

Paving the way to procurement transformation

A point of view from KPMG Powered Enterprise

10 steps for a successful procurement transformation

It's not enough to know what you want. You have to know how to get there.

Preparing your organisation for a radical shift in the role of procurement is not easy. Yet investing time and energy at an early stage will prevent disappointment and frustrated expectations in the long run. Without the right supporting systems in place, the change you want will be hindered from the outset.

So, what practical steps can a business take to give their procurement transformation the best chance of success?

1

Get the right stakeholders on-board

The first requirement for successful change is finding support within the organisation. Largely, this means getting approval from senior management. Winning their support will help to resolve potential disputes between departments whose workflow may be affected. The discussion will no longer be based on whether transforming procurement is the right thing to do, rather how it's going to be done. It's wise to gather support from other departments too. Give them a sense of ownership. This way pressure can be exerted throughout the business and your change can be accelerated.

4

Make your case watertight

Make sure that the business case is articulated clearly to all relevant stakeholders, across the organisation. At a fundamental level this will require a financial evaluation of the project, but it goes beyond that. You'll also have to justify the disruption of processes that are likely to impact on finance, IT and operations. Without clearly communicating the implications of the transformation, you will encounter challenges at a later stage.

2

Create a sense of urgency

Consider – what are the issues that face the business and how will transforming procurement help in solving those problems? Build an argument for implementing change as quickly as possible. Then outline project milestones so, when the change is underway, the urgency will be maintained.

5

Mobilise other areas of the business

Your department's not in this alone. Encourage stakeholder engagement. Don't let them sit on the fence. It's particularly important to have the IT department engaged – more than any other department, they'll be affected by this change. That's because they'll be the ones responsible for keeping the cloud technology online.

3

Find the devil in every detail

What's the impact of this change throughout the business? What is the requirement in terms of resources; time, effort and money? Make this assessment at the same time as winning the support of senior executives. Drive change from the top down, while also developing the program from the bottom up.

Check in regularly. It's easy to agree something in principle, without considering the implications in detail. In one recent project, we were advising a client on their digital transformation, but IT had not fully come to terms with the requirements of the project. When they eventually engaged, they realised they could not support the transformation for valid reasons of their own. Unfortunately, a significant amount of time, energy and money had already been invested.

6

Build awareness and excitement

Many people are resistant to change. That’s why you must publicise the benefits of this new way of working. Your internal communications team will have a vital role in creating excitement. Create a recognisable brand that can be applied to newsletters, posters, desk-drops and particularly digital communications. Make people aware of the progress and timeline of the project. In large organisations with offices in different areas, it’s helpful to promote this change locally. Nominate a dedicated person for each country or site, they’ll represent the program from close to home, so they can be sure their message is reaching the right people.

7

Show people what it does

Training is a significant aspect of encouraging user adoption. People must feel confident and enthused to make the most of the new capabilities. Make sure your staff know how to use the technology well in advance of the launch date. This can be achieved by sharing how-to guides and arranging group demonstrations. Make it relevant by conducting role-specific sessions that show how the technology will be used in a person’s day-to-day work. Nominate “super-users” who will champion adoption and understanding of the new system.

8

Get people in the same room

When it’s time to launch the program, we’ve found it helps to gather people from across all the relevant functions and markets for a formal kick-off event. We call this U-Collaborate. This is an opportunity to talk through the program in more detail, identify the challenges to be overcome and get everyone on board. It might take a few days, but there’s tremendous benefit in providing this clarity before the program is officially launched.

9

Keep the ball rolling

The first eight weeks after launch are particularly critical. Once the project has been launched, you have to keep its momentum. There’s a snowball effect during user adoption. The more people that engage initially, with positive results – the more people will be encouraged to engage. That’s why it’s important to sustain enthusiasm for the change and showcase its successes.

10

Know what success looks like

Have a clear understanding of how the benefits of the transformation will be measured. A useful metric is User Adoption Testing. Keep a close eye on how many people are engaging with the new technology and ask them about their experiences. In the case of procurement, metrics to consider might be the uptake of e-invoicing rather than paper, greater purchase order compliance and the use of new styles of purchasing via the internet.

Continual improvement

One of the key elements to a successful transformation, which is often overlooked, is whether the organisation has fostered a responsive and agile working culture. KPMG are experts at delivering this change. This cultural movement is vital, because implementing cloud technologies is just the first step. The technology is always evolving, which means the need for change is constant.

It also means that the first step is the hardest. The experience KPMG has gained over years shows us which techniques work, problems that are likely to arise and the best methods for making transformations successful.

To find out more about KPMG Powered Enterprise and the impact it can have on your business visit:

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