

E-PROCUREMENT CHANGE MANAGEMENT

PART ONE

STRATEGY



THE SHELBY GROUP

Digitizing business processes is inevitable; the challenge for procurement leaders will be changing perceptions internally to win the support needed to facilitate digital transformation.

The first in a three-part series, this eBook presents a framework for building your e-procurement change management **STRATEGY**.

The next two editions provide insights into how to manage change during the initial **LAUNCH** and subsequent **EXPANSION** of your e-procurement platform.



Introduction: What is your strategy for e-procurement change management and platform adoption?

There was once a time when managing enterprise-wide change was considered in linear terms with a beginning, middle and end. Today, however, change is constant.

Different parts of the organization are perpetually responding to market forces, customer demands and departmental initiatives in order to remain competitive and profitable. Enterprise-wide initiatives must compete with these various “moving pieces” in order to take root. The track record of success is disappointing. According to McKinsey & Company, only 30 percent of enterprise change management initiatives achieve their intended objectives.

Over the course of hundreds of e-procurement platform implementation engagements, The Shelby Group has had the opportunity to identify what works and what doesn't when it comes to managing and facilitating e-procurement change management.

What Doesn't Work: Simply relying on top-down mandates for compliance is ineffective because this propagates a negative stereotype for procurement as a restrictive — rather than enabling — force within the business. This greatly inhibits the collaboration needed to facilitate widespread platform adoption. Also, generic frameworks for enterprise change management are less than effective because they fail to account for the unique and specific requirements of e-procurement change management and project management.

What Works: Our extensive experience in the field reveals that the best way to facilitate widespread adoption of e-procurement platforms is through a stakeholder-centric approach that champions the advantages of digitizing business processes (a top goal among CEOs) and promotes a broader role for procurement that extends beyond driving transactional savings.



Top-down mandates for compliance are not enough to ensure platform adoption. To motivate behavior change, stakeholders and end users need to understand how and why the change will benefit them, their department and the organization.

Approach: A six-step, purpose-built framework for e-procurement change management

The Shelby Group has partnered with hundreds of talented finance, procurement and IT executives from many different industries in launching e-procurement platforms. Some had a clear vision for driving change, while others were admittedly looking for guidance in adopting best practices and modernizing procurement infrastructure. All, however, dealt with the same challenge. Widespread platform adoption would be required to achieve important procurement transformation objectives. How could support for e-procurement be achieved from stakeholders outside of finance and procurement who are preoccupied with other important business initiatives?

The need for a specialized approach: Conventional enterprise change management approaches are too generalized to address e-procurement adoption challenges. A purpose-built framework is needed for identifying opportunities to address stakeholders' business challenges by leveraging process automation, analytics or other capabilities of the e-procurement platform.

Building on insights and lessons learned over the past several years, Shelby developed a six-step framework for e-procurement change management and e-procurement project management that can be adapted to fit the needs of organizations with different requirements, cultures and business objectives.

E-Procurement Change Management is the strategic development of the ideas, value propositions, communications and enablement activities that drive e-procurement platform adoption and value creation.

E-Procurement Project Management is the planning and logistical coordination of the roles, responsibilities, tasks, execution activities and schedules required to achieve agreed-upon business objectives.

On the following pages, we discuss key considerations for building your organization's change management strategy, using the six-step framework shown to the right.



Create a strategic vision for digitizing procurement



Enforcing policies that cut costs and reduce risks has long been a primary role of procurement. E-procurement platforms offer the opportunity to embed these functions into digital processes that, enabled by real-time analytics, automate smarter spending, facilitate more productive supplier relationships and empower sourcing that is more predictive and strategic. There's just one catch: In order to facilitate widespread adoption of your e-procurement platform, you need to create a vision that explains how and why procurement will create value for stakeholders.

Audit current perceptions: How do both employees and those in management currently view the impact of procurement on their daily activities? Summarize these perceptions in three words to establish the attributes of your current procurement brand.

