extent. For instance, Jobs Australia represents a peak body for 260 nonprofit employment-related organisations, providing a consolidated front that represents its members' views to government and other decision makers. In general, nonprofit services peak bodies have tended to place a stronger emphasis on their policy advocacy role rather than on being infrastructure support bodies, unlike similar organisations in the United Kingdom and the United States.

A co-location model, whereby a number of organisations share a common premises and common resources and facilities such as secretarial services, photocopying, joint insurance etc. One of the best known examples of this model is Ross House in Melbourne which provides a base for approximately 85 small community organisations. In Queensland, this model has been adopted by a number of Catholic social justice groups who share Justice Place at Woolloongabba and in Mackay the Women's Space provides co-location for three women's groups. In South Brisbane, Micah Projects Inc has adopted a co-location model with a number of other groups who share book-keeping and other administrative services. On its own, a co-location model does not necessarily entail the adoption of shared service arrangements such as book-keeping. However, this model nevertheless has the potential to facilitate these kinds of arrangements.

Another variation of the co-location model is described by Earles, Doyle, Ross, Malthouse, and Selke (2005) in relation to a trial of a shared services arrangement called the Regional Outreach Support Program (ROSP) located in North Queensland. The ROSP consisted of four family services organisations that collaborated to form a shared service function. In this case, the shared services arrangement involved co-governance (where one member from each of the four co-governing agencies formed the shared services management committee) and co-location (where members from each organisation were co-located in other organisations participating in the shared services arrangement) with the primary purposes of this approach related to fostering collective identity and learning across the collaborating agencies. More fundamentally, this model placed importance on the development of effective relationships between the members of the different agencies.

An amalgamation or merger model whereby organisations in a similar field of service amalgamate with each other to form a single larger organisation and, as a result, consolidate and streamline their administrative functions. An example of this model is the Spatial Sciences Institute which was formed in 2003 from the amalgamation of five previously

separate professional associations involved in supporting the geo-spatial industry.¹ However, this model is not particularly common in the nonprofit sector in Australia. Perhaps the best example of the application of this model to nonprofit services is the formation of Uniting Care which brought together a range of previously separate Uniting Church welfare services under the one umbrella organisation.

Conclusion

Overall, this review of shared services arrangements across private, public, and nonprofit sector reveals that there is very limited published material on the relative effectiveness of a variety of shared service arrangements. The US literature indicates that shared service arrangements involving nonprofit organisations have been arrived at through largely a voluntary agreement between organisations as a result of their assessment of environment factors and in response to government imposed requirements. Moreover, the bulk of the literature on shared services tends to focus primarily on the business sector and, in particular, very large corporations. As such, there is a dearth of empirical literature relating to shared service arrangements that either currently exist or could be developed in the nonprofit sector for smaller and multi-typed nonprofit organisations. Taken together, the information presented in this review reveals a number of different approaches that can be considered by varying nonprofits in planning and implementing collaborative and shared functions to suit the variety of different needs of nonprofit organisations. What clearly remains unstated however, is the extent that these arrangements are successful and the finer-detailed issues that may contribute to the relative success or otherwise of the varying models of collaboration. There is a clear need for research to empirically investigate the many different types of shared service models, the elements that are required to ensure sustainability, and the outcomes that can be optimally expected as a function of engagement of shared arrangements.

¹ These were the Australasian Urban and Regional Information Systems Association (AURISA), the Institution of Engineering and Mining Surveyors, Australia (IEMSA), the Institution of Surveyors Australia (ISA), the Mapping Sciences Institute of Australia (MSIA) and the Remote Sensing and Photogrammetry Association of Australasia (RSPAA).

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