



Performance management framework

for shared business support services across Victorian Government

Introduction

In order for any business to be successful, it is important for companies, business units, or in the case of Government, departments and delivery agencies to implement a performance management framework.

With the shared business support services strategy established and an agreement to implement a federated governance and decentralised delivery model, government has established a consistent performance management framework to monitor:

- the success of the overall shared services strategy
- the performance of each shared service.

Each individual shared service will deliver a different catalogue of services to a different mix of customers, through either internal teams or external providers. There are a common set of performance management attributes that will have been established to allow the customers, the employees, the board and ultimately the Victorian Secretaries Board (VSB) to assess the individual and collective performance of shared services.

Defining a shared service

For the purposes of this paper, a shared service is defined as a business entity, providing services to departments or agencies beyond those for which the department is directly accountable. This includes state-owned entities (SOE), business units and/or divisions within departments and outsourced service providers.

Shared services does not include a central function within a department that services only the delivery agencies and business units for which it is directly accountable. However, the performance management framework described in this paper may be useful in establishing a structured approach for assessing and reporting their performance.

Monitoring the success of the overall shared services strategy

The shared services strategy has an overall mission to improve the effectiveness and efficiency of business support services across Victorian Government. The focus needs to be on value for money, improving the quality of services provided through the eyes of the internal customer, and the job satisfaction and productivity of the support services employees.



Key enablers of the shared services strategy

The key enablers of improved efficiency and effectiveness of our business support services include:

1. The adoption of standards which may start with the IT system, common information structures, common business processes or common external service providers. Each step provides an opportunity for leverage, shared resources and shared investment.
2. The use of state purchasing contracts to provide a commercial incentive for departments and agencies to adopt standards.
3. The operation of a shared service, built on the established standards that enables scale and increases capability, to deliver the next level of effectiveness and efficiency to the business support services.

To assess progress against the three enablers, a dashboard-style reporting mechanism will be put in place to monitor:

- The number of common standards that are in place and the level to which these standards have been implemented across departments and agencies.
- The number of state purchasing contracts that are in place and the level to which these contracts have been leveraged by departments and agencies.
- The overall performance of the portfolio of shared services in place and a measure of which shared services have adopted the standards and attracted new customers.
- An assessment of any movement in the number of shared services in place and/or any movement of departments or agency into or out of shared services.

In addition, to assess the overall objective of improving the effectiveness and efficiency of business support services across government, it will be necessary to establish a level of baseline information against which to determine what progress has been made.

A high level assessment of the cost and quality of business support services will be undertaken across individual departments and agencies as well as existing shared services. It will be maintained to provide confidence that the adoption of any new standards or the establishment of any new shared service are making a real difference.

Monitoring the performance of individual shared services

Under the shared services governance model, the shared services board has accountability for the overall performance of the shared service(s) it oversees. Although the specific services provided by an individual shared service may differ, the key performance indicators are common.

Baseline performance management artefacts and metrics

To effectively manage the performance management of a shared service, there are a number of baseline artefacts and metrics that must be in place. These include:

- An overall business support services strategy that clearly outlines the vision and objectives of the shared service.
- A service catalogue that defines the services to be offered by the shared service to its customers.
- A cost model that allocates all direct and indirect costs of running the shared service to each of the services in the service catalogue.



- A funding model built on a fee-for-service pricing catalogue for each of the services in the service catalogue.
- One or more service performance metrics for each service in the service catalogue against which the quality of service can be measured and service levels can be established.

These elements form the baseline of information against which shared services customers, employees, the board and ultimately the VSB can make informed decisions about the health of the business on which they depend.

Monitoring performance

In order for a shared services board to oversee the performance of a shared service, there are three categories of monitoring they will do. These include:

1. The services view – understanding whether this service is achieving the performance metrics set and expected by its customers, whether this service is competitive when considered against alternatives and whether this service is financial viable. The service view should include a view of:
 - how many service performance metrics a service missed, achieved or exceeded against appropriate tolerances
 - volumes by service, to identify growth or retraction of a service
 - alignment of costs to fees recovered for service delivery, management and maintenance.
2. The customer view – understanding whether each customer is receiving the service they signed up for, whether the customer feedback has been positive, negative or indifferent, whether there are any significant outstanding customer issues and/or has been any change, positive or negative, in the customer's use of the shared service. The customer view should include:
 - how many service performance metrics were missed, achieved or exceeded for each customer
 - volumes by customer to identify growth or retraction of shared service usage
 - a specific call out of services this customer entered or exited and why
 - alignment of costs to fees recovered from a customer for service delivery, management and maintenance.
3. The business view – understanding the health of the overall business, whether it is delivering in accordance with the business plan and, if it remains financially viable and competitive overall. The business view should include:
 - Financial performance for the month against budget and the same month last year, YTD against budget and last year YTD, forecast for the remainder of the year, for each major line item of cost.
 - Internal in-flight projects status reporting for all internal projects, including capital refresh initiatives, operational improvement projects, implementing a new service, maintaining an existing service, on-boarding/off-boarding a customer.
 - Business plan - assess performance to plan, including any investment projects, improvement initiatives, recruitment, staff development, customer engagement, service catalogue additions or deletions. Specific reporting out of customer sentiment, environmental issues or changes to the competitive landscape or market offering is essential.



- Customer satisfaction – complete an independent customer satisfaction survey to assess risks and opportunities to address current service provision. Formal metrics with regards to executive, management and user satisfaction are essential.
- Employee satisfaction overall – complete an independent employee satisfaction survey to assess staff risk and development opportunities to address current service provision. Formal metrics such as staff retention, high leave balances, performance management activities and key personnel risks are essential.
- Risk management assessment – formally re-assess / refresh business risk register, reflect on residual risk and mitigation actions which have been initiated.
- Competitor analysis/benchmarking – consider changes in the market, new and emerging technologies and the performance of those internally and externally delivering comparable services to determine any threats or opportunities for the viability of the shared service.
- Business strategy – utilising the external customer and employee surveys and the competitor analysis and benchmarking, formally assess and, as appropriate, refresh the business strategy for the shared service.

All reporting should be delivered using standard templates and graphics which can easily be rolled up by functional area, customer or department to allow higher level trends, opportunities and issues to be visible to the DPC shared services support unit and the VSB.