Brainstorm a new paradigm: Now think about how automation of the entire procure-to-pay process could create value for your organization. What benefits could you provide for stakeholders that do not exist today? How could you not only align with, but also advance key strategic objectives for your organization?

Build your vision statement: Create a brief statement that summarizes where procurement is today, where you want it to be in the future and what specific goals you seek to accomplish by harnessing the disruptive power of digital technologies and analytics. Use the example shown to the right to get started, but make sure to craft your vision statement to address the unique needs of your organization and culture. Test and refine your vision statement with the same people you relied on to audit current procurement brand perceptions.



SAMPLE DIGITAL PROCUREMENT VISION STATEMENT

The XYZ procurement function will transition from its current focus on cost savings and compliance to become an enabling force for change within the company. By harnessing digital and analytic technologies, the procurement department will lead a digital procurement transformation to:

- Automate transactional purchases for goods and services to reduce hassles for employees and enterprise buyers, while optimizing value and savings
- Enable more proactive and productive relationships with key suppliers
- Empower more predictive strategic sourcing to create greater competitive advantage

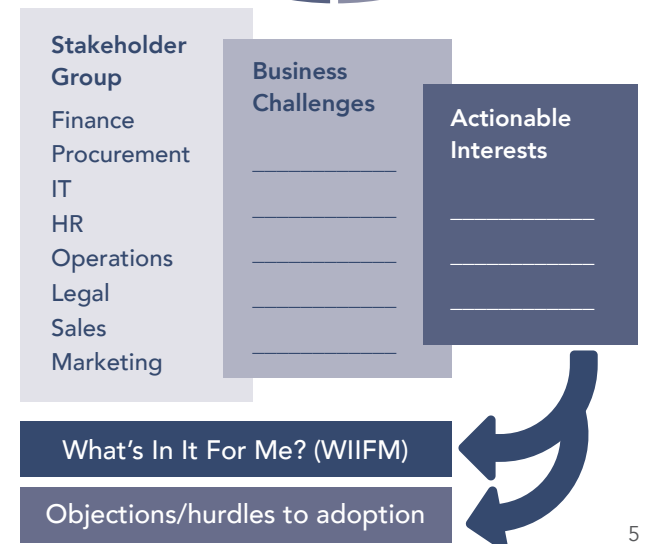
Identify key stakeholder interests and objections



Your strategic vision provides a context for discussion with leaders from key stakeholder groups. The level of support you receive for adoption of the e-procurement platform will be in direct proportion to the perceived value these stakeholders believe you can bring to their department or group. The goal of this step is twofold: Identify and prioritize the business challenges and actionable interests that e-procurement can help address for each of your key stakeholders, and identify potential objections or hurdles to adoption.

Business interests are in the eye of the beholder: It is important to consider the business interests of your e-procurement platform sponsor, which is likely to be finance, along with the business interests of your other stakeholders. Your goal for e-procurement may be to increase visibility into and control over spend in order to reduce costs and risks. But these goals, as you discovered in auditing perceptions, do not always directly align with the goals of stakeholders.

Identifying opportunities for value creation: Conduct brainstorming sessions with key stakeholder groups to identify ways that the e-procurement platform can help them overcome business challenges or achieve specific objectives. Before each session, do your homework to understand stakeholder pain points. What challenges do current corporate mandates present for each group? What performance-related issues are department leaders being asked to address? Identify business challenges for increasing efficiency, improving performance, reducing costs and decreasing errors and risks. Then prioritize the challenges that the e-procurement platform can help address and validate these as "What's in it for me?" (WIIFM) concepts. Also identify potential objections or hurdles to platform adoption. Your platform partner can help guide these discussions, providing insights based on other successful implementations.



Plan design workshops to bring WIIFM concepts to life

The WIIFM concepts from your stakeholder sessions represent opportunities for e-procurement value creation. The potential objections to platform adoption represent hurdles to value realization. Conduct global and local design workshops to build use cases for bringing your WIIFM concepts to life.

Your platform implementation partner can play an important role in helping to plan design workshops, manage expectations, create strategies for overcoming objections and, if needed, facilitate the workshop sessions.

Business Objectives: Some of the goals identified in your stakeholder brainstorming sessions will represent “low-hanging fruit” from integration, implementation and change management perspectives. Build a list of prioritized business objectives to serve as the basis for your global design workshops. Confirm these objectives with your steering committee and project sponsors as targets for achieving early wins.

Workshop Participants: Identify each of the stakeholder groups associated with prioritized business objectives. Build your participation list to include business process owners, technical system owners and potential naysayers along with your procurement change management and project management teams. Identify global contacts as well as local or regional process and system owners who will be critical to successful implementation and adoption.

Workshop Agendas: Work with your platform implementation partner to build the agendas and schedules for your global and local design workshops. These workshops represent the critical intersection between change management and project management in achieving your strategic vision for e-procurement.



Schedule design, integration and launch phases for early wins



Your global and local workshops will provide the foundational information needed to manage the design, integration and implementation of your e-procurement platform. Procurement project implementations with a global footprint pose unique challenges. While it is important to standardize as much as you can in an effort to create consistency and have better control over spend, companies should beware of cookie cutter approaches.

Think Globally, Execute Locally: When making the decision to implement globally, it is important to recognize that each country is unique and comes with its own set of challenges and opportunities. Using a cookie cutter approach can lead to a design that does not support local business processes or meet legal requirements, which can lead to end users abandoning the platform or business process altogether.

Develop Success Criteria: Develop a set of tangible metrics your organization can use during and after implementations. These same metrics can be used for reporting after implementation to monitor and track a company's continued success. Make sure all global stakeholders have the opportunity to contribute to the development of these metrics. This way, a consistent tone and message is established and all parties can be held accountable.

Schedule Your Rollout to Achieve Early Wins: Schedule your launch and expansion phases to onboard your most enthusiastic stakeholders first. These groups will provide valuable feedback for process improvement and will serve as "reference customers" for motivating participation in subsequent phases of deployment.



Build your promise of value and communications plan



One of the most common mistakes organizations make in creating internal communications is the presumption of interest on the part of message recipients. Employees, who spend an average of four hours a day sending and receiving email, are overwhelmed with internal communications.

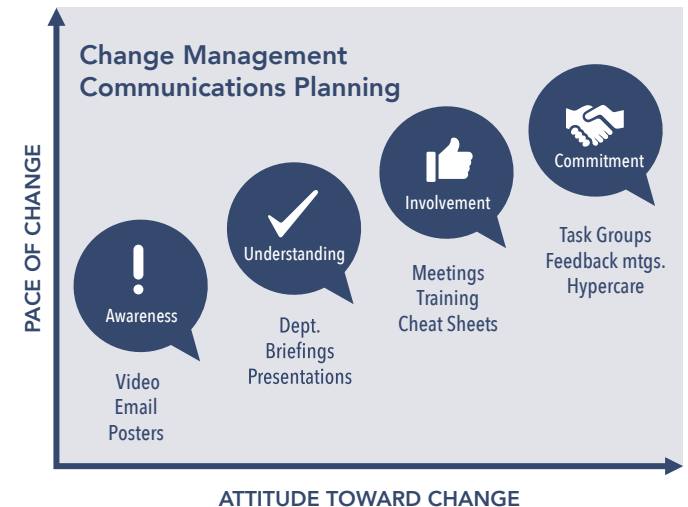
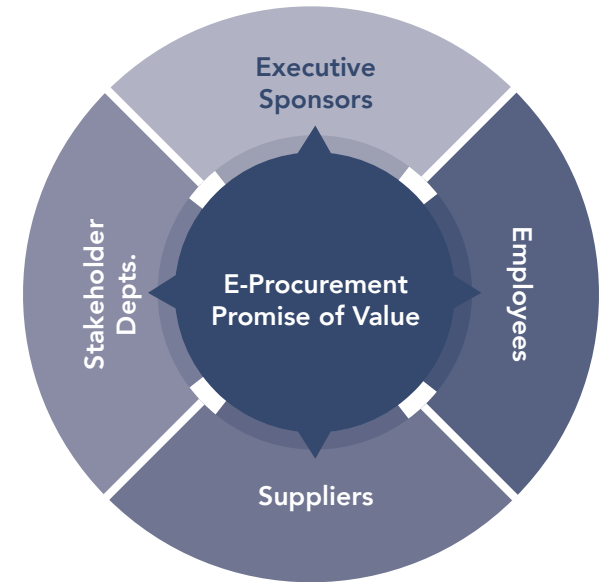
Building Your E-Procurement Promise of Value: To be effective, your change management communications have to be perceived as relevant and actionable. Start by creating a Promise of Value (PoV) in the form of a single sentence that unifies the benefit of your e-procurement system for all internal and external stakeholders. The following is an example to consider in creating your PoV:

XYZ is digitizing our procurement processes to eliminate paperwork, simplify buying for employees and speed payment to our best suppliers.

Next, create targeted promises of value for each of the stakeholder groups that will be involved in your initial launch. These stakeholder PoVs will serve as the nucleus for targeted communication tools and campaigns.

Planning Your Communication Campaign: The ultimate goal of change management communication is to facilitate engagement and behavior change on the part of each of your stakeholders. Do not make the mistake of simply sending out email blasts close to your launch date. Plan your campaign to maximize engagement through each of the following four phases of change: Awareness (“What is happening and why should I care?”); Understanding (“How will I benefit from the change?”); Involvement (“What should I be prepared to do?”); and Commitment (“What can I do to help make this change successful?”).

Engage your company’s marketing team to help create and execute your change management communication campaign.



Train, motivate and enable a network of change agents



Resistance to change is inevitable, even when you have support from senior leadership and stakeholder department heads. A key strategy for overcoming resistance to change is to enlist the support of change agents embedded within participating stakeholder groups. Change agents operating outside of, but in concert with, traditional hierarchies are vital to your e-procurement transformation success.

Activating Change Agents: When properly trained and motivated, change agents will be important allies in overcoming objections from naysayers, championing the benefits of the new e-procurement platform and serving as a support network to help peers with adoption questions or challenges.

Work with leaders from each of your stakeholder groups to recruit, train and motivate a network of volunteer change agents. These individuals can not only act as your front-line facilitators of change, but can also provide important feedback on problems, challenges and opportunities over the course of your platform deployment.

Make sure that these contributors are recognized by senior leadership for their roles as innovators in accelerating the digitization of business processes. Such recognition is a powerful motivator and retention driver, particularly for millennials.

Supplier Onboarding: E-procurement transformation cannot take place without participation and adoption from suppliers. Ideas and insights for onboarding and enabling suppliers can be found in our eBook, *Supplier Onboarding: Six Secrets to a Successful Journey*.

Activate an army of employee volunteers to create a network of champions for change

In a study published in Harvard Business Review, Susanna Gallani found that **peer pressure is more impactful than economic incentives in motivating people to change the way they work.**

Incentives Don't Help People Change, but Peer Pressure Does
HBR, March 23, 2016

According to a recent survey of 5,000 U.S. employees, **73% of employees say that feedback from team members is as important as feedback from their manager.**

2018 Trendicators Survey Report by Engage2Excel:
Employees Sound Off on Goal Setting & Performance Feedback

Accelerate procurement success with platform-enabled solutions from Shelby

Procurement departments everywhere face a common challenge. How can you increase transparency, control and compliance in order to deliver measurable business benefits to your organization? Today's cloud-based procurement platforms offer powerful and flexible tools to integrate best practices into daily operations. However, a low utilization of features and misalignment with business processes can negatively impact your success.

The Shelby Group is the global leader in platform-enabled procurement optimization. With hundreds of platform implementation and support engagements to our credit, Shelby can help accelerate your success through each step of your journey with Platform Implementation, Program Optimization and Procurement Operations solutions.



